



*Keeping Michigan consumers safe and informed.*

# Attorney General Bill Schuette's CONSUMER EDUCATION

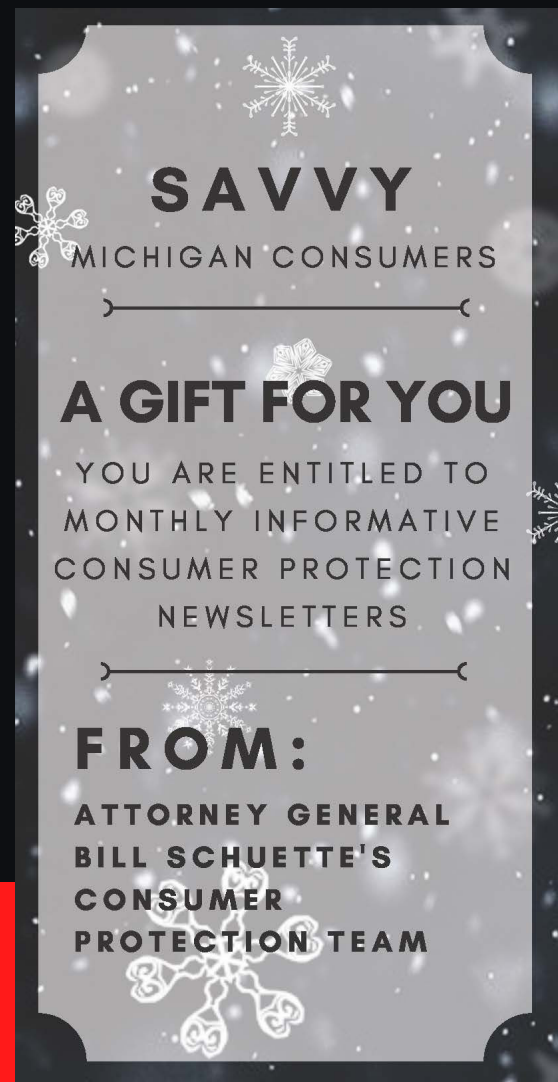
The annual gift-buying season is upon us. And for the eleventh year in a row, gift cards remain the most popular item on wish lists, requested by 61 percent of those surveyed by the National Retail Federation.

MarketResearch.com reports that in 2016, consumers spent \$46 billion on gift cards, a large percentage of that spent during the holidays.

This newsletter provides gift card buying guidelines and teaches you how to spot and stop common gift card scams.

In addition, we join the Federal Trade Commission's efforts to alert consumers who lost money to scammers through Western Union's money transfer system between January 1, 2004 and January 19, 2017, that they can now file a claim to get their money back by going to the Federal Trade Commission's Western Union Refunds' page ([ftc.gov/wu](http://ftc.gov/wu)).

**Claims must be filed before February 12, 2018.**



## Gift Certificates

Michigan law defines “gift certificate” to include not only a written promise representing the right of the person named on or holding it to present the certificate to the referenced merchant(s) for goods or services, but also includes a gift card or other electronic device that: is usable at a single retailer or affiliated group; is issued in a specified amount; may or may not be increased in value or reloaded; is purchased or loaded on a prepaid basis for the future purchase or delivery of goods or services; and is honored upon presentation.

It does not include a general use, prepaid card or other electronic device that is issued by a financial institution in a predetermined amount and is usable at multiple, unaffiliated retailers or at an automated teller machine. In other words, a reloadable prepaid card that is intended for use as a checking account substitute or cards that are given as a reward or as a promotion are not “gift certificates” or “gift cards” under Michigan law.

**For purposes of this newsletter, a “gift card” includes a “gift certificate” as defined by Michigan law.**

### Gift Card Buying Guidelines

#### 1. Read the fine print before buying.

Pay particular attention to the following considerations:

**Purchase or use restrictions.** Some merchants may only allow you to use the gift card at specific store locations. Others may allow you to use the card at different merchants or online. Some merchants have limited-use cards—for example, cards that can only be used to buy gas; or cards that cannot be used to buy alcohol or tobacco. Become familiar with restrictions *before* you buy a gift card.

**Expiration dates.** Like location restrictions, expiration dates on gift cards can create an unwanted hassle. Find out if a merchant or gift card issuer places expiration dates on their gift cards before you purchase. If there is an expiration date, reconsider whether purchasing a gift card from this particular merchant is worth potential future problems.

Even if there is no expiration date, encourage recipients to use the gift cards shortly after receiving them. After a few months, it is increasingly likely the certificate or card will be lost or forgotten!

**All fees.** Gift card fees are now limited and generally can be charged only if you haven’t used your card for at least one year. In addition, you may only be charged one fee per month whether that is a fee for not using the card, for adding money to your card, or any maintenance fee. Make sure you read the card disclosure carefully to know what fees your card issuer imposes.

