STATE OF CALIFORNIA
STANDARD AGREEMENT
STD. 213 (NEW 02/98)

AGREEMENT NUMBER
MSA DGS FDMS

1. This Agreement is entered into between the State Agency and the Contractor named below
   STATE AGENCY'S NAME
   Department of General Services
   CONTRACTOR'S NAME
   First Data Merchant Services
2. The term of this Agreement is: May 1, 2002 through April 30, 2005
3. The maximum amount of this Agreement is: $ 0

The contractor agrees to provide services as set forth in the Terms & Conditions of this Master Services agreement (MSA) and in any and all documents referenced.

The following portions of First Data Merchant Services (FDMS) bid is incorporated into the MSA:
Contractors proposal pages 1-55, Section XI - Pricing, Merchant Bankcard Services Agreement, References, CCC 201, Payee Data Records, Insurance Certificates, and Exceptions Document for contractor's proposal.

Request for Proposal, RFP-DGS-OFA-01-CPAS is hereby made part of this agreement, incorporated by reference, and on file with the DGS / Office of Fleet Administration (OFA), including all attachments identified and incorporated therein.

General Terms and Conditions (GTC 201), updated 2-20-01, are hereby incorporated by reference and made part of this agreement. GTC 201 can be found at www.dgs.ca.gov/contracts.

The State of California, Department of General Services (DGS) is the agency awarding this MSA. First Data Merchant Services is the contractor that will support credit and debit card processing and is responsible for settling credit card transactions to a bank account designated by the State, in accordance with applicable Visa/MasterCard rules and regulations, and this contract.
The following fourteen (14) items are incorporated into this MSA and are listed on the following 2 pages.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		CALIFORNIA Department of General Services Use Only
CONTRACTOR'S NAME *(If other than an individual, state whether a corporation, partnership, etc.)* First Data Merchant Services		bjb
BY *(Authorized Signature)* Ian M. Drysdale	DATE SIGNED *(Do not type)* April 1, 2002	APPROVED APR - 5 2002 DEPT OF GENERAL SERVICES
PRINTED NAME AND TITLE OF PERSON SIGNING Ian Drysdale, SVP, Sales and Marketing		
ADDRESS 3975 NW 120th Ave., Coral Springs, FL 33065		
STATE OF CALIFORNIA		
AGENCY NAME Department of General Services / Office of Fleet Administration		
BY (Authorized Signature)	DATE SIGNED *(Do not type)*	
PRINTED NAME AND TITLE OF PERSON SIGNING		
ADDRESS 802 Q Street, Sacramento, CA 95814		☐ Exempt per _____

1. **Term**
   This MSA shall be for a three year term beginning May 1, 2002 through April 30, 2005. In addition, DGS reserves the right, at the conclusion of the contract term, to renew the contract for two additional, one-year periods. A written and approved amendment to extend the contract is required for each extension.

2. **Conflict**
   In the event of a conflict between the RFP language and the MSA language the terms and conditions of the RFP shall prevail. In the event of a conflict between the MSA language and the language of any document(s) incorporated by reference, other than RFP-DGS-OFA-01-CPAS, the MSA language will prevail. In case of conflict between the RFP and the contractor's proposal, the RFP will prevail. In the event of a conflict between the MSA language and any subscription agreement, the terms and conditions of the MSA take precedence, except for noted Exceptions.

3. **Purpose**
   Upon approval of this agreement, the basic services to be offered include credit and debit card acceptance and processing services for state agencies, universities, and city/county/local agencies. The State is seeking to implement as many payment vehicles as are practical and secure to improve its efficiency and the level of service experienced by all parties which pay the state money. Accordingly, the contractor may add materials, new features to the services, or offer new electronic information services and payment technologies. Any changes in terms and conditions established by contractor for new materials, features, or electronic information services and payment technologies must be approved by DGS in writing.

