

SB2014



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB2014

Introduced 2/6/2025, by Sen. Steve Stadelman

SYNOPSIS AS INTRODUCED:

New Act

Creates the Gift Card Scam Prevention Act. Provides that a merchant shall not knowingly sell an open-loop gift card to a consumer unless the merchant satisfies specified requirements. Provides that a third-party gift card reseller that buys or sells an open-loop gift card as part of a transaction occurring in the State shall record and maintain a copy of specified information. Provides for enforcement of the Act by the Attorney General. Effective January 1, 2026.

LRB104 09587 SPS 19650 b

A BILL FOR

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Gift
5 Card Scam Prevention Act.

6 Section 5. Definitions. As used in this Act:

7 "Merchant" means an owner or operator of any retail
8 mercantile establishment and includes, but is not limited to,
9 any corporation, including parent, subsidiaries and sister
10 companies, partnerships, sole proprietorship, or any other
11 form of business entity.

12 "Open-loop gift card" means a card, code, or device: (i)
13 that is issued to a consumer on a prepaid basis primarily for
14 personal, family, or household purposes in a specified amount,
15 regardless of whether that amount may be increased or reloaded
16 in exchange for payment; (ii) is network branded; (iii) is
17 redeemable on presentation at multiple unaffiliated merchants
18 for goods or services within the payment card network; or (iv)
19 is usable at an automated teller machine.

20 "Third-party gift card reseller" means a merchant who,
21 without authorization from or affiliation with the business
22 entity issuing an open-loop gift card, is engaged in the
23 business of buying open-loop gift cards on behalf of consumers

1 or reselling open-loop gift cards to consumers.

2 Section 10. Sale of open-loop gift cards. A merchant shall
3 not knowingly sell an open-loop gift card to a consumer in this
4 State, unless the merchant:

5 (1) For in-person sales:

6 (A) clearly displays a notice in substantially the
7 same form as the model notice created under this
8 Section, at or near the physical location where the
9 open-loop gift card is displayed for sale; and

10 (B) ensures that the open-loop gift card is
11 enclosed in secure packaging that:

12 (i) is sealed in a manner that is not easily
13 opened without signs of tampering;

14 (ii) conceals all numeric codes specific to
15 the activation or the redemption of the open-loop
16 gift card, including any bar code, card
17 verification value, personal identification
18 number, or activation code; and

19 (iii) includes a warning that states the
20 following or uses language substantially similar
21 to the following: "Do not sell or purchase if
22 packaging has been broken or indicates
23 tampering.".

24 (2) For online sales, clearly displays a notice on the
25 webpage where the open-loop gift card is offered for sale

1 that is displayed before the sale is finalized.

2 Section 15. Exceptions. A merchant may sell an open-loop
3 gift card that is not enclosed in secure packaging as required
4 under item (iii) of paragraph (1) of Section 10 if the
5 open-loop gift card:

6 (1) is a chip-enabled, numberless card that is
7 activated by a consumer after registering the card on the
8 card issuer's website; or

9 (2) is sold exclusively by:

10 (A) a merchant for use only at the retail
11 establishment of the merchant; or

12 (B) a group of affiliated merchants for use only
13 at the retail establishments of the affiliated
14 merchants; and

15 (3) is secured in a physical location within the
16 merchant's retail establishment that is accessible only by
17 an employee of the merchant.

18 Section 20. Third-party gift card resellers.

19 (a) A third-party gift card reseller that buys or sells an
20 open-loop gift card as part of a transaction occurring in this
21 State shall record and maintain a copy of the following
22 information for no less than 3 years:

23 (1) the date of the transaction;

24 (2) the name of the person who conducted the

1 transaction;

2 (3) the name, age, and address of the seller of the
3 open-loop gift card;

4 (4) the driver's license number or identification card
5 number of the seller and purchaser;

6 (5) a description of the purchased open-loop gift
7 card, including the card number and retailer for which the
8 open-loop gift card is intended for use;

9 (6) the specific amount issued on the open-loop gift
10 card;

11 (7) the prices paid to conduct the transaction; and

12 (8) the signature of the purchaser.

13 (b) A third-party gift card reseller shall allow any duly
14 authorized law enforcement officer to inspect a record of the
15 information required under subsection (a) and any open-loop
16 gift cards in the third-party gift card reseller's possession
17 during the ordinary business hours of the reseller or at any
18 other reasonable time.

19 Section 25. Consumer protection. The Attorney General
20 shall compile facts on open-loop gift card scams and provide
21 information to the public concerning what an individual should
22 do if they think they are a victim fraud, including, but not
23 limited to:

24 (1) creating a publicly accessible webpage that
25 provides facts about open-loop gift cards and information

1 on what to do if an individual suspects they may be a
2 victim of fraud; and

3 (2) issuing guidelines concerning the detection and
4 prevention of open-loop gift card fraud that raises public
5 awareness about open-loop gift card fraud and making the
6 guidelines available on the webpage desired in paragraph
7 (1).

8 Section 30. Enforcement and penalties. The Attorney
9 General shall enforce the provisions of this Act. Any merchant
10 or third-party gift reseller that violates this Act is subject
11 to a civil penalty of no more than \$5,000 for each violation.
12 All moneys collected under this Section shall be deposited
13 into the Debt Settlement Consumer Protection Fund.

14 Section 35. Rulemaking. The Attorney General shall adopt
15 rules necessary to administer and enforce this Act.

16 Section 99. Effective date. This Act takes effect January
17 1, 2026.