**Replacement policy for lost or stolen cards.** This is important information to know in the unfortunate event the card is lost or stolen.

#### 2. Purchase from only reputable sources and inspect the card before you buy.

Although purchasing gift cards from online auction sites may be easy and inexpensive, you may be purchasing stolen or counterfeit gift cards.

Consider purchasing gift cards directly from the merchant or issuer, either online or at their brick-and-mortar locations. Avoid purchasing from a merchant that is struggling to stay in business or has filed for bankruptcy.

Inspect the card before you buy to make sure protective stickers have not been removed, codes or PIN numbers remain hidden, and the card has not otherwise been altered. If you purchase a card that you later discover has been altered, report it in writing to the issuer immediately.

#### 3. Comparison shop.

For example, if you would ordinarily purchase a gift card from a mall, and the gift card the mall sells is issued by a financial institution which charges fees, ask yourself if all of those terms and conditions are really worth the relative ease of buying that card. And why would you buy the card from the mall, if you can purchase a merchant-issued card from the recipient’s favorite store in the mall without worrying about inactivity fees or short expiration dates? Or why not give cash instead?

Merchants compete for your business, especially during the holiday shopping season. Use this competition to your advantage—be a savvy shopper, and do your homework *before* you buy.

#### 4. Use a credit card to pay for the gift card.

If there is a problem with the card, you can refuse to pay that charge and dispute it, in writing and within 30 days of the first credit card bill listing the disputed charge.

5. **Ask for an extra receipt.** Keep the duplicate receipt and give the original to the gift recipient.

A receipt will be critical if the card is lost or stolen and important in case a merchant indicates that there is less value on the card than you anticipated (for example, if you use a gift card that should have \$50 on it, but the merchant informs you that the card is empty).



## Spot and Stop Gift Card Scams

### SPOT IT

While selecting a gift card, you notice the packaging looks odd or the card's PIN cover or sticker is missing. Some thieves will open packaged cards, get the numbers, then tidy the packaging back up using stickers or leaving scratched-off PINs exposed.

### SPOT IT

A recent reported gift card scam involved a fake barcode that was placed over the back of the gift card, so when the purchaser loaded the card, the information and money went to the fake barcode. This was discovered when the victim went to use the card and was told that the card was never activated.

### SPOT IT

Switched at checkout: a cashier acts distracted or tries to distract you when activating your gift card and hands you back a different card. The gift card number doesn't match the number on the activation receipt.

### SPOT IT

You want to sell an unused gift card and the buyer asks to listen as you call to confirm the balance of the gift card. If you allow it, the fake buyer will record the touch tone numbers and use the gift card number without paying you for it.

### SPOT IT

You get a call from someone instilling panic and urgency—your grandchild is going to jail; you will be arrested for past due taxes; or your utilities will be turned off unless you immediately go to the nearest retailer and purchase iTunes gift cards then share the 16-digit code with the caller to make your payment.

For more information and answers to frequently asked questions about gift cards, read our [Gift Card and Gift Certificates Consumer Alert](#).

*The number one reason people lose money with gift cards is because they lose them or forget to use them.*

*Use gift cards as soon as you can, even if there is no reason to suspect the merchant is having financial difficulties.*

***If a store closes, the gift card can become worthless.***

### STOP IT

Inspect gift cards before you purchase them. Look for signs of tampering. Take any suspicious cards to the cashier and buy a different card.

### STOP IT

Inspect gift cards carefully before you buy them; use them as soon as you can; and report any fraud as soon as you discover by [filing a complaint with the Michigan Attorney General](#) and the [Federal Trade Commission](#).

### STOP IT

Keep your eye on your gift card at all times and ask to have it handed back to you as soon as it is activated. Get a receipt and check the gift card number on the activation receipt to make sure it matches on the card you are given back from the cashier.

### STOP IT

Only sell gift cards to a reputable card reseller that offers a money-back guarantee or take your card to a gift card exchange kiosk.

### STOP IT

Hang up! No reputable company nor government agency will ever demand payment with a gift card.



## Getting money back from Western Union

For years, many people who lost money to scams sent their payment through a Western Union wire transfer. Scammers following an advance-fee scam playbook contacted people and promised prizes, loans, jobs, discounted products, or other financial rewards in exchange for money upfront. They also pretended to be family members in need of cash or law enforcement officers demanding payment. The scammers told people to send money through Western Union. No one received the cash, prizes, or services they were promised.

Joint investigations by the FTC, the Department of Justice (DOJ), and the U.S. Postal Inspection Service, resulted in Western Union agreeing to pay \$586 million and admitting that it aided and abetted wire fraud. DOJ is now using that money to provide refunds to people who were tricked into using Western Union to pay scammers.