4. **Subscription Agreements**
   Under the MSA, individual subscribers should establish subscription agreements with the contractor in accordance with their specific requirements. The contractor will be able to provide solutions to the particular requirements of subscribers regarding accounting practices, information requirements associated with some payments, and recovery of costs associated with card acceptance. The subscription agreements executed between the contractor and the subscribing agency shall incorporate the MSA. Subscribing agencies should complete the Standard Agreement, Standard Form 213 or appropriate equivalent contract form.

   To better meet the specific needs of the subscribing agency, a subscription agreement may contain a particular set of terms and conditions, as mutually agreed, provided that:

   - They comply with, and meet all requirements of the codes and regulations of the State of California,
   - There are no conflicts with the terms and conditions of the MSA and RFP.

5. **Pricing**
   In consideration of the contractor's processing services, subscribers will pay monthly, and in arrears, pricing based on the pricing grid provided on Section XI, pages 1-8.

6. **Visa and MasterCard Interchange Assessment Rates**
   The pricing specified is subject to fluctuations in the Visa and MasterCard interchange assessment rates. These rates are outside of the control of the State of California and the Contractor. Both increases and decreases in the rates are to be passed on to the State in the form of changes in the official interchange assessment rates from Visa and MasterCard. The contractor will send to each subscriber and to the DGS contact person notices documenting all pricing adjustments resulting from official changes in interchange assessment rates.

7. **Credit Card Acceptance Official Contact Persons**
   Any reports and notices required under the MSA shall be in writing and delivered to the appropriate addresses below. The contractor is responsible for notifying all subscribing agencies

in the form of a written letter of any changes to a contact person, address, phone numbers, or any other information deemed important to the day to day operation of the credit card acceptance program.

James Sapnaro
Department of General Services
Office of Fleet Administration
802 Q Street
Sacramento, CA 95814

E-mail: james.sapnaro@dgs.ca.gov
Phone: (916) 322-9017
Fax: (916) 327-1159

Trudy Crawford
Government Relations
Discover Financial Services
2500 Lake Cook Road, 2W

E-mail: trudycrawford@discoverfinancial.com
Phone: (800) 229-0058 x 588
Fax: (800) 899-3451

8. **Financial Liability**
Each subscriber is responsible for payment for credit card acceptance services, subject to appropriations of their controlling body. The State does not accept liability of non state subscribers (cities, counties, local governments, and political subdivision).

9. **Severability**
If any provisions of this MSA is held by a court of competent jurisdiction to be void or unenforceable, the remainder of this MSA shall remain in full force and effect.

10. **Invoicing**
Each subscriber shall provide billing information (mailing address, contact person, etc.) as requested by the contractor. The contractor shall bill each subscriber monthly for services and equipment, if applicable. The invoice shall reference the MSA number, subscriber's subscription agreement contract number, and month of billing period. The contractor will provide a telephone number, fax number, and address to each subscriber for billing comments or inquiries.

11. **Card Payment Deposits**
All participating state agencies are required to open a zero balance account (ZBA) at a selected Centralized Treasury System (CTS) bank to accept card payment transactions. The contractor shall transmit the total amount to the card payment transactions, less the amount of any convenience fees, for each agency tot he appropriate ZBA each day. Either automated Clearing House (ACH) or Fedwire may be used. The vendor may not debit or reduce any payment transaction in the ZBA. The contractor shall settle in gross daily and process chargebacks and adjustments through invoicing the subscriber.

12. **American Express and Discover Card**
The contractor will provide processing (authorization, capture, and routing) for American Express and/or Discover Card once subscribers have completed a separate subscription agreement with American Express and/or Discover Card. Settlement will be made directly to the State by American Express and/or Discover Card.

13. **No Additional Requirements or Qualifications**
The contractor agrees that no additional requirements or qualifications to the terms and conditions of this agreement beyond what is required by federal and state laws and regulations, or by Visa and MasterCard operating rules, or by prudent operating requirements, shall be made in carrying out the contractor's stated obligations herein.

14. **Debit Card Sales**
The State is permitted to process debit card sales and agrees to comply with the operating rules and regulations of the participating debit card networks.

