



# CONSUMER ADVOCATE

*A publication from the Consumer Protection Section of the Office of Ohio Attorney General Richard Cordray*

## NEW GIFT CARD RULES

As of August 22, federal rules require most gift cards to last at least five years.

For many single-store gift cards in Ohio, issuers may not charge inactivity fees or service fees for at least two years after the card is issued. After two years, sellers may issue one fee per month after 12 months of inactivity on the card under the new federal rules.

The above rules would apply to the

following types of gift cards:

- Gift card for a specific restaurant.
- Reloadable gift card for any purchase at an ice cream shop.
- Gift card for any spa service up to \$100 (or other specific amount).

On the other hand, mall gift cards and prepaid bank gift cards, which can be used at multiple unaffiliated stores, can incur fees after 12 months of inactivity. As with the cards mentioned earlier, only one fee can be

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## EVALUATING FOR-PROFIT COLLEGES

In today's competitive job market, many job seekers are heading back to school to boost their resumes.

For some job seekers, for-profit colleges are enticing. Such schools often provide technical training or other accelerated degree programs. Unfortunately, some for-profit institutes lack the accreditation and/or funding to fully deliver on their promises, even when students pay in advance.

In March, Ohio Attorney General Richard Cordray filed a lawsuit against the for-profit, Cincinnati-based nursing school Tri-State Medical Academy Inc., aka Gates Academy of Nursing Inc. The lawsuit accused the school of bilking students out of thousands of dollars when it shut its doors in October 2009. When the school closed, students were unable to

complete their licensed practical nurse certification program and the academy refused to issue reimbursement.

A judge declared the school's practices a violation of the law and ordered the school to pay a civil penalty and nearly \$40,000 in consumer restitution.

Unfortunately, students of for-profit schools have no guarantee that they will be able to recover their money if something goes wrong.

In a July 23 press release, the U.S. Department of Education announced proposed rules to link the performance of a for-profit college to its ability to get federal funding. Specifically, the department would consider whether for-profit career schools lead students to gainful employment.

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## TIMESHARE COMPLAINTS INCREASE THIS SUMMER

Since June, the Ohio Attorney General's Office has received more than 35 complaints related to timeshares and timeshare reselling—double the number of complaints received in the same period in 2009.

One consumer paid a company \$623 to sell her timeshare. She sent the payment via money order to Florida, and the company said it would send her \$15,000 in return. Ultimately, the company never sold her timeshare and never sent her the money.

Another consumer attended a six-hour sales presentation on timeshare reselling. He said the company representative used high pressure sales tactics and ultimately convinced him to pay \$3,000 for the service. After one year, the company still had not sold the consumer's timeshare.

When a consumer lost money in a timeshare scam, a company offered to recover her money in exchange for half of the recovered funds. The consumer's grandson contacted the Attorney General's Office, concerned that his grandmother had given the company too much personal information.

If you want to buy or sell a timeshare, do plenty of research before making a payment or signing an agreement. Check the reputation of companies with the Ohio Attorney General's Office and the Better Business Bureau.

Timeshares can be difficult to resell. Carefully consider whether this long-term investment is right for you. Be skeptical of any company that guarantees to sell your timeshare or offers to recover money lost in a timeshare scam. Some consumers learn the hard way that these promises are too good to be true.

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charged per month and the cards cannot expire in less than five years.

Certain gift cards and certificates are excluded from the federal rules, meaning they could expire earlier than five years or incur fees earlier than 12 months. For example, the federal restrictions would not apply to any of the following:

- Gift card used strictly for business purposes.
- Reloadable student debit card that is valid only on campus.
- Certificate for a free manicure at a local spa.
- Certificate for admission to an amusement park, listing no specific value.
- Card for 20 percent off at a retail store.

The new gift card rules are part of the federal Credit Card Accountability, Responsibility and Disclosure Act (Credit CARD Act), which was enacted in 2009. For more information on the law, visit

[www.OhioAttorneyGeneral.gov/CreditCardChanges](http://www.OhioAttorneyGeneral.gov/CreditCardChanges).

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## **FOR-PROFIT COLLEGES** *Continued from page 1*

Learn more about the proposal at [www.ed.gov](http://www.ed.gov).

If you are considering enrolling in a for-profit school, take the following precautions before registering or paying tuition:

- Determine whether the school is registered with the Ohio State Board of Career Colleges and Schools and whether it participates in the Student Tuition Recovery Fund. Not all schools are required to be registered with this agency or to participate in the fund, but the fund provides substantial protection for students who attend schools that shut down.
- Check the school's credit rating. Like other businesses, schools have a credit rating that reflects their financial viability. Research a school with the U.S. Department of Education.
- Check the school's graduation rate, passage rate for certification testing, and school and teacher accreditation. Depending on the type of school, the board that oversees the school will report this information.
- Shop around in order to determine what school is best for you. Many schools offer similar programs.

Consumers who have experienced problems with for-profit schools should file a complaint with Attorney General Cordray's office at [www.SpeakOutOhio.gov](http://www.SpeakOutOhio.gov) or by calling (800) 282-0515.

## **HOW TO HANDLE AGGRESSIVE TELEMARKETERS**

Telemarketing calls are a frequent source of consumer complaints, particularly when they involve aggressive sales tactics.

Since January, the Ohio Attorney General's Office has received more than 700 complaints involving unsolicited phone calls. Some consumers say callers used high pressure sales tactics, threatened them with harm or continued to call even after being told to stop.

Always remember that you have the right to hang up and to refuse to buy anything over the phone. Request that telemarketers send you written information about the goods or services they offer before you agree to make a purchase.

If you are having trouble with aggressive telemarketers, make sure your phone number is on the National Do Not Call Registry. Adding your number to the registry will limit the number of telemarketing calls you receive within a month after you register. Verify registration for each phone number you add to the registry.

Then, if you receive additional calls, tell the callers to put you on their internal do not call list, which telemarketers are required to maintain.

If the callers still do not stop, file a complaint with the Ohio Attorney General's Office and the Federal Trade Commission, the federal agency that manages the Do Not Call Registry.

To limit future calls, do not give your phone number to businesses or organizations unless you want to receive calls from them. Some businesses sell their customer's personal information to other businesses, so ask how your information will be used.

In some cases, consumers who constantly are bombarded by calls choose to get a new phone number that they do not list publicly and provide only to their family and friends.

A caller ID service can also assist in avoiding unwanted telephone solicitations.

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## **WANT UPDATES?**

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- Receive news and updates from the Ohio Attorney General's Office by signing up at [www.OhioAttorneyGeneral.gov](http://www.OhioAttorneyGeneral.gov).
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