

Third Party Gift Card Procurement

- A. *Purpose.* The fraudulent procurement of third party gift cards at retail establishments in the city has become a widespread problem. These incidents affect numerous victims and require considerable law enforcement resources to investigate. By adopting these provisions, the City Council desires to protect the health, safety, and welfare of all persons living in the city, visiting the city, and operating businesses within the city by deterring the fraudulent procurement of third party gift cards at retail establishments and conserving the limited amount of time, energy, and resources available to local law enforcement agencies when investigating said behavior.
- B. *Findings.* The City Council finds that:
1. There has been a substantial increase in the fraudulent procurement of third party gift cards at retail establishments within the city. Third party gift cards are oftentimes purchased by individuals through the use of cloned or stolen financial transaction cards, counterfeit checks, or through other fraudulent means.
 2. Due to the complex nature of cases involving fraudulent third party gift card procurement, local law enforcement agencies have exerted a significant amount of time and energy into investigating these cases. These investigations are particularly time-consuming and involve numerous victims, resulting in a strain on the limited amount of resources that are otherwise available to local law enforcement.
 3. Requiring retail establishments to verify identification at the point of sale is an effective way to deter criminal behavior.
 4. This section is adopted pursuant to Minnesota Statute 41 2.221 , subd. 32 and the city's inherent regulatory authority. The provisions contained herein are reasonably related to promoting the general welfare of the community and other legitimate police-power objectives, both expressly identified herein and otherwise implied.
- C. *Definitions.* For the purpose of this section, the following definitions shall apply.

FINANCIAL TRANSACTION CARD. Any instrument or device, whether known as a credit card, credit plate, charge plate, courtesy card, bank services card, banking card, check guarantee card, debit card, electronic benefit system (EBS) card, electronic benefit transfer (EBT) card, assistance transaction card, or by any other name, issued with or without fee by an issuer for the use of the cardholder in obtaining credit, money, goods, services, public assistance benefits, or anything else of value, and includes the account or identification number or symbol of a financial transaction card.

THIRD PARTY GIFT CARD. A reloadable or non-reloadable prepaid card sold at retail establishments and used to make purchases for which the value is decreased upon each purchase.

RETAIL ESTABLISHMENT. A physical place of business in which consumer merchandise is sold to the general public.

PERSON. An individual, partnership, limited partnership, limited liability company, corporation, or other legal entity.

PROOF OF IDENTIFICATION. A driver's license , Minnesota identification card number, or other identification document issued for identification purposes by any state , federal, or foreign government if the document includes the person's photograph , full name , birth date , and

signature.

SELL. To transfer to another in exchange for monetary consideration through the use of a financial transaction card.

- D. *Identification Verification Required.* Any person that sells a third party gift card to an individual on behalf of a retail establishment, including an agent, employee, or other representative of the retail establishment, shall require that the individual purchasing the third party gift card display proof of identification and shall verify that said proof of identification matches the individual's form of payment.
- E. *Self-Checkout.* It is unlawful for a retail establishment to allow the purchase of third party gift cards at self-checkout kiosks where customers themselves scan merchandise and pay without the assistance of an employee of the retail establishment.
- F. *Enforcement: Violations.* In addition to any rights or remedies that are otherwise available to the city in law or inequity, violations of this section shall be subject to the administrative penalty provisions contained in West St. Paul Code 10.98.