

**NEW YORK STATE
OFFICE OF GENERAL SERVICES
PROCUREMENT SERVICES GROUP
38th Floor - Corning Tower Building
Empire State Plaza
Albany, New York 12242
www.ogs.state.ny.us**

Contract Award Notification (Revised 06/07)

Group: 79008	Title: ELECTRONIC VALUE TRANSFER	
Award Numbers:	09395 (Global Payments Direct Inc.) Contract Period: August 6, 2001 – August 5, 2007	
	01428 (American Express) Contract Period: August 1, 2001 – July 31, 2007	
	01450 (Discover Financial Services, Inc.) Contract Period: November 25, 2002 – November 24, 2007	
Date of Issue:	August 6, 2001	
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Description

This is a comprehensive contract for the acquisition of Electronic Value Transfer services and equipment to support these services. EVT allows Authorized Users to accept card based and non-card based electronic value transactions via numerous communication systems including face to face point of sale (POS) terminals, the Internet and Interactive Voice Response systems. Card based transactions include the nationally recognized Credit Charge Cards (MasterCard, Visa, American Express and Discover) and, on-line and off-line Debit Cards. Non-card based transactions include, Automated Clearing House Credit and Debit Transactions, Fedwire Funds Transfers (Fedwire) and other similar electronic payments.

Special Note:

These contracts were awarded by the NYS Office of General Services in conjunction with the Department of Taxation and Finance. The Department of Taxation and Finance is the Electronic Value Transfer Administrator (EVTA) for the State. The EVTA is available to assist agencies with this program. You may contact:

URL to EVTA Home Page (for general information & current rate schedules)

www.tax.state.ny.us/evta

URL to Approval Process and EVTA-1 downloads
www.tax.state.ny.us/evta/download_docs.htm#EVTA-1

URL for EVTA-2 downloads
www.tax.state.ny.us/evta/download_docs.htm#EVTA-2

Install Free Adobe Acrobat Reader for PDF Documents
<http://www.ogs.state.ny.us/adobereader/AdobeDownload.asp>

This document is available in text by calling Customer Services at (518) 474-6717.

<u>CONTRACT #</u>	<u>CONTRACTOR & ADDRESS</u>	<u>TELEPHONE #</u>	<u>FED.ID#</u>
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CMS1003	American Express Travel Related Services Company, Inc. World Financial Center 200 Vesey Street New York, NY 10285 Attention: Jeffrey Redmon E-Mail: Jeffrey.D.Redmon@aexp.com	800-705-9168	13-3133497
CMS1028	Discover Financial Services Inc. 2500 Lake Cook Road Riverwoods, IL 60015 Attention: Ms. June Sailas junesailas@discoverfinancial.com Fax: 303-252-4687	800-229-0058 Ext 428	34-4020792

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Exhibit 1 – Glossary of Industry Terms

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New York State Card Acceptance Guide

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Appendix D Rate Schedules

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Appendix C - Rate Schedules

OVERVIEW:

This contract will provide Authorized Users the opportunity to acquire Electronic Value Transfer (EVT) services as well as the equipment and software to support these services. EVT allows Authorized Users the ability to accept the four nationally recognized credit cards (MasterCard, Visa, American Express and Discover). Currently, the principle contract is with Global Payments Direct Inc. to process transactions for MasterCard and Visa cards. Global Payments Direct Inc. also directs American Express and Discover transactions to these card issuing entities. Separate contracts with these issuers are required for Authorized Users to accept these card types. In addition to credit cards, Global Payments Direct Inc. will provide processing services for debit cards, ACH transactions, and Fedwire and other similar types of electronic value transfer transactions. The point-of-sale equipment and software necessary to initiate electronic value transfer transactions are also available through this contract.

This contract is awarded by the NYS Office of General Services in conjunction with the Department of Taxation and Finance. The Department of Taxation and Finance is the Electronic Value Transfer Administrator (EVTA) for the State. The EVTA is available to assist agencies with this program. You may contact:

Michael Roberts
Assistant Director of Electronic Value Transfer
Department of Taxation and Finance
Building 8 – 8th floor
W. Averill Harriman Campus
Albany, NY 12227
Phone: 518-485-0441
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evta@tax.state.ny.us

The scope of the contract is limited to the services provided by the Financial Services Processor [Global Payments Direct Inc.], which will process transactions for all credit card types. The contract scope also includes the point-of-sale terminals (POS) and other equipment, software and consulting necessary to set up an EVT program. However, the scope of this contract does **not** include technology solutions such as Internet applications, Interactive Voice Response systems, web hosting or other complex technology solutions.

However, OGS has recently added new categories of services to its Computer Consulting, Training, and Systems Integration contracts that may be combined with this contract to provide a total solution. The new categories of services include Internet applications, IVR systems and web hosting specifically for EVT. More information on these contracts is available at the OGS web-site at <http://www.ogs.state.ny.us> or by contacting Sylvia Casper at 518-473-8079 or sylvia.casper@ogs.state.ny.us. Global Payments Direct Inc. is prepared to work with the State's technology solution providers in providing a complete solution.

Please note: Transaction fees are assigned automatically at the time the transaction is processed; however, Authorized User's will be invoiced for each month's accumulated fees.

Please see the section Frequently Asked Questions (FAQs) for more information and a better understanding of EVT.

HOW TO USE THIS CONTRACT:

- A. Step 1: Read this Contract Award Notice, including Exhibit 2: NYS Card Acceptance Guide, to become familiar with EVT. All Authorized Users that implement an EVT Program must follow the NYS Card Acceptance Guide and are bound by the provisions of this Agreement and the guide.

- B. Step 2: Complete Form EVTA-1, Program Plan Application:

After an Authorized User has made a policy determination to implement an EVT Program, the first step is to complete Form EVTA-1, Program Plan Application. The steps for completing and submitting this form as well as a downloadable version of the form are available at the EVTA Web site (<http://www.tax.state.ny.us/evta>).

State agencies (defined in Section 1.2a of RFP #009395) must receive EVTA and Division of Budget approval to accept electronic payment under the EVTA legislation. Form EVTA-1 must be completed and submitted to the EVTA to receive such approval. Part 3 of Form EVTA-1 will be returned to the Agency indicated that their plan has been approved. A copy of Part 3 of Form EVTA-1 indicating the plan has been approved must be provided to Global Payments Direct Inc. to acquire services under this contract.

Non-state agency Authorized Users must complete certain sections of Form EVTA-1 and submit it to the EVTA. This is required for administrative purposes only - the EVTA and Division of Budget will not be evaluating these applications. Part 3 of Form EVTA-1 will be returned to non-state agency Authorized Users indicating that their plan has been received. A copy of Part 3 of Form EVTA-1 indicating that the plan has been received must be provided to Global Payments Direct Inc. to acquire services under this contract.

An approved Form EVTA-1 **does not** allow the Authorized User to begin implementation of their proposed EVTA plan. A Form EVTA-2 must be completed and approved first.

- C. Step 3: Complete Form EVTA-2, Work Order Form:

The next step is for the Authorized User to contact the vendor to provide technical project details and any unique administrative terms and conditions required by the Authorized User. After project costs have been determined, the Authorized User will file Form EVTA-2. **Form EVTA-2, Work Order Form** – <http://www.tax.state.ny.us/evta/> a document issued by an Authorized User, which provides all the EVT technical project details, project costs and any unique administrative terms and conditions required by an Authorized User.

Non-State Agency Authorized Users:

Upon completion of the Form EVTA-2 with the Contractor, non-state agency Authorized Users may proceed to set up a funding source, issue an order to the Contractor and begin implementation of services.

State Agency Authorized Users:

For State Agency Authorized Users the EVTA shall review and approve Form EVTA –2 prior to commencement of the Services. In addition, State Agencies must encumber funds for the estimated value of all the services and obtain approval from the Office of the State Comptroller prior to commencing services.

Any Form EVTA-2, Work Order, regardless of whether completed by a State agency or a Non-state agency, that incorporates unique terms or conditions not provided for in the Agreement shall be reviewed and approved in writing by Contractor prior to its commencement of the Services.

D. Step 4: State Agency submittal to OSC:

State agencies must follow the steps outlined below in submitting their EVT program to OSC:

1. Cover memorandum to the OSC Bureau of Contracts, 11th floor, 110 State Street, Albany, New York explaining the general intent of the agency's EVT program.
2. Enclosed with the memorandum should be:
 - a. A copy of Part 3 of Form EVTA-1, Program Plan Application indicating Program Plan Approval by the EVTA and Division of Budget (DOB). Note: EVTA will assist agencies in obtaining DOB approval and/or will obtain DOB approval for the agency.
 - b. A completed EVTA-Form 2, Work Order Form with approval from EVTA.
 - c. A completed AC-340 Contract Encumbrance Form and a completed Batch Control List (transmittal) form.

NOTE: the amount on the AC-340 should be an estimated value for all equipment, fees and services anticipated for both the first year of the EVT program and for the total value for the entire term of the agency's program commitment. The EVTA will assist agencies in developing these estimates. In addition, after determining the estimated amount, it is recommended that agencies add an additional 10% to the estimate to cover unanticipated costs.

3. OSC will perform a "pro-forma" audit to ensure that the agency has sufficient funds and the necessary approvals described above.
4. OSC will stamp the OSC approval box on Form EVTA-2, Work Order Form and return to the agency.
5. The agency can then send the Form EVTA-2 Work Order Form to Global Payments Direct Inc. and commence services.

Contractor's Authorization to Implement Services

The Contractor shall not provide any billable Services under this Agreement to State Agency Authorized Users unless the Authorized User has produced an executed copy of Part 3 of Form EVTA-1, Program Plan and a completed and approved copy of Form EVTA-2, Work Order. The Part 3 of Form EVTA-1 is deemed executed if it is signed or stamped by both the EVTA and the Division of the Budget. The Form EVTA-2 is deemed executed if it is signed or stamped by both the EVTA and OSC.

The State reserves the right to modify these forms, at its discretion, throughout the term of the Agreement without prejudice to Contractor.

For additional information, please see Exhibit 1 – Glossary of Industry Terms and Exhibit 2 - New York State Card Acceptance Guide.

Cash Discount, If Shown, Should be Given Special Attention.

INVOICES MUST BE SENT DIRECTLY TO THE ORDERING AGENCY FOR PAYMENT.

AGENCIES SHOULD NOTIFY THE PROCUREMENT SERVICES GROUP PROMPTLY IF THE CONTRACTOR FAILS TO MEET THE DELIVERY TERMS OF THIS CONTRACT. DELIVERED ITEMS, WHICH DO NOT COMPLY WITH THE SPECIFICATIONS OR ARE, OTHERWISE UNSATISFACTORY TO THE AGENCY SHOULD ALSO BE REPORTED TO THE PROCUREMENT SERVICES GROUP.

ELECTRONIC VALUE TRANSFER FREQUENTLY ASKED QUESTIONS (FAQS):

1. *Question: What is EVT?*

*Answer: **Electronic Value Transfer*** - Any transfer of funds which is initiated by the use of an electronic value transfer device (a credit card, charge card, debit card or electronic value transfer via ACH, Fedwire or CHIPS). To New York State agencies and other authorized users of the EVT contract it means the ability to accept credit/charge cards, debit cards and ACH transactions as payment for services, fines, fees or taxes.

2. *Question: What is the EVTA?*

*Answer: **Electronic Value Transfer Administrator***, designated by the EVT legislation enacted in 1998 as the New York State Department of Taxation and Finance. The EVTA is responsible for:

- Establishing policies and direction for state agencies regarding EVT,
- Evaluating the costs and benefits associated with various electronic commerce solutions,
- Overseeing the efficient implementation of state agency programs.

3. *Question: How are EVT services made available to State and local agencies?*

*Answer: **EVT Services*** are provided by Financial Service Providers (FSPs) through contracts available from the NYS Office of General Services. There are three contracts for this program. The principle contract is with Global Payments Direct, Inc. who handles all payments transactions. The remaining two contracts are with American Express and /Discover for the purposes of paying monthly AMEX and Discover transaction fees.

4. *Question: Who can use the EVT contracts?*

*Answer: **Authorized Users*** of the EVT contracts fall into three (3) categories:

- a) State Agencies authorized pursuant to NYS Finance Law, § 4-a, to accept electronic payments, including any department, board, bureau, division, commission, committee, council, office of the State, or other governmental entity with statewide jurisdiction.
- b) Any local government authorized to accept electronic payments pursuant to New York General Municipal Law, Article 2, §5.
- c) Any other entities, authorized pursuant to NYS Finance Law, § 163, to utilize NYS centralized service contracts.

NOTE: Entities other than State agencies should review their local laws to ensure there are no barriers to their accepting credit card and other forms of EVT payments.

5. *Question: Which Credit/Charge Cards will be accepted under this contract?*

Answer: The four major credit/charge cards will be accepted: **MasterCard®**, **VISA®**, **Discover®** and **American Express®**. Authorized Users may make their own determinations as to whether to accept all four or a smaller subset of the credit cards available. However, Authorized Users are encouraged to accept all cards if possible.

6. *Question: How does an agency establish a program to accept credit cards?*

Answer: After an agency has made a policy determination at the highest levels to implement an EVT program, the first step is to designate a properly authorized person to contact the EVTA and complete an EVT Program Plan Application. The EVT Program Application is available on the EVTA web-site at: <http://www.tax.state.ny.us/evta/> or contact the EVTA at 518-485-0441. They will assist you with all of the requirements, procedures and forms necessary to set up an EVT program within your agency.

7. **Question: What is a Debit Card?**

Answer: A **Debit Card** is an electronic payment card that can be processed either on-line similar to an ATM card or off-line like a credit/charge card. On-Line Debit Card transactions are processed through the ATM networks and require entry of a PIN (Personal Identification Number) by the cardholder. This authorizes funds to be directly debited from the Device Users account. Off-Line Debit Card transactions are processed through the credit/charge card networks with funds being debited from the cardholder's account within a few days.

8. **Question: What is an ACH Transaction and what are Fedwire and CHIPS?**

Answer: **ACH Transaction** - Automated Clearing House transactions include ACH Debits, ACH Credits and electronic check processing and clearance. In an ACH Debit transaction, a payor provides their bank account information to the agency to which he/she owes money. The agency then initiates through the EVT contractor an electronic automated clearinghouse transaction that debits the payor's bank account and credits the account designated by the agency. In an ACH Credit transaction, a payor initiates the transfer of funds through his/her bank by providing his/her bank with the amount to be transferred and the agency's bank account information. The payor's bank then initiates an electronic automated clearinghouse transaction that debits the payor's bank account and credits the account designated by the agency.

Fedwire is an electronic payment system owned and operated by the Federal Reserve Bank that acts as an intermediary in funds transfer for Fedwire participants. It handles bank to bank transactions.

CHIPS - Clearing House Interbank Payment System - an electronic payment system developed by the New York Clearing House that transfers funds and settles transactions in U.S. dollars among banks around the world. It is the central clearing system in the United States for international transactions.

9. **Question: What are Transaction Fees?**

Answer: **Transaction Fees** are service costs charged to an Authorized User by the EVT contractor for processing EVT transactions on a per transaction basis. They include all of the following fees. **Authorization Fee** - Fees charged by the EVT Contractor to Authorized Users to obtain an authorization. The fees vary depending on the interface being used between the Authorized User and the EVT Contractor. **Interchange & Assessment Fee** - Fees set by the credit/charge card associations that are passed through to the Authorized User. These fees vary based upon which category (e.g. cardholder present or cardholder not present) the transaction falls under. **Processing/Access Fee** - A base processing fee which can be a percentage of the transaction value, a flat fee or a combination of both.

10. **Question: What are Blended/Bundled Rates?**

Answer: Fees that combine or "blend" the rates of the various categories used to determine the Interchange and Assessment Fees and "bundle" the blended Interchange & Assessment rate with all other fees (i.e., Authorized fees, Processing/Access fees and Other Services Fees) into a single rate for all MasterCard and Visa transactions

11. **Question: Are there any limitations to the solutions provided by the EVT Financial Service Provider (FSP) contracts?**

Answer: Yes. The FSPs (Global Payments, Inc., American Express and Discover - can meet your needs for processing credit card, debit card and other forms of EVT transactions, providing Point of Sale (POS) terminal devices and basic customization required to process your payment transactions. However, if you need an Internet payment application, an Interactive Voice Response (IVR) system, web hosting services for Internet applications or other more technical solutions, you may need a technology service provider to partner with the FSP.

12. Question: How do I obtain the technology service providers I may need?

Answer: If Authorized Users need assistance to obtain technology service providers, they may avail themselves of the OGS "Computer Consulting, Systems Integration and Training" contracts, also known as the Backdrop contracts.

13. Question: What are Backdrop Contracts?

Answer: Backdrop Contracts are OGS Statewide contracts that are uniform in their Back-Drop Terms and Conditions. They are used to provide computer related services. Each contract may cover Consulting, Systems Integration (SI) and Training for numerous Categories of Expertise, including Application Development, Data Conversion, GIS, Help Desk Services, Imaging, and Internet/Intranet Services, to name a few. These contracts pre-qualify contractors on a continuous recruitment basis to supply services to all authorized users. The contracts establish not to exceed pricing for each contractor. The actual cost to an authorized user of these services is established per project using the "mini-bid" process.

14. Question: What is the Mini-Bid Process?

Answer: The mini-bid process is the process whereby an Authorized User develops a project definition outlining their specific requirement and solicits bids from all pre-qualified backdrop contractors to determine the best value solution. The Authorized User forwards their project definition to all Backdrop Contractors that have been pre-qualified in the area of expertise called for in the scope of work. The backdrop contractors that have been solicited then have the option of submitting a bid for the project. The backdrop contractor submitting the proposal providing the best value to the Authorized User is then awarded a contract. From development of the project specifications to the project award takes up to ten weeks, a fraction of the time when compared with the traditional RFP procurement. Project awards shall be based on "Best Value." The mini-bid process is fully detailed in the associated Agency Guidelines available from the Procurement Services Group.

Except where an agency can justify single or sole source procurement or where the requirement does not exceed \$5,000, this process is required for an Authorized User to utilize the computer consulting, training, and systems integration contracts.

The mini-bid process offers these additional benefits:

- Agencies are not required to advertise in the Contract Reporter.
- Contractors are pre-qualified for services under the Back-Drop Contracts.
- Since the Back-Drop Contracts contain all the terms and conditions, there is no need to include this language in the PD or RTS. This allows the issuing entity to concentrate on describing the project.

- OGS-supplied templates standardize the preparation of bid documentation, and, for New York State agencies, may simplify the bid process.
- The process ensures adherence to competitive bidding practices.
- For New York State agencies, there are no special requirements or forms (for example, the H100) for the Division of Budget.
- OGS' expertise in developing and administering contracts may reduce administrative overhead.
- For EVT, the Authorized User's Implementation Plan submitted to the EVTA can supply much of the detail needed for the Project Description.

15. Question: What services are available on Backdrop Contracts?

Answer: For purposes of the EVT contract, the services available on backdrop contracts include computer Consulting and Systems Integration for:

- Applications Development Mainframe
- Applications Development Mid Range
- Applications Development PC
- Electronic Commerce (EC) & Electronic Data Interchange (EDI)
- Internet/Intranet Application Services
- Point-Of-Sale Systems (POS)
- Telecommunications
- Internet and IVR Hosting services

Other services are available and new services may be added in the future.

16. Question: How do Backdrop Contracts fit into EVT?

Answer: The Computer Consulting and Systems Integration backdrop contracts can be used to develop EVT systems.

- ◆ **Consulting Services** includes the qualified, professional ability of the contractor to offer **analysis, recommendations, design or programming** expertise to New York State relating to information technology systems with regard to various categories of expertise. Said expertise must include a current knowledge of the technology marketplace, related information technology issues and trends.
- ◆ **Systems Integration (SI) Services** requires the contractor to assume **principal responsibility** and liability for recommending and procuring hardware, software and related products, and to provide consulting services for a "total solution." In order to obtain a Back-Drop Contract, the SI contractor was required to show prior, substantial experience as a Systems Integrator, including principal responsibility for project management and acquisition of project materials or components from third party sources.

An Authorized User can contract with the SI backdrop contracts to provide the equipment and software needed for a complete system and the EVT Contractor for processing services.

Global Payments Direct Inc. Contract Highlights

REPORTING

The Contractor or its Subcontractor will provide Authorized Users with monthly reports. Daily reports will be generated by Contractor or Contractor's Subcontractor and will be provided directly to the Authorized Users. Daily reports will include a transaction detail report for Credit/Charge Card, Off-Line Debit Card, and On-line Debit Card and ACH debit transactions submitted to the Contractor for settlement and an account summary for interim working account activity, including a breakdown by payment device ID. The content of these reports may be used by Authorized Users to post funds to the appropriate account and to reconcile such funds with the individual transactions initiated by Device Users. The reports will support this purpose for all funds that are transferred from the Contractors' working interim account. Because American Express and Discover funds are not transferred from the Contractor's interim working account, the reports will only contain the authorization and data capture transaction detail information for American Express and Discover transactions. Monthly reports will provide transaction summaries as required by Authorized Users (e.g., by merchant ID, the number of transactions by payment type, and the average value (only as to MasterCard and Visa transactions) of transactions by card type. Data elements as shown in Exhibit 2 and other additional data elements, as they become available from Contractor's and Subcontractor's systems will be made available to Authorized User's for reporting purposes upon the written request of the Authorized User. The Contractor will make such reports available to Authorized Users on-line via a monthly Excel spreadsheet and/or in a paper format as requested by Authorized User. The Contractor will work with Authorized Users to develop reporting structures (e.g., level of detail, method of availability, number of copies, etc.) that meet the needs and capabilities of both the Authorized User and the Contractor and which reporting structures are mutually agreed upon by the Authorized User and the Contractor.

1. The Contractor will provide certain State control agencies, including but not limited to the EVTA, OGS, OSC and DOB with the following summary reports:
 - a. A summary of activity that Contractor suspects may be fraudulent, including but not limited to transaction details for overly large transactions, duplicated transactions, unauthorized transactions, significant Interchange downgrades or other suspicious activity, as well as a list of any Authorized Users which are under suspicion for fraud;
 - b. Monthly reports summarizing processing activity of transactions settled by Contractor and submitted by each state agency and non-state agency Authorized User and a summary total of the processing activity for all state agency and non-state agency Authorized Users using the data elements available from Contractor's and/or Subcontractor's systems and requested in writing by the State,
 - c. Semi-annual reports relative to card types settled by Contractor containing data elements necessary to validate rate adjustments based on the six-month review period described in Section I.B.4.b. (15) iv, and
 - d. Annual reports relative to card types settled by Contractor and containing data elements available from Contractor's and/or Subcontractor's systems and requested in writing by the State.

