

Court Approves Settlement in Gift Card Lawsuit

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This week, a California Superior Court approved a settlement agreement in a class-action lawsuit alleging that Amway Corporation and its related companies violated gift card laws. Amway's gift cards included a notation instructing consumers to "redeem before" a certain date. The plaintiffs argued that this notation violated a California law that prohibits expiration dates on gift cards. As part of the settlement, Amway agreed to stop using the "redeem before" language and to allow consumers to redeem or replace more than \$20 million worth of expired gift cards.

Approximately half the states have laws that either restrict or prohibit expiration dates, and a federal law mandates that gift cards must be valid for at least five years. As we've noted before (click [here](#), for example), consumers and plaintiffs' lawyers are taking a close look at how gift cards are marketed and sold and have been quick to file lawsuits against perceived violations. Companies should examine their gift card offers in order to evaluate their risk of being a target of these types of suits.