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An unfortunate twist

■ Fortunoff says it will no longer honor balances on gift cards after company files for bankruptcy protection

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Christie Kalinoglu eyed a pair of \$800 earrings while shopping at Fortunoff's Westbury store Monday night. She said she had \$210 left on a store gift card, but decided to take a night to think about it. That delay cost her a final opportunity to use her card.

As of Tuesday, Kalinoglu and many others holding Fortunoff gift cards became creditors of the retailer, which filed for bankruptcy protection on Feb. 5.

"I think this is stealing people's money," said Kalinoglu, 29, of Merrick. "I feel they are taking my money without giving any notice. It would have been different if you have a week or two of notice."

The retailer has said it is searching for a buyer, but none has surfaced. Yesterday, NRDC Equity Partners Llc, the parent company of Fortunoff and Lord & Taylor, said the policy of no longer accepting gift cards was related to its bankruptcy filing.

"As a result of Fortunoff's recent bankruptcy filing and the operation of bankruptcy law, Fortunoff can no longer accept gift cards as payment within any of its stores and online," NRDC said in a statement.



Christie Kalinoglu has \$210 left on a Fortunoff gift card that's essentially worthless after the retailer filed for bankruptcy.

The federal bankruptcy law allows companies to stop honoring gift cards when they file for Chapter 11 bankruptcy protection, said Jerome Reisman, a Garden City attorney specializing in bankruptcy law. But not all companies do so, he said, adding that the lesson here is to use gift cards as soon as possible and not allow them to accumulate, especially in this economy.

"Some companies continue to redeem them while they reorganize, and others temporarily suspend the redemption of gift cards and resume them later," Reisman said.

In at least one case, Attorney General Andrew Cuomo's office negotiated an agreement for a bankrupt company to honor its gift cards. Cuomo obtained a commitment from KB Toys, which filed for bankruptcy protection in December, to honor, at least through Jan. 11, gift cards purchased before its filing and to post a notice 10 days in advance of any decision to stop accepting the cards.

The lack of notice is what stunned Kalinoglu and others. She said she purchased items with her gift card Monday night, and told sales clerks she prob-

ably would be back the next day for the earrings. No one alerted her that her gift card would be useless by then, she said.

Victoria Berger, 37, of Great Neck, also said she was surprised because she was in the store a few days before the policy took effect and asked whether the store would continue to accept gift cards. She said she was told it would.

"I had picked out a few things because I am getting married and I wanted my fiance to look at them," said Berger, who said she had \$660 left on her gift card. When she and her fiance, Bradford Marcus, went back Tuesday, "We went in and saw the sign. I was sick," Berger said.

She and others said they intend to file complaints with Cuomo's office.