2. The Contractor will work with the OGS and EVTA to develop reporting structures that are agreeable to the OGS, EVTA and Contractor.

The Contractor will develop and provide ad-hoc reports as requested by an Authorized User in their EVTA-2, Work Order Form. The fee for providing ad-hoc reports will be negotiated by the Authorized User and the Contractor using the fees set forth in Appendix D, Table 17.

FUNDS AVAILABILITY

All funds received from electronic payment transactions, including but not limited to, Credit/Charge Cards, On-Line and Off-Line Debit Cards, ACH credit and debit transactions, Fedwire, CHIPS and SWIFT if deposited into the interim working account maintained by the Contractor or its Subcontractor must be made available to each Authorized User in accordance with the following tables. The Contractor or its Subcontractor must transfer funds, either through ACH or FEDWIRE transactions, to the account or accounts designated by each Authorized User.

1. Credit/Charge Cards & Off-Line Debit Cards

The tables below provide the funds availability timeframes for MasterCard and VISA Credit/Charge Card and Off-Line Debit Card transactions, using the following column definitions:

- a. The cut-off time each day for Authorized Users to submit transactions for settlement to ensure that funds will be received into a working interim account on the corresponding day specified in column (b),
- b. The day in which funds will be received into a working interim account for transactions submitted before the cut-off time for the corresponding day in column (a),
- c. The time and day funds will be available to be moved via ACH from a working interim account for funds received on the corresponding day in column (b), and
- d. The time and day funds will be available to be moved via FEDWIRE from a working interim account for funds received on the corresponding day in column (b).

MasterCard & VISA Only Credit and Off-line Debit			
(a)	(b)	(c)	(d)
Transactions received before	Funds will be received into the working interim account on:	Funds will be available for movement via ACH no later than	Funds will be available for movement via FEDWIRE no later than
1	3:00 AM (ET) on:	N/A (ET) on:	6:00 AM (ET) on:
2	Monday	N/A	Tuesday
3	Tuesday	N/A	Wednesday
4	Wednesday	N/A	Thursday
5	Thursday	N/A	Friday
6	Friday	N/A	Monday
7	Saturday	N/A	Tuesday
8	Sunday	N/A	Tuesday

2. On-Line Debit Cards

The tables below provide the funds availability timeframes for On-Line Debit Card transactions, using the following column definitions:

- The cut-off time each day for Authorized Users to submit transactions to the Contractor for settlement to ensure that funds will in turn be submitted to the appropriate ATM networks for settlement by the time and day specified in column (b),
- The time and day in which funds will be submitted to the appropriate ATM networks by the Contractor or its subcontractor for settlement for transactions received before the cut-off time for the corresponding day in column (a),
- The time and day for the Contractor or its subcontractor to receive funds from the ATM networks and make them available for movement by the corresponding time and day specified in columns (d) and (e),
- The time and day funds will be available to be moved via ACH from a working interim account for funds received on the corresponding time and day in column (c), and
- The time and day funds will be available to be moved via FEDWIRE from a working interim account for funds received on the corresponding time and day in column (c).

On-Line Debit Cards					
(a)	(b)	(c)	(d)	(e)	
Transactions received before	Will be submitted to network by	Funds received from network into the working interim account on:	Will be available for movement via ACH no later than	Will be available for movement via FEDWIRE no later than	
1	3:00 PM (ET)	9:00 PM (ET) on:	11:00 PM (ET)	N/A (ET) on:	6:00 AM (ET) on:
2	Monday	Monday	Monday	N/A	Tuesday
3	Tuesday	Tuesday	Tuesday	N/A	Wednesday
4	Wednesday	Wednesday	Wednesday	N/A	Thursday
5	Thursday	Thursday	Thursday	N/A	Friday
6	Friday	Friday	Friday	N/A	Monday
7	Saturday	Monday	Monday	N/A	Tuesday
8	Sunday	Monday	Monday	N/A	Tuesday

3. ACH Debit Transactions

The tables below provide the funds availability timeframes for ACH debit transactions, using the following column definitions:

- The cut-off time each day for Authorized Users to submit transactions to the Contractor or its subcontractor for settlement to ensure that funds will in turn be submitted to the ACH network for settlement by the time and day specified in column (b),
- The time and day in which funds will be submitted to the ACH network by the Contractor or its subcontractor for settlement for the for transactions received before the cut-off time for the corresponding day in column (a),
- The time and day for the Contractor or its subcontractor to receive funds from the ACH network for the Contractor or its subcontractor to make them available for movement by

- the corresponding time and day specified in columns (d) and (e),
- d. The time and day funds will be available to be moved via ACH from a working interim account for funds received on the corresponding time and day in column (c), and
 - e. The time and day funds will be available to be moved via FEDWIRE from a working interim account for funds received on the corresponding time and day in column (c).

ACH Debit Transactions				
(a)	(b)	(c)	(d)	(e)
Transactions received before	Will be submitted to ACH network by	Funds received from ACH network into the working interim account on:	Will be available for movement via ACH no later than	Will be available for movement via FEDWIRE no later than
1	6:00 PM (ET)	10:30 PM (ET) on:	9:00 AM (ET)	N/A (ET) on:
2	Monday	Monday	Tuesday	N/A
3	Tuesday	Tuesday	Wednesday	N/A
4	Wednesday	Wednesday	Thursday	N/A
5	Thursday	Thursday	Friday	N/A
6	Friday	Sunday	Monday	N/A
7	Saturday	Sunday	Monday	N/A
8	Sunday	Sunday	Monday	N/A

4. ACH Credit Transactions

The tables below provide the funds availability timeframes for ACH credit transactions, using the following column definitions:

- a. The time and day for the Contract to receive funds from the ACH network for the Contractor or its subcontractor to make them available for movement by the corresponding time and day specified in columns (b) and (c),
- b. The time and day funds will be available to be moved via ACH from a working interim account for funds received on the corresponding time and day in column (a), and
- c. The time and day funds will be available to be moved via FEDWIRE from a working interim account for funds received on the corresponding time and day in column (a).

ACH Credit Transactions		
(a)	(b)	(c)
Funds received from ACH Network by	Will be available for movement via ACH no later than	Will be available for movement via FEDWIRE no later than
1	9:30 AM (ET) on:	N/A (ET) on:
2	Monday	N/A
3	Tuesday	N/A
4	Wednesday	N/A
5	Thursday	N/A
6	Friday	N/A

5. FEDWIRE, CHIPS and Book Transactions

The tables below provide the funds availability timeframes for FEDWIRE, CHIPS and Book transactions, using the following column definitions:

- a. The time and day for the Contractor or its Subcontractor to receive funds and for the Contractor or its Subcontractor to make them available for movement by the corresponding time and day specified in columns (b) and (c),
- b. The time and day funds will be available to be moved via ACH from a working interim account for funds received on the corresponding time and day in column (a), and
- c. The time and day funds will be available to be moved via FEDWIRE from a working interim account for funds received on the corresponding time and day in column (a).

FEDWIRE, CHIPS and Book Transactions		
(a)	(b)	(c)
Funds received by	Will be available for movement via ACH no later than	Will be available for movement via FEDWIRE no later than
1	6:00 PM (ET) on:	N/A (ET) on:
2	Monday	N/A
3	Tuesday	N/A
4	Wednesday	N/A
5	Thursday	N/A
6	Friday	N/A
		Tuesday
		Wednesday
		Thursday
		Friday
		Monday

TRAINING

The Contractor or its Subcontractors will develop and implement a New York State training program covering implementation training, standard on-going training and additional on-going training. An outline of the Training Program is annexed hereto in Exhibit 3. Implementation training and standard on-going training will be available to all Authorized Users at no cost. Additional on-going training will be provided to Authorized Users upon request and at prices outlined in Appendix D, Table 17.

1. Implementation Training

Implementation training will address the following areas for an Authorized User:

- a. Background of the industry and transaction processing requirements for each payment device accepted,
- b. Understanding reports and the reconciliation process,
- c. Internal reporting procedures,
- d. Procedures for processing transactions and generating reports through Equipment and Software, and,
- e. Fraud and security procedures.

The Contractor will conduct training sessions for each Authorized User on a regional basis. The physical location, to be determined by the Contractor and the Authorized User, will be a regional office of the Contractor or a central or regional office of the

Authorized User or other location agreed upon by the parties.

The Contractor will provide Authorized Users with the documentation related to use of Equipment and Software. The documentation will be provided at all physical locations where training takes place and/or at the Authorized User site upon request by Authorized User.

Implementation training will be made available to each Authorized User within fourteen (14) business days of delivery of all Equipment and Software ordered by an Authorized User for Financial Services Processing. The Contractor may request reimbursement for travel expenses for this training if the location is other than at a regional office of the Contractor or its Subcontractor.

2. Standard On-going Training

Standard On-going Training is a repeat of Implementation Training provided to Authorized Users if they expand the scope of an existing payment program by accepting additional types of transactions, utilizing additional payment channels, or accepting transactions at additional physical locations.

3. Additional On-going Training

The Contractor or its Subcontractor will provide Additional On-going training at the request of the Authorized User. Additional On-going training will be training that is offered by Contractor or Subcontractor other than Implementation Training or Standard On-going Training. It also includes training that is requested by the Authorized User and customized by the Contractor. Certain fees for standard additional ongoing training are set forth in Appendix D, Table 17.

HELP DESK SERVICES:

The Contractor will provide a toll free help desk to Authorized Users which will include (a) technical support services relative to Hardware repair, replacement and function, 24 hours per day, seven days per week, (b) customer services between the hours of 8 a.m. and 5 p.m. Eastern Standard Time, and (c) PC support services 24 hours per day, seven days per week. The toll free number will be answered by a pre-recorded directory service, providing a minimum of five choices for Services, including, but not limited to: (1) technical support services; (2) Hexagon Software inquiries; (3) cash management; (4) customer service, and (5) PC support services. Between the hours of 8 a.m. and 5 p.m. an employee of Contractor or its Subcontractor(s) will be available to answer calls. Between the hours of 5 p.m. and 8 a.m., calls other than for technical and PC support will be referred to a voice mail messaging system, with messages responded to by Contractor promptly the next business day. The help desk will provide services only in connection with the use of Contractor's Class A Certified Equipment and Software. The Contractor will employ escalation or other oversight procedures to ensure that Authorized User inquiries are addressed in a timely manner. The Contractor will provide sufficient telephone lines and help desk staff to ensure that calls are

answered by an employee of Contractor or its Subcontractor during the applicable hours outlined above for the help desk service in question, with a view toward meeting the following service levels:

1. For inquiries related to technical support and customer services: 20 second average speed of answer and 3 percent abandon rate.
2. For inquiries related to PC support services: 30 second average speed of answer and 5 percent abandon rate.

The Contractor will provide Authorized User's with contact names and business phone numbers of supervisory personnel and assigned team members available during normal business hours.

CONSULTING:

1. Developmental Consulting Services

The Contractor will work with each Authorized User to determine the most efficient method to accept electronic payments, based on the needs and requirements of the individual Authorized User. This assistance will include initial meetings between the Contractor team assigned to the project and the Authorized User. The Contractor and Authorized User will together select and agree upon the location of these initial meetings. Follow-up meetings may be conducted by conference calls. The Contractor and the Authorized User will each be responsible for its respective expenses in connection with the initial meetings. Developmental Consulting Services will be provided free of charge.

2. Implementation Consulting Services

The Contractor and/or its Subcontractors will, as reasonable and necessary, provide information and recommendations to each Authorized User requesting same and which relates to the Authorized User's:

- a. Installation and integration of Contractor's standard Equipment and Software,
- b. Developing and maintaining interfaces between all Authorized Users, their vendors or agents, and Contractor, to facilitate payment processing hereunder, and
- c. Designing, developing, certifying, implementing and maintaining electronic payment programs which interface with Contractor's systems.

Implementation Consulting Services will be provided free of charge.

3. Incidental Consulting Services

Contractor may provide other consulting services and related expenses hereunder in exchange for fees to be negotiated between the Contractor and the subject Authorized User so long as such services are materially and substantially related to the intended

purposes of this Agreement and in furtherance thereof.

In addition, travel expenses incurred by the Contractor for incidental consulting services will be reimbursed according to the then current policies and procedures of the NYS Comptroller for Management Confidential (M/C) employees of the State.

ADDITIONAL SERVICES:

1. The Contractor shall offer IVR and/or touch-tone phone services enabling Authorized Users to process Credit/Charge Cards and Off-Line Debit Cards without requiring manual follow-up with paper transaction documentation. These IVR and/or touch-tone phone services shall be available through toll-free numbers, 24-hours per day, seven-days per week.
2. The Contractor shall offer address verification services enabling Authorized Users to reduce the incidence of fraudulent Credit/Charge Card and Off-Line Debit Card transactions. This service shall be available for all Credit/Charge Card and Off-Line Debit Card transactions processed by Authorized Users hereunder, including but not limited to point-of-sale, IVR and Internet transactions. Address verification shall check the address provided by a Device User against the address on file with the MasterCard and VISA issuing bank and Discover processing systems.
3. The Contractor shall provide credit card verification value 2 (CVV2) services, for all Credit/Charge Cards, enabling Authorized Users to reduce the incidence of fraudulent Credit/Charge Card transactions.
4. The Contractor shall process transactions resulting from the use in the United States of a Credit/Charge Card issued by an international financial institution.

AMERICAN EXPRESS CONTRACT HIGHLIGHTS

SETTLEMENT PAYMENT METHOD

Under Electronic Pay, funds are sent electronically via ACH. Authorized User must designate an Account at a Bank. Authorized User(s) must also provide to American Express the required information about Authorized User's Account and Authorized User's Bank and Authorized User must notify their Bank that American Express may have access to the Account to make payments. American Express will initiate payment to Authorized User's Account via ACH within two (2) days and in accordance with the following table and column definitions (excluding Sunday and Federal Reserve Holidays where American Express will initiate payment on the next day that American Express's bank is open for processing ACH payments.)

Charges received before 6pm EST on the following days	Contractor will initiate payment via ACH no later than 6pm EST on the following days
Monday	Wednesday
Tuesday	Thursday
Wednesday	Friday
Thursday	Saturday
Friday	Monday
Saturday	Tuesday

Contractor will not be responsible for any obligations, damages or liabilities over and above the amount of the applicable debit, credit or adjustment to Authorized User's Account in the event that any such debit, credit or adjustment is not honored by Authorized User's Bank or is improperly applied to Authorized User's Account by the Bank. If Authorized User is paid by check, Contractor will charge a processing fee as set forth in Appendix C.

CARD SERVICES

An Authorized User shall procure the services of an FSP for the data capture and routing for authorization of American Express related transactions. Contractor agrees that it will use commercially reasonable efforts to approve and to accept transactions through the FSP designated by Authorized User. If Contractor does not approve the Authorized User's designated FSP, Contractor is not obligated to sign or accept that Authorized User's EVTA-2 Work Order Form. Because such FSPs are not authorized to handle either the funds or the reports associated with American Express Card transactions, American Express shall be responsible for the settlement of funds associated with these transactions into the account designated by the State and/or Authorized User, and for making the related American Express Card transaction data available to the State and/or Authorized User. Contractor shall not be responsible for any errors, omissions, delays or expenses caused by the FSP.

Authorized User will provide Contractor with all relevant information requested about the FSP and will notify Contractor promptly in writing if the FSP is changed.

TRANSMITTING DIRECTLY TO AMERICAN EXPRESS

This Agreement permits Authorized Users to transmit American Express Card transactions directly to American Express. If an Authorized User chooses to transmit both authorizations and settlements to American Express directly, the Authorized User must utilize PIP or Reverse PIP. If an Authorized User chooses to transmit only authorizations to American Express directly, the Authorized User must use Split Dial.

CONVENIENCE FEE

The Convenience Fee shall be applied at the direction of the Authorized User. When Convenience Fees are applied, the Authorized User agrees to clearly disclose to Cardmembers: (1) the amount of such Convenience Fee; (2) that the Authorized User is charging the Convenience Fee; and, (3) that the Convenience Fee is being charged for the usage of such convenient method of payment. Authorized User agrees to not discriminate against any Cardmember by charging him/her a higher Convenience Fee than the Authorized User would charge a holder of another charge, credit, debit or smart card or similar card, service or payment product. For the Authorized User, the amount of the Convenience Fee and the method by which it may be collected shall be submitted for approval by American Express prior to being set forth in the Authorized User's EVTA-2 Work Order Form.

When Convenience Fees are applied and are paid by Cardmembers directly to an Authorized User, then one (1) Charge (constituting both the amount of the payment and the amount of the Convenience Fee) must be submitted to American Express. The Discount will be assessed on this Charge.

When Convenience Fees are applied and are paid by Cardmembers to a party who is not the Authorized User, then two (2) Charges (one (1) constituting the amount of the payment, and one (1) constituting the amount of the Convenience Fee) must be submitted to American Express. The Discount will be assessed on both Charges. In such cases, the Authorized User must instruct American Express as to the payment of the Convenience Fee on the Authorized User's EVTA-2 Work Order Form. Authorized User remains responsible for payment of the Discount.

Work Order Form, the Contractor may begin to provide reimbursable services to that Authorized User. Copies of these forms are included in Exhibit 2. The State reserves the right to modify these forms, at its discretion, throughout the term of the Agreement without prejudice to Contractor.

CONNECTIVITY

American Express shall be responsible for maintaining only its interfaces with an FSP. American Express shall not be responsible for maintaining the FSP's interfaces in order to support any services provided for in this Agreement.

The American Express system for all critical communication links and routing, the Credit Authorization System (CAS), features full redundancy. CAS reliability exceeds 99% uptime. American Express minimizes system "down time", with "down time" defined as a period of time during the normal Authorized User's business hours where American Express's system is unavailable to provide the services pursuant to this Agreement.

REPORTS

American Express shall make available to each Authorized User transaction data sufficient to reconcile, monitor and audit settlements being cleared pursuant to this Agreement. This transaction data shall, be made available in an electronic format to an Authorized User. Should an Authorized User desire to share their transaction data with a third-party, this will be noted on the EVTA-2 Work Order Form.

American Express shall provide monthly summary reports to the OGS and the Electronic Value Transfer Administrator summarizing activities (number of transactions, average value of transactions, etc.) by each Authorized User including a summary report for all State Agency Authorized Users.

The Contractor will develop and provide ad-hoc reports as requested by an Authorized User in their EVTA-2 Work Order Form. The total fee for providing ad-hoc reports will be negotiated by the Authorized User and the Contractor using the hourly fee set forth in Appendix C.

TRAINING

American Express will conduct training sessions for each Authorized User on a regional basis, either on-site, or via telephone or some other mutually agreed upon method. The location, to be determined by the Contractor and the Authorized User, will be a regional office of the Contractor or a central or regional office of the Authorized User or other location agreed upon by the parties. Contractor will work with Authorized User to notify the EVTA when training is scheduled to assist in coordination of Authorized Users seeking training.

American Express agrees to provide the following training, at no additional cost:

- (1) Basic processing procedures;
- (2) Voice authorization procedures;

- (3) Security and fraud detection;
- (4) Using the "Help Line";
- (5) Accounting and tracking procedures; and
- (6) Retrieval and chargeback procedures.

LATE PAYMENT REMEDY

In cases where American Express payment of Authorized User's Charges is five (5) or more days late and not the result of any act or inaction by Authorized User, Authorized User's Bank, the FSP, Force Majeure (as defined in Clause 60 of Appendix B) or other act or inaction by a party other than American Express, American Express will pay Authorized User daily interest on the amount of such payment (but not compounded daily), from the date due until the date such payment is received, calculated at the then current fifteen (15) day commercial paper rate in effect as published daily in the Wall Street Journal as of the date of such payment.

Authorized User agrees to contact American Express in writing at the address listed below in all such cases where Authorized User believes that this late payment remedy is available to Authorized User. Authorized User agrees to include Authorized User's Merchant Number with this request and provide American Express with all necessary documents to support Authorized User's request. Authorized User also agrees to allow American Express a commercially reasonable amount of time to investigate the matter and to work with American Express to resolve the matter if there are any disagreements.

American Express Travel Related Service Company, Inc.
1661 East Camelback
Phoenix, AZ 85016
Attn: Accounts Payable
Fax: (602) 234-7468

ASSIGNING MERCHANT NUMBERS

The Contractor will provide, at the Authorized Users' request, multiple Merchant Numbers to support distinct reporting and reconciliation of Authorized Users' payment programs (e.g., revenue sources) and payment channels (e.g., Point of Sale, Internet) within payment programs. In all cases, however, a separate Merchant Number will be required for Internet transactions.

AUTOMATED ADDRESS VERIFICATION (AAV)

AAV is a free service that compares an Authorized User's customer's address with the Cardmember's billing address. This service is available solely for American Express Card

transactions and is most useful in the Mail Order, Internet Order and Telephone Order environments. If an Authorized User desires to utilize AAV, the Authorized User must notify Contractor in the EVTA-2 Work Order Form. Authorized User understands and acknowledges that AAV is merely intended as an additional method to reduce the amount of fraudulent Charges incurred at Authorized User's Locations. Contractor reserves all rights to Full Recourse under this Agreement for Charges submitted to Contractor, whether or not address verification has been received for such Charges.

RECURRING BILLING

If Authorized User offers automatic/recurring billing for a series of separate purchases or payments, Authorized User must obtain the consent of the Cardmember authorizing the charge to his/her Card account for the same or different amounts at specified or different times (Recurring Billing Charges). Authorized user must obtain such consent before submitting the first Recurring Billing Charge and the Cardmember should be aware that he/she is able to discontinue Recurring Billing Charges at any time. Authorized user will retain evidence of such consent for twenty-four (24) months from the date of submission of the last Recurring Billing Charge. Before submitting each Recurring Billing Charge, Authorized User must obtain Authorization and complete a Charge Record with the words "Signature on File," if applicable, on the Cardmember signature line.

In the event this Agreement is terminated for any reason, Authorized User shall, at their own cost advise all Cardmembers for which Authorized User is then submitting Recurring Billing Charges that and when Authorized User will no longer be accepting the American Express Card.

