



**NBPCA WHITE PAPER  
Abandoned Property Laws and  
Network Branded Prepaid Cards:  
Questions and Concerns Raised When  
Trying to Fit Cards into the Existing  
Abandoned Property Legal Framework**

**Executive Summary**

Prepaid Cards are innovative and beneficial products that have undergone significant growth in recent years. While the legal framework for these products has also undergone change and development, state abandoned property laws have not kept up, leaving issuers uncertain, without direction and at risk of inadvertently violating such laws and incurring substantial economic fines and penalties.

This White Paper outlines the following points:

- The background and history of abandoned property law
- Current state of escheat law
- Challenges applying abandoned property laws to prepaid cards:
  - Current laws do not contemplate prepaid cards
  - Current laws do not distinguish between network branded prepaid cash accessible cards, network branded cards usable for goods/services, and closed loop, retailer issued cards
  - Difficulty in deciding which state and how much to pay
  - Difficulty in knowing when property is truly abandoned
  - Anticompetitive consequences of abandoned property laws
  - Special issues raised by reward and incentive cards
  - Problems raised by the Third Priority Rule and “deemed address” provisions
- Penalties and risks of non-compliance

We hope the attached White Paper will serve to demonstrate the difficulties facing the industry in complying with state abandoned property laws, and will encourage appropriate action to address these concerns.

- - NBPCA Editors, February 28, 2009

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