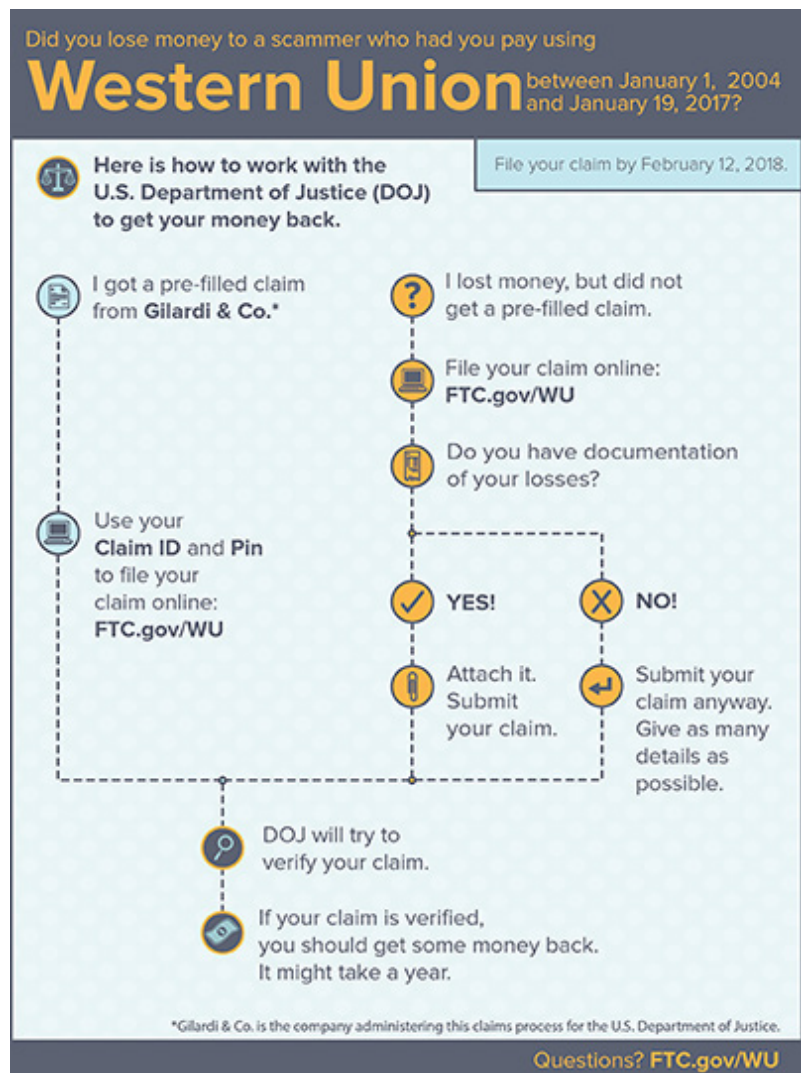
If you lost money to a scammer who you paid through Western Union's money transfer system **between January 1, 2004 and January 19, 2017**, you may now [file a claim to get your money back](https://ftc.gov/wu). You will have to go to [ftc.gov/wu](https://ftc.gov/wu) and **file before February 12, 2018**.

Some people who have already reported their losses to Western Union, the FTC, or another government agency will receive a form in the mail from the claims administrator, Gilardi & Co. The form will have a Claim ID and a PIN number to use when [filing a claim online](https://ftc.gov/wu).

Filing a claim is free, so consumers should not pay anyone to file a claim on their behalf. No one associated with the claims process will call to ask for consumers' bank account or credit card number. However, each claim must be verified by DOJ.

### Additional things to know before you file a claim:

- If your claim is verified, the amount you get will depend on how much you lost and the number of people who submit valid claims.
- Only the amount you transferred via Western Union is eligible for a refund. Other expenses like Western Union fees, other losses, or transfers sent through other businesses are not eligible for a refund.
- It may take up to a year to process and verify people's claims and determine who is eligible to get a payment.



- Before sending you a refund, DOJ must check with the Treasury Offset Program to verify that you don't owe any money to the federal government. ***It needs your social security number to do that.***

If you owe money, your refund amount could be reduced by the amount you owe.

Consumers should go to the [Federal Trade Commission's Western Union Refunds' page](https://ftc.gov/wu) ([ftc.gov/wu](https://ftc.gov/wu)) to file claims, learn more, or get updates on the claims process.

### If you have a general consumer problem, or want to file a complaint:

Consumer Protection  
Division  
P.O. Box 30213  
Lansing, MI 48909  
517-373-1140  
Fax: 517-241-3771  
Toll free: 877-765-8388  
[Online complaint form](https://www.ftc.gov/complaint)



**Bill Schuette**  
Attorney General