



OFFICE OF ILLINOIS STATE TREASURER

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Treasurer Frerichs Calls on Governor Rauner to Sign Legislation to Prohibit Rebate Cards that Charge Fees

HB4922 Passes Both Chambers, Awaits Governor's Signature

SPRINGFIELD – Illinois State Treasurer Michael Frerichs today called on Governor Bruce Rauner to sign House Bill 4922 into law to put a stop to companies that issue rebate cards that charge dormancy or inactivity fees and avoid unclaimed property laws.

“We must stop the big banks that are deceiving consumers,” Frerichs said. “These same companies are using legal loopholes to avoid the protections of unclaimed property laws.”

House Bill 4922 recently passed the Illinois House and Senate with bipartisan support. The legislation amends the Consumer Fraud and Deceptive Business Practices Act to prohibit the sale or issuance of a rebate card that charges dormancy fees and almost all other post-issuance fees. The legislation was sponsored by Senator Cristina Castro (D-Elgin) and Representative Theresa Mah (D-Chicago).

“If a company promises a \$100 rebate, then that is the amount the consumer should expect to receive,” Frerichs said. “Instead, companies are offering rebate cards that charge inactivity fees to reduce or eliminate the amount promised to consumers.”

Companies offer rebate cards issued by national banks that charge dormancy fees, which, if not used within a period of months, render them useless to the consumer. In many cases, the potential revenue from fees is so lucrative that the issuing bank will offer the company a discount on the up-front cost of the card. Industry representatives testified that card issuers typically only charge a retailer \$96 for a \$100 rebate card because they make so much money from the inactivity fees.

Starting in 2008, Illinois banned post-sale fees on gift cards, but the same consumer protections do not apply to rebates cards. In the past, a company would issue a rebate in the form of a check to a customer. Under current state law, if the check is not cashed within 3 years and the owner cannot be contacted, the company is required to report and remit the funds to the Treasurer's Office as unclaimed property. In 2016, Treasurer Frerichs secured \$2.3 million from Sprint and \$140,000 from Radio Shack for uncashed rebate checks owed to more than 37,000 Illinois residents.

A coalition of banks and financial organizations opposed the legislation, while the Illinois Retail Merchants Association (IRMA) was neutral. AARP, Citizen Action, Woodstock Institute, and the Heartland Alliance all supported the legislation.

The Illinois Treasurer's office is the custodian of unclaimed property including lost bank accounts, insurance policy proceeds, and forgotten safe deposit boxes. Items are surrendered after private entities tried for at least three years to locate the owners. Because thousands of items are surrendered each year, residents should check I-Cash every six months. Visit www.illinoistreasurer.gov/ICASH. **Frerichs' office never charges money to search for unclaimed property.**

The Illinois Treasurer

The Illinois Treasurer is the state's chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. As the state's Chief Investment Officer, he actively manages approximately \$25 billion. The portfolio includes \$13 billion in state funds, \$7 billion in college savings plans and \$5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$28 to the state for every \$1 spent in operations. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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