DOCUMENT RETENTION

For each Charge, Authorized User will retain the original Charge Record and all documents evidencing such transaction or reproducible records thereof, for twenty-four (24) months from the later of the date (i) Authorized User submitted the Charge to Contractor (ii) Authorized User has fully delivered the goods or provided the services purchased. Authorized User agrees to provide a copy of the Charge Record and other supporting documents to Contractor within twenty (20) calendar days of Contractor's request and Authorized User acknowledges that Contractor will have Full Recourse with respect to any Disputed Charge for which Authorized User fails to provide such documents within such time period.

PHASED REDUCTION OF SERVICES

If this Agreement is terminated by the State, the State and its Authorized User(s) shall have the option to require American Express to engage in a phased reduction of the transaction processing workload, over a period as specified by the State, but not to exceed a 180 day calendar period.

AMERICAN EXPRESS DISASTER RECOVERY PROGRAM

SYSTEM STANDARDS

The standards stated in this section refer ONLY to American Express. The Contractor cannot be held responsible for either the FSP's actions, policies, procedures, technology or infrastructures or the Bank's actions, policies, procedures, technologies or infrastructures.

DATA BACKUP AND RECOVERY PLANS.

Ensuring Reliability

The American Express network is unsurpassed in reliability. There is no scheduled downtime. The network continues running when maintenance is performed. The scheduled maintenance of the network is invisible to the merchant. Credit Authorization System CAS reliability exceeds 99% uptime — and the system rarely requires activation of a stand-in or backup system.

American Express has an efficient — but seldom needed — stand-in or backup system. The primary back up is called Distributive CAS Processing (DCP). This system contains full negative files of all Cardmembers having a status notation preventing them from charging. The application of this backup is virtually real time. System response times are not degraded by activation of DCP.

American Express employs extensive measures and controls to ensure the reliability of the systems. The systems are resident in the American Express Information Processing Center (IPC) in Phoenix, Arizona. The IPC is a state-of-the-art-processing center. American Express utilizes three “lines of defense” to ensure system reliability at the IPC: prevention, discovery, and correction.

The IPC environmental control systems are designed to prevent out-of-range temperature or humidity conditions. Redundant air conditioning systems, water-chiller plants, and air handlers are incorporated into the construction of the IPC. Additionally, a sophisticated environmental monitoring system detects and reports any environmental anomaly to ensure immediate corrective action prior to the impacting of any data. Systems maintenance staff is on site at the IPC 24 hours a day, 7 days a week to correct any Systems stability issues that may arise.

Primary on-line storage technology utilized at the IPC has the capability to sustain a full loss of a disk unit without any loss of data or data access. On site-rotational storage and off-site storage procedures are used to back up data and systems.

American Express has incorporated redundant back-up electrical power, air conditioning, and data communication equipment into the design and construction of the IPC. American Express has implemented an Uninterruptible Power System (UPS) at the IPC that ensures sufficient electrical power will be available to the IPC under virtually any circumstances. The IPC electrical needs are supported by two power grids from separate power stations, each of which is capable of handling the full load of IPC applications operations. In addition, this redundant

power supply is supported by emergency diesel generators that can provide sufficient power to the IPC in the unlikely event that both external power sources are interrupted.

The IPC also contains fully redundant telecommunications connections systems located at opposite ends of the IPC facility. Each of these is capable of handling the full IPC telecommunications load. Moreover, the full American Express telecommunications network that services the IPC is routed through a switching facility geographically separated from the IPC itself. This feature is designed to allow the full telecommunications network to be routed to alternate operational recovery sites as necessary for continuation of services.

A performance-monitoring group currently oversees system performance. Multiprogramming systems are capable of automatically monitoring System response time and reconfiguring system resources to maintain predefined performance standards.

Disaster Recovery

American Express is acutely aware of the need for comprehensive and foolproof contingency and disaster recovery planning. The Company recognizes that an interruption in processing could result from a number of events, ranging from hardware/software failure, environmental failure, loss of access, and massive destruction and, has developed a Disaster Recovery Plan that addresses each of these contingencies. The Disaster Recovery Plan is a comprehensive plan designed to handle a major disruption of computer/data processing at the American Express IPC, which is the primary facility that will support this Agreement. Design and development of Disaster Recovery Plan procedures is an ongoing discipline within American Express. American Express has designed its Disaster Recovery Plan to accomplish the following:

- Manage disaster situations, damage assessment, and recovery activities;
- Limit the magnitude of any loss by minimizing the duration of any interruption;
- Recover critical data and information repositories;
- Provide logistics to move critical business systems, as necessary, to alternate processing sites; and
- Repair and restore the IPC to full functionality.

Critical Processes

American Express has developed an in-depth Disaster Recovery Plan that is designed to achieve two key objectives:

- Continuous Availability, which ensures continuous operation of the IPC facility, even in instances when the IPC is inaccessible to personnel

- Disaster Recovery, which ensures a consistent and reliable recovery of business applications and technology due to any interruption.

Components of the plan include Business Continuation Plans, Risk Analysis, Business Impact Assessment, and Application Recovery & Crisis Management Teams. American Express systems and applications are classified as “Business Critical,” “Business Essential,” and “Business Extended.” The applications that support the authorization and settlement of Cardmember charges (CAS, SEIMS, and FINCAP) are classified as “Business Critical.” This means that these applications receive the highest priority in the event of any disruption. Additionally, these applications are given highest priority in the design and implementation of redundancy features and alternate procedures in order to avoid any disruption.

For example, the Credit Authorization System (CAS) features full redundancy for all critical communication links and routing. American Express has prepared alternate off-site resources capable of supporting continuous operation of CAS and are interspersed worldwide. These alternate resources provide stand-in credit authorization processing and ensure the continuity of CAS applications in the event of an interruption at the IPC, or if the IPC becomes inaccessible. The applications for capturing transmission of Charge data from the Authorized Users and for processing payments to such merchants are also weighted as “Business Critical.” American Express’ objective for recovery after any interruption is less than 24 hours for CAS and 1-2 days for FINCAP and SEIMS.

Prioritization/Hierarchy. As described above, American Express employs a prioritization/hierarchy of applications approach to recovery strategies. While all applications and systems must be recovered as quickly as possible in the event of disruption, American Express recognizes that those systems and applications most critical to the business of its customers must be given first priority. Correspondingly, certain applications and systems, particularly those whose disruption would not have an immediate and significant impact on the business operations of American Express and our customers, merit less priority in a disaster recovery situation. Some of these applications, typically “back-end” processes, while figuring prominently in American Express’ disaster recovery plans, would necessarily follow the recovery of higher priority applications, such as authorizations, capture of charge data transmissions from merchants, and merchant settlement.

Alternate Procedures. American Express has developed certain alternate procedures, and is developing additional procedures on an ongoing basis, in the event of a disaster. These include transferring operation of applications to “hot-site” external vendors that have been competitively pre-selected and contracted by American Express to provide alternate site processing, and developing and refining procedures for transferring operations to alternate American Express facilities.

On-Site Rotation And Storage. American Express uses on-site rotation and storage of critical libraries and data. Facility engineers and equipment technicians are on-site 24 hours a day, and are available to address regular maintenance or emergency situations. In addition to these on-site measures, American Express uses a full range of off-site rotation and storage.

Back-Up. American Express has incorporated redundant back-up electrical power, air conditioning, and data communication equipment into the design and construction of the IPC. American Express has implemented an Uninterruptible Power System (UPS) at the IPC that ensures sufficient electrical power will be available to the IPC under virtually any circumstances. The IPC electrical needs are supported by two power grids from separate power stations, each capable of handling the full load of IPC applications operations. In addition, this redundant power supply is supported by emergency diesel generators able to provide sufficient power to the IPC in the unlikely event that both external power sources are interrupted.

In addition to its power capacity system, the IPC also contains fully redundant telecommunications connections systems located at opposite ends of the IPC facility. Each of these is capable of handling the full IPC telecommunications load. Moreover, the full American Express telecommunications network that services the IPC is routed through a switching facility geographically separated from the IPC itself. This feature is designed to allow the full telecommunications network to be routed to alternate operational recovery sites as necessary for continuation of services.

IPC air conditioning and cooling systems are also redundant. In addition, the IPC also maintains a separate water supply for the water chiller plant and air conditioning systems.

Emergency Procedures Development And Training. The American Express Disaster Recovery Plan sets forth an overall recovery strategy designed to achieve two key objectives — continuous operation of the IPC, and prioritized recovery of applications in the event of a contingency event. Six integral and interwoven strategies comprise the overall plan:

1. Prevention. Prevention and avoidance of disruption is a key component of the plan; recovery capabilities do not overshadow the need for focus on proper disruption prevention, avoidance, and work-around measures.
2. Technical. The plan addresses those techniques and facilities that will be called upon to ensure continuous availability of IPC-supported applications. These include electronic vaulting for critical systems/applications, a distributed disaster recovery model to ensure recovery of critical business technology, and replication/redundancy of critical systems/applications.
3. Applications. This aspect of the plan addresses the recoverability of applications. It addresses such issues as synchronization, copying, storage of data (on-site and off-site), preparation of applications for operations at “hot-site” facilities, and scripted recovery procedures for each application that can be executed independent of other applications or facilities recovery measures.
4. Testing. The IPC Disaster Recovery Plan is periodically subjected to scrutiny by both internal and external auditors. Rotational applications test schedules are used at the IPC to ensure that all applications will be subject to testing. All tests use pre-defined test objectives. Testing is used not only to verify the level of recoverability readiness, but also to raise the level of organizational awareness and to stress the importance of Disaster Recovery

readiness. The testing process at the IPC undergoes continuous process improvement. Test disaster scenarios are varied, and a post-test report is prepared after each test to evaluate performance and to identify improvements that can be incorporated into future tests.

5. **Process.** This aspect of the plan focuses on processes to be implemented upon the occurrence of a contingency event. Recognition, evaluation, assessment, and declaration of potential disruption situations are a critical component of disaster recovery planning. The focus here is on catastrophic events, while also seeking continuous improvements in prevention and recoverability from less serious incidents. This also encompasses for each relevant business unit the development of Business Continuation Plans, Risk Analysis, Business Impact Assessments, and Application Recovery and Crisis Management Teams.
6. **Operations.** The operations component of the plan is designed to ensure the use of uniform distribution system recovery on a global basis, and addresses that aspect of recovery whereby remote operations will stand in for normal operations.

Training is conducted by American Express at the IPC on a regular basis. Continual training is necessary in the recovery arena to ensure that those personnel tasked with carrying out recovery plan processes and requirements are well versed in their responsibilities. American Express also conducts training sessions to ensure that each component of the plan and sub-plan dovetail with the strategy, objectives, and standards of the overall plan.

Off-Site Storage. Off-site storage is a key component of American Express' contingency and disaster recovery procedures. Back-up copies of data and data systems are created and stored off-site so that in the event of logical failure a restoration of previous versions can be readily accomplished. Additionally, American Express has contracted with two separate external "hot-site" providers, each of which is recognized as an industry leader in the provision of these services. Capabilities and readiness levels of each of these providers are rigorously tested by American Express on a twice per year basis. This testing of off-site providers includes verification of ability to recover and replicate technical infrastructure and business functions, review of offsite locations for suitability for production work in event of disruption, and use of remote access to test telecommunications connectivity.

Timely Recovery. American Express' Disaster Recovery Plan is designed to achieve continuous availability of IPC systems and applications operations, and to ensure a timely recovery of systems or applications impacted by any disruption. American Express has aligned a broad spectrum of resources to achieve these objectives, including the site selection, design, and construction of the IPC, redundancy of resources, arrangements with external providers for off-site storage and "hot-site" service, training of American Express personnel, continuous testing and review, and development and ongoing improvement to the American Express Disaster Recovery Plan.

DISCOVER FINANCIAL SERVICES, INC.

SETTLEMENT PAYMENT METHOD

Under Electronic Pay, funds are sent electronically via ACH. Authorized User must designate an Account at a Bank. Authorized User(s) must also provide to Discover the required information about Authorized User's Account and Authorized User's Bank and Authorized User must notify their Bank that Discover is authorized to access the Account to make payments. This authority will remain in effect until five (5) Business Days after Discover receives written notice of Authorized Users' cancellation of such authorization. Discover will initiate payment to Authorized User's Account via ACH within two (2) days of receipt of the Sales Data Records and in accordance with the following table and column definitions (excluding Sunday and Federal Reserve Holidays where Discover will initiate payment on the next day that Discover's bank is open for processing ACH payments.)

Sales Data received at or before 7pm ET on the following days	Contractor will initiate payment via ACH no later than 7pm ET on the following days
Monday	Tuesday
Tuesday	Wednesday
Wednesday	Thursday
Thursday	Monday
Friday	Monday
Saturday	Monday

Contractor will not be responsible for any obligations, damages or liabilities over and above the amount of the applicable credit or adjustment to Authorized User's Account in the event that any such credit or adjustment is not honored by Authorized User's Bank or is not properly applied to Authorized User's Account by the Bank. Discover is not liable for any delays in receipt of funds or errors in debit and credit entries caused by third parties, including but not limited to a clearinghouse, Authorized Users' financial institution or agents.

CARD SERVICES

An Authorized User shall procure the services of an FSP for the data capture and routing for authorization of Discover related transactions. Contractor agrees that it will use commercially reasonable efforts to approve and to accept transactions through the FSP designated by Authorized User. If Contractor does not approve the Authorized User's designated FSP, Contractor is not obligated to sign or accept that Authorized User's EVTA-2 Work Order Form. Because such FSPs are not authorized to handle either the funds or the reports associated with Discover Card transactions, Discover shall be responsible for the settlement of funds associated with these transactions into the account designated by the State and/or Authorized User, and for making the related Discover Card Sales transaction data available to the State and/or Authorized User. Contractor shall not be responsible for any errors, omissions, delays or expenses caused by the FSP. Authorized User will provide

Contractor with all relevant information requested about the FSP and will notify Contractor promptly in writing if the FSP is changed.

CONVENIENCE FEE

Unless otherwise agreed upon by Discover in writing in Form EVTA-2, Work Order, Authorized Users may not impose any surcharge, levy or fee of any kind for any transaction where a Cardmember desires to use a Card for any purchase of goods or services. When Convenience Fees are applied, the Authorized User agrees to clearly disclose to Cardmembers: (1) the amount of such Convenience Fee; (2) that the Authorized User is charging the Convenience Fee; and, (3) that the Convenience Fee is being charged for the usage of such convenient method of payment. Authorized User agrees to not discriminate against any Cardmember by charging him/her a higher Convenience Fee than the Authorized User would charge a holder of another charge, credit, debit or smart card or similar card, service or payment product. For the Authorized User, the amount of the Convenience Fee and the method by which it may be collected shall be submitted for approval by Discover prior to being set forth in the Authorized User's EVTA-2 Work Order Form.

When Convenience Fees are applied and are paid by Cardmembers directly to an Authorized User, then one (1) Charge (constituting both the amount of the payment and the amount of the Convenience Fee) must be submitted to Discover. The Discount will be assessed on the full amount of this Charge.

When Convenience Fees are applied and are paid by Cardmembers to a party who is not the Authorized User, then two (2) Charges (one (1) constituting the amount of the payment, and one (1) constituting the amount of the Convenience Fee) must be submitted to Discover. The Discount will be assessed on both Charges. In such cases, the Authorized User must instruct Discover as to the payment of the Convenience Fee on the Authorized User's EVTA-2 Work Order Form. Authorized User remains responsible for payment of the Discount.

CONNECTIVITY

Discover shall be responsible for maintaining only its interfaces with an FSP. Discover shall not be responsible for maintaining the FSP's interfaces in order to support any services provided for in this Agreement.

The Discover authorization system, features full redundancy. Reliability exceeds 99% uptime. Discover does not schedule system "down time", with "down time" being defined as a period of time during the normal Authorized User's business hours where Discover's system is unavailable to provide the services pursuant to this Agreement.

REPORTS

Discover shall make available to each Authorized User transaction data sufficient to reconcile, monitor and audit settlements being cleared pursuant to this Agreement. This transaction Sales Data shall be made available in an electronic format to an Authorized User.

Should an Authorized User desire to share their transaction data with a third-party, this will be noted on the EVTA-2 Work Order Form.

Discover shall provide monthly summary reports to the OGS and the Electronic Value Transfer Administrator summarizing activities (number of transactions, amounts, etc.) by each Authorized User including a summary report for all State Agency Authorized Users.

TRAINING

Discover will conduct training sessions for each Authorized User on a regional basis, either on-site, or via telephone or some other mutually agreed upon method. The location, to be determined by the Contractor and the Authorized User, will be a regional office of the Contractor or a central or regional office of the Authorized User or other location agreed upon by the parties. Contractor will work with Authorized User to notify the EVTA when training is scheduled to assist in coordination of Authorized Users seeking training.

Discover agrees to provide the following training, at no additional cost:

- (1) Basic processing procedures;
- (2) Voice authorization procedures;
- (3) Security and fraud detection;
- (4) Using the "Help Line"; and
- (5) Retrieval and chargeback procedures.

LATE PAYMENT REMEDY

In cases where Discover's payment of Authorized User's Charges is five (5) or more days late and not the result of any act or inaction by Authorized User, Authorized User's Bank, the FSP, Force Majeure (as defined in Clause 60 of Appendix B) or other act or inaction by a party other than Discover, Discover will pay Authorized User daily interest on the amount of such payment (but not compounded daily), from the date due until the date such payment is received, calculated at the then current fifteen (15) day commercial paper rate in effect as published daily in the Wall Street Journal as of the date of such payment.

Authorized User agrees to contact Discover in writing at the address listed below in all such cases where Authorized User believes that this late payment remedy is available to Authorized User. Authorized User agrees to include Authorized User's Merchant Number with this request and provide Discover with all necessary documents to support Authorized User's request. Authorized User also agrees to allow Discover a commercially reasonable amount of time to investigate the matter and to work with Discover to resolve the matter if there are any disagreements.

Discover Financial Services, Inc.
PO Box 3018
New Albany, Ohio 43054

ASSIGNING MERCHANT NUMBERS

The Contractor will provide, at the Authorized Users' request, multiple Merchant Numbers to support distinct reporting and reconciliation of Authorized Users' payment programs (e.g., revenue sources) and payment channels (e.g., Point of Sale, Internet) within payment programs. In all cases, however, a separate Merchant Number will be required for Internet transactions.

RECURRING BILLING

If Authorized User offers automatic/recurring billing for a series of separate purchases or payments, Authorized User must obtain the consent of the Cardmember authorizing the charge to his/her Card account for the same or different amounts at specified or different times (Recurring Billing Charges). Refer to Appendix D, the New York State Discover® Card Operating Guide.

In the event this Agreement is terminated for any reason, Authorized User shall, at their own cost advise all Cardmembers for which Authorized User is then submitting Recurring Billing Charges that and when Authorized User will no longer be accepting the Discover Card.

DOCUMENT RETENTION

For each Charge, Authorized User will retain the original Sales Data Record and all documents evidencing such transaction or reproducible records thereof, for twenty-four (24) months from the later of the date (i) Authorized User submitted the Charge to Contractor (ii) Authorized User has fully delivered the goods or provided the services purchased. Any Sales Data transmitted or sent to Discover in magnetic or electronic form, shall be kept by Authorized Users for no less than three (3) years from the date of the transaction.

Authorized User agrees to provide a copy of the Sales Data Record and other supporting documents to Contractor within twenty (20) business days of Contractor's request and Authorized User acknowledges that Contractor will have Chargeback rights with respect to any Disputed Charge for which Authorized User fails to provide such documents within such time period.

PHASED REDUCTION OF SERVICES

If this Agreement is terminated by the State, the State and its Authorized User(s) shall have the option to require Discover to engage in a phased reduction of the transaction processing workload, over a period as specified by the State, but not to exceed a 180 day calendar period.

DISASTER RECOVERY SERVICES

The Contractor will maintain disaster recovery services plans to ensure business continuity and minimum disruption to the Authorized User under this Agreement. Discover's systems are fully redundant, with one location in Dallas, Texas and one in Columbus, Ohio. If systems fail at one center, the other is fully capable of fulfilling its needs. In addition, Discover performs a system data backup on a daily basis.

Exhibit 1

Glossary of Industry Terms

EVT GLOSSARY:

These are terms commonly used within the industry. This glossary may be helpful to Authorized Users when purchasing from this contract.

ACH - Automated Clearing House is a payment network for inter-bank clearing and settlement. The ACH system is governed by the National Automated Clearing House Association (NACHA).

ACH Credit - In order to initiate an ACH Credit transaction a user initiates the transfer of funds through his/her bank. The user provides his/her bank with the amount to be transferred and the agency's bank account information. The user's bank then initiates an electronic automated clearinghouse transaction which debits the user's bank account and credits the agency's bank account.

ACH Debit - In order to initiate an ACH Debit transaction a user provides their bank account information and the amount owed to the agency to which he/she owes money. The agency then initiates through its depository bank an electronic automated clearinghouse transaction which debits the user's bank account.

ACH Transaction - Automated Clearing House transactions include electronic payments (e.g., ACH Debits and Credits) as well as check processing and clearance.

Acquirer - A financial institution that has an established account with a Merchant. The Acquirer processes purchase authorizations and payment captures on the merchant's behalf.

Address Verification - A service in which the Authorized User verifies the Card member's address. Primarily used for Non-Qualified transactions. Note, this does not guarantee that the transaction is valid.

Agency Plan - A document prepared by state agency Authorized Users that has been approved the EVTA and the Division of Budget.

Assessment Fee - Fees set by the credit/charge card associations that are passed through to the Authorized User.

Association Rules - The rules, regulations, releases, interpretations and other requirements whether contractual or otherwise imposed or adopted by any Association.

Authentication - The process used to determine a level of confidence. Examples include attribute authentication, identity authentication, and value authentication. Authorization The authorization process verifies that a cardholder account is a valid account, that the account is not above its current limit, and reserves the credit amount on the cardholder's account.

Authorization Approval Code - A number issued to the Authorized User by the Authorizer confirming the authorization for a credit or debit card transaction.

Authorization Fee - Fees charged by the EVT Contractor to Authorized Users to obtain an authorization.

Authorization Request - An electronic message sent from the Authorized User to the Financial Service Provider to request an authorization code for a transaction.

Authorization Response - An issuing Financial Institution's electronic message reply to an Authorization Request including: Approvals, Declines and Referrals (indicating a request for additional information).