Section III

D. Introduction

First Data Merchant Services Corporation ("FDMS") in conjunction with Discover Financial Services, Inc. ("Discover") proposes to offer the State of California ("State") a complete electronic payment processing system encompassing acceptance of VISA®, MasterCard®, Discover®, and American Express® branded cards as well as all major debit online / offline debit card products.

FDMS and Discover have partnered to provide a unique processing solution for over 130,000 merchants, including many government agencies, for over 15 years. We believe we have an excellent understanding of the processing needs of government entities and strive to help find better, more cost-effective payment solutions.

In order to meet the needs of the State and provide the most cost effective and efficient options, we have prepared the following response. In the event that the State should choose another processor to meet its bankcard processing needs, it should be noted that Discover has a working relationship with other bankcard processors responding to this Request for Proposal. Discover Card Brands can readily be accepted in conjunction with any bankcard program. **The pricing quoted in this response for Discover Card Brand transactions will be offered to the State regardless of which processor is selected to provide its bankcard processing.**

At Discover Financial Services, Inc., superior customer service delivered in a straightforward manner is at the center of our competitiveness within the financial services industry. We understand that our customers have many options regarding credit card services and that our ability to deliver value and convenience is at the center of our long-term existence and profitability as a financial services company. Our Mission Statement clearly directs us toward this ultimate goal:

> "Our consumer and merchant partners trust Discover to provide valuable and convenient financial services backed by exceptional customer service. We will achieve growth and profitability through innovation and efficiency."

FDMS is committed to quality products and services. FDMS maintains a dedicated Service Quality staff whose sole purpose is to monitor all operational process(s) to insure quality expedient service to our customers. Over the past two years, FDMS has implemented the Six Sigma™ process improvement program through our company. We have hired a number of Six Sigma™ Master Black Belts whose responsibility is to oversee the Six Sigma™ concept within FDMS. To date, this program has provided numerous operational efficiencies that benefit our customers. FDMS remains committed to the Six Sigma™ concept. Along with Six Sigma™,

FDMS has contracted with Arthur Anderson Consulting to assist us with auditing all area(s) impacting our clients and to provide key metrics to allow us to monitor our service levels.

By choosing Discover/FDMS you are getting a partnership that is committed to the State of California.

E. Bidders Qualifications

Discover and FDMS Corporation shall maintain all required licenses, insurance, facilities, equipment and trained personnel necessary to perform the work during the course of this contract and will provide documentation upon request.

F. Experience

First Data Merchant Services ("FDMS"™), a two time Credit Card Management "Acquirer of the Year" award winner is a member of the First Data Corporation family of companies. Our family of companies include Western Union®, TeleCheck® and First Data Resources. First Data Corporation (FDC) is a Fortune 300 company with over 30 years of processing experience. FDC is the recognized leader in payment processing and truly is the company that moves the world's money. Last year, FDMS alone processed over 7.4 billion transactions equating to over $425 Billion in Visa & MasterCard sales. First Data Corp, through our family of companies, processes approximately 1 out of every 2 credit card transactions processed in the US.

FDMS maintains over 30 direct connections to the card associations as well as direct connections to major regional debit networks through processing sites located in Melville, New York; Omaha, Nebraska; Hunt Valley, Maryland; Denver and Denver, Colorado. We continually monitor, load balance and test our redundancy to insure uninterrupted processing for our clients.

Discover Business Services, the merchant services division of Discover is now one of the largest credit card networks in the United States. Processing services are provided for over 4 million merchants, including universities, toll authorities, county, state and federal government entities. In response to the increasing interest of government entities to accept credit cards, Discover created an industry group devoted entirely to government accounts on the federal, state and local level. The creation of this group has allowed Discover to address the specific needs of these unique merchants. The Government Relations group includes government account executives, specialists in the operations department, specialists at headquarters and government service supervisors

Discover operations are national in scope. Discover has more specialized experience in working with government entities than any other processor. In addition to the blanket agreements for Discover Card brand processing, it has signed with many county governments. In conjunction with First Data Merchant Services, was chosen as one of three winning bankcard processors in the State of California RFP process. In 1999, Discover was awarded the credit card processing services for the Commonwealth of Massachusetts in its bid process. Most recently, Discover was selected as the winning bidder in the New York Board of Education's process. Also included in the over 4 million merchants nationwide that accept Discover Card brands are Military Exchanges, the US Mint, the US Postal Service, and more recently, the Internal Revenue Service.

