



Bailey Cavalieri LLC
ATTORNEYS AT LAW

CLIENT ALERT

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About the Authors:

Jamie Ryan is a member of the Board of Directors of Bailey Cavalieri LLC, where he focuses his practice on Corporate, Banking, Retail, and Unclaimed Property Law.

He can be reached at 614/229-3247, or at jamie.ryan@baileycavalieri.com

Jameel S. Turner is an attorney with Bailey Cavalieri LLC in the corporate and business department, where he focuses his practice on Corporate, Privacy and Unclaimed Property Law.

He can be reached at 614/229-3260, or at jameel.turner@baileycavalieri.com

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Gift Certificate/Gift Card Legislation Update August 2011

This Client Alert addresses recent state legislative action relative to gift cards. The State of Maine has amended its gift card law (the "Law"), **effective September 28, 2011**, to create an additional exemption from unclaimed property reporting requirements for gift card issuers that issue a total volume of gift cards below a certain dollar threshold and meet other stated criteria.

Addition of Reporting Exemption for Single Issuers

Under the new Law, a "single issuer" is defined as businesses that are (1) commonly owned or controlled with other businesses in the state or (2) "franchised outlets of a parent business." The new Law provides that "single issuers" that issue \$250,000 or less in gift cards for any given calendar year are exempt from reporting any unredeemed balances of those gift cards as unclaimed property as long as: (i) the gift cards have no expiration date, and (ii) no fees or other charges are assessed against the balance of the gift card, except fees charged in connection with the initial purchase or reloading of the card.

Thus, the Legislature has relieved single issuers of any unclaimed property reporting obligations with respect to unredeemed balances of gift cards as long as the single issuer meets the conditions imposed by the Law.

Retention of Existing Requirements

In addition to the reporting exemption added by the Law, the Legislature elected to **retain** the following existing legal requirements for gift card issuers:

- Issuers must remit 60% of the gift obligation or stored-value card's unclaimed face value to the state treasury if the gift obligation or stored-value card is presumed abandoned.
- Issuers must, upon request, refund in cash the balance of gift obligation or stored-value cards redeemed in person if less than \$5 remains after a single use.

Please contact us for more detailed legal advice regarding how your business may be impacted by these amendments to Maine's gift card law.

Jamie Ryan, Esq. at Jamie.Ryan@baileycavalieri.com or (614) 229-3247 or

Jameel Turner, Esq. at Jameel.Turner@baileycavalieri.com or (614) 229-3260.