



RETAIL
ASSOCIATION OF
MAINE
Voice of Maine Retail

45 Melville Street, Suite 1
Augusta, ME 04330
Phone: 207.623.1149
www.retailmaine.org



March 21, 2023

Senator Glenn “Chip” Curry, Chair

Representative Tiffany Roberts, Chair

Members of the Innovation, Development, Economic Advancement and Commerce Committee

RE: Testimony in OPPOSITION to LD 440, An Act to Protect Customers from Financial Scams by Requiring Retailers to Provide Information on Potential Signs of Financial Scams – As Amended

Dear Senator Curry, Representative Roberts, and members of the IDEA Committee:

My name is Curtis Picard and I am the President and CEO of the Retail Association of Maine. I am a resident of Topsham. We have more than 350 members statewide and represent retailers of all sizes. Maine’s retailers employ more than 85,000 Mainers. I am here today to testify in opposition to LD 440, as amended by the sponsor’s amendment.

When the bill title came out, we reached out to Representative Crafts, and we had a good conversation about this issue. We agree that gift card scams do happen, and that this is an important issue that the retail industry takes seriously. Maine’s US Senator Susan Collins also focused on this issue at the federal level, and we were happy to work with her to develop some best practices on this topic that are used throughout the retail industry¹.

To be clear, these scams most often take place at retailers where multiple cards are sold, or that sell some specific types of cards like iTunes, Google Play or other brands that are recognized across the country or across the world. It is not likely that these scams are targeting smaller, Maine-based, or regional retailers. However, LD 440 targets anyone who sells gift cards, and we think that is wider ranging than it needs to be.

¹ https://www.aging.senate.gov/imo/media/doc/aging_committee_fraud_book_20221.pdf

For those retailers who sell some of those targeted, nationally-accepted brand gift cards, there are a variety of best practices already in place. I reached out to several of our larger, multi-state retailers, and many of them shared their processes and training to spot and prevent gift card scams. Across those retailers, the training and processes were very consistent and similar.

The training of employees includes:

- Recognize common gift card scams and related customer behaviors.
- How to effectively intervene during suspicious transactions as in many instances as customer does not know they are being scammed.

The training generally takes a few forms:

- Annual fraud prevention training required for all retail store employees
- Victim-assisted gift card fraud (IRS/Bills/Bail/tech support scams)
- Pick up on signs common to fraud:
 - behaviors (rushed nervous/on the phone)
 - buying the max amount of gift cards (~\$500/card; \$2000/day) (implementing purchase limitations and daily spending limits)
 - Share strategies to intervene and help the customer avoid fraud - slow down the transaction and build trust
 - Ask if GCs are for a special occasion
 - Ask if they saw GC signage or
 - Many Point of Sale (POS) systems have prompts to help spot large purchases.
 - Call over another employee/store leader

If the intervention is unsuccessful, a report is often made to Asset Protection.

Store team leaders receive training on financial regulations / money laundering and how to handle transactions involving gift cards and other pre-paid cards that reinforces how to address consumer fraud scams.

Additionally, the entire retail industry takes part in Fraud Awareness Week (November 14-21) leading up to Black Friday. Additionally, there are regular communications to employees between September and November on gift card fraud.

Over the years, the retail industry partners with external groups and works to support the employee training and customer education efforts, e.g., Gift Card Fraud PSA with AARP and partnerships with the National Association of Attorneys General, the Federal Trade Commission, and various law enforcement entities locally and nationally. The Retail Gift Card

Association (RGCA) works closely with several government and consumer agencies, including the FTC (including a seat on the Stop Seniors Scams Act advisory council), HSI, FBI, AARP and BBB with a strong focus on educating consumers.

Attached to my testimony is some of the signage that already exists at many retailers, and some internet resources that are used for both consumer education and retailer education on this issue:

<https://www.giftcardsafety.org>

We believe the most effective role retailers can play to prevent gift card fraud is one of customer education. While we appreciate this topic being discussed, we don't feel that legislation is necessary and gift card scam prevention is already being addressed throughout the industry. If the committee has a desire to try to address this issue in some way, additional customer education through PSAs or communications from the Attorney General's office would be helpful.

Thank you for the opportunity to share our thoughts with you, and we look forward to the discussion.

Sincerely,

Curtis Picard, CAE
President and CEO



Typical Retail Display



KEEP YOUR MONEY SAFE

- 1** Never provide a card, or card information, to someone you don't know.
- 2** Avoid scams! Here are some common ones:

Government Agency Impersonators

Government agencies such as the IRS will never ask you to load funds to a prepaid card for payment.

Person in Need

Never provide card information to someone who claims a relative is in trouble unless you have confirmed the claim.

Report these and any scams to:

- [ScamAwareness.org](https://www.scamawareness.org)
- [ConsumerFinance.gov/complaint](https://consumerfinance.gov/complaint), or
- Consumer Finance Protection Bureau (855) 411-2372