Authorized User - State Agencies authorized pursuant to NYS Finance Law, § 4-a, to accept electronic payments, including any department, board, bureau, division, commission, committee, council, office of the State, or other governmental entity with statewide jurisdiction. Any local government, authorized to accept electronic payments pursuant to New York General Municipal Law, Article 2, §5. And any other entities, authorized pursuant to NYS Finance Law, § 163, to utilize NYS centralized service contracts.

Authorizer - A function of the Financial Service Processing services that is responsible for electronically transmitting an Authorized User's request for authorization on credit card transactions to the Cardholder's bank and, in turn, transmits the authorization/declination to the Authorized User via electronic equipment or by voice authorization.

Automated Clearing House (ACH) Network - A nationwide electronic funds transfer system governed by the ACH Operating Rules and Guidelines, which processes electronically originated credit and debit transfers for participating financial institutions.

Backdrop Contracts - State of New York centralized contracts established by OGS which use pre-qualified contractors to provide products and obtain computer consulting, systems integration and other computer related services.

Batch - The accumulation of captured credit card transactions awaiting settlement. Usually a day's worth of transactions, including sales and credits to be processed by the card processor.

Batch Processing - A group of transactions made by a Merchant during a specific period of time, usually one business day. Batches may include payment authorization requests, payment capture requests, or credit reversal requests. Transactions in a batch are electronically sent by the merchant to the acquiring bank for action.

Biometrics - A measurable, physical characteristic or personal behavioral trait used to recognize the identity, or verify the claimed identity, of an enrollee. An automated system capable of:

1. capturing a biometric sample from an end user;
2. extracting biometric data from that sample;
3. comparing the biometric data with that contained in one or more reference templates;
4. deciding how well they match; and
5. indicating whether or not an identification or verification of identity has been achieved.

Blended Rates - A fee that combines qualified and non-qualified transactions into a single rate.

Brand - A specific payment card type (such as MasterCard or Visa) established by financial institutions to protect and advertise the card type, to establish and enforce rules for use and acceptance of their payment cards, and to provide networks to interconnect the financial institutions.

Bundled Fees - A fee that combines all individual processor fees into a single rate.

Capture - An action in which an electronic credit card sale transaction is submitted for financial settlement. Authorized credit card sales must be captured and settled in order for an Authorized User to receive credit for their transactions.

Card-Not-Present Transaction - A credit card transaction where the Merchant received the credit card information without the cardholder being present (e.g., telephone order, mail-order, Internet transactions). Card-Not-Present transactions have a higher interchange rate due to a higher associated risk factor.

Cardholder - The person to whom a credit card is issued. The cardholder uses a payment card that has been granted by an Issuer.

Cardholder Certificate - The electronic equivalent of a plastic payment card, issued by a Certificate Authority for public key encryption applications.

Card Issuer - The financial institution that issues a credit/debit card to an individual.

Centralized Service Provider - A provider that supports the acceptance of electronic value transfers (e.g., credit card payments) for multiple agencies. This service may support one or many types of payment methods (i.e., Internet payments, point-of-sale terminals) and multiple service providers may be used in order to provide a comprehensive set of solutions.

Cert-less SET - A SET (Secure Electronic Transaction) transaction with a cardholder who does not have a digital certificate associated with a given payment card. As a result, the cardholder's identity cannot be authenticated as it is in a fully-certified SET transaction. The payment brands may assess a higher risk value (and corresponding transaction fees) with this type of transaction.

Certificate - An electronic document which verifies that the owner has a relationship with parties involved in a transaction, such as a Cardholder that has a relationship with an issuing bank or a merchant that has a relationship with an acquiring bank. A certificate authorizes its owner to perform certain tasks, and authenticates the owner to other parties in the transaction, assuring that the party presenting the certificate is the same party to which it was originally issued.

Certificate Authority - The party which issues, renews, and revokes Certificates. The SET protocol provides for a hierarchy of certificates to Cardholders, Merchants, and Payment Gateways. In the SET protocol, certificates are validated by following their signature chains up the hierarchy of trust to the root Certificate Authority.

Certificate Revocation List - A list of Public Keys that a Certificate Authority has revoked before their scheduled expiration dates.

Chargeback - Dispute procedure that results when a Device User or the entity issuing the device to the user questions the validity of a charge posted to their account.

Check-by-Phone - A technology developed by Accelerated Payment Systems and EIS International to facilitate the acceptance of checks by phone. An organization records checking account information, prints and deposits facsimile checks, and sends acknowledgments to all parties to a transaction.

Check Conversion - Conversion of a paper check to an electronic payment submitted to the ACH network.

Check Guarantee - A check collection service providing payment in full for all checks, whether or not the checks are collected.

Check Recovery - Check collection services

Check Verification - A process by which check information is transmitted for matching against a database containing accounts not be accepted, a response to accept or not is transmitted back to the originating device.

Clear Text The unencrypted, readable text of a message.

Chargeback Percentage - The percentage of chargebacks calculated by dividing the Authorized User's total monthly chargeback items by the number of the Authorized User's total monthly transactions.

CHIPS - Clearing House Interbank Payment System - an electronic payment system developed by the New York Clearing House that transfers funds and settles transactions in U.S. dollars among the world. The central clearing system in the United States for international transactions.

Contactless Card - A Smart Card where the microchip is not externally visible or physically accessible via contact with a reader. It must be accessed via radio waves. Applications include toll collection where the customer holds the card up to a device as they pass.

Convenience Fee - A payment mechanism by which, at the direction of Authorized Users, a service provider (e.g., Internet or Interactive Voice Response service provider) is reimbursed by Device Users for costs associated with providing such services. The amount of the Convenience Fee and the method by which it may be collected shall be set forth in Authorized Users' Implementation Plans.

Credit A refund or price adjustment given for a previous purchase transaction.

Credit/Charge Cards - MasterCard, Visa, Discover and American Express branded cards or such other new or emerging cards as may become available and included under the Contract during the EVT Contract term.

Credit Draft - A document evidencing the return of an item by a cardholder to an Authorized User, or other refund made by the Authorized User to the cardholder.

Credit Limit - The credit line set by the Card Issuer for the cardholder's account.

Cryptography - The process of protecting information by transforming it into an unreadable format. The information is encrypted using a Key, which makes the data unreadable, and is then decrypted later when the information needs to be used again. See also Public Key Cryptography and Private Key Cryptography.

Debit Cards - An electronic payment card which is processed either by entry of a PIN and funds are directly debited from the Device Users account (On-Line Debit Card) or processed like a credit/charge card and funds are not directly debited from the Device Users account (Off-Line Debit Card).

Device User - A person owing money to an Authorized User who uses an electronic value transfer device to make a payment. Dial-Up Terminal An authorization device (e.g., point-of-sale device) which dials an authorization center for validation of a transaction.

Digital Envelope - The encrypted private Key that is used to decode an accompanying encrypted message. The sender's software first randomly generates the private key and uses it to encrypt the message data. The software then encrypts the private key itself using the recipient's public key. The message and digital envelope and then uses the decrypted private key to decode the actual message.

Direct Deposit - A program which allows recipients to have their payments deposited directly, through the ACH, into an account at their financial institution.

Discount Rate - The amount that is charged to the Authorized User by the Financial Service Provider (Acquiring Institution) for the fees associated with the settlement of the transaction.

Dual Signature - Occurs in a situation where the Cardholder communicates with both the Merchant and the Payment Gateway in a single message. The message contains both an order section, with details of the products/services to be purchased, plus a payment section. The payment instructions will be used by the Acquirer and the order section by the merchant, but the messages are both sent together. The merchant is prevented from seeing the payment instructions and the acquirer from seeing the order instructions. The two parts of this message are linked together so they can only be used as a pair via the technique of dual signature.

Electronic Draft Capture (EDC) - A process which allows an Authorized User's dial-up terminal to receive authorization and capture transactions, and electronically transmit them to a card processor. This eliminates the need to submit paper for processing.

Electronic Funds Transfer - Any transfer of funds initiated through an electronic terminal, telephone, computer, or magnetic tape. The term includes, but is not limited to, credit card payments, Automated Clearing House transfers, Fedwire transfers, and transfers made at automated teller machines and point-of-sale terminals.

Electronic Value Transfer - Any transfer of funds which is initiated by the use of an electronic value transfer device so as to order, instruct or authorize a financing agency, device issuer or processor to initiate a transaction in any manner which results in a payment to a state agency.

Electronic Value Transfer Administrator - Designated as the New York State Department of Taxation and Finance.

Electronic Value Transfer Device - A credit card, debit card, charge card, electronic fund transfer or other electronic value transfer device

Fedwire - An electronic payment system owned and operated by the Federal Reserve Banks that act as an intermediary in funds transfer for Fedwire participants.

Financial Service Provider - A processing of the four nationally recognized Credit/Charge Cards (MasterCard, Visa, Discover and American Express branded cards), On-Line and Off-Line Debit Cards, Automated Clearing House Credit and Debit Transactions, Fedwire, CHIPS and SWIFT and other future forms of electronic payments.

Firewall - A system designed to prevent unauthorized access to or from a private network, usually unauthorized access from the Internet into a private network.

Force/Post Authorization - The entry of a transaction as a result of a referral (call Authorization Center) message or a downtime interruption of service from a network, which enables the Authorized User to enter (as a force/post authorization) the transaction and the approval code into the electronic draft capture batch.

Hard Copy/Tissue Copy - The actual physical document of a transaction, such as sales drafts, credit slips, etc.

Hash Value - A shortened unique identifier for a string of text, generated by applying a formula to the string in such a way that is extremely unlikely that some other string will produce the same hash value.

Implementation Plan/ Work Order - A document mutually agreed upon by the Authorized User and the EVT Contractor. The Implementation Plan must be consistent with the EVT Agency Plan, and shall contain the program specifications, design requirements and development timeframes for each Authorized Users' electronic payment application.

Imprinter - A manual or electronic device used to physically imprint the Authorized User's name and ID number as well as the cardholder's name and card number on a sales draft.

Interchange Fee - Fees set by the credit/charge card associations that are passed through to the Authorized User.

Internet Access Provider - A company which provides access to the Internet, whether through dial-up, cable modem or wireless. Internet access providers are often considered to be a subset of Internet Service Providers.

Internet Service Provider - A provider that supports an Internet application (e.g., credit card processing) or hosts an Internet Website.

Issuing Bank - The financial institution which issued a credit or debit card to an individual.

IVR - Interactive Voice Response - a system that enables a caller to use a touch-tone phone to enter information (e.g., credit card numbers, invoice numbers) in order to conduct a transaction.

Merchant - The party which offers goods for sale or provides services in exchange for payment. A merchant that accepts payment cards must have a relationship with an Acquirer.

Merchant Account Number (Merchant Number) - A number that numerically identifies each Authorized User (or Authorized User program application) to the processor for accounting and billing purposes.

Merchant Certificate Authority - An authority that provides Certificates to Merchants.

Merchant Fee - The amount charged by a credit card company for use of the credit card. The amount varies based on the credit card company (e.g., MasterCard, American Express) and by the volume and average amount charged. Typically Merchant Fees vary from 1.5% to 3.5% of the amount charged.

Merchant Identification Card - A plastic embossed card supplied to each Authorized User to be used for imprinting the batch header ticket or sales/credit summary. Embossed data includes merchant account number, name and sometimes merchant ID code and terminal number.

Merchant Initiated SET - A SET transaction which is initiated (originated) by the merchant on behalf of the cardholder. That is, a merchant gets a consumer's card number and/or expiration date in any of a variety of ways (SSL, e-mail, phone, etc.) and inputs it into the POS software which converts it to a SET transaction out the backend to the gateway. Since a cardholder is not involved from a SET perspective, there is no SET cardholder signature (i.e., these are cert-less transactions). Some people also refer to this as a wallet-less transaction as a SET wallet is (most likely) not involved.

Merchant Station Plate - A metal embossed plate to be attached to the imprinter machine and used for imprinting sales slips and batch headers/summaries. Embossed data includes merchant name, account number, city, state and may include service entitlement number or checking account number.

NACHA - National Automated Clearing House a not-for-profit banking trade association that promulgates the operating rules and guidelines for the ACH Network.

Non-Qualified Transaction - A transaction where the Device User is not physically present with the card during the transaction (e.g. Interactive Voice Response, Internet transactions, etc.); conversely a "Qualified Transaction" is where the Device User is physically present for a card-swiped transaction.

Nonrepudiation - The ability of the recipient to prove who sent a message based on the contents of the message. The identity can be derived from the use of a Digital Signature that may be attached to the message. The digital signature associates the message to the sender.

ODFI - Originating Depository Financial Institution - financial institutions participating in the ACH Network that are qualified to originate ACH entries at the request of and by agreements with its device users.

Payment Program - Any payment collection program which is authorized by law to be collected by means of currency, a credit card/charge card, debit card or other electronic value transfer device. For state agencies these payment programs include, for example: fines, fees, rates, charges, taxes, interest, penalties, special assessments, revenue, financial obligations or other amounts. For local governments these payment programs additionally include, for example: civil penalties, rents, special assessments, or interest owed to local governments.

Personal Identification Number (PIN) - A number, usually related to a unique payment card or debit card, which must be entered along with the payment card number to make any transaction. The PIN is the equivalent in function to a password in that a user cannot use the card without providing the PIN.

Point-of-Sale Terminals - A device placed in an Authorized User's location which is connected to the Processor's system via telephone lines and is designed to authorize, record and settle data by electronic means for all sales transactions with Processor.

Preauthorized Payments - A transaction where a Device User authorizes an Authorized User to make one or more future charges to such Device User's Credit/Charge Card account or to initiate Off-line Debit Card and ACH Debit transactions at a future date.

Pre-Funding - An EVT Contractor service whereby an Authorized User is provided with expedited funds settlement.

Processing Fee - A fee charged by the EVT Contractor to an Authorized User for Financial Services Processing (including Interchange and Assessment Fees, Base Processing/Access Fees).

Private Key Cryptography - An encryption method which uses a single key for both encoding and decoding a message.

Processor An entity which manages the physical system, authorizes acceptance of electronic value transfer transactions and/or arranges for fund transfers or customer billings.

Public Key Cryptography - An encryption method that uses two keys: one key to encrypt the message and another key to decrypt the message. The two keys are mathematically related so that data encrypted with either key can only be decrypted using the other. Each user has a public and a private key, and only the public key is distributed to parties with which the user exchanges encrypted messages

Public Key Infrastructure - The set of security services that enable the use and management of public-key cryptography and certificates, including key, certificate, and policy management.

Qualified Transaction - A transaction where the cardholder is physically present for a card-swiped transaction; conversely a “non-qualified” transaction is when a cardholder is not physically present for a transaction.

RDFI - Receiving Depository Financial Institution - a financial institutions participating in the ACH Network that are qualified to receive ACH entries.

Recurring Payments - An arrangement in which a Device User agrees to allow an Authorized User to bill against a specific account at predetermined time intervals for predetermined amount using Credit/Charge Cards, Off-Line Debit Cards and ACH Debit transactions.

Referral - This message received from an Issuing Bank when an attempt for authorization requires a call to the Voice Authorization Center or Voice Response Unit (VRU).

Research Fee - A fee charged by the EVT Contractor to the Authorized User for chargebacks that require extraordinary research.

Retrieval Request - A retrieval request occurs when a card issuer requests a copy of the Transaction Information Document (e.g., charge slip) for a transaction. The request may be the result of a cardholder inquiry, or it may be required to initiate a chargeback or for use in investigating a credit or fraud problem.

Roll Printer - A dot matrix printer connected to a point-of-sale terminal used to print receipts and reports on carbonless roll paper (not an imprinter).

Routing Number - A nine digit number (eight digits and one check digit) that uniquely identifies a financial institution. The Routing Number is printed on checks, deposit slips, etc. and is used to route all financial transactions (e.g., ACH Debits) to the appropriate bank.

Sales/Credit Summary - The identifying form used by a paper submission Authorized User to indicate a batch of sales/credit slips (usually one day's work). Not a batch header, which is used by electronic Authorized Users.

Sales Draft - Evidence of a purchase of goods or services by a cardholder from and Authorized User using a card, regardless of whether the form of such evidence is in paper, electronic or otherwise, all of which must conform to Association Rules.

Secure Electronic Transaction Protocol - A protocol developed jointly by Visa and MasterCard that allows secure credit card transactions over open networks, specifically the Internet. The SET standard is maintained by SET Secure Electronic Transaction LLC.

Secure Sockets Layer - A protocol developed by Netscape for transmitting private documents via the Internet. Many Websites use the protocol to obtain confidential user information, such as credit card numbers.

Settlement - A process in which an electronic sale transaction is settled financially between the Authorized User's, their Financial Service Provider, and the consumer and their bankcard issuing financial institution. The Financial Service Provider credits the Authorized User's account for the credit card sale and the sale is posted to the consumer's bankcard account.

Settlement Account - An account at a financial institution designated by the Authorized User as the account to be credited by the Processor for card transactions.

Smart Cards - Smart cards are credit card sized micro-processors, which can be programmed to perform multiple functions. Many of the smart card based systems currently being developed will use smart cards as "stored value" cards or "electronic purses". These cards will carry electronic money as a substitute for cash, which can be used for small retail purchases, telephone calls, travel on public transport and a host of other small value transactions. Smart cards can store identification information about the owners (e.g., health care information).

Split Dial - A process which allows the authorization terminal to dial directly to different card processors (e.g., American Express) for authorization. In this instance, the Authorized User cannot be both Electronic Draft Capture and Split Dial. Split Dial is also utilized for Check Guarantee companies.

Split Dial/Capture - Process which allows the authorization terminal to dial directly different card processors (e.g., American Express) for authorization and Electronic Draft Capture.

Statewide Aggregate Volume Discount - A percentage discount that will be applied to Blended Rates and Bundled Fees for Credit/Charge Card Financial Services Processing when the total number of Blended/Bundled transactions per month processed under the EVT Contract exceeds a specified level.

Submission - The process of sending batch deposits to the Processor. This may be done electronically or by mail.

Surcharge - A payment mechanism by which, at the direction of Authorized User, the fees associated with Credit/Charge Cards are paid by the Device User in the form of an additional fee. For State Agencies, the amount of the Surcharge and the method by which it may be collected shall be set forth in State Agency's Implementation Plans.

SWIFT - Society for Worldwide Interbank Financial Telecommunications - a bank-owned global financial telecommunications payment network utilized by customer financial institutions.

Transaction Fees - Service costs charged to an Authorized User on a per transaction basis.

Transaction Interfaces - Hardware (e.g., point-of-sale devices) and software (i.e., packages to be installed on individual PCs or other individual computer devices, networked PCs or other networked computer devices and web servers for electronic payment processing) to be supplied by the EVT Contractor to support FSP processing.

Technology Service Integrators - In order to support the development and implementation of technology applications (e.g., Internet E-Commerce websites, Interactive Voice Response systems) to support accepting electronic value transfers, the EVT project will seek the services of multiple Technology Service Integrators (i.e., contractor and consultant services) through the services of the Financial Services Provider. Refer to Implementation Plans for examples of the various services that will be required to implement EVT solutions.

Exhibit 2

Global Payments Direct Inc. NYS Card Acceptance Guide

Global Payments Direct Inc.
NEW YORK STATE
CARD ACCEPTANCE GUIDE

This Guide provides Authorized Users with necessary information on use of Contract #CMS1001.

Global Payments Direct Inc.
National Data Plaza
Atlanta, GA 30329-2010

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Card Acceptance Guide

This guide is part of your Global Payments Direct Inc. Agreement. You must follow the procedures in this guide to comply with your agreement.

When you offer your customers the payment flexibility that MasterCard® and Visa® cards represent, you are taking an important step in customer service, while opening your doors to increased sales and volume.

We want you to be comfortable with your card acceptance program and take advantage of all its features to help your business grow and prosper. The information in this booklet has been provided to supplement your merchant agreement and will assist you in the operation of your program.

We've included answers to the questions asked most frequently by card-accepting businesses like yours. If you have additional questions not covered in this guide, we encourage you to call us and talk with our merchant services representative.

Our goal is to provide you with a card acceptance program that is designed to grow with your business. Your comments and ideas help us to constantly develop new ways to meet your needs.

Introduction

Congratulations! Your decision to accept credit cards as a valid form of payment offers a valued service to your customers. It's also a good business decision, since recent studies indicate that people who use credit cards can be among your *best* customers.

How the Process Works

The process that begins when a customer presents a credit card to pay for goods and services actually starts some time earlier, when the customer submits an application to a bank that issues Visa or MasterCard credit cards.

Customer

Visa and MasterCard are sometimes known as *bankcards* because individual financial institutions issue them, banks for example, instead of by the credit card company itself, such as American Express® or Discover®.

If the financial institution accepts the customer's application, it issues the Visa or MasterCard. The card may be a *credit card*, which means that the bank has authorized a line of credit against which the customer

may draw; or a *debit card*, which is tied to the amount of money actually on deposit for the customer. In most cases, the processing for both types of cards is similar.

Merchant

Meanwhile, your business has opened a bankcard transaction deposit account with your bank, and been approved for card acceptance. Now you're ready for that first bankcard customer.

Transaction Flow

Any bankcard transaction ultimately begins and ends with the cardholder. The illustration on

the following page shows the following steps in the process:

1. The cardholder presents the card as payment for goods or services
2. The merchant deposits the draft in the deposit account at the merchant's bank
3. The draft is routed to the cardholder's bank, which debits the cardholder's account
4. The transaction appears on the cardholder's monthly statement for payment

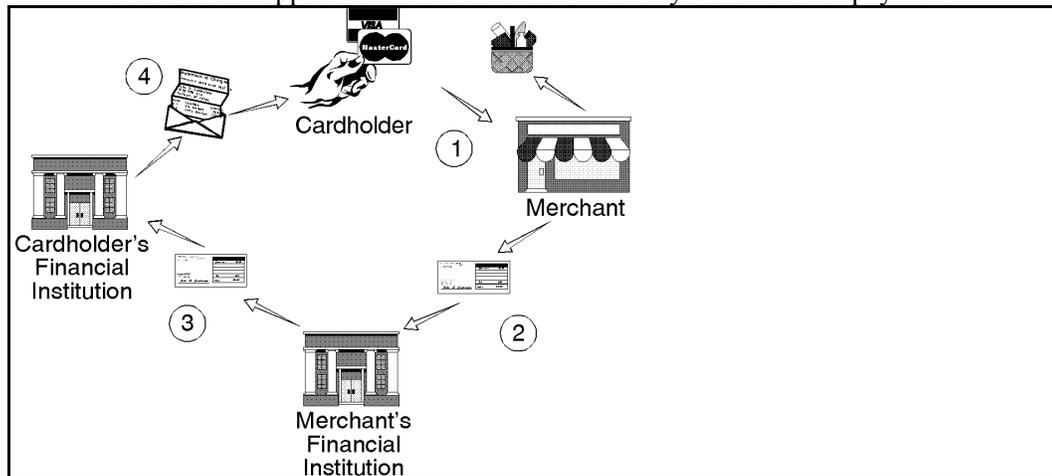


Figure 1 Transaction Flow

The process of moving the transaction information from your business to the cardholder's financial institution is called *settlement*. Visa and MasterCard maintain authorization and settlement networks for bankcard processing, and charge a fee for their use. This is the transaction percentage, and is the foundation for your discount rate.