G. Bidder's Profile

Morgan Stanley Dean Witter & Co. is a diversified financial services company that provides a broad range of consumer financial services products. These products include general-purpose credit cards such as the Discover® Card, consumer loans, and a broad array of securities products. Discover Financial Services, Inc. is a wholly owned subsidiary of Novus Credit Services, Inc., which is a wholly owned subsidiary of Morgan Stanley Dean Witter & Co.

The Discover Card was launched in 1985, and since then Discover has introduced several new Card Brands, including the Private Issue Card, the Smithsonian Card, the Universal Card and the Discover Platinum Card. There are over 48 million Discover Cardmembers represented in over 33% of U.S. households.

Headquartered in Riverwoods, Illinois, Discover also has Operations Centers in New Albany, Ohio; Sandy, Utah; New Castle, Delaware; and Phoenix, Arizona. These centers serve Merchants and Cardmembers by handling inquiries, settlement, billing, security authorizations and payment processing.

In response to the increasing interest of government entities to accept credit cards, Discover created an industry group devoted entirely to government accounts on the federal, state and local level. The creation of this group has allowed Discover to address the specific needs of these unique merchants. The Government Relations group includes government account executives, specialists in the operations department, specialists at headquarters and government service supervisors.

FDMS is comprised of several business units dedicated to varying aspects of our business. The business unit responsible for the State of California is segmented into four components, Sales & Product Development, Operations, Merchant Contact and Finance. Each group is lead by a Director reporting into a General Manager that is responsible for the overall business unit within FDMS.

The points of contact for FDMS are as follows:

Karlos Estevez, Government Sales Executive	(954) 845-4159
Geoffrey Foster, Government Relationship Mgr	(954) 845-4979
Michelle Murtha, Director – E-Commerce	(631) 843-6955
John Collins, Director- Operations & Conversions	(954) 845 4161

Karlos Estevez has been in the credit card processing industry for twenty five years and will be responsible for the overall State of California relationship within FDMS.

Geoffrey Foster has been with FDMS for over five years and will be the central point of contact for the State to resolve issues rising from the processing services contracted as a result of this RFP.

Michelle Murtha has been with FDMS for five years and will be the primary contact for the State's Internet solutions; including E-Commerce and web-design.

John Collins has been with FDMS for 11 years and will be the primary contact for the State's operational issues and conversion efforts.

The points of contact for Discover are as follows:

Trudy Crawford, Account Executive	(909) 899-7775
Jann Grismore, Government Service Supervisor	(480) 357-6317

Trudy Crawford has been employed with Discover in the merchant sales area for over 16 years. Trudy will be the State's Contract and Relationship Manager. She will be responsible for managing all aspects of the Discover Card acceptance program and work very closely with FDMS to resolve any issues.

Jann Grismore has worked with Discover in the merchant sales area for the past 12 years. Jann will coordinate all required training for the State and will devote 100% of her time to the State until it is ready to process transactions.

For your review, please see attached organization charts for both Discover and FDMS. Attachment A and B respectively.

First Data Merchant Services ("FDMS"™), a 2x Credit Card Management "Acquirer of the Year" award winner is a member of the First Data Corporation family of companies. Our family of companies include Western Union®, Telecheck®, First Data Resources, Envoy® and Telemoney®. First Data Corporation (FDC) is a "Fortune 300" company with over 30 years of processing experience. FDC is the

recognized leader in payment processing and truly is the company that moves the world's money. Last year, FDMS alone processed over 6.4 billion transactions.

