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TREASURY ANNOUNCEMENT
FY 2011-06

(Modifying Announcement FY2011-05 re collection of zip codes where no current collection system/process exists)

Notice of Preliminary Injunction concerning Enforcement of Certain Provisions of L. 2010, c. 25
Related to Stored Value Cards

This is to inform issuers of stored value cards of pending litigation in New Jersey Retail Merchants Association v. Sidamon-Eristoff, et al, and two related cases, in which a temporary injunction has been issued concerning the reporting and remittance of unclaimed stored value cards required under L.2010, c.25 (Chapter 25).

The Court has temporarily enjoined the State "from enforcing Chapter 25 retroactively against issuers of stored value cards with existing stored value card contracts that obligate the issuers to redeem the cards solely for merchandise or services," and "from enforcing subsection 5c of Chapter 25 and Treasurer Guidance dated September 23, 2010, which apply a place-of-purchase presumption for all stored value cards."

1. **Stored Value Cards:** Unclaimed stored value cards issued prior to the effective date of Chapter 25 on July 1, 2010 in which the issuer is obligated by contract to redeem the card solely for merchandise or services are not required to be reported or remitted to the Unclaimed Property Administrator until further notice. Further updates will be provided as the litigation proceeds. Because of the temporary injunction, the State will waive any interest and penalties that would otherwise attach should the State prevail in the litigation and enforce the act. However, stored value cards redeemable for cash are required to be reported.

2. **Address Provisions:** Subsection 5c of Chapter 25 addresses circumstances in which an issuer does not have the name and address of the purchaser or owner and assumes the owner's address to be the place where the card was purchased. The Guidance further details reporting in cases where the address of the purchaser is unknown and requires reporting and remittance of funds to New Jersey when the issuer's state of domicile does not require escheat and the card was purchased in New Jersey. Implementation of this provision of the Guidance is temporarily enjoined.

All other aspects of the Guidance continue in effect.

Current Requirements re Addresses:

Pursuant to Chapter 25 and the October 23, 2010 Guidance, effective November 15, 2010 all issuers of stored value cards are required to maintain address information as follows:

- If in the normal course of its business, the issuer obtains the name and address of the purchaser or owner of any stored value card issued or sold in New Jersey, then the issuer shall continue to

maintain that information.

- If the issuer of a stored value card requires the registration of the card by the purchase or owner before initial use, the name and address must be obtained at that time and maintained by the issuer.
- Except as provided above, all other issuers are immediately required to, at a minimum, obtain and maintain the purchaser's zip code provided an existing system/process is in place that has this capability. Any issuer of stored value cards who does not have a system/process capable of recording and maintaining the purchaser's zip code will have until January 3, 2011 to install and implement a system that meets this requirement.
- The Unclaimed Property Administrator may conduct audits to ensure compliance with these requirements.

Obligations of Issuers of Stored Value Cards Redeemable for Cash.

1. If a stored value card is redeemable for cash and the address of the purchaser is known and the purchaser is a New Jersey resident, the unclaimed value of the card shall be reported and remitted to the State of New Jersey if the two year dormancy period has expired (cards issued June 30, 2008 and earlier).
2. If a stored value card is redeemable for cash and the address of the purchaser or owner is unknown and the issuer is domiciled in the State of New Jersey, the unclaimed value of the card shall be reported and remitted to the State of New Jersey if the two year dormancy period has expired (cards issued June 30, 2008 and earlier).

Andrew P. Sidamon-Eristoff
State Treasurer

November 24, 2010