

NJ Confirms Its Understanding of Recent Injunction Halting Enforcement of Chapter 25 Against Issuers of Certain Stored Value Cards

by Deborah S. Thoren-Peden and Amy L. Pierce

On November 24, the New Jersey State Treasurer issued a Notice of Preliminary Injunction Concerning Enforcement of Certain Provisions of L.2010, c. 25 Related to Stored Value Cards. The Notice touches on a New Jersey court's recent order in American Express Travel Related Services Company, Inc. v. Sidamon-Eristoff, et al., (and related actions filed by the New Jersey Retail Merchants Association, New Jersey Food Council and American Express Prepaid Card Management Corp.), enjoining 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," as well as Chapter 25, Section 5c and the Treasury Guidance dated September 23, 2010, which encompass the place-of-purchase presumption for all stored value cards.

The Notice also confirms New Jersey's position that stored value card issuers remain subject to the other requirements set forth in Chapter 25 and the September 23, 2010 Treasury Guidance, *effective November 15, 2010*, 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 Notice also confirms New Jersey's position that 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 or 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).*

The New Jersey Office of the Treasurer confirmed that further updates will be provided as the litigation proceeds.

- [Click here to read the complete Notice of Preliminary Injunction Concerning Enforcement of Certain Provisions of L.2010, c. 25, Related to Stored Value Cards](#)
- [Click here to read the complete September 23, 2010 Treasury Guidance](#)
- [Click here to read the complete October 26, 2010 Treasury Guidance \(extending the effective date to November 15, 2010\)](#)

If you have any questions about the content of this Advisory, please contact the Pillsbury attorney with whom you regularly work, or the authors of this Advisory.

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