

To: Interested Parties

From: RILA Communities Foundation Gift Card Fraud Prevention Alliance

Date: September 4, 2025

RE: Defining Gift Card Fraud As A Crime

INTRODUCTION

Earlier this year, the [Retail Industry Leaders Association \(RILA\)](#) Communities Foundation (RCF) – a 501(c)(3) non-profit organization – launched the RILA Gift Card Fraud Prevention Alliance (GCFPA). The RCF’s primary mission is to promote, foster, and encourage the vibrancy of communities in which retailers operate by supporting efforts that advance economic health and public safety, including deterring crime that occurs in and around retail stores. The GCFPA is comprised of the most recognizable retailer brands and gift card networks who collaborate on ways to educate lawmakers and the public about gift card tampering and scams, drive collaboration with law enforcement partners to investigate criminal activity and inspire innovation to combat gift card fraud.

BACKGROUND ON GIFT CARD FRAUD

Gift card tampering and scams have recently emerged as intensifying dimensions of the broader Organized Retail Crime phenomenon across North America. These crimes are frequently carried out by multinational criminal rings. Gift card fraud impacts consumers, retailers, gift card networks, and our nation’s economy, and jeopardizes national security and public safety.

Gift card scams take many forms, including tampering with physical cards, tricking victims into purchasing and transferring gift card balances under false pretenses, and stealing redemption information to make unauthorized purchases.

Retailers and gift card networks have implemented numerous preventative measures, made significant investments, and developed innovative technologies to deter gift card fraud. However, criminals continue to target the industry.

To counter this threat and hold perpetrators accountable for their crimes, GCFPA is collaborating with federal, state and local law enforcement authorities, regulators, and other stakeholders to develop and advocate for legislation that assigns clear criminal penalties for gift card tampering and scams. While innovation is especially important for

the gift card industry to help protect consumers, a necessary tool to combat gift card fraud is strengthening criminal statutes to allow law enforcement more avenues to prosecute these serious crimes.

Providing law enforcement and prosecutors with the tools they need to arrest, charge, and prosecute perpetrators is essential to dismantling criminal enterprises, protecting consumers and safeguarding the nation's shopping experience.

STATE ADVOCACY EFFORTS

As part of its broader mission, the GCFPA has launched a nationwide advocacy campaign, in partnership with our state retail association partners, to ensure gift card fraud is clearly defined and prosecutable under state law. In 2025, legislation was introduced in 22 states that empowers law enforcement with the legal authority to arrest, charge and prosecute perpetrators of gift card fraud—filling critical gaps in many existing criminal statutes.

To date, 11 states have enacted bipartisan legislation modeled on GCFPA's framework. The momentum continues to build as additional states consider similar measures. **This effort would not be possible without our state retail association partners and their expertise in state capitals. We encourage key stakeholders and law enforcement to reach out to our state retail association partners to learn more about their advocacy efforts so that we can work collaboratively to reduce the spread of gift card fraud.** Enacted states include:

1. [Arizona](#) (SB 1351)
2. [Arkansas](#) (SB 302)
3. [Florida](#) (SB 1198)
4. [Iowa](#) (SF 266)
5. [Kentucky](#) (SB 130)
6. [Louisiana](#) (SB 38)
7. [North Carolina](#) (SB 311)
8. [New Hampshire](#) (SB 258)
9. [Ohio](#) (HB 366 from 2024)
10. [Texas](#) (SB 1809)
11. [Utah](#) (HB 38)

INDUSTRY COMMITMENT TO PREVENT GIFT CARD FRAUD AND PROTECT CONSUMERS

The entire gift card ecosystem is actively working together to combat gift card tampering and scams through key law enforcement partnerships, advanced technology, employee training, public awareness campaigns, collaboration, and partnerships. Retailers and gift card issuers vigilantly work to disrupt fraudulent schemes through:

- **Law Enforcement Partnerships:** Companies are working closely with federal, state and local law enforcement agencies to identify and dismantle criminal operations tied to gift card fraud. For example, stakeholders are partnering with Homeland Security Investigations through Project Red Hook, resulting in 150+ arrests since its' launch in January 2024. GCFPA also launched formal partnerships with the National District Attorney Association (NDAA) and the International Association of Chiefs of Police (IACP) to further strengthen coordination and enforcement efforts.
- **Advanced Technology & Security:** Cutting-edge technologies have been deployed to identify, prevent, and mitigate gift card tampering and scams before cards reach consumers. Retailers are implementing in-store physical security measures and introducing tamper warnings and activation protocols to ensure sensitive information remains protected until activation.
- **Employee Training:** Retailers are proactively training employees to identify gift card scams and tampered gift cards to assist consumers in spotting signs of fraud.
- **Public Education Campaigns:** Industry players are educating consumers about gift card fraud, encouraging them to check for signs of tampering, and warning them against providing gift card details to someone they do not know. Consumers are also urged to report being the victim of scams and tampered gift cards to local and federal law enforcement, addressing the significant underreporting of such incidents.
- **Collaborative Efforts & Leading Practices:** Retailers and gift card networks are actively collaborating through GCFPA to share both intelligence on prolific offenders and leading practices to combat gift card fraud—setting aside competition to protect the industry from criminal enterprises and ensure consumers maintain confidence in the gift card brands they trust.

- **Partnerships:** GCFPA is forging new partnerships with leading technology companies, innovators, and solution providers bringing cutting-edge tools to market to prevent and deter gift card fraud. These efforts include advancements such as blockchain integration and digital watermarks that make fraudulent activity significantly harder to carry out.

GIFT CARD FRAUD CASES

Recent high-profile gift card fraud investigations underscore how organized retail crime rings are exploiting gift cards as part of large-scale fraud operations.

Arkansas Attorney General Tim Griffin [recently announced](#) the arrest of two subjects for their alleged role in an ORC scheme that defrauded The Home Depot of an estimated \$2 million in merchandise using more than 6,000 compromised gift cards. The suspects allegedly scanned sensitive data from gift cards displayed in stores and used the stolen data to make online purchases that were shipped to their residence. Law enforcement recovered over \$115,000 worth of merchandise from the residence, which represents only a portion of the total theft.

In Michigan, Attorney General Dana Nessel [recently announced](#) charges against two subjects for allegedly perpetrating an advanced gift card scam that targeted multiple Meijer locations across metro Detroit. According to General Nessel, the suspects stole zero-dollar gift cards, tampered with the packaging to capture redemption information, and returned the cards to store shelves. Using software to monitor when a card was activated by a legitimate consumer, the suspects allegedly drained the funds remotely, rendering the gift card worthless prior to the recipient attempting to redeem it. Pursuant to a multi-agency surveillance and search operation led by Nessel's FORCE Team in collaboration with the U.S. Postal Inspection Service and Michigan State Police, investigators recovered over 3,000 altered gift cards. The scam, which spanned at least six Meijer stores in two days, underscores how rapidly these operations can scale.

These cases demonstrate the critical importance of collaboration between retailers and law enforcement. The successful identification and arrest of the perpetrators stemmed directly from intelligence provided by The Home Depot and Meijer, reinforcing the value of proactive partnerships between private sector investigators and government agencies.

RESOURCES

To learn more about the Gift Card Fraud Prevention Alliance and watch our educational video, visit www.protectmygiftcard.com. GCFPA's goal is to pass legislation in all 50 states that clearly defines the crime of gift card fraud. If your state has yet to enact legislation, please

reach out to join our effort and learn how you can partner with the GCFPA and your state retail association to combat gift card fraud and protect consumers.

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