Global Payments Direct Inc. will invoice you for each month's accumulated transaction fees.

Occasionally, a cardholder will have a question about a sales draft that has already been deposited in your account. In that case, Global Payments Direct Inc. will invoice you for the amount of the sale which amount will be paid by you to Global Payments Direct Inc. until the customer's question is resolved. This is called a *chargeback* and is described in more detail later in this guide.

Operating Guidelines

Although credit cards offer one of the simplest, most risk-free forms of payment in existence today, there are some guidelines and precautions that you should consider to help prevent inaccurate or fraudulent transactions.

Merchant Fraud

Depositing drafts belonging to another business is in violation of your Global Payments Direct Inc. Agreement and against the law in many states. "Helping out" another merchant who offers to pay you a fee or commission by depositing his/her MasterCard or Visa drafts in your account can be very dangerous and is strictly prohibited. The transactions are often questionable or even fraudulent. Schemes such as this are often referred to as "draft laundering" and typically result in a flood of chargebacks. Remember, the merchant who

deposits another merchant's drafts is ultimately legally responsible for any problems resulting from the deposit.

We want to help protect you from this dangerous fraud scheme and the potential devastating losses. Draft laundering will most likely result in the termination of your card acceptance privileges. We urge you to educate your staff about this serious problem and report third party draft laundering propositions to Global Payments Direct Inc. and to the US Secret Service immediately.

Charge Restrictions

Please realize that MasterCard and Visa regulations prohibit assigning a minimum or a maximum purchase amount or adding a surcharge to credit card transactions. Regulations also prohibit the use of credit cards for cash advances, collection of bad debt, or damages, theft, etc.

Charge customers typically spend more than cash customers because of the available line of credit and the purchasing freedom credit cards represent. Encouraging patronage and not penalizing customers for paying with a credit card makes good business sense. Adding a surcharge to credit transactions is against the law in many states and violates Visa and MasterCard rules.

Protecting Cardholder Privacy

Both customers and merchants often overlook the fact that the addition of personal or confidential cardholder information on the credit card draft can open the door to fraud or other criminal activity. New MasterCard and Visa regulations prohibit listing the cardholder's personal information on the credit card draft.

Listing cardholder information, such as a phone number, driver's license or social security number, on the charge draft is unnecessary and discouraged. If you are suspicious that the transaction is not valid, do not hesitate to ask for additional identification -- preferably a photo ID. If you must list the identifying data, write it elsewhere (such as your copy of the sales receipt) rather than on the charge draft where vulnerable account number information is printed. Thousands of dollars worth of damage can be done with only a few pieces of personal information. Keeping a cardholder's information confidential is a service that your customers will appreciate.

Paper Draft Processing Procedures

Global Payments Direct Inc. provides you with all the materials you need if your business requires the ability to perform paper draft processing. The forms supplied can be used for either Visa or MasterCard sales. It is a good idea to keep your copy of the sales draft in a safe place in case a question should arise regarding the transaction in the future.

Follow these steps to process a paper draft transaction:

1. Make sure the card is valid. Check to see that:

- The card bears a valid Visa or MasterCard hologram

Visa Cards

The last raised card number appears on top of a silver or gold label called a hologram. A three-dimensional dove appears to move on the label as you rotate or tilt the card.

MasterCard Cards

A world design appears along with a silver or gold lozenge-shaped hologram. Two other holograms are still in issuance -- one is a vertical triangle with the initials MC, and the other is a horizontal rectangle with an interlocking world design and MasterCard logo.

- . The card is not physically altered in any way.
- . For Visa cards, the first four digits of the embossed card number must agree with the four-digit number printed above it.
- 2. Imprint the draft with the card account number and any other embossed information. Use a ballpoint pen (not a soft felt tip) to enter the date, description of merchandise or service, sales amount, tax, total, and clerk's initials on the draft. Be sure that the imprint is legible on all copies of the sales draft, and then have the cardholder sign the draft.
- 3. Hold the card in your hand while you check the signature on the card against the one of the draft. If you are not sure of the validity of the signature, do not hesitate to ask for a second form of identification and compare the second signature or photo image with that of the customer.
- 4. Verify that the transaction date falls within the dates embossed on the card. Some cards have two dates -- an effective date and an expiration date. The second date shown is always the expiration date. Do not accept a transaction occurring before the first date or after midnight on the second date.
- 5. Call 1-800-944-1111 for an authorization. Provide the following information to the operator:
 - . Bank identification number
 - . Your merchant identification number
 - . Cardholder account number
 - . Amount of sale (dollars and cents)
 - . Expiration date on the card

 **Note**

Splitting the sale into multiple transactions is strictly prohibited.

6. Write the authorization code in the provided space on the sales draft.



Obtaining an authorization does not guarantee against chargebacks.

7. If for any reason you are suspicious that the transaction may be unauthorized or fraudulent, call for a Code 10 authorization and follow the instructions given.
8. Return the card and customer copy of the sales draft to the customer.



Always print the vehicle license number and state on the sales draft when the product or service is for a motor vehicle.

How To Prepare Paper Deposits

You are required to deposit the paper drafts (sales or credit) from a Visa or MasterCard transaction within three bank business days. The deposit must be attached to a merchant deposit summary.

Follow these steps to deposit paper drafts (sales or credit):

1. Place your merchant identification card in the imprinter in the same manner as you would a bankcard.
2. Place the merchant deposit summary on the imprinter in the same manner as a sales draft. Imprint the information onto the summary draft.
3. Total all your sales drafts and credit drafts. If you are using an adding machine, keep the tape for your records.
4. Enter total number of sales drafts and the total dollar amount. MasterCard and Visa sales drafts can be deposited together; there is no need to distinguish between the two. Review the sales drafts to be sure they bear legible Visa or MasterCard numbers and amounts. MasterCard uses a 16-digit account number beginning with a 5. Visa uses either a 13 or 16-digit account number beginning with a 4.
5. Enter the total number of credit drafts and the dollar amount.
6. Enter the net amount of the sales drafts and credit drafts.
7. Fill in the date.
8. Fill in your checking account number (if necessary).
9. Remove the bank copy (hard copy) and insert it into the merchant deposit envelope so that the information shows through the window. Place sales and credit drafts in the envelope behind the merchant deposit summary. Adjustments will be made to your bankcard deposits and/or your deposit account if we detect an imbalance between your merchant summary and the attached drafts.
10. File your Merchant copies of both the batch header ticket and all your sales drafts and credit

drafts. Copies of sales drafts must be retained for 7 years in case a dispute arises with the cardholder. Failure to present a sales draft when requested to do so will result in a chargeback.

The most common reasons for adjustments are:

- . Drafts received do not match the amount shown on the merchant summary submitted with them.
- . The cardholder account number imprinted on a sales draft is invalid or illegible. To get credit you must correct the number and resubmit the draft with a new merchant summary.
- . Your deposit account was credited in error and has been debited to reflect a negative deposit. When adjustments are made to your deposits, you will receive an adjustment notice.

Electronic Data Capture Merchants

Electronic Data Capture (EDC) merchants use a terminal to authorize and settle their transactions. Using EDC is preferable to using paper drafts since an electronic record of your credit card transactions is maintained throughout the business day. The terminal can be used to validate your totals before settling with Global Payments Direct Inc. at the end of the day.

Follow these steps to process an Electronic Data Capture transaction:

1. Make sure the card is valid. Check to see that:

- . The card bears a valid Visa or MasterCard hologram

Visa Cards

The last raised number appears on top of a silver or gold label called a hologram. A three-dimensional dove appears to move on the label as you rotate or tilt the card.

MasterCard Cards

A world design appears along with a silver or gold lozenge-shaped hologram. Two other holograms are still in issuance -- 1) a vertical triangle with the initials MC, and 2) a horizontal rectangle with an interlocking world design and MasterCard logo.

- . The card is not physically altered in any way.
- . The transaction falls between the effective date and the card's expiration date. If the current date is not within the specified range, do not accept the card.
- . For Visa cards, the first four digits of the embossed card number must agree with the four-digit number printed above it.

2. Follow the terminal authorization procedures as described in your Global Payments Quick Reference Guide.



Note

Obtaining an authorization does not guarantee against chargebacks.

Follow these steps if you are using a printer.

3. Have the cardholder sign printer-generated sales draft.
4. Compare the signature on the sales draft with the signature on the back of the card. Make sure that the signatures match.
5. If the signatures match, hand the cardholder the customer copy of the sales draft and return the card. Your sale is now complete.
6. If the signature looks suspicious, call **1-800-944-1111** and request a Code 10 authorization. **You must also take a manual imprint of the card.**



Note

If a terminal swipe is unsuccessful, you must obtain an imprint of the card on a standard sales draft. Complete the sales draft including a signature and attach a copy to the printer-generated draft for your records.

Follow these steps if your terminal is not connected to a printer:

3. Imprint the card number on the sales draft.

Follow these steps to imprint the card number on the sales draft:

1. Place the card on the imprinter face up. Make sure the card is properly positioned so that all information embossed on the card and your merchant identification plate is legible on the sales draft.
2. Place the sales draft face up over the card in the imprinter, making sure that the draft is held properly by the imprinter's guides.
3. Move the imprinter handle completely across the draft with a quick, firm motion, and return the handle to its original position.
4. Be sure that the imprinted information is legible on ALL copies of the draft. If not, print the complete information above (not over) the imprinted information.
5. Use a ball point pen (not a soft felt tip), to enter the date, description of merchandise or services, sales amount, tax, total and clerk's initials on the draft.
6. Have the cardholder sign the sales draft.
7. Compare the signature on the sales draft with the signature on the back of the card. They must match.
8. Hand the cardholder the customer copy of the sales draft and return the card. Your

sale is now complete.

9. If the display on the terminal is CALL or the signature looks suspicious, call the authorization number at 1-800-944-1111.
10. When the authorization operator answers, give the following information:
 - . Bank Identification Number
 - . Your Merchant Identification Number
 - . Cardholder Account Number
 - . Amount of Sale (dollars and cents)
 - . Expiration date on the card
11. Write the authorization code on the provided space on the sales draft.
12. All transactions authorized by phone need to be re-entered into your terminal in order to be electronically deposited. Follow the instructions on your terminal procedures for Force Transactions, located in your Global Payments Quick Reference Guide. Remember to imprint all sales that are forced into the terminal.

If the terminal is out of order, contact the Terminal Help Desk at 1-800-457-2638.



To reduce your risk of incurring a chargeback on a fraudulent card, when receiving a referral response, the issuing bank requests an authorization through a voice operator. Contact our voice authorization center and speak directly to an operator. Do not use the Automated Response Unit (ARU) on these voice referral transactions.

Credits Prohibited

You are prohibited from initiating credits of any kind for processing by Global Payments Direct Inc. . Global Payments Direct Inc. shall not process any credits to a cardholder for exchanges, returns or otherwise. All credits will be processed via a paper check in accordance with NYS policies and procedures which process is entirely unrelated to the Agreement and Global Payments Direct Inc..

Completing Mail and Phone Orders

Since a visual identification cannot be made for cardholders requesting mail and phone order credit card transactions, some personal information must be obtained in order to receive authorization from Global Payments Direct Inc. .

1. Obtain the cardholder's name and card account number and record these on your sales draft. You must also obtain the cardholder's address and zip code. (You may need to provide this information when you request Authorization.)
2. Write TO (telephone order) or MO (mail order) on the signature line of the sales draft.
3. Enter transaction information into terminal. Refer to your Global Payments Quick Reference Guide for instructions on manually entering sales transactions.



An authorization for a phone order or mail order transaction does not guarantee against chargebacks. You may verify the billing address of the cardholder with the Authorization Center or the cardholder's bank. The Customer Service Department can provide you with the number of the cardholder's bank if necessary.

Merchant Deposits

If you are using Electronic Data Capture (EDC) to process your credit card transactions, DO NOT submit paper sales drafts for deposit into your bank deposit account. Transaction information should be transmitted to Global Payments Direct Inc. using terminal settlement at the end of each business day. Refer to your Global Payments Quick Reference Guide for information on completing terminal settlement procedures. If you are unable to complete a terminal settlement, please contact the Terminal Help Desk at 1-800-457-2638 for further instructions.

Draft Retrieval Requests

Occasionally, the cardholder's issuing institution may require a copy of a sales draft for a billing question. You should always keep complete records for all credit card transactions for such requests. Retain original sales drafts for seven full years; federal law requires you retain copies or microfilm of all drafts for at least three years.

When a request is made for a sales draft from your records, we forward a retrieval request to you listing the following information:

- . Cardholder's account number
- . Reference number
- . Dollar amount
- . Date of the transaction

We recommend using a storage system that is sorted chronologically by date and then by cardholder account number.

Do not store sales drafts in alphabetical order by customer. The cardholder name is not part of the retrieval request record.

Forward a copy of the draft along with the request form to the appropriate processing center. To avoid chargebacks for *copy not received*, you should always obtain a copy and mail or fax it to the requesting party within the specified time.

If a request for a copy of a sales draft is not complied with within the number of days indicated on the retrieval request, a chargeback can occur. You should give requests for draft copies top priority to avoid this type of chargeback.

Contact Customer Service if you would like to receive the retrieval requests via fax rather than U.S. Mail.

Sample Photo Retrieval Request

A sample retrieval request letter is shown below.

03/17/94

ABC Inc.
 1577 N.E. Expressway
 Atlanta, GA 30329

Attention:

We have received requests for copies of credit card sales drafts which are stored at your location. Listed below is information to assist in retrieving the drafts from your files. Please fax or mail copies of these drafts along with this letter to the numbers or address below.

It is extremely important that these items be received by 03/27/94 to prevent a possible debit to your account. If you are mailing, please allow 4 days' delivery time. If you have any questions, please call Betty Lawson at 404-728-2078 (9:00 to 5:00 EST) or Lorraine Flamer at 404-728-2080 (9:00 to 5:00 EST). Thank you for your prompt attention to this routine matter.

Merchant/Chain: 1234567890 Return Address:
 NDPS/Card Acceptance Services -
 P.O. Box 740154
 Atlanta, GA 30374
 Attention: Retrieval Department

Method: Fax to 404-728-3445 or 404-728-3280

NDPS Control Information	Account Number	Date	Amount	MCOM	RC
Your Location - Reference/Control Number Information					
5407000178	03/11/94	4063010123456789	03/08/94	168.18	E 41
		/ARN: 854421354867899911481857			
		BATCH TOTAL: CTL: 94067164752			

Your Right To a Rebuttal

If you receive notification of a chargeback, you have the right to request a rebuttal. A rebuttal is a merchant's written reply to a chargeback that provides documentation proving that the sale was valid and that proper merchant procedures were followed. Rebuttals must be completed within the number of days indicated on the chargeback notification. Contact Customer Service at 1-800-367-2638 for more information on rebuttal procedures.

Chargebacks

A chargeback is a reversal of a previous sale transaction. If you receive a chargeback, you will be invoiced for the indicated amount. Reasons for chargebacks include a cardholder dispute or an error in handling on the part of a merchant's staff. Chargebacks are rare if proper authorizations and processing procedures are followed.

You can significantly reduce the chance of receiving a chargeback notification by taking the following precautions:

Do not charge a cardholder before shipping the merchandise

- Obtain a card imprint for all manual entry transactions
- Do not accept an expired card or cards before the effective date on a dual dated card

- . Understand that you assume all responsibility for the identity of the cardholder for mail order and telephone order sales
- . Prepare and submit a written rebuttal within the time specified on the chargeback notification
- . Accept cards where the cardholder account number is valid
- . Authorize all sales
- . Do not accept sales that are declined
- . Do not accept sales that are not authorized for the exact amount

- . Verify arithmetic on sales drafts
- . Charge the cardholder for the correct amount
- . Deposit the sales draft before the contractual time limit
- . Credit the cardholder via paper check for the returned merchandise
- . Credit the cardholder via paper check for a canceled order
- . Do not deposit the sales draft more than once
- . Do not deposit an incomplete sales draft
- . Verify that the signature on the sales draft matches the signature on the card
- . Verify the authorization code
- . Do not accept a sales draft without a cardholder signature
- . Do not participate in a suspicious transaction
- . Do not obtain an authorization by using multiple transaction/split sales drafts
- . Do not accept a card where the account number obtained off the magnetic stripe does not match the account number on the draft

Supplies

Global Payments Direct Inc. provides all of the supplies you will need for completing MasterCard and Visa credit card transactions. You will be provided with a supply order card, which can be mailed in, or you may call to order supplies. A blank supply order card is included with each supply order you receive.

The following additional supplies can be ordered:

- . Imprinter
- . Terminal
- . Printer (required for EDC merchants processing debit transactions)
- . Authorization stickers
- . MC/Visa window decals & cash register signs
- . Merchant plate & plastic
- . PIN Pad

Customer Service

Toll-free, 24-hour customer support and voice authorization is available through Global Payments Direct Inc.. Refer to your Global Payments Quick Reference Guide for a listing of customer service phone numbers. Forward your merchant account inquiries regarding policies to:

Global Payments Direct Inc.
P.O. Box 378
Suite 400
Hanover, MD 21076

Please include your merchant number and daytime telephone number with all inquiries.



All inquiries should be received within 60 days of discrepancy.

Working Together To Prevent Credit Card Crime

The constantly increasing number of credit cards in circulation is evidence that credit is a payment option that people rely on and trust. Global Payments Direct Inc. commitment to providing the highest security levels for credit transactions helps both you and your customers feel safe about using credit cards. However, there are some precautions you can take that can significantly decrease the probability of fraud or another credit-related crime from occurring.

Prohibited Transactions

Merchants who accept credit cards must be aware of prohibited transactions and the penalties that can be imposed if a prohibited transaction is completed. A prohibited transaction is one that is not in compliance with the operating regulations of the Visa or MasterCard associations, and/or policies and procedures as defined in the Global Payments Direct Inc. Agreement . If deposited, sale drafts involving prohibited transactions will be subject to chargeback and may lead to suspension or termination of the Authorized User's EVTA-2 Work Order Form, perhaps immediately!

The following are examples of prohibited transactions:

- . Processing transactions to cover previously incurred debts, such as bounced checks, or payment for returned merchandise
- . Processing a sale on a previously charged back transaction
- . Accepting transactions that are declined by the Authorization Center
- . Accepting cards with an invalid effective date
- . Accepting expired cards
- . Using a split sale to avoid Authorization requirements
- . Giving cash to the cardholder

- . Delivering goods or performing services after notice of a cancellation by the cardholder of a pre-authorized order
- . Accepting transactions where the signature on the Visa or MasterCard and the one on the sales draft are not the same
- . Engaging in factoring (laundering) or accepting or depositing drafts from other banks, merchants or businesses which you may own or purchase, but are not explicitly listed in your current application (or supplements to it) currently on file with us
- . Depositing a sales draft twice
- . Depositing a sales draft in one or more financial institutions for payment before or after you deposit it with us

Educate your staff about prohibited transactions to reduce the risk of accepting counterfeit or fraudulent card transactions. A fraudulent transaction could involve an invalid account number, or a valid number with unauthorized use. Unauthorized use of a lost or stolen card is one of the greatest contributors to fraud losses.

In the case of stolen cards, fraud normally occurs within hours of the loss or theft -- before most victims have called to report the loss. Checking the signature becomes very important in these first few hours of loss. Also keep in mind that the thief may have altered the signature panel, or

re-embossed the card, to change the account number slightly.

Spotting Counterfeit / Altered Cards

Knowing the distinctive qualities of both Visa and MasterCard credit cards can help you detect counterfeit or altered cards.

Color

Check the card for discoloration or an uneven feel. Edges should be smooth.

Embossing

Check to see that the account number and name embossing is even in size and spacing, and that it has not been ironed and re-embossed. Check the valid dates to see that they have not been altered to extend the term of an expired card. MasterCard embossing starts with a 5. Visa card embossing starts with a 4. The first four digits of the card number correspond to a small number printed on the card face just above the account number.

Signature Panel

The signature panel is printed with a colored MasterCard or Visa background pattern. It should be smooth to the touch and should not show evidence of tampering. The panel should be signed, and the signature should correspond to the signature on your sales draft.

Hologram

The hologram is a three dimensional foil image put on the card that helps deter counterfeiting. The foil material can be gold or silver, and the image should reflect light and change as you rotate the card.

Visa's hologram consists of a dove in flight.

MasterCard's newest hologram is called the MC Micro Globes. It shows two-dimensional rings made up of repeated MC. The three-dimensional globes consist of high-resolution texture mapping of continents onto black spheres. The word MasterCard is distinguishably micro-printed in the background of the hologram in two alternating colors. A hidden image is placed at a specific angle in the hologram during the manufacturing process.

MasterCard Card Formats

MasterCard has introduced a new card format called the Universal card. The same basic design is used for all MasterCard cards. Until all cards are replaced by the new format, you may see the two previous MasterCard card formats at your place of business. Cards may be any color or even feature a background pattern or a photograph. Regardless of the card design presented, check the signature and other card features for validity and don't hesitate to call for a Code 10 authorization if you are suspicious.

Optional Security Features

The following features are optional for MasterCard credit cards and may not appear on all cards:

The unique security character, embossed on the lower right portion of the card front, is your signal that the following two security features should be present on the card:

1. A small account number with a three-digit verification code printed on the signature

panel in reverse italic, slightly indented characters.

2. An encoded account verification number programmed into the magnetic stripe which will correspond to and verify the number which is indent printed on the signature panel.

VISA Card Formats

Every Visa card is designed with special security elements to deter counterfeiting and alteration. When you are presented with a Visa Classic, Visa Gold (Premier), or Visa Business Card, look for the following elements.

