

From: [Tasha Blanchard](#)
To: [Petitions](#)
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ACTION PROPOSED: Enhanced Consumer Financial Protection for Victims of Prepaid/Gift Card Fraud Under EFTA

Authorized user fraud (“scams”) perpetrated on consumers through various social engineering tactics leaves thousands of consumers with little to no legal or financial protection whatsoever—often with devastating results. The responsibility for these crimes, though widely identified as a viable and evolving threat to the entire payment ecosystem, is shifted to the victims of fraud, essentially assigning the consumer the role of “willing participant.” This is an extremely unfair characterization which leaves vulnerable consumers in a “no-win” position, causes substantial harm, and runs contrary to numerous laws and legal precedents which uphold the notion that “consent is vitiated by fraud.”

Due to current financial regulations, defrauded consumers are deprived of any protections on the front or back end of these transactions. With the enormous amount of data points available to financial institutions and retailers about fraud and scammers, these sectors expect their customers to recognize and react to scams with a *super-human* level of rationality to combat the psychological manipulation, coercion, and fear tactics used by experienced, well-organized criminals to induce victims to do their bidding. A scam is in no way an equal “meeting of the minds” between predatory individuals and their victims. The manipulative and coercive **tactics used by a third party to trick an account holder into providing his account access information** from which funds are stolen are the very same used to **trick an account holder into purchasing gift cards** from which funds are stolen. The end result is the same. The nuance is who pressed the button. Authorized user fraud is viewed as the problem of the individual account holder and closer in line with “buyer’s remorse” than the *result of an exploitive criminal act*.

Consumers are treated unfairly and deprived of much needed assistance and vital consumer protections when they are held solely accountable for actions taken as the unwitting victim of someone else's crime. Hardworking people are literally left on their own with criminals who are extremely adept in their various schemes to steal of their money. Scammers prey on people who are responsible, honest, and trusting—the fact that their victims are elderly and less comfortable with technology as bonuses for them. Hundreds of thousands of Americans lose millions of dollars each year to scams and are left with no legal protections or options from which to recover their stolen funds, even though they are the victims of a crime twice over.

Law enforcement cannot easily arrest an unknown suspect, and the stolen monies from the cards are (most often than not) untraceable. The FBI contends the average time between a scammer obtaining these prepaid / gift card numbers and the funds being redeemed on the card is nine (9) minutes. Retailers reluctantly employ some meager measures toward public awareness of scams to show they care, while earning revenues from fraudulently obtained store merchandise cards purchased by their own customers—scam victims. Prepaid card companies (backed by larger banks) and run on the Visa and Mastercard networks hide behind the “no refund” policy of stolen or lost gift cards because the consumer failed to properly register the prepaid card with an online account before the scammer drained all of the funds. Banks currently have no legal or regulatory obligation to reimburse their customers for these “authorized” transactions which enable criminals to steal their customers' funds. This entire scenario deprives the defrauded customer of any financial protection, making it nearly impossible to seek legal redress or reimbursement for their stolen funds.

If scammed consumers were to be granted basic financial protections, banks, retailers, and prepaid card companies would be forced to take more proactive, meaningful approaches to curtail rampant fraud and scams with prepaid / gift cards. Who is better suited to fight against organized retail criminals—large powerful industries or a 70-year-old with no money?

Sincerely,

Tasha Blanchard