

Malls circumvent laws on gift cards, state officials say

By Gregory B. Hladky, Capitol Bureau Chief
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HARTFORD — State officials called Friday for federal legislation to stop what they say are a few mall owners' efforts to circumvent Connecticut law banning unfair fees and expiration dates for consumer gift cards.

State Treasurer Denise Nappier and state Attorney General Richard Blumenthal said the owners of the Crystal Mall in Waterford and the Danbury Fair Mall are using national banks to issue their mall gift cards as a way to get around the law.

They said these mall companies claim that using national banks will allow them to charge monthly fees if cards aren't used within a year and to charge a transfer fee for switching a consumer's balance to a new card.

Both procedures are banned under Connecticut's gift card law.

Nappier said the maneuver is intended to "move these gift cards under the shelter of federal banks" so they can charge fees that will "eat away" the value of unused gift cards.

Blumenthal said the issue of malls using national banks to get around Connecticut's ban on certain fees is in litigation.

Simon Property Group, owner of the Crystal Mall, lost a federal legal action to allow it to use national banks for gift cards but is appealing that decision, Blumenthal said. But he said that, while the issue is in the courts, the Simon Co. is continuing to issue mall cards.

Blumenthal said consumers should consider not buying gift cards from either the Crystal Mall or the Danbury Fair Mall, which is owned by the Macerich Co. "Right now, these gift cards don't keep on giving, they keep on taking," Blumenthal said.

Officials of the Simon Property Group and the Macerich Co. could not be reached for comment Friday.

Nappier and Blumenthal said other mall owners in Connecticut are abiding by the state law.

They said no improper fees are being charged for gift cards issued by mall companies that include Westfield Shoppingtown, which owns the Connecticut Post mall and malls in Meriden and Trumbull; Taubman Centers, which owns the Stamford Town Center and Westfarms Mall in Farmington; and General Growth Properties, which owns the Brass Mill Center in Waterbury and the Shoppes at Buckland Hills in Manchester.

According to Blumenthal and Nappier, malls generally charge purchase fees of \$2 when someone buys a gift card in person.

But they said the Simon Property Group and the Macerich Co. are now also charging a \$2 or \$2.50 "monthly administrative fee" for cards that haven't been used up after 12 months — practices banned under state law.

The Simon Property Group also charges a \$15 "expired card fee" to transfer funds from a card that's about to expire to a new gift card. The Macerich Co. charges a \$2 expired card fee. Connecticut's law also bans those charges, but the companies argue these cards are exempt because they are issued through a national bank.