Security Features

The following features are required for all VISA credit cards and must appear on all cards:

- . Unique embossed symbol CV, C, or PV, for Classic, Business or Premier Visa cards, respectively.
- . Micro-printing around the Visa logo.
- . The issuing bank identification number embossed in the first four card numbers. This bank ID number is also printed directly above the first four card numbers.

Pick Up Card Procedures

If you receive a pick up card response from your terminal or the Authorization Center, you are eligible for a cash reward from Global Payments. Simply cut the card in half directly through the entire account number.

Place the card in an envelope along with your name, merchant number, date of pick up, and your address and mail it to:

Global Payments Direct Inc.
Settlements
7240 Parkway Drive
Suite 400
Hanover, MD 21076

Glossary

Authorization: Verification of a bankcard transaction by a bankcard-issuing bank or other institution, or by an

approved independent service provider. Authorization is initiated by accessing (by voice or electronic terminal, as appropriate) Global Payments Direct Inc. designated authorization center(s).

Bankcards or Cards: Visa and MasterCard credit and/or debit cards.

Bankcard Transaction or Transaction: Transactions between a merchant and a cardholder for the sale or rental of goods, the provision of services evidenced by a sales draft or credit draft, or where permitted by agreement between Global Payments Direct Inc. and merchant, or by an electronic equivalent of a sales draft or credit draft, which is presented to Global Payments Direct Inc. by the merchant for processing through the Interchange Systems.

Cardholder: The person or entity whose name is embossed on a card or whose name appears on a bankcard as an authorized user.

Chargeback: When used as a noun, a bankcard transaction which is reversed and the amount of which is then due and payable by you to Global Payments Direct Inc.. The amount of each chargeback will be invoiced to you. When used as a verb, the act of reversing a transaction and invoicing for payment of the value of the transaction.

Code 10: A call that allows the merchant to inform the authorization center of a possible fraudulent transaction without alerting the cardholder (or other person presenting the bankcard).

Deposit Account: A business checking account designated by the merchant through which all bankcard transactions and adjustments are processed by Global Payments Direct Inc..

Factoring or Laundering: A merchant's presentation to Global Payments Direct Inc. of what would otherwise be a sales draft but is not, because the underlying transaction is not between the merchant and the cardholder. This includes, but is not limited to, merchant's processing, debiting, negotiating or obtaining payment pursuant to the Global Payments Direct Inc. Agreement in connection with a purported transaction if the merchant did not furnish, or agree to furnish at some later time, the goods or services comprising the purported transaction.

Identification Number: A 9-13 digit number each merchant is provided under the Global Payments Direct Inc. Agreement.

MasterCard/VISA Interchange Systems or Interchange System: Processing systems, which facilitate the interchange and payment of transactions between cardholders and persons, and entities (including merchant) that accept cards.

Merchant : An Authorized User entering into an EVTA-2 Work Order Form with Global Payments Direct Inc. , as well as all personnel, agents and representatives of the Authorized User.

Merchant Summary: A form on which the merchant imprints the merchant's identification number, and which provides a summary of the merchant's bankcard deposits.

Merchant Identification Card: A plastic card issued to the merchant by Global Payments Direct Inc. which contains the merchant's identification number, name and location, including the number of the deposit account.

Operating Regulations or Regulations: Unless specifically referred to as the operating regulations of either Visa or MasterCard, the current operating regulations of both Visa and MasterCard.

Pre-authorized Order: A cardholder's written authorization to make one or more charges to the cardholder's card account at a future date.

Recurring Payments: A series of transactions in which, sales drafts will be processed by the merchant on an ongoing basis, unless and until canceled by the cardholder.

Sales Draft: A paper or electronic record of a sale, rental or service transaction which the merchant presents to Global Payments Direct Inc. for processing, through the Interchange System or otherwise, so that the cardholder's card account can be debited and the deposit account may be credited.

Split Sale: Preparation of two or more sales drafts for a single transaction on one card account in order to avoid authorization procedures.

Voice Authorization: Authorization obtained by telephoning an operator.

Exhibit 3

APPENDIX D RATE SCHEDULES Global Payments Direct Inc.

Exhibit 4

AMERICAN EXPRESS NYS CARD ACCEPTANCE GUIDELINES



® **Establishment
Services**

**AMERICAN EXPRESS® CARD ACCEPTANCE
OPERATING GUIDELINES
FOR NEW YORK STATE**

These American Express® Card Acceptance Operating Guidelines (“Guidelines”) will provide you with step by step procedures to follow when processing American Express® Card charges. These Guidelines also detail how you can protect your business from fraud as well as how you should handle inquiries and avoid chargebacks.

In accepting the American Express branded Cards, you will also be assured of high quality customer service with 24 hours a day, seven days a week both for you and your customers.

For assistance and information please call **1-800-528-5200** or visit www.americanexpress.com/merchantservices.

American Express has the tools to help you do more...

Do more Business Online: American Express guarantees your citizens a secure online shopping experience with the “On-Line Shopping Guarantee” logo because American Express will not hold Cardmembers responsible for any unauthorized charges made with the Card. You also can manage your account online as described below. You can download all complimentary website logos online as well as order brick-and-mortar point of purchase materials at www.americanexpress.com/government.

Do More Marketing To Your Citizens: American Express offers you a variety of marketing programs that can help you make your citizens aware of your services and new initiatives. These include turnkey programs that provide you with creative customization, printing mailing list selection, postage and mailing services – of one low cost. For more information on any of the marketing programs, simply visit our website at www.americanexpress.com/government.

Do More Management Your Way: American Express provides the tools to help you manage your Government easily and profitably. *SE Workstation* or *Online Merchant Services* are free tools that enable you to receive your American Express financial information and respond to customer disputes electronically.

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2.0 Processing American Express® Card Transactions

2.1 Creating a Charge Record

For every Charge, you must create or complete either a paper or electronically reproducible record of Charge (Charge Record) containing:

- the Card account number and expiration date via an imprinter, Card swipe device or data entry device;
- the date the Charge was incurred;
- the amount of the Charge (which must be the total purchase price of the goods or services purchased or amounts owed to you plus any applicable taxes);
- the Authorization approval code number;
- a mutually acceptable description of the goods or services purchased or amounts owed to you;
- an imprint or other registration of your name, address and the assigned Merchant and/or Location number;
- the Cardmember's signature; and,
- the words, "No Refunds" if you have a no refund policy.

Always keep a copy of each Charge Record in your files for 24 months.

2.2 Card Present Transactions

You have agreed to process Charges electronically. Before processing your very first Charge, make sure your Electronic Data Capture (EDC) terminal or electronic cash register is properly programmed to accept the American Express® Card, then follow the basic instructions that were provided with your equipment.

For electronic processing, your terminal must be able to generate Charge Records as detailed above.

Chargebacks and inquiries cost your business time and money. It pays to strictly follow American Express Card Acceptance procedures and to be mindful that you must:

2.2.1 Verify that the Card is not visually altered or mutilated.

The signature panel contains wavy lines that should not appear to be painted over or erased. American Express Cards are issued with the account number and a 3-digit Card Security Code (3CSC) printed in the signature panel.

2.2.2 Verify that the Customer is the Cardmember.

The American Express Card is not transferable. Only the Cardmember may use the Card.

2.2.3 Verify the Card's valid date.

The Card may not be used after the last day of the last month embossed on the Card. Call American Express if the Card is presented after the expiration date.

2.2.4 Create a Charge Record.

Create a Charge Record as described above. If you process American Express charges electronically, you must swipe the Card through the slot in your terminal. (If you submit paper charge forms, take an imprint of the Card.) You must transmit full magnetic strip data with your authorization request. All data from the magnetic strip must be received by American Express for a transaction to be classified as swiped.

If you have retained a third party (processor) to process/authorize your transactions, you are responsible for any errors, omissions, delays, or expenses caused by the processor. If the magnetic strip is unreadable, and you have to key the transaction, an imprint of the Card must be taken to validate Card presence in that transaction. Accurately key the account number and expiration date, and obtain the 6-digit Authorization Approval Code.

2.2.5 Verify the account number.

Verify that the account number embossed on the front of the Card matches both the number printed on the back of the Card and the number printed on the terminal receipt or display.

Compare the signatures.

Make sure that the Cardmember's signature on the Charge Record reasonably matches on the back of the Card and is the same as the name embossed on the front of the Card and printed on the receipt. Please remember, if the customer presents you with an unsigned American Express Card, ask the customer to sign it. Then ask for an official form of identification, and compare the signature to the one on the official form of ID. If the customer refuses to sign the Card, the transaction should not be completed.

2.2.6 Obtain Authorization.

Obtain a 6-digit *Authorization Approval Code*. To reduce fraud and credit losses, American Express has a 100% Authorization Policy. (Authorization must be obtained for *all* submitted charges. This is required on every transaction regardless of dollar amount charged to American Express.) **If you cannot obtain Authorization via the card swipe, call 1-800-528-2121 to obtain Authorization.**

2.2.8 Return the Card, Charge Record copy and receipt.

Return the Card, terminal receipt, and the appropriate charge record copy to the Cardmember. It is recommended you keep the customer's Card information *confidential* and store receipts in a *secured* area. Only print a "subset" of the Card number, and exclude the expiration date and merchant account number so that this information does not print on the terminal receipt. Any Card information that is discarded should be shredded or destroyed.

2.3 Avoiding Fraud – Card Present Transactions

Each year, millions of dollars are lost due to fraudulent use of charge and credit cards. You can protect yourself by following the basic guidelines of Card acceptance and

Authorization as set forth above in Sections 2.1 and 2.2.
Remember:

- The American Express® Card must be presented for all in-person Charge requests.
- If you have electronic Authorization capabilities, always, “swipe” the Card through the electronic data capture terminal.
- Validate that your business and processor, if applicable, are submitting all the magnetic stripe information required by American Express.
- Always compare the account number on the front and back of the presented Card with the account number on the printed receipt dispensed from your terminal or cash register.
- Cardmember signature is required on the printed receipt for all in-person transactions. The signature on the receipt must match the name on the front of the Card and the signature on the back of the Card.
- Expiration date is required for all methods (electronic, keyed or manual) of Authorization request.
- American Express Cards are non-transferable. Only the Cardmember may use the Card.
- If you process Charge requests manually, or the magnetic stripe on the back of the Card is unreadable, the following steps should be followed:
 - Key the transaction and expiration date into the terminal for Authorization approval. Always get a Voice Authorization.
 - Obtain an imprint of the Card on a paper Charge Record that meets American Express requirements.
 - Ask the Cardmember to sign the paper receipt and compare signatures.

General Fraud Prevention Tips:

- Ensure that you and your employees know and understand these basic Card Acceptance and Authorizations procedures.
- Use electronic Authorization and automated services, such as Automated Address Verification, offered by American Express whenever possible.
- In face-to-face transactions, be alert to Cards that visibly look altered, damaged, or suspicious.
- Whenever you suspect fraud, call Authorizations at: 1-800-528-2121.

2.4 Card Not Present Transactions (Payments/Orders via Mail, Telephone, Internet and/or Payment Kiosk)

For Charges in which the Card is not present at the point of purchase or payment, such as those Charges made by mail, via telephone, via the Internet or at unattended locations (payment kiosks), you must:

2.4.1 Create a Charge Record.

Create a Charge Record as described above in Section 2.1, except that the signature line shall reference the payment method (mail order, telephone order, Internet order, etc.).

2.4.2 Obtain Authorization.

Obtain a 6-digit *Authorization Approval Code*. To reduce fraud and credit losses, American Express has a 100% Authorization Policy. (Authorization must be obtained for *all* submitted charges. This is required on every transaction regardless of dollar amount charged to American Express.)

Remember, if you accept the American Express® Card for sales or payments made by one method (e.g., sales/payment made in person), then you must accept the American Express Card for all methods of sales or payments.

2.5 Avoiding Fraud – Card Not Present Transactions

2.5.1 Mail/Telephone Transactions

To protect yourself from chargebacks, be sure to:

- Obtain signed proof of delivery to the Cardmember's billing address.
- Designate "Mail Order" or "Phone Order" on the signature line of the Charge record.
- Use Automated Address Verification to confirm customer's billing address.
- Ensure that you use a freight carrier or delivery service that does not permit re-routes of deliveries and that requires customer signature. You are responsible for ensuring delivery to the appropriate customer billing address.

- To ensure higher levels of risk protection and service quality, always establish and use a separate Merchant account number for your mail, telephone, Internet and payment kiosk Charge requests. Always submit these charges under a separate Merchant Number.
- Follow the standard Card acceptance procedures for in-store purchases if the Cardmember picks up the merchandise/goods from you.

Remember:

- Billing address verification is a check and not a guarantee that the Charge is valid. When the billing address is confirmed, but delivery will be to a different address, you may help reduce the risk of fraud and chargebacks by calling the Cardmember to validate the order.
- Charges cannot be submitted for payment until the goods are shipped.
- If you ship more than 30 days after the original Authorization, you must call to obtain a new Authorization Approval Code before shipping the merchandise and submitting the Charge for payment.

2.5.2 Internet Transactions

- To help reduce fraud and customer service costs for Internet transactions, the following Internet Security Guidelines should be reviewed:
- Internet transactions must be secured between you and the Cardmember (e.g., SSL, SET or similar encryption) as required by American Express.
- You must secure all Cardmember data while in your possession (e.g., behind a fire wall).
- Passwords to your Web site should be regularly changed and never set to default status.
- Transactions must be secured between you and your processor.

- When working with a third party processor (FSP), you must ascertain that the processor is capable of processing secure Internet payments.

2.5.3 Payment Kiosk Transactions

To help reduce fraud and customer service costs for self-service terminals:

- Ensure that any type of self-service terminal (payment kiosk, vending machine, pay-at-the-pump, etc.) operated by you is in compliance with American Express magnetic strip data capture requirements.
- Establish and use a separate Merchant Number for your self-service terminal charge requests.

General Fraud Prevention Tips:

- Ensure that you and your employees know and understand these basic Card Acceptance and Authorizations procedures.
- Use electronic Authorization and automated services, such as Automated Address Verification, offered by American Express whenever possible.
- In face-to-face transactions, be alert to Cards that visibly look altered, damaged, or suspicious.
- Whenever you suspect fraud, call Authorizations at 1-800-528-2121.

2.6 How to Avoid Voice Authorization Fees.

American Express charges a fee for each Authorization Approval Code requested by telephone.

Here are some ways you can avoid this fee:

- Process and submit charges electronically.
- Obtain Authorization Approval Codes electronically by swiping the Card.
- Enter the same dollar amount (within \$1.00) over the phone that you initially enter in the terminal when you respond to a “Please Call” message.

- Return our call on the same day if you get a Referral Code when you batch out your terminal.
- For Charges made via mail, telephone, Internet or payment kiosk, obtain the Authorization Approval Code electronically, and when you call American Express for address verification, request address only.

Voice Authorization Fees do not apply to calls you make to American Express for:

- Referrals (response to “Please Call”)
- Fraud calls generated by American Express
- Emergency lodging check-in situations
- Temporarily disabled “Direct Electronic Link” to American Express

If a fee for any of these calls appears on your statement, please contact us at **1-800-528-5200**, and we’ll remove it.

3.0 Prohibited Transactions.

You cannot accept the Card for:

- Costs or fees that are beyond the normal price (plus applicable taxes) for the goods or services provided or payments made, or amounts for which the Cardmember has not specifically authorized payment by the Card;
- Gambling services (including, but not limited to, online gambling), gambling chips or gambling credits;
- Cash;
- Sales made under a different trade name or business affiliation unless approved by American Express on the EVTA-2 Work Order Form;
- Sales by third parties unless approved by American Express on the EVTA-2 Work Order Form;
- Amounts that do not represent a bona fide sale of goods or services at your Location(s) unless such payments are authorized by applicable law; or
- Illegal business transactions.

4.0 Submitting Charges Using Your Terminal

To submit Charges to American Express electronically, follow the basic instructions that were provided with your equipment.

Important Reminder: You must press the “Batch Out” or applicable key on your terminal at least once a day to transmit all American Express Card charges you process. See the manual that came with your terminal for instructions. On extremely busy days, your volume may be greater than your terminal can store before batching out. In those cases, simply increase the number of times you transmit to us.

All charges should be submitted within two days of the goods or services being provided or the payment being made.

5.0 Payment

Under the American Express Card Acceptance Agreement between the State of New York and American Express, payment made by American Express will be made electronically via the Automated Clearinghouse of the Federal Reserve System (ACH). Payment via ACH will be initiated in two (2) business days after your Charge Records are received. If your payment date falls on a non-business day, payment will be initiated on the next day that banks are open for processing ACH payments. You must provide the information we require concerning your account and your bank on the EVTA 2- Work Order Form and you must notify your bank that we may have access to the account.

- Payment via ACH helps you avoid the fee for every payment requiring a manual check.
- Payment via ACH helps you avoid waiting for checks to clear, delays or risks of lost mail and unnecessary trips to the bank.

For more information please call **1-800-528-5200**.

Under the terms of the Card Acceptance Agreement between American Express and the State of New York, you will be paid for the gross amount of your submitted Charges, less any chargebacks or fees relating to telephone authorizations or checks.

You will be invoiced for the Discount, the amount that American Express charges for accepting the Card. Payments pursuant to invoices are due to American Express within thirty (30) days as provided by the New York State Finance Law.

Late payments will be subject to interest as provided by the New York State Finance Law.

6.0 Reporting

American Express' Payment Manager reporting system provides you with a clear, logical and easy to read monthly statement. Payment Manager reports are available via SE Workstation or on the Internet using Online Merchant Services. Simply access the "Reconcile Payments" section at www.americanexpress.com/merchantservices.

Each report contains a summary of your account's activity for the reporting period, as well as details including dates and submitted amounts. Your reports are sorted by Merchant Number or, if you receive payment centrally, they can be sorted by Location Number. If you are paid by check, the report is included with your check.

You can have your Payment Manager Report generated on the day of the month that matches the date of your bank statement, or you can designate any other timing that is best for you. All financial activity for the period chosen will be reflected in the report.

You can select payment reporting by Location if you have multiple locations and receive payments through one account. All financial activity for the month will be reflected by individual location in the report.

Additional reports are available from American Express at an additional cost as set forth in the Agreement between the State and American Express.

7.0 Chargebacks

A chargeback is broadly defined as a financial deduction from your settlement amount. American Express chargebacks can originate from a variety of sources.

In addition to the federal laws that regulate the Cardmember dispute process in the United States, American Express has various business policies that are used to resolve disputes and identify noncompliance chargebacks.

In the event that a Cardmember disputes a Charge made via the Internet where the goods or services were ordered online and electronically delivered online (i.e., software, images), American Express will issue a chargeback immediately and will then provide you with written or electronic notice of the chargeback.

8.0 Notices and Inquiries

8.1 Inquiries

When Cardmembers question items billed to their Card accounts, American Express is required by law to respond within strict time limits. When additional information is required from you to resolve the issue, we will send you an inquiry letter. The letter will provide information to help you research the dispute and will give you specifics on what is required to support your position. To ensure that you retain the right to challenge an inquiry, always respond by the specified date. Time frame

To expedite handling, you may respond to inquiries electronically by using SE Workstation or Online Merchant Services.

8.2 Notices

For notifications, consents, account changes, contact information changes, payments or other communications regarding the operations or payment aspects of your EVTA-2 Work Order Form or this Agreement, please send written notices to:

American Express Travel Related Services Company,
Inc.
Attention: SE Maintenance Unit
1661 E. Camelback
Phoenix, AZ 85016

For notifications regarding any legal aspects of your EVTA-2 Work Order Form or this Agreement, please send written notices to:

American Express Travel Related Services Company,
Inc.
Attention: Establishment Services Law Group
General Counsel's Office, 49th Floor
World Financial Center
200 Vesey Street
New York, NY 10285

For late payment remedy requests, please send written notices to:

American Express Travel Related Services Company,
Inc.
Attention: Accounts Payable
1661 E. Camelback
Phoenix, AZ 85016
Fax: (602) 234-7468

Please remember to include your Merchant Number and/or Location Number, your contact name, telephone number and fax number, and all pertinent information on any Notice.

UNLESS SPECIFICALLY STATED AS A NEW POLICY, THESE AMERICAN EXPRESS OPERATING GUIDELINES DO NOT CHANGE THE TERMS OF THE CARD ACCEPTANCE AGREEMENT BETWEEN

AMERICAN EXPRESS AND THE STATE OF NEW YORK OR ANY TERMS OF YOUR EVTA-2 WORK ORDER FORM. IN CASE OF ANY CONFLICT BETWEEN THE TERMS OF THESE GUIDELINES AND THE TERMS OF THE AGREEMENT, PLEASE REFER TO THE AGREEMENT.

UNDER THE TERMS OF THE CARD ACCEPTANCE AGREEMENT BETWEEN AMERICAN EXPRESS AND THE STATE OF NEW YORK, AMERICAN EXPRESS ACCEPTS CHARGES WITH THE RIGHT OF “FULL RECOURSE”. UNDER CERTAIN CIRCUMSTANCES (SUCH AS WHEN AN AUTHORIZED USER DOES NOT COMPLY WITH THE PROCEDURES FOR CARD ACCEPTANCE), AMERICAN EXPRESS HAS THE RIGHT OF “FULL RECOURSE”. BY CAREFULLY FOLLOWING THE PROCEDURES IN THESE GUIDELINES AND THE AGREEMENT, YOU CAN REDUCE THE CHANCES THAT THE AMOUNT OF A CHARGE FOR WHICH YOU HAVE BEEN PAID WILL SUBSEQUENTLY BE CHARGED BACK.

Exhibit 5

**AMERICAN EXPRESS
Appendix D Rate Schedule**

Exhibit 6

NEW YORK STATE DISCOVER® CARD OPERATING GUIDE

This Guide provides Authorized Users with necessary information on use of Contract #CMS1028.

MERCHANT SERVICES – GOVERNMENT SERVICES UNIT

1-800-347-7038

MERCHANT SERVICES

1-800-347-2000

MERCHANT SERVICES (SPANISH)

1-800-347-7009

AUTHORIZATION (24 HOURS A DAY)

1-800-347-1111

MERCHANT SECURITY DEPARTMENT

1-800-347-3083

VOICE ADDRESS VERIFICATION

1-800-347-7988

MERCHANT INTERNET INQUIRIES

1-800-347-3069

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1.0 INTRODUCTION TO DISCOVER BUSINESS SERVICES

1.1 Discover Business Services: Introduction

Discover Business Services provides network support and other types of Services for Authorized Users who accept Discover Card transactions.

