



**Jon Levitt, CEO**  
**John Guirguis, President**

**WELCOME** to the latest issue of **THE FEDERATED FORUM**.

To those of you who are new to our publication, the mission of our newsletter is to inform you – today’s business owners – on important issues you need to know regarding card processing and related topics. Each month, we include insightful articles to keep you up-to-date on the latest trends, product news, special offers as well as valuable tips to help you run your business more cost efficiently and more securely. As always, we invite any feedback or comments. Have a question about card processing or related services? We’d be glad to answer it. Please send all comments/questions to [forum@fpsemail.com](mailto:forum@fpsemail.com). Thank you for reading and enjoy.

**Spotlight on Regulation**

**The Durbin Amendment – What it Means to You**

On July 21, the Dodd-Frank Wall Street Reform and Protection Act of 2010 was signed into law. There are provisions in the law that affect all U.S. merchants.

One of these provisions is that you can now set a “minimum value for the acceptance of credit cards”. The minimum can not exceed \$10 and merchants can not have different minimums for different card types. This \$10 maximum could potentially increase in the future.

Another provision that affects you is that you may now offer discounts or other incentives for customers to pay with cash rather than credit. Just like with the minimums, merchants are not allowed to differentiate that discount based on the payment network. The discount must be offered to “all perspective buyers” and be “disclosed clearly and conspicuously”.



**Evan Schweitzer**  
**CFO**

**PRODUCT SPOTLIGHT:**

**Verifone V<sup>X</sup>570**

The PCI PED approved V<sup>X</sup> 570 is a powerful payment solution for single location business owners.

- Simple to install
- Easy to use
- Processes transactions fast
- Compact countertop design
- PCI PED approval
- Internal PINpad



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## Federated Announces our Merchant Referral Program

### Earn \$200 for Each Referral...Unlimited Potential!\*

Belong to a local merchant association? Have a friend who is a fellow small business owner? Refer your fellow merchants with confidence knowing that Federated guarantees the lowest rates for all your processing solutions!

Simply go to [www.federatedpayments.com](http://www.federatedpayments.com), click on the merchant referral link on our home page and complete the online form. Or, if you prefer, complete and fax back the below form to us at **877-777-5885**. For each merchant who signs up for our services, you will receive **\$200**. It's that simple!



**Your Merchant ID #:** \_\_\_\_\_

**Your Name:** \_\_\_\_\_

**Business Name:** \_\_\_\_\_

**Phone:** \_\_\_\_\_

**Email:** \_\_\_\_\_

### Refer 1 Merchant Receive \$200

Merchant #1: \_\_\_\_\_

Business Name: \_\_\_\_\_

Name of Owner: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

### Refer 2 Merchants Receive \$400

Merchant #2: \_\_\_\_\_

Business Name: \_\_\_\_\_

Name of Owner: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

### Refer 3 Merchants Receive \$600

Merchant #3: \_\_\_\_\_

Business Name: \_\_\_\_\_

Name of Owner: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

### Refer 4 Merchants Receive \$800

Merchant #4: \_\_\_\_\_

Business Name: \_\_\_\_\_

Name of Owner: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

**FAX TO: 877-777-5885**

*\* All referred merchants must sign a standard 3-year contract with Federated Payments. Referrals will be paid after 60 days of processing for the referred account. Program based on new Federated Payment customers only. Offer valid only with submission of completed online or printed referral form prior to any Federated contact with referred merchant.*

## 5 Key Tips to Protect Against Credit Card Fraud

### #1 VERIFY ADDRESS AND CVV CODE

Sounds simple, but this is a step that is often ignored. A CVV Code or CARD VERIFICATION VALUE code is a three or four digit code located on the credit card itself and is a security feature to help verify that the card is on hand for "card not present" transactions. Verifying the address and CVV code provides the confidence that the credit card is in the possession of the cardholder your dealing with and a positive address match should mean that your are shipping the product to an address recognized by the issuing bank.