FDMS will process VISA® and MasterCard® branded cards directly to their respective associations. As part of our processing services, FDMS provides editing procedures that insure the State receives the most favorable interchange incentive rates available. The rates received by the State are ultimately determined by the accuracy and completeness of the submitted data.

FDMS will act as 3rd party processor for Discover® and American Express® which encompasses routing these transactions directly to the appropriate card processor for settlement and posting. These card processors will be responsible for all settlement, posting, funding and reporting of these transactions. FDMS will provide batch level detail of all submitted card types as part of its normal information product line. However, FDMS will not be able to provide funding data for Discover® or American Express®. This information must come from these respective card processors.

FDMS is a registered processor with all major card associations including VISA®, MasterCard®, Discover®, and American Express®. In addition, FDMS is also registered with both national debit networks, Interlink® and Maestro® as well as a majority of the regional networks, such as NYCE®, PULSE®, MAC®, STAR® (East & West), Shazam®, etc. As the largest credit card processor in the US, we work very closely with the card associations to insure operating procedures are consistently reviewed and updated to keep in step with our fast-paced business.

FDMS maintains over 30 direct connections to the card associations as well as direct connections to several major regional debit networks through processing sites located in Melville, New York, Omaha, Nebraska, Hunt Valley, Maryland and Coral Springs, Florida. We continually monitor, load balance and test our redundancy to insure uninterrupted processing for our clients.

FDMS will process all card types required by the State in accordance with applicable card association guidelines and regulations. These guidelines may change from time to time and FDMS will endeavor to provide the State sufficient notice of such changes prior to effective dates.

FDMS will provide authorization and settlement services that will allow the State to utilize a variety of card acceptance technologies, including: direct POS terminals & software, IVR and Internet protocols. FDMS will receive all batches submitted by the various State entities and depending on the card type, will route the transactions accordingly.

For your review, please see attached annual reports for both Discover and FDMS, Attachments C and D.

While Discover is not a member of the Visa and MasterCard Associations, it has been a certified processor of both since 1986.

FDMS maintains affiliations with several 3rd parties to insure our clients are provided the most cost effective processing. We maintain relationships with BuyPass®, Vital®, Genesar®, as well as a host of others.

FDMS is a member of the Electronic Transaction Association (ETA) and has affiliations with other industry organizations, such as: National Retail Federation, American Banking Association, etc.

Discover has sought out membership in a number of associations in support of our merchant relationships. For example, Discover is a member of the National Association of State Treasurers in support of some of our government merchants. In addition, Discover holds membership in both the National Retail Federation and the National Restaurant Association.

In addition, please refer to the "References" section of this response for reference information regarding our program. Organization charts for both Discover and FDMS are attached as Attachment A and B respectively.

Neither Discover nor FDMS intends to outsource any authorization and or settlement services. IVR services will be provided through a subcontractor of Discover. In an effort to provide the State with the greatest choice of options we intend to provide more than one IVR subcontractor as an option. FDMS does not offer these services directly and has no contractual agreement with the IVR providers. For specific information on the IVR companies please refer to Section IV B.

H. Contract and Administrative Requirements

Please refer to Sections V – XII of this response for precise statements of compliance of each contractual requirement as specified.

I. Functional and Technical Presentation

All aspects and details of the proposed fulfillment of the State's specific functional, technical, performance and support requirements are addressed specifically in Sections VII – X.

J. Pricing Information

Please refer to the pricing schedule in Section XI.

K. Unique Capabilities

In response to government entities to collect 100% of revenue from the payment of fines and services, Discover is pleased to introduce its exclusive in-person Discover Card brand surcharge option. Discover will allow the State to pass its fees for Discover Card brand acceptance through to its residents via a surcharge. A surcharge schedule has been included with this response in the Section XI – Pricing. For those offices that must pass the fees for acceptance along to the customer, Discover may be the only card accepted.