1.2 What Discover Business Services Means to You

Discover Business Services brings a long list of benefits to Authorized Users. Discover Business Services is committed to delivering network services with the best possible value to Authorized Users, including:

- Competitive Merchant Fees
- Professionally staffed Merchant Service Centers
- A local representative assigned to work with you
- A streamlined system for settlement, with a variety of options for transmission of funds and associated reports
- Authorization centers with 24-hour service, 7 days a week
- An equitable Chargeback policy

This Operating Guide provides information on all operational aspects of the Authorized User relationship supported by Discover. Please make sure that all of your employees are familiar with the procedures for identifying all Discover Cards, obtaining authorization, and handling Card sales and return transactions. If you have any questions or concerns, contact our Merchant Service Center at 1-800-347-2000.

2.0 DISCOVER CARD SECURITY FEATURES

2.1 Discover Card Security Features

You must verify that each Discover Card presented to you is valid prior to initiating the Card transaction. You may verify this by examining the Card to confirm it includes the features described below.

- A. Distinctive Discover Card logo.
- B. The word NOVUS will appear in ultraviolet ink on the front of the Card when it is held under an ultraviolet light. Authorized User need not have an ultraviolet light.
- C. The Discover hologram has 4 distinct images:
 - 1) Discover Financial Services Coin
 - 2) Single, large company logo
 - 3) Multiple, smaller company logos
 - 4) Word NOVUS printed repeatedly
- D. The embossed Cardmember name.
- E. Account numbers on all Discover Cards are made up of 4 groups of 4 digits totaling 16 numbers and always start with 6011. The embossed numbers should be clear and uniform in size and spacing and should extend into the hologram.

- F. The "valid thru" date indicates the last month in which the card is valid.
- G. The special embossed *n* appears on the same line as "Member Since" and "Valid Thru."
- H. The magnetic stripe.
- I. The signature panel must be signed by the Cardmember or authorized card user in order to validate the Card. The account number on the signature panel should match the number embossed on the front of the card and appears here in reverse indent printing. On all cards, the Card Account number is followed by a 3-digit Cardmember Identifier (CID).
- J. Depending on the issue date of the card, you will see an overprint pattern on the signature panel that either reads NOVUS or the name of the card, i.e., Discover, Discover Platinum, etc., and an underprint of "void."
- K. The Discover/NOVUS or Green NOVUS mark appears on the back of the card.

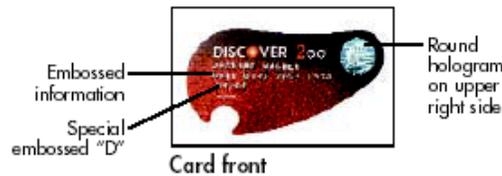


Note: The Discover Cards pictured here are used to highlight the general security features of all Discover Card types.

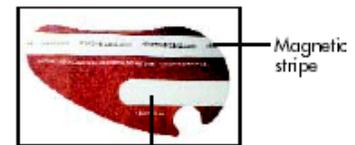
2.1.1 Discover2GOsmCard. Provided below is a description of the Discover2GO Card.



Card inside protective case



Card front



Card back

Signature panel includes last four digits of card number and three-digit CID number

Due to the Discover 2GO Card's unique shape and size, it may not be capable of being used at certain pay-at-the-pump devices and imprinters. If you experience any problems with a Discover 2GO Card, please request that the customer present their standard Discover Card.

3.0 DISCOVER CARD TRANSACTIONS - GENERAL REQUIREMENTS

3.1 Test Cards

If Discover issues an Authorized User a test Card or test account in order to test Card acceptance at your locations, the Authorized User is liable for any improper or fraudulent use of such Card or Card Account by any of their employees. Authorized Users will use reasonable efforts to safeguard such Card or Card Account in a secure place.

3.2 Cash Advances

An Authorized User may not accept a Card in exchange for advancing cash to a Cardmember. If an Authorized User dispenses cash in connection with the presentation of a Card without our permission, such a Card transaction is subject to Chargeback to you as described in Section 7.2

3.3 Employee Purchases

An Authorized User's employees may only use the Card at their place of employment for *bona fide* purchases in the ordinary course of Authorized User's business.

3.4 Minimum/Maximum Dollar Limits and Other Limits

Authorized Users may not require that any Cardmember make a minimum dollar purchase in order to use a Card and, other than when Discover has not authorized a Cardmember's transaction, and Authorized User may not limit the maximum amount that a Cardmember may spend when using a Card.

3.5 Equal Treatment of Card Sales Versus Other Cards

Authorized Users may not institute or adopt any practice that discriminates or provides unequal treatment for users of a Card versus any other credit or charge card that they accept.

4.0 ACCEPTANCE OF CARD TRANSACTIONS

4.1 Card Acceptance Requirements

Authorized Users must perform each of the following functions for each Card Present sale accepted.

4.1.1 Card Expiration Date

Check the expiration date on the Card. The Card is valid through the last day of the month embossed on the Card. If the Card has expired, you cannot accept it for a transaction and you should call our Authorization Center at 1-800-347-1111.

4.1.2 Signature on Card

Verify that there is a signature on the signature line on the back of the Card and verify that the name on the back of the Card matches the name embossed on the front of the Card.

4.1.2.1 Unsigned Cards

If a Card presented to you is not signed, request two pieces of identification, one of which is a picture identification. When you have confirmed that the person presenting the Card is the Cardmember, have the Cardmember sign the back of the Card.

4.1.3 Obtain Authorization

If Authorized Users are processing Card Present Charges electronically, Authorized User must transmit full magnetic stripe data with their Authorization request via a swipe of the Card through the electronic authorization terminal. If the magnetic stripe is unreadable and Authorized User has to key the transaction in to obtain Authorization, the Authorized User must take a manual imprint of the Card to validate Card presence. If Authorized User fails to take a manual imprint for any keyed transaction, Contractor will have Full Recourse for such Charge.

If the electronic authorization terminal is unable to reach Discover's computer authorization system for Authorization, Authorized User agrees to obtain Authorization for all Charges by phoning Discover directly at 1-800-347-1111.

For Charges for goods or services which are shipped or provided or for payments made to Authorized User more than thirty (30) days after the order is made, Authorized User agrees to obtain Authorization for such Charge at the time the order is made and again immediately before Authorized User ships the goods or provides the services to or initiates the payment for the Cardmember.

4.1.4 Prepare and Transmit Sales Data

Prepare the Sales Data Record documenting the Card sale as described in Section 4.2 and transmit Sales Data to us as described in Section 6.1 of this Operating Guide.

4.2 Preparing Sales Data Documenting Card Sales

4.2.1 General

You must include all merchandise and/or services purchased at one time and at one cash register on one Sales slip, except that you may use a separate Sales slip for partial payments. You must prepare and fully complete Sales Data for each Card transaction as described below. You must provide the Cardmember with a completed copy of the Sales Data at the time of each completed Card transaction.

4.2.2 Electronic Data Capture

For transactions that are data-captured by electronically reading or scanning a Card using a point-of-sale (POS) terminal, you are generally not required to obtain a Card imprint on the Sales Data. However, if you are unable to capture Card data by swiping the Card through the point-of-sale terminal, you must obtain a clear imprint of the Card on the Sales Data. Examples include, but are not limited to, a corrupted magnetic strip or in-terminal card reader. You must include all of the following information on the Cardmember's copy of the Sales Data:

- The Card Account number.
- The Cardmember's name.
- The Card expiration date.
- The Merchant's name.
- A description of the merchandise or service purchase.
- The total amount of the Card transaction (including sales tax and/or tip).
- The transaction date.

If you electronically scan or read a Card, you must compare the Card Account number on the printed receipt to the number on the Card to confirm that they match. If they do not match, you may not accept the Card sale.

4.3 Refunds and Returns

Discover agrees to honor an Authorized User's return policy as long as it complies with all federal, state and local laws and is clearly posted or otherwise made known to the Cardmember at the time of the Card sale. Discover may request a copy of an Authorized User's return policy at any time. If a Cardmember returns goods or services purchased with a Card to an Authorized User in accordance with your policy, you must issue a refund in accordance with Section 4.10 of the Agreement.

4.4 Obtaining Authorization

Authorized Users must obtain authorization prior to completing a Card sale for any transaction. For delayed delivery sales, you must obtain authorization before you submit Sales Data to us for the Card sale. The authorization you receive will be valid for 90 days. You may obtain authorization from us by electronic terminal or telephone. We will provide you with an authorization code, which must be written on the Sales slip, unless the authorization was obtained using an electronic terminal or cash register. If you use an electronic terminal, you must transmit to us the complete and unaltered contents of the magnetic stripe on the Card presented for the transaction for each Card sale, along with each authorization request you send to us. If you accept a Card for a sale without receiving our prior authorization in the manner described above, Discover is not required to pay the Authorized User for the sale, and if Discover has already paid you, Discover will process a Chargeback, as described in Section 7. Even if an authorization is granted for a Card sale, it is not a guarantee of payment. A Card sale may be subject to Chargeback to Authorized User for other reasons as set forth in this Operating Guide or the Agreement.

4.4.1 Cardmember Verification and Card Retrieval

Occasionally, for verification purposes, we may ask you to request certain information from a customer that has presented a Card.

4.4.2 Electronic Authorization Procedures

If you use an electronic terminal to obtain authorization of Card sales, follow the procedures given to you by your terminal provider for the use of that terminal. If a "call center" referral code is displayed, call the Authorization Center at 1-800-347-1111 to obtain further instructions. If your electronic authorization terminal is not working, you are required to contact our Authorization Center to obtain authorization for all Card sales.

4.4.3 Telephone Authorization Procedures

If you must receive authorization by telephone, call our Authorization Center at 1-800-347-1111. Be prepared to enter the following information:

- Card Account number (16 digits).
- Your Merchant number assigned by us (15 digits).
- Card expiration date (4 digits).
- Dollar amount of transaction including tax and tip (dollars and cents).

When authorization is granted, you will be given an authorization code. You must write this code in the appropriate box on the Sales slip. (See Sales slip preparation procedures in Section 4.2.) If you are unable to obtain an electronic authorization and subsequently receive an authorization code by telephone, complete the transaction (force enter the sale) following the procedures supplied by your terminal provider. If a Card is invalid for a transaction, you will receive a message declining the transaction. Under no circumstances should you or another employee comment on the transaction. Direct the Cardmember to contact the issuer at the telephone number provided on the back of their Card or as otherwise distributed by the Card issuer.

4.4.4 Authorizing Installment Sales Transactions

If you submit installment payment sales, you must receive a separate, current authorization for each installment prior to submitting it. If Discover or the Office of General Services or the Authorized User have terminated the EVTA-2 or the Agreement, Authorized Users may not submit installments that are due after the date of termination. If the Cardmember who agreed to the installment plan ceases to be a Cardmember due to his, her, or Discover's termination of that relationship, an Authorized User may not submit any further installments and must find an alternate method of collecting payment from the Cardmember. Discover's authorization of one installment is not a guarantee that any future installment will be authorized or paid. If, at any time, a Cardmember raises a dispute with respect to any installment payment or the goods or services you agreed to provide, Discover may, at its discretion, Chargeback that installment and any prior installments Authorized User may have submitted. Please refer to Section 5.3 for complete procedures for installment sales transactions.

4.4.5 Request for Cancellation or Change of Authorization

If a Card sale is cancelled or the amount of the Card sale changes and an authorization was previously obtained, you must call 1-800-347-1111 and request a cancellation of the authorization. An authorization can be cancelled at any time within 8 days of receiving the authorization. Be prepared to provide the following information when canceling an authorization

- Card Account number (16 digits).
- Your Merchant number (15 digits).
- Card expiration date (4 digits).
- Dollar amount of transaction including tax and tip (dollars and cents).
- Original authorization code given to you by your authorization provider for Card transactions.
- The new Card sale amount, if different from the original Card sale.

4.4.6 Authorization Floor Limit

You must obtain authorization for any Card sale. If you accept a Card sale without first obtaining authorization, you do so at your own risk and the Card sale may be subject to immediate Chargeback as set forth in Section 7.2.

4.4.7 Downtime Authorization Procedures

If Discover's authorization system is unavailable, the Floor Limit for the period of the system down-time is \$150.00 for Card sales involving purchases of merchandise for which a Cardmember takes immediate possession. Authorized User should not use this Floor Limit to authorize orders requiring delayed delivery for shipping; instead, obtain authorization when the authorization system is available. The exact date, time and duration of the system outage will be recorded by Discover. In order to avoid Chargeback of an unauthorized transaction during a system downtime, note the exact time of the transaction in the approval box on the Sales slip.

4.4.8 Address Verification Service

Authorized User must verify the Cardmember address for Internet Card sales either electronically or by calling Discover at 1-800-347-7988. This Address Verification Service is also available for any Mail/Telephone Order Card Sale either electronically or by calling Discover at 1-800-347-7988.

Note: Address Verification is a tool used for protection against losses but does not negate the possibility of Chargebacks.

4.5 Code 10: Suspicious Situations

If Authorized User is suspicious of the validity of a Card or the presenter of the Card for any reason, Authorized User should notify Discover's Authorization Center using the Code 10 Authorization procedures described below. The Code 10 Authorization procedures can be used regardless of the dollar amount of the Card sale or your assigned Floor Limit.

- Call the Authorization Center (1-800-347-1111) and ask for a Code 10 Authorization (select Option 2.) This will automatically direct Authorized User to the Cardmember Security Department.
- Security Department personnel will ask a brief series of "Yes" or "No" questions about the Card or the presenter, and may ask your employee to request confirming identification from the presenter.
- If the Security Department is able to confirm the identity of the presenter as a valid Cardmember or authorized user of the Card, approval for the Card sale will be given and the presenter will not be aware that anything unusual has transpired.

5.0 CARD NOT PRESENT SALES

5.1 Mail and Telephone Order Card Sales

Authorized User may accept Cards for telephone or mail order sales if they follow the procedures in the Agreement and this Operating Guide for accepting such Card sales. Authorized User must obtain authorization for each mail or telephone order Card sale as described in Section 4.4. Authorized User must document the Card sale and send Sales Data to Discover as described below. For each Authorized User, Form EVTA-2 will indicate if their EVTA programs are primarily telephone and/or mail order sales.

5.1.1 Cardmember Verification

For each mail or telephone order Card sale, Authorized User may verify the address of the Cardmember associated with the Card Account and confirm the location for delivery with the Cardmember by using the address verification procedures described in Section 4.4.8.

5.1.2 Documentation of Card Sales

In addition to complying with the requirements for preparation of Sales Data in Section 4.2, Authorized User must obtain the following information from the Cardmember for each mail or telephone order Card sale: Cardmember name, Card Account number, Card expiration date and shipping address. Authorized User must retain such information, along with the shipping date, for the document retention period in the Agreement. Authorized User shall provide the shipping date to the Cardmember at the time of each telephone order Card sale and upon request for each mail order Card sale.

5.1.3 Transmission of Sales Data

For each mail or telephone order Card sale, Authorized User must transmit Sales Data to Discover each Business Day in Discover's form and format. All Sales Data shall be transmitted to Discover using an electronic means of transmission. Authorized User must not transmit Sales Data to Discover for merchandise or services ordered by a Cardmember until the merchandise or services have been shipped, delivered or furnished to the Cardmember; except that Authorized User may accept a Card for a deposit on a purchase of merchandise or services and Authorized User may transmit the Sales Data relating to such deposit prior to the time of shipment or delivery of the merchandise or services purchased in such Card sale.

5.1.4 Delivery Requirements

At the time of delivery of merchandise or services ordered in a mail or telephone order Card sale, Authorized User must provide the Cardmember with an invoice or other documentation that includes the information obtained from the Cardmember in Section 4.2. Authorized User also may obtain the Cardmember's signature as proof of delivery and Authorized User should retain this proof of delivery for the document retention period set forth in the Agreement. If a Cardmember comes to Authorized User's facility, to pick up merchandise ordered by mail or telephone, Authorized User must obtain an imprint of the Card and the Cardmember's signature. In the event of a dispute by a Cardmember with respect to delivery of merchandise or services ordered by mail or telephone, the Card sale is subject to Chargeback as described in Section IV.4.5 of the Agreement.

5.2 Card Sales Over the Internet

Form EVTA-2 will indicate which type of Card Transaction programs Authorized User will be accepting over the Internet. Any Card sales that do not comply with the Agreement and this Operating Guide are subject to Chargeback as described in Section 7.0. For each Card sale over the Internet, Authorized User must comply with the requirements in Section 5.1 in addition to the requirements in this section.

5.2.1 Protocol for Internet Card

Each Internet Card transaction accepted by an Authorized User and submitted to Discover shall comply with Discover's standards, including, without limitation, Discover's standards governing the formatting transmission and encryption of data, referred to as Discover's "designated protocol". Authorized Users shall accept only those Internet Card transactions that are encrypted in accordance with Discover's designated protocol. As of the date of these Operating Regulations, Discover's designated protocol for the encryption of data is Secure Socket Layer (SSL). However, Discover's designated protocol, including any specifications with respect

to data encryption, may change at any time upon 30 days advance written notice. **Authorized Users may not accept Discover Card Account numbers through Electronic Mail over the Internet.**

5.2.2 Browser Support for Protocol

Authorized User shall not accept any Internet Card transactions unless the transaction is sent by means of a browser which supports Discover's designated protocol. However, if Authorized User desires to accept a Card transaction from a Cardmember whose browser does not support Discover's designated protocol, Authorized User may accept such a Card transaction by means other than the Internet, such as mail, telephone or facsimile.

5.2.3 Data Security

Authorized User must store all unencrypted data regarding Card transactions, including without limitations, Internet Card transaction data, in a secure environment. Unencrypted Sales Data may not be stored on Authorized User's Internet Web Server. You are required to notify Discover immediately if there is a breach in Authorized User's systems and Cardmember numbers may be compromised. Failure to do so could result in you being responsible for any losses incurred as a result of the breach in your systems.

5.2.4 Chargeback for Noncompliance

Any Card transaction over the Internet that fails to comply with the Agreement or this Operating Guide is subject to immediate Chargeback in accordance with the provisions contained within Section IV.4.5 of the Agreement. Discover may invoice an Authorized User any amounts owed with respect to Chargebacks on Internet Card transactions. Discover may, at their discretion, terminate the EVTA-2 in accordance with Section V.5.14 of the Agreement if such Authorized User fails to comply with the terms of this Section.

5.3 Recurring and Installment Payment Plans

If Authorized User accepts Cards for recurring or installment payment plans, Authorized User must comply with the requirements described below before initiating a series of Card transactions and also with respect to each individual Card transaction. A recurring or installment payment plan means an obligation, either of a fixed or variable amount, that is paid by a Cardmember with a series of charges to a Card account over a period of time.

5.3.1 Requirements - Overview

Authorized User must comply with the requirements in Section 4.4 and those described in this section with respect to each amount billed to a Card account pursuant to a recurring or installment payment plan. If Authorized User fails to comply with any of the requirements in Section 4.4 or in this section, or if a Cardmember raises a dispute at any time with respect to a Card sale involving a recurring or installment plan or the goods or services that Authorized User agreed to provide in a recurring or installment plan, Discover may, at their discretion, Chargeback any installment that is subject to dispute in addition to any installments that Authorized User previously submitted to Discover, in accordance with Section IV.4.5 of the Agreement.

- **Authorization**

Authorized User must receive a separate, current authorization from Discover for each installment billed to a Card account under a recurring or installment payment plan and Authorized User must obtain such an authorization before submitting Sales Data to Discover for any Card sale. If Discover authorizes a Card sale for an installment payment pursuant to a recurring or installment payment plan, that is not a guarantee that any future installment billed to a Card Account will be authorized or paid by Discover. Please refer to Section 4.4 of this Operating Guide for an explanation of how to obtain authorization for Card sales.

- **Cardmember's Approval**

Authorized User must obtain the Cardmember's approval, as described below, for a recurring or installment payment plan that charges amounts to a Card Account.

- **Submission of Sales Data**

The Sales Data that Authorized User submits to Discover for amounts required by Discover must otherwise comply with our requirements as described in Section 6.1. If the EVTA-2 or the Agreement is terminated, Authorized User may not submit Sales Data to Discover for recurring or installment Card sales that are due after the effective date of termination. If a Cardmember who agreed to a recurring or installment plan ceases to be a Cardmember due to his, her, or Discover's termination of the relationship, Authorized User may not submit Sales Data to Discover for any further installments on that Card Account and Authorized User must find an alternate method of collection from the Cardmember.

- **Fixed and Variable Payment Plans**

Authorized User must follow the requirements in Section 5.3.4 regarding fixed and variable installment plans.

5.3.2 Cardmember's Approval

Authorized User must obtain the Cardmember's written approval to charge amounts to their Card Account over the term of the recurring or installment payment plan. If Authorized User uses the Internet or another electronic process to receive an application from a Cardmember for a recurring or installment payment plan, Authorized User must retain electronic evidence of the Cardmember's approval of the recurring or installment payment plan. In any event, the Cardmember's approval, whether written or electronic, must include all of the following information:

- Cardmember's name, address and Card Account number.
- Amount of each installment, unless the amount of the installment varies, in which case you must comply with the additional requirements in Section 5.3.4.
- Timing or frequency of payments.
- Length of time over which Cardmember permits you to bill installments to the Card account.
- Authorized User's Merchant number as assigned by Discover.
- Card expiration date.
- Dollar amount of transaction including tax and tip (dollars and cents).

Authorized User must retain evidence of the Cardmember's approval of the installment or recurring billing plan for the longer of either: the term of the installment plan or the document retention period in the Agreement. Upon Discover's

request, Authorized User must provide Discover with evidence of the Cardmember's approval of the recurring or installment payment plan. In the event of renewal of a recurring or installment payment plan or the expiration of a term of a recurring or installment plan, Authorized User must obtain new evidence of the Cardmember's approval of such continued participation in the installment or recurring payment plan.

5.3.3 Complete Sales Data

In addition to obtaining authorization for each Card sale as set forth in Section 4.4 and retaining evidence of the Cardmember's approval of the recurring or installment plan, the Sales Data that Authorized User submits to Discover for Card sales involving recurring and installment payment plans must comply with Sections 4.2, 6.1 and the requirements described below.