### #2 BE WARY OF SUSPICIOUS INTERNATIONAL SALES

I'm not saying that all International sales are fraudulent; however, it is important to realize the risks. Address verification cannot be performed and it is difficult for your merchant processor to verify the sale in question. Ask yourself does the sale make sense and why does this individual have to buy the product from you and not someone closer geographically?

### #3 STAY ABREAST OF FRAUD TRENDS/SCENARIOS

More and more, we see merchants being approached for "humanitarian" causes with large purchases needed for orphanages, churches, etc. These are uncommon for the business and are usually sent via e-mail. Merchants are provided with multiple credit cards and are asked to split the sales to get them through. These sales are often invalid. Take the extra step if approached on a Teletypewriter (TTY) line. Unfortunately, another popular method for taking advantage of a merchant is using this device to shield one's identity. Look for the warning signs and take the proper steps to verify the sale.

### #4 NEVER, EVER SEND MONEY TO THE CARDHOLDER

A self-explanatory red flag, there should never be a reason why you would need to refund money via bank or other wire service. If the cardholder even broaches this subject, WALK AWAY!

### #5 NEVER HESITATE TO CONTACT US AND REQUEST A CODE 10

A Code 10 authorization request is to be utilized if a merchant is attempting to process a credit card and suspects fraud or suspicious activity. This request is forwarded to the card issuing bank from the merchant processor so information can be verified before the sale is processed. Remember, we're here to help. Your risk is our risk and we only want you to process valid sales.

Ultimately, the last bit of advice I can provide is this: **FOLLOW YOUR INSTINCTS.** Unfortunately, I have received emails and calls from hundreds of merchants who have been victimized stating that they "knew it didn't sound right" OR "it was too good to be true" yet completed the transaction against their better judgment.

#### ABOUT THE AUTHOR:

*Rich Placa has 10 years experience supporting revenue growth by minimizing losses and approving new business in creative ways weighing the risk versus reward factors. He provides leadership within his department creating and implementing re-engineered risk management policies while creating procedures to work with merchants to maximize their processing while protecting Federated Payments. Prior to joining Federated Payments, Rich served as a Manager of Risk Management for First Data Corporation. Email Rich with any questions at [rplaca@fpsemail.com](mailto:rplaca@fpsemail.com)*



## Want Quick Access to Working Capital?

At Federated Payments, we specialize in placing short-term alternative funding to help you — the small to midsize merchant — grow your business. After all, we are the cash advance experts.

- **No financials required**
- **No fixed monthly payments**
- **No set time frame to pay back**
- **No effect on your personal credit**

From \$5,000 to \$150,000 per location, we bridge the gap between traditional bank financing serving as a funding source for our merchant customers. The amount of the advance is based on the average of your previous six months' processing history.

Federated Payments is only a phone call away for the working capital you need to expand your business, make those repairs to your store, purchase product in bulk, whatever you want. And remember, since we are purchasing future credit and debit card receipts at a discounted rate, this is not a loan so it doesn't affect your personal credit.

- **Competitive rates**
- **High approval rate**
- **Simple application**
- **Flexible financing programs**
- **Quick funding**

### HOW IT WORKS:

Let's say you process an average of \$60,000 a month in VISA/MasterCard charges over the last six months.

You qualify for a cash advance up to **\$60,000** which you will receive in only 10-14 business days.  
It's that simple!



### FEDERATED FAST FACTS



Need to take Canadian dollar credit cards? Federated allows you to do it with ease for any business type including Retail, Mail Order/Phone Order or eCommerce. That's because Federated Payments is also one of the leading card processors and merchant service providers in Canada.

## PCI Compliance: It's For Your Own Protection!

### What is PCI-DSS Compliance?

PCI-DSS sets forth requirements for security management, policies, and procedures to combat identity theft and credit card fraud. These standards were created by the PCI Security Standards Council - a group formed and operated by representatives from Visa, MasterCard, Discover, American Express, and JCB International - and designed to better protect your business and your customer's personal account information.



