

CITY OF MEDINA

ORDINANCE NO. _____

An Ordinance Amending Chapter 3 of the City Code of Ordinances Pertaining to Third Party Gift Card Procurement

The city council of the city of Medina ordains as follows:

SECTION I: Medina city code chapter 3 is hereby amended by adding a new section 365, entitled “Third Party Gift Card Procurement,” as follows:

365. THIRD PARTY GIFT CARD PROCUREMENT

Section 365.01. Purpose. The fraudulent procurement of third party gift cards at retail establishments in the city has become a widespread problem. These incidents both impact 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 such fraudulent activities.

Section 365.03. Findings. The City Council makes the following findings:

- (a) 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 often are purchased by individuals through the use of cloned or stolen financial transaction cards, counterfeit checks, or through other fraudulent means.
- (b) 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 to investigate these cases. These investigations are particularly time-consuming and strain local law enforcement resources.
- (c) Requiring retail establishments to verify identification at the point of sale is an effective way to deter criminal behavior.
- (d) This section is adopted pursuant to Minnesota Statutes, section 412.221, 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.

Section 365.05. Definitions. For purposes of this section, the following definitions shall apply:

Subd. 1. “Financial transaction card” means 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 which includes the account or identification number or symbol of a financial transaction card.

Subd. 2. “Third party gift card” means a reloadable or non-reloadable prepaid card sold at retail establishments and used to make purchases via either the American Express, MasterCard, or Visa networks, for which the value is decreased upon each purchase.

Subd. 3. “Retail establishment” means a physical place of business in which consumer merchandise is sold to the general public.

Subd. 4. “Person” means an individual, partnership, limited partnership, limited liability company, corporation, or other legal entity.

Subd. 5. “Proof of identification” means 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.

Subd. 6. “Sell” means to transfer to another in exchange for monetary consideration through the use of a financial transaction card.

Section 365.07. Regulations.

Subd. 1. 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.

Subd. 2. 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.

Section 365.09. Enforcement; Violations. In addition to any rights or remedies that are otherwise available to the city in law or in equity, violations of this section shall be a misdemeanor subject to the penalty provisions contained in Section 115 of the City Code.

SECTION II. This ordinance shall be effective upon its adoption and publication.

Adopted by the city council of the city of Medina this ____ day of _____, 2022.

Kathleen Martin, Mayor

ATTEST:

Scott T. Johnson, City Administrator-Deputy Clerk

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