- **Description of Transaction/Cardmember Information**

Sales Data prepared by Authorized User for each Card sale must include a general description of the Card transaction, the name of Authorized User's establishment and a phone number that the Cardmember may call to obtain customer assistance or revoke their written approval of the recurring or installment plan. If this information is provided in the Sales Data, Authorized User is not required to send a separate statement of charges to the Cardmember for each amount billed to the Card Account in a recurring or installment plan.

- **Format of Sales Data**

For each Card transaction involving a recurring or installment payment plan, Authorized User must submit Sales Data to Discover in the format specified in Section 5.3.4.

- **Card Expiration Date**

Sales Data submitted to Discover for each installment billed to a Card Account must include the Card expiration date. If the Card is not present, Authorized User must obtain the Card expiration date from the Cardmember. If a Card expires during the term of a Cardmember's approval of a recurring or installment plan, Authorized User must obtain a current Card expiration date from the Cardmember before submitting Sales Data to Discover.

5.3.4 Fixed and Variable Payment Plans - Format of Sales Data

If a recurring or installment plan provides for installments of the same amount billed to the Card Account, or if the amount of each installment in a recurring or installment plan varies, Authorized User must submit Sales Data to Discover for each recurring or installment payment on a Card account. If an Authorized User makes any changes to its fixed or variable payment plans Authorized User will contact Discover prior to making these changes. Form EVTA-2 will indicate if an Authorized User's payment program will be using fixed or variable payment plans.

6.0 PROCESSING AND SETTLEMENT

6.1 Transmission of Sales Data

If Authorized User fails to send Sales Data to Discover within 60 days of the date of the Card sale, Discover will not be required to reimburse you for such Card transactions. Except for Cardmember deposits for purchases, Authorized User may not send us Sales Data for goods

or services ordered by a Cardmember until the goods or services have been delivered or furnished to the Cardmember.

6.1.1 Submitting Electronic Sales Data

Sales Data must be sent by electronic means each Business Day through a certified third-party processor or directly in a format agreed upon by both parties. The number of Sales or Return transactions should not exceed the lesser of: 600 or Authorized User's terminal's maximum capacity per batch. Please follow the instructions given to you by your terminal provider on how to process and submit sales transactions using your terminal. **Note: Do not mail your Sales slips or Credit slips to Discover unless Discover directs you to do so.**

6.2 Settlement

The term "Settlement" means the procedure by which we will reimburse you for the amount of each Card sale made at your establishment that you submit to us. Your Settlement total for each Business Day will be the sum of the following items:

- Purchases made at your establishment in the form of Card sales.
- Minus Credits submitted by Authorized Users to Discover.

Note: State agency authorized users must receive OSC approval prior to issuing credits. Such approval must be reflected in the agency EVTA-2 work order form.

- Plus or minus adjustments we make to reconcile or correct errors in your Sales Data. All debit (Chargebacks, Adjustments, and Discount) activity aside from credits (see above) will be invoiced at month end and not deducted from the Settlement amount.
- Adjustments or discrepancies between the batch transmittal total in Sales Data and the actual sales detail will be offset against the same or subsequent Business Day's Settlement total. Chargebacks will be invoiced at month end.

6.2.1 Settlement Adjustments

We may process adjustments on transactions that have been improperly processed. These adjustments may be at your request, or at our discretion. Reasons for adjustments may include, but are not limited to:

- Sales and/or returns processed on the incorrect Cardmember number.
- The total of Card sales and credits submitted on the Merchant Batch Transmittal did not match the actual total of transactions processed by us.
- Card sales or Credit slips were illegible, incorrectly completed or incomplete.
- Items other than Card sale transactions or Credits were submitted.

The adjustment reason codes we will use are listed below:

<u>Code</u>	<u>Description</u>
IN	Invalid Cardmember Account
MA/ML	Amount adjustment
MB	Sale posted as a Credit
MG/MP	Duplicate processing
MI/MM	Incorrect Merchant
MO	Merchant-only adjustment
MR/MX	Miscellaneous adjustment
MT/MU	Transmission dump
MW	Merchant write-off
MZ	Credit posted as a Sale

6.3 Payments from Cardmembers

Authorized User may not receive or process any money representing a Cardmember's payment to Discover Business Services. Discover has the sole right to receive payment from Cardmembers for Card transactions made at Authorized User's establishment. If Authorized User receives a payment from a Cardmember, Authorized User must immediately forward it to Discover at the following address:

East of the Mississippi:

Discover Business Services
Merchant Services Center
P.O. Box 3011
New Albany, OH 43054-3011

West of the Mississippi:

Discover Business Services
Merchant Services Center
P.O. Box 52145
Phoenix, AZ 85072-2145

6.4 Periodic Activity Reports

Authorized User shall receive periodic Activity Reports from Discover indicating the Card transactions during the period covered by the Activity Reports, including, any Card sales accepted by Authorized User, the Merchant Fees and other fees applicable to such Card sales, any Chargebacks owed by Authorized User and any other transactions. We may provide Activity Reports to you or make them available according to a mutually agreed upon process. If Discover makes Activity Reports available to you on the Internet, Authorized User is responsible for retrieving them. Please verify that each Activity Reports describes all of the Card transactions that Authorized User accepted during the period covered by the Activity Reports.

7.0 TICKET RETRIEVALS AND CHARGEBACKS

7.1 Ticket Retrievals

From time to time, Discover may receive a request from a Cardmember for information regarding a Card transaction made at Authorized User's establishment, or a Cardmember may dispute a Card transaction. Discover may request in writing, documentation (referred to as a "Ticket Retrieval") from Authorized User as a result of such an inquiry. Upon receipt of the written request, Authorized User must provide Discover with a copy of the Sales slip or refund check within 20 Business Days of the request. Discover may deliver this reporting via US Mail, Internet or by other electronic means. If Authorized User does not respond to such a Ticket Retrieval request within 20 Business Days, Discover may return the Card transaction or Card transactions to Authorized User as a Chargeback, as described in Section IV.4.5 of the Agreement and Section 7.2 herein. The data or a copy of data received by Discover must be sufficiently legible for submission to the Cardmember for review or for identification of the Card Account number. In response to a request for a copy bearing the Cardmember's signature, the Authorized User may provide a legible reproduction using the electronic signature capture technology. To satisfy Ticket Retrieval requests for certain transactions, the Authorized User may provide a substitute Transaction Slip in accordance with the requirements specified in other sections of this Operating Guide. For Ticket Retrieval requests satisfied with a substitute Transaction Slip, Discover may subsequently submit a dispute if any of the required data elements listed below are missing from the substitute Transaction Slip:

- The Card Account number
- The Cardmember name
- The Card expiration date
- The Transaction amount
- The Transaction date
- The Authorization code
- The Authorized User name and location
- A description of the merchandise/services

For Mail Order/Telephone Order:

- The 'ship to' address

For Transaction completed at Self Service Terminals:

- The self service terminal locations code or city and state

For Transactions completed at an Automated Fuel Dispenser:

- The service station identification number
- The invoice number

7.2 Chargebacks

Under certain circumstances Discover may return a previously paid Card sale to an Authorized User for repayment to Discover. These returned charges are called "Chargebacks." If a billing error is asserted by a Cardmember with respect to a Card sale, or if a Cardmember complains to Discover about the quality of goods or services obtained with the Card at an Authorized User's establishment, Authorized Users will act in good faith to attempt to resolve the problem with the Cardmember. If the Cardmember refuses to pay Discover for goods or services due to a quality dispute, Discover may process a Chargeback for the charge or disputed portion of it. If Discover is involved in a lawsuit with a Cardmember relating to a Card sale made at the Authorized User's establishment, the Authorized User will cooperate with Discover to provide any assistance that we may reasonably require. If an Authorized User does not follow all the terms of the Agreement and this Operating Guide when making a transaction with a Card, or if a Card sale which is the subject of a billing dispute or quality dispute is subject to Chargeback as specified in this Operating Guide or the Agreement, Discover may seek repayment for the Card sale or the disputed portion of it. Since Discover will have already paid the Authorized User, Discover will include the amount of the chargeback on the Authorized User's next invoice. If Authorized User and a Cardmember resolve a billing inquiry or dispute on a Card sale which has been charged back, and Discover is permitted by law to rebill the Cardmember for all or a portion of the disputed amount, Discover will reimburse Authorized User for that portion of the Chargeback which Discover can rebill the Cardmember, provided Authorized User requests such reimbursement within 90 days from the date of the Chargeback. If, due to federal and/or state laws, the issuer of the Card is not permitted to rebill a Cardmember for all or a portion of a disputed transaction, Discover will not be required to reimburse Authorized User for the Chargeback, even if you have complied with the terms of the Agreement including this Operating Guide. Card transactions may be charged back to Authorized User within 180 days of the processing date if you fail to follow the Agreement or the procedures outlined in the Operating Guide. Information about Chargebacks in connection with your Merchant account will be sent to Authorized User directly. Inquiries regarding Chargebacks and/or adjustments to your account should be directed to Discover at 1-800-347-7038. All original documentation must be retained by Authorized Users for 24 months from the

transaction date. If Authorized Users deliver or transmit Sales Data to Discover in magnetic or electronic form, Authorized Users must keep microfilm or other copies of each Sales slip and each Credit slip for no less than 3 years from the date of the transaction.

7.2.1 Immediate Chargebacks

Discover may immediately Chargeback certain transactions. Discover will notify Authorized User within ten calendar days of the immediate Chargeback by fax or electronically. Discover will invoice Authorized User for the amount of immediate chargebacks. Reasons for Immediate Chargeback are listed below.

<u>Code</u>	<u>Definition</u>	<u>Explanation</u>
CV	Full contents of magnetic stripe was not included in the authorization	The transaction was effected with a counterfeit card with an altered magnetic stripe and the full contents of the magnetic stripe including the Card Verification Value were not present in the authorization request received by us.
DA	Declined Authorization	The purchase was completed after the merchant received a declined authorization message.
EX	Expired Card	The Card transaction was processed using an expired Card.
IC	Requested Item Illegible Copy	The Sales slip provided in response to a Ticket Retrieval request is not legible.
LP	Late Presentation Transaction	The time from transaction date to date of processing exceeds the 60-day limit allowed by Discover, and the transaction cannot be promptly collected from the Cardmember.
RI	Non-Receipt of Requested Item	The Sales Data not provided within 20 Business Days in response to Ticket Retrieval request.
SS	Split Sale	A transaction requiring authorization was split into two or more sales to avoid authorization, and had the transaction been submitted for authorization, it would have been declined.
TF	Service Establishment Adjustment	The Merchant violated general operating procedures not covered by other codes. A detailed explanation will be provided.

Note: Not all Chargeback reason codes are applicable to all industries.

7.2.2 Pending Chargebacks

A pending Chargeback notice will be provided to Authorized User in certain instances. Discover will notify Authorized User of the pending Chargeback by mail, fax, electronically or other method. Authorized User has 20 Business Days from the notice date to respond satisfactorily before Discover invoices Authorized User to collect the amount of Chargeback. During the notice period, Authorized User should resolve the reason for dispute directly with the Cardmember, in order to avoid responsibility for the Chargeback. Authorized User must then notify Discover of the resolution as instructed on the pending Chargeback notification form to avoid the Chargeback. Chargeback reasons for which Discover will provide a pending Chargeback notice are listed below.

<u>Code</u>	<u>Definition</u>	<u>Explanation</u>
AW	Altered Amount	The Cardmember claims that the purchase amount agreed to by the Cardmember was altered after the Cardmember signed the Sales slip and without the Cardmember's consent or direction. Only the difference is charged back.
CD	Credit Posted as Sale	The Cardmember charged a Sale rather than a credit.
DP	Duplicate Processing	The Cardmember charged more than one time for a single transaction.
EF	Transaction Exceeds Floor Limit	The transactions are at or above the Authorized User's assigned Floor Limit for which a required authorization was not obtained and which cannot, for whatever reason, be promptly collected from the Cardmember.
IS	Missing Signature	The Sales slip is missing the Cardmember's signature and the Cardmember does not recognize the Card Sale.
RG	Non-Receipt of Goods	The Cardmember charged for goods or services but never received the goods or services or canceled the transaction.
RM	Cardmember Disputes Merchandise/Service	The Cardmember disputes the quality of merchandise purchased or service rendered or any portion thereof.
RN	Non-Receipt of Credit	The Cardmember claims that a credit

		issued by the Merchant never posted to the Card Account.
SI	No Imprint on Sales Slip	The Sales slip is not imprinted with Card Account number: Cardmember does not recognize Card Sale.
UA	Unauthorized Purchase	Neither the Cardmember nor any party authorized by the Cardmember participated in the transaction and that the Cardmember has no knowledge of such transaction.

Note: Not all Chargeback reason codes are applicable to all industries.

7.3 Reversal of Chargebacks

If Authorized User is unable to resolve the dispute with the Cardmember within 90 days from the date of Chargeback and Authorized User believes that your response to the Chargeback notice did not consider facts or information now available to you, you may request a Chargeback reversal from Discover. Discover will review all relevant facts and circumstances available to Discover that pertain to Authorized User and the Cardmember and Discover will, in their discretion, determine whether to reverse the Chargeback. Discover will in their sole discretion, grant a Chargeback reversal only if: 1) applicable law permits the issuer to rebill the Cardmember for the underlying Card transaction, and 2) the Authorized User has provided new information or information not available at the time of the original Chargeback. If Discover determines that a Chargeback will be reversed, Discover will deposit the disputed amount in Authorized User's settlement account if the invoice for the disputed amount has been paid by the state/Authorized User and take action to collect such amounts from the issuer. Authorized User may not submit a new Card sale in an identical amount in order to recover for a Card transaction that has been charged back. Authorized User may request a reversal of a Chargeback by submitting a copy of the original Sales slip together with Authorized User's explanation of the circumstances of the dispute to Discover. Such requests should be sent to:

East of the Mississippi:
Discover Business Services
Merchant Services Center
P.O. Box 3011
New Albany, OH 43054-3011

West of the Mississippi:
Discover Business Services
Merchant Services Center
P.O. Box 52145
Phoenix, AZ 85072-2145

7.4 Chargeback of Card Not Present Sales

In order to help protect against the possibility of Chargebacks, Discover has instituted the following requirements. If these requirements are not followed when applicable, Authorized User may be subject to or assessed a Chargeback.

Note: while following the requirements below may protect Authorized User against losses, it does not negate the possibility of assessment of Chargebacks and/or losses:

- For Internet Card transactions, you must comply with the Address Verification Procedures in Section 4.4.8. For mail/telephone order Card sales and Card sales over the Internet, Authorized User must comply with the requirements in Sections 5.1 and 5.2.
- As described in Section 5.1, a valid Cardmember signature is the only acceptable proof of delivery for mail/telephone order Card Sales.
- As described in Section 5.1, a valid Card must be presented when a Cardmember picks up merchandise ordered by telephone or mail. An imprint of the Card and Cardmember signature must be obtained at that time.

8.0 MERCHANT FEES

8.1 Merchant Fees

Merchant fees and all other fees are set forth in Appendix C of the Agreement.

8.2 Collecting Authorized User Merchant Fee

Discover will calculate and invoice for the amount of the Merchant Fee and other fees on a monthly basis. To collect the Merchant Fee Discover will issue monthly invoices to each Authorized User, at the address provided by the Authorized User in the EVTA-2 Work Order Form.

9.0 FRAUD PREVENTION

Discover has taken precautions to protect Authorized Users and Cardmembers from fraudulent Card usage. By following the terms of this Guide and the Agreement, Authorized User will protect the interests of their business and those of your valued customers.

9.1 Recovery of Lost or Stolen Cards

To return a lost or stolen Card to Discover, complete the form at the end of this Operating Guide, cut the Card in half, attach it to the form and mail to:

East of the Mississippi:

Discover Business Services
Attn: Dept R
P.O. Box 3013
New Albany, OH 43054-3013

West of the Mississippi:

Discover Business Services
Attn: Dept. R
P.O. Box 27024
Phoenix, AZ 85038-4024

If the form at the end of this Operating Guide is missing, please provide the following information on a plain piece of paper, cut the Card in half, attach it to the piece of paper and mail to the above address:

- Authorized User Name
- Store Number
- Authorized User Address, City, State and ZIP code
- Authorized User Telephone Number
- Authorized User Number assigned by us
- Recovered Card Number
- Recovery Date
- Cardmember Name
- Reason for Recovery

9.2 Reminders for Preventing Fraudulent Card Usage

In addition to following proper authorization procedures, Authorized Users and their employees should pay careful attention to both the customer and the Card presented. In particular, Authorized Users should keep the following in mind at every transaction:

- Make sure that the Cardmember's signature on the Sales slip matches the signature on the back of the Card. If the signature on the back of the Card does not match the signature on the Sales slip, call Discover at 1-800-347-1111 and ask for a "Code 10" authorization (see section 4.5 for further instructions). Check the signature panel for signs of erasure or alteration. Do not accept the Card if the word "Void" appears in the signature panel.
- Check the Card expiration date.
- Examine the Card for signs of alteration (see section 2.1).
- If you have any doubts about the validity of the Card or the customer, review additional identification from the presenter.
- If you are using an electronic terminal and printer to process transactions, verify that the Card account number printed on the receipt matches the Card account number embossed on the front of the Card.
- Follow procedures for Address Verification if Card Not Present (see section 4.4.8).

9.3 Factoring

Factoring is a fraudulent activity in which an Authorized User deposits Sales Data on behalf of a non-Authorized User. This activity is outside the scope of the Agreement.

- What are the Problems Involving Factoring? The main problem arises when a customer expresses a complaint or dissatisfaction with the service supplied by the non-Authorized User. Should this happen, the Card sale will be charged back to the Authorized User who submitted the sale. This means if you deposit Sales Data for Card sales accepted by a non-Authorized User, you will suffer any losses associated with these Card Sales. Also, if any fraud is involved, you could face criminal prosecution.
- How Could Factoring Affect My Standing with Discover Business Services? Factoring is prohibited under the terms of the Agreement and may result in financial losses to Authorized User. It is grounds for, and will result in, immediate termination of your EVTA-2.
- What Should I do if I am Approached to Factor Sales for Someone? If Authorized User is approached by anyone asking to factor Sales Data for them, please notify Discover's Security Department immediately at 1-800-347-3083.

9.4 Type of Business

9.4.1 Changes in Business

If any of the following changes occur in Authorized User's business, Authorized User must notify Discover immediately by calling 1-800-347-2000.

- Change of ownership
- Change in type of business
- Change in business name or address
- Change in Settlement Account for Card transactions
- Change in your third-party processor or terminal provider
- Closing your business or any locations

- Changing your processing method (for example, changing from paper slips to electronic terminal)
- Filing Bankruptcy
- Change in your Federal Tax ID Number
- Loan agreements with third parties
- Changes involving mergers and acquisitions, converting to or from a electronic payment program that does not accept mail order/telephone order or Internet transactions to one that does accept such transactions.

9.4.2 Failure to Notify

If you fail to notify us, we may terminate your EVTA-2. and/or reject or Chargeback any Card sales related to a new business activity about which we have not been notified.

10.0 MERCHANT SUPPORT

10.1 Merchant Assistance

Discover Business Services offers toll-free telephone assistance 24 hours a day, 7 days a week. Trained personnel are available to provide you with the service you need. The toll-free telephone number is 1-800-347-2000. Discover's Merchant Services department may also be reached by mail at the following address:

East of the Mississippi:

Discover Business Services
Merchant Services Center
P.O. Box 3011
New Albany, OH 43054-3011

West of the Mississippi:

Discover Business Services
Merchant Services Center
P.O. Box 52145
Phoenix, AZ 85072-2145

Discover's Government Services Unit at its Operations Center in New Albany, Ohio has a representative which is assigned specifically to serve the needs of Authorized Users. Authorized Users may call 1-800-347-7038 to reach the Government Services Unit. The hours of operations are from 8:30 am to 6:30 PM EST.

10.2 Supplies

As an Authorized User, you will receive the necessary forms for your Card transactions. Additional forms, transmittal envelopes, door decals, and signage are available at no charge. Supplies can be ordered by calling our Merchant Services Center at 1-800-347-2000.

10.3 Notices

Notices to Discover required under the Agreement should be sent by return receipt mail to:

Vice President, Merchant Operations
Discover Business Services
2500 Lake Cook Road, BB-2E
Riverwoods, IL 60015-3800

Authorized User must send Discover notice of any of the conditions described in Section 9.4.1. Discover may send notices to Authorized User using any method as set forth in Form EVTA-2.

11.0 CONFIDENTIALITY

11.1 Disclosure of Confidential Information to Third Parties

Each party agrees not to use Confidential Information nor to disclose such information to any third party, except as may be necessary for that party to perform its obligations pursuant to the Agreement, and except as set forth in Sections V.5.6 and Appendix B of the Agreement. If either party should disclose Confidential Information to a third party pursuant to the Agreement, that party shall cause the third party to agree to the confidentiality provisions set forth in the Agreement, and that party shall remain responsible for any disclosure of Confidential Information by such third party to any other party that is not authorized to receive such Confidential Information.

12.0 ADVERTISING

12.1 Authorization for Service Mark Usage

Discover authorizes Authorize Users, for purposes of the Agreement, to use the service mark “Discover Card” and such other service marks as may be associated with the Card plan in advertising and promotion of the Card plan in accordance with specifications provided by Discover from time to time.

12.2 Display of Materials

Authorized Users will prominently display at each of their locations advertising and promotional materials relating to the Card plan in such manner and with such frequency as accorded any other third party credit or charge Card accepted, including, without limitation, the display of “Take-One” applications. Authorized Users will only use or display such materials in accordance with this Operating Guide or the terms of the Agreement or in accordance with any specifications provided by Discover. Discover shall, at our expense, supply advertising and display materials and such other operating forms and materials necessary to promote the Card and make Card sales. Such materials, including complete and unused Sales slips and Credit slips are Discover’s property and shall be returned upon request or at the termination of an Authorized User’s EVTA-2 or the Agreement.

Exhibit 7

DISCOVER® CARD Appendix C Rate Schedule

Discover® Card Pricing Information

PRICING SCHEDULE

The information listed below represents the complete charges for services provided under this Agreement. For further explanation of these services, please refer to the Section of the Agreement referenced.

Discount Rate	1.8% per transaction	Section II.2.1.A
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Authorized Users' Discount Rate shall be based on Gross Sales. The term "Gross Sales" means the total dollar amount of Card Sales in the applicable month.

Excessive Chargeback fee	\$25.00 per month	Section V.5.14
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Reprints of Activity Reports or monthly invoices	\$20.00 per document	Section II.2.1.
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