### How to tell if your POS card processing equipment PCI Compliant?

A key element to achieving PCI compliance pertains specifically to the equipment you use to process your electronic transactions. More specifically, what type of encryption is built into the terminal to protect the transmission of customer data to external networks.

### 3 Easy Ways to determine if your equipment is PCI compliance:

- Is your credit card terminal at least 3 years old?
- Does it print the full credit card account number and expiration date on sales receipts?
- Is the PINpad that you use to process PIN debit transactions as old as your terminal?

If the answers to any of these questions are yes, it's very possible that it is non-compliant and you have a potential security issue on your hands.

**NOTE:** If you are using any of the following equipment to process PIN debit transactions, please call our merchant support department immediately for your account to be in compliance.

External PINpads are needed for any of the following equipment currently using an internal PINpad to meet PCI compliance:

- Nurit 2085, 3020, 8000, 8320
- Verifone/Omni 3730, 3740, 3750

In addition, the following external PINpads are no longer in compliance and will need to be replaced to avoid possible fines and/or disruption to your ability to process PIN debit:

- Verifone Model 1000
- Hypercom Model S8 and S9

Lastly, certain older credit card terminals are also out of PCI compliance including:

- Tranz 330, 380, 420, 460 or ZON JR

As a courtesy to our merchants affected by this industry-wide issue, we have arranged special pricing on replacement PINPads. If you have any questions concerning your equipment or PCI compliance, please call our Merchant Support Department at **866-912-8777** for details

**ABOUT THE AUTHOR:** *Jeff Zervos* is Federated Payment's Product Support & Technical Service Manager. *Jeff* has 12 years experience in the technical aspect of the credit card industry. [jzervos@fspemail.com](mailto:jzervos@fspemail.com)



## How To Increase Your Profits - Tip #8: **GIFT CARDS**

From large chain stores to nail salons to your local hardware store, more and more establishments are offering gift cards as an option for their customers. Not just for the holidays anymore, gift cards are a great way to increase revenue and profits for all retailers, restaurants and other merchants year round.

- **Increase Revenue Profits And Cash Flow**
- **Acquire New Customers**
- **Upsell Card Recipients At POS**
- **Increase Impulse Purchases**
- **Reduce Cash Back On Returns**
- **Build Your Awareness Through Word Of Mouth Advertising**

At Federated Payments, we offer state-of-the art programs that make offering gift cards as purchase options for your customers fast and easy including:

- **Gift Card Activation**
- **Gift Card Sale**
- **Card Balance**
- **Issue merchandise credit**
- **Instant Information Retrieval**
- **Upsell card recipients**

### **HERE'S HOW IT WORKS:**

Let's say you buy a packet of 100 gift cards customized with your logo and branding. If your average gift card sale is \$50, that's \$5000 in revenue you can generate. If you run at an average of 50% profit margin, that is \$2500 of pure profit in your pocket. In many cases, card recipients add their own money at the point-of-sale, increasing your revenue even more.



#### **DID YOU KNOW?**

Over **\$8 billion** in gift cards go unredeemed or uncollected in gift card sales?

On average, that's 15-20% of all gift card sales which turns into **PURE PROFIT** for you!

### **About Federated Payments**

Federated Payments is the premier provider of credit card processing solutions and related merchant account services for small to medium size businesses within the U.S. and Canada. We offer a diverse suite of cost-effective solutions that include credit and debit card processing, equipment leasing, gift and loyalty card programs, cash advances and check approval services as well as its industry-leading Agent Partner Portal. Federated Payments is a single source for the full range of electronic payment services.

### **Interested in Becoming a Federated Merchant?**

**1-877-9-CALLFED**

Existing Customers

Any Questions Call:

**1-866-912-8777**