In addition, local Sales and Service Executives will be available to assist in the installation of equipment and training of staff. Furthermore, Discover Business Services operates a Business Market Office in the State at the following address:

Discover Business Services
2001 Financial Way Suite 100
Glendora, California 91741

The partnership of Discover/FDMS brings both experience and technology to the table. Discover is a leader among processors in the market place. We understand your needs and have developed special programs to meet them. We also have more experience working with Government entities than any other processor.

FDMS as a part of the FDC family of companies brings 30 years of processing experience and a host of payment acceptance solutions, which include Telecheck and Western Union. We bring you excellent customer service and access to the latest technology

First Data Merchant Services Corporation is the worldwide leader in electronic payment solutions and new commerce. Through our partnership with several of the nation's largest financial institutions, especially Discover Business Services, FDMS processes more than 7 billion electronic payment transactions annually-worth over

$425 billion in sales volume-for approximately 2.6 million merchant locations.

We support many different merchant types, continually reinvesting in new products for each market. With our partners, we provide merchant processing solutions in the United States, Canada, the Caribbean, Mexico, the United Kingdom and Australia.

In the very near future, FDMS will be able to offer the State "YourPay" a secure, virtual point of sale terminal, which functions similarly to the terminals commonly used in a face to face environment. You simply enter the data needed for the transaction and the transaction is processed via the Internet. No hardware is required, other than the associate's PC and ISP. (For example America Online, Earthlink, AT&T). The sales associate can access the Internet from anywhere, enabling instant access.

FDMS currently has the ability to process Visa Smart Credit transactions on several system platforms. This processing is based on Visa VSDC "Early" specifications. (new values in existing data fields). VSDC "Full" processing (new smart card data fields) is anticipated to be a future expansion. FDMS is currently working with MasterCard to incorporate Partial Grade Acquiring (new values in existing fields) on several of its most popular front end specifications by 1Q02 with the balance to be done in 2002. Full Grade Acquiring (new smart card data fields) is anticipated to be a future expansion. Terminals are currently in certification to support the above efforts with the first being available in one of the platforms by 4Q01. Currently issued smart cards contain a magnetic stripe, which can be processed on existing equipment. FDMS is currently working on supporting other smart card activity, such as loyalty transactions, which will be introduced in 1Q02

Section IV Administrative & Contractual Requirements

A. Contractual Responsibility

Discover/FDMS acknowledges and accepts the Contractual Responsibility requirement.

B. Subcontractor

For purposes of RFP DGS-OFA-01-CPAS, FDMS will act as a contractor and have sole responsibility for providing processing services for Visa®, MasterCard®. Discover® and American Express® will act as a contractor(s) and have responsibility for providing processing services for the Discover® card and American Express® cards respectively. In the capacity of a contractor, FDMS will act as a 3rd party processor for Discover® and American Express® cards and be responsible for routing authorization and settlement records directly to Discover® and American Express®, respectively. Discover® and American Express® will each be responsible for settlement and funding of all their transactions.

FDMS and Northern Trust Company must retain the right to assign or sub-contract this processing agreement to subsidiaries or affiliates of First Data Corporation, Discover Financial Services, Inc.; Northern Trust Company or other sponsoring banks.

FDMS utilizes Electronic Data Systems ("EDS") as a subcontractor for some debit card acceptance services whereby FDMS does not maintain a direct host-to-host connection to the online debit network. Furthermore, FDMS uses EDS as part of our Business Continuity Planning for redundancy of our debit processing services.

For the purpose of RFP DGS-OFA-01-CPAS Discover Financial Services, Inc. has committed to establish subcontractor relationship with both PhoneCharge, Inc. and Official Payments Corporation. Each agency will then have the ability to choose which IVR vendor best meets their needs. FDMS does not offer these services directly and has no contractual agreement with these vendors.

PhoneCharge, Inc. (PCI) of Glen Cove, NY was formed in 1992 to develop, market and provide electronic payment options to government agencies, telecommunications companies, utilities, various industries, as well as universities and schools. PCI is the pre-eminent supplier of electronic payment options to these entities, processing literally billions of dollars in transactions since its inception for several million citizens annually. Consumers use the PhoneCharge system for the payment of personal and property taxes, motor vehicle fees, gas and electric as well as telecommunications bills tuition and other school expenses. PCI has developed

the most sophisticated hardware and software available for meeting the needs of any accounts receivable system, and for interacting with consumers in the most efficient, user-friendly manner possible.

