Gift certificates and the law - what Converse enforces, what your counsel decides

Gift certificates are regulated money, and the rules differ from place to place. Listrak Converse is built so that the safe choices are the ones it makes for you, and so that the numbers your counsel and your finance team need are always one download away. This page says exactly which is which. It is not legal advice: the decisions in the second half are yours and your counsel's.

What Converse enforces for every brand

These are floors that hold in every state, and no setting turns them off:

- **No fees of any kind.** There is no fee field to set, so a certificate never loses value to a dormancy, service or inactivity fee.
- **No expiry.** A certificate never expires in this release. The federal CARD Act and Regulation E (12 CFR 1005.20) allow no expiry sooner than five years from issue, and several states allow none at all, so Converse does not offer one. The offer's dates only say when it is on sale, and every printed certificate says it does not expire.
- **A balance is never wiped.** No sweep sets a balance to zero, and a certificate that still holds value is never deleted - not even when the person who bought it asks to be forgotten. Their name and message come off; the certificate stays spendable.
- **Sold, never given away.** A gift certificate can only be bought. A free courtesy certificate is a promotion under the law and follows different rules, so Converse refuses to grant, clip or award one.
- **A ceiling.** Each certificate holds at most 2,000.00, and a buyer can buy at most 2,000.00 of certificates in a day. That keeps a store's certificates inside the closed-loop prepaid access exclusion in FinCEN's rule (31 CFR 1010.100(ff)) and far below its seller threshold.
- **The record is kept.** Every sale, every amount spent and every refund stays on the ledger.

What Converse shows you

The Portal's **Gift certificates** page, and the same numbers through the Loyalty API, show for each currency:

- what you still owe today and on how many certificates;
- how many certificates have not been used in a while and what they hold - the question unclaimed-property reporting asks;
- what was sold, sold as gifts, spent at the till and refunded in any window you choose.

Every number can be downloaded for your finance team. Amounts in different currencies are never added together.

What your counsel decides

- **State rules on small balances and expiry.** Some states require cash back for a small remaining balance on request - California, for example, requires it under $10 - and some forbid any expiry. Converse already never expires a certificate; cash back is given at your register under your own policy.
- **Unclaimed property (escheat).** Dormant balances may have to be reported to a state after a dormancy period that differs by state. Converse shows you what has gone unused, but it does not hold the buyer's address, so the report is yours to file.
- **Breakage accounting** - how and when your books recognise value that is never spent.
- **Sales tax.** Tax is normally charged when a certificate is spent on goods, not when it is sold, so the payment moment charges the face value with no tax. Confirm this for where you sell.
- **Your terms.** The wording printed on every certificate - your fine print and your program's terms - is yours. Converse always adds three lines of its own: that it does not expire, that there are no fees, and that it is not redeemable for cash except where the law requires.
- **Points toward gift certificates.** When your program lets members put points toward a gift certificate, points that were a promotion become value a person can spend like cash. That can bring in gift card rules and unclaimed-property rules for that value. It is off by default, and the Portal asks before you turn it on.

Related documents

- Gift certificates - sell them, print them, spend them.
- The Stores & Loyalty Center.