

Be wary when you give out gift cards

RISK: Companies that close down don't offer redemptions.

By JOHN EWOLDT
McClatchy-Tribune

Gift cards are a form of theft from consumers. You give them real money and they give you a piece of plastic that may, or may not, someday be redeemed for something of equal or lesser value. Most of the time it is lesser value. Why else impose maintenance fees, expiration dates, and non-use fees if not to pull a gotcha on the consumer when they try to redeem it?

Is spending money on a gift card like putting money down a rat hole? With many retailers and restaurants filing for bankruptcy or closing, it's enough to give pause. Don't avoid gift cards altogether,

Don't assume that if your bank goes under, the gift card is covered under the FDIC. It's not.

but as Ronald Reagan said, "Trust, but verify."

I wouldn't buy a Circuit City gift card unless I told the recipient to redeem it the week after Christmas. In fact, I'd tell any gift card recipient to spend it before Jan. 1, just to be on the safe side. If you're a risk taker, you could extend to Jan. 31.

Many mall leases begin Feb. 1 or Aug. 1, said David Brennan of the Institute for Retail Excellence at the University of St. Thomas in St. Paul, Minn. But Dec.

31 might be the last day for some restaurants and small businesses that want to close the doors and their books before a new year.

Is your gift card protected if that happens? Ask any holders of Sharper Image gift cards. The answer is no. Retailers could, but don't, put gift card revenue in special accounts protected from bankruptcy, according to Consumer Reports Money Adviser.

Some bank cards that allow users to redeem a Visa or MasterCard debit card also are at risk, Consumer Reports said. Don't assume that if your bank goes under, the gift card is covered under the FDIC. It's not.

You see where this is going? Cash is king — at least for now.

"THRILLING ROLLER COASTER RIDE" Paul Fischer, DARK HORIZONS

BEAR 100TH 276-4200 THEATRE PEOPLE VINE 12/23/01

CINEMARK The Best