PhoneCharge, Inc.("PCI") has been supplying electronic payment options and in particular, VRU based credit card processing services to companies and government agencies for over 7 years. The principals of PCI possess over thirty five years experience in the creation and direct marketing of innovative products and services.

The PCI corporate office is located at 58 School St., Glen Cove, NY 11542. In addition, PCI has operating offices in Los Angeles, CA and a Research and Development Division in Shelton, CT.

PCI's initial and still dominant product is the Pay-by-Phone by Credit Card service, a fully automated, voice response unit (henceforth VRU)-based service which enables callers to pay bills over a touch-tone phone via a credit card. The service is available 24 hours a day, seven days a week. PCI's VRU is linked to a credit card processor, which provides for the on-line authorization of all credit card transactions.

The PhoneCharge pay-by-phone by credit card service is being widely used for the payment of utility bills, tax bills, and tuition payments, as well as vehicle registration renewals. PhoneCharge works closely with every Client to achieve the maximum level of customization, and meet the Client's specific needs. Each PhoneCharge Client is given a dedicated toll-free number to allow for the greatest efficiency and flexibility for the individual consumer.

Fast on the heels of the Credit Card service is the ATM Card by Phone solution which enables callers to initiate direct debits from their bank accounts on an online, guaranteed funds basis. Currently this application has only been approved for the payment of utility bills, but broader approval is anticipated in the near future. Once such approvals by the Electronic Funds Transfer (EFT) networks are obtained, it promises to be a powerful payment tool.

In the meantime, PCI offers an Electronic Check option, which allows users to initiate one-time, spontaneous direct debits from their bank accounts on a "paper-less" basis. Electronic Check is a universal option available to any citizen with a bank account and offers an efficient way to make telephone payments at a very low cost for those not wishing (or needing) to use a credit card. PCI currently processes over $800,000,000 in credit card and ATM card transactions per year.

With its extensive experience in both the area of Interactive Voice Response Systems and credit card processing, PCI can provide the service sought by the Government in the most sophisticated and efficient manner possible, through complete customization according to the Government's specifications.

OPC (Nasdaq: OPAY) is the leading provider of electronic payment options to government entities. The company's principal business is enabling consumers to pay their government taxes, fees, fines, and utility bills by credit card, via Internet and telephone. The company is unequaled in market penetration and national footprint. OPC has agreements to collect and process credit card payments with the Internal Revenue Service, 18 state governments, the District of Columbia, and over 900 county and municipal governments in 48 states across the United States. In 2000, OPC collected and processed over $925 million in federal, state and local government payments.

OPC has been processing government payments electronically since 1996, when the company began accepting property tax payments in California. As word of the company's innovative systems spread, OPC signed many new government clients, nearly doubling the number of clients year-over-year.

In 1999, OPC contracted with the IRS to accept electronic personal income tax payments through an IVR (telephone) system, and continues to do so. In 2001, the company expanded the contract with the IRS to include electronic payments accepted over the Internet. In addition, the IRS has just exercised an option to renew for an additional calendar year.

In 2000, OPC signed contracts to provide the company's electronic payment services, both IVR and Internet, to eleven states, bringing the company's total to 15 states. In 2001, so far, OPC has signed three more state partners, bringing the state partner total to 19. In addition, OPC has added services for numerous state clients. And, since the company's inception, OPC has signed more than 900 county and local governments in 48 states.

OPC partners directly with the government on federal, state, and local levels. OPC is the official credit card payment option partner of the IRS. In 2001, the company successfully processed more than 27,000 IRS payments from California citizens totaling nearly $125 million.

In addition to partnering with the State of California since 1996, OPC also partners with the states of Alabama, Arkansas, Connecