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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Judiciary  
Tuesday, March 3, 2026  
10:15 a.m.  
Written Testimony Only  
Via Videoconference  
Conference Room 016**

**On the following measure:  
S.B. 2797 S.D.1, RELATING TO CONSUMER PROTECTION**

Chair Rhoads and Members of the Committee:

My name is Dominic Jancaterino, and I am an Enforcement Attorney for the Department of Commerce and Consumer Affairs' (Department) Office of Consumer Protection (OCP). The Department appreciates the previous Committee's acknowledgement of our concerns and the amendments. The Department offers comments on the bill.

New Section 481B-F, at page 12, line 3 to page 13, line 4, makes it a criminal offense to fraudulently use a gift card and establishes criminal penalties. Specifically, the bill designates fraudulent use of a gift card a Misdemeanor or C Felony, depending on the circumstances.

However, the provision creating the criminal offense and the offense level appears in Hawaii Revised Statutes (HRS) Chapter 481B, which governs trade regulation and

practice.<sup>1</sup>

In addition, HRS section 481B-4 provides that “[a]ny person who violates this chapter shall be deemed to have engaged in an unfair method of competition and unfair or deceptive act or practice in the conduct of any trade or commerce within the meaning of section 480-2.” Under these circumstances, a violation of 481B-F could create both a civil violation and a criminal offense. We do not recommend the creation of a civil violation on top of a criminal offense. Accordingly, we suggest that it may be prudent to move section 481B-F into the Penal Code.

Should this Committee wish to pass this bill, we respectfully suggest the following amendments:

- 1) Remove section 481B-F from HRS Chapter 481B and insert it in an appropriate part of the Penal Code; and
- 2) Make appropriate corresponding changes in section 1 of this bill.

Thank you for the opportunity to testify on this bill.

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<sup>1</sup> See HRS § 481B-4 (“Any person who violates this chapter shall be deemed to have engaged in an unfair method of competition and unfair or deceptive act or practice in the conduct of any trade or commerce within the meaning of section 480-2.”).



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**The Thirty-Third State Legislature  
Senate Committee on Judiciary  
March 3, 2026  
Conference Room 016, 10:15 a.m.**

TO: The Honorable Karl Rhoads, Chair  
FROM: Keali'i S. López, State Director  
RE: Support for S.B. 2797, SD1 – Relating to Consumer Protection

Aloha Chair Rhoads and Members of the Committee:

I am Keali'i Lopez, State Director for AARP Hawai'i. AARP is a nonprofit, nonpartisan, social impact organization dedicated to empowering people fifty and older to choose how they live as they age. We advocate for the issues that matter most to older adults and their families. On behalf of our 135,000 members, thank you for the opportunity to share our testimony.

AARP Hawai'i is in support of SB 2797 SD1, which strengthens protections for consumers—particularly older adults who are disproportionately targeted by gift-card scams.

There is a significant rise in gift-card draining, where scammers steal cards from store displays, record card and PIN numbers, then return the cards to shelves; once purchased and activated by unsuspecting consumers, the scammers immediately drain the card value. This trend has increased post-pandemic and has contributed to substantial financial losses for Hawai'i residents.

AARP Hawai'i supports SB 2797, SD1 because it includes several meaningful and practical updates:

**1. Establishes a new gift-card fraud law**

The bill creates a framework within Hawai'i's unfair and deceptive practices statutes requiring merchants and third-party gift-card resellers to take steps that help prevent gift-card scams.

**2. Improves transparency for consumers**

SB 2797 requires that gift-card terms and conditions be displayed conspicuously—whether cards are sold in person, electronically, or over the phone—helping consumers recognize limitations and avoid misleading practices.

**3. Extends the redemption period for paper gift certificates**



The bill increases the minimum redemption period from two to four years, giving consumers more time and reducing unintentional loss of value.

AARP Hawai'i believes SB 2797, SD1 is an effective and targeted measure because it addresses vulnerabilities where scams are most likely to occur—at the point of sale and in the lack of clear information available to consumers. By modernizing state law, improving transparency, and requiring more consistent safeguards from sellers, this measure will help protect Hawai'i's kūpuna and all consumers from preventable financial harm.

Thank you for the opportunity to testify in support of this measure.



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TO: Committee on Judiciary  
FROM: HAWAII FOOD INDUSTRY ASSOCIATION  
Lauren Zirbel, Executive Director

DATE: March 3, 2026  
TIME: 10:15am

RE: SB2797 SD1 Relating to Consumer Protection  
Position: Comments

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

HFIA appreciates the intent of this measure to address the problem of gift card fraud, however we have concerns about some of the provisions in the measure.

This measure would require retailers to create and install costly new cases for gift cards, create and post new notices for gift cards, create special packaging for gift cards, and develop and conduct new training. All of this creates financial and administrative burdens for retailers, as well as new liability.

As this measure notes, “the COVID-19 pandemic devastated the economy, workforce, businesses, and livelihoods of many people in the State.” These new burdens create even more strain for local businesses.

We do not believe these provisions are the best avenue for addressing this issue. Thank you for the opportunity to testify.

**Testimony to the Senate Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair**

**Tuesday, March 3, 2026, at 91015AM  
Conference Room 016 & Videoconference**

**RE: SB2797 SD1 Relating to Consumer Protection**

Aloha e Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber respectfully opposes Senate Bill 2797 Senate Draft 1 (SB2797 SD1), which establishes a new gift card fraud law, under the scope of unfair and deceptive practices law, which requires merchants and third-party gift card resellers to take certain steps to prevent gift card scams.

The Chamber recognizes the importance of protecting consumers from deceptive gift card practices. While we share the Legislature's concern for protecting consumers from gift card fraud, the bill places new compliance, monitoring, and operational requirements on retailers and third-party gift-card resellers that will disproportionately burden local businesses. Small and independent retailers, in particular, may be required to modify point-of-sale systems, alter store layouts, implement additional security measures, and train staff to meet new statutory obligations, all at added costs.

Additionally, third-party gift-card resellers face expanded liability exposure and record-keeping requirements that could discourage lawful secondary market activity and reduce consumer choice. Rather than shifting enforcement responsibility onto compliant businesses, the State could consider targeted penalties, coordinated fraud-prevention efforts with card issuers and payment networks, and consumer education initiatives

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to hold Senate Bill 2797 Senate Draft 1. Thank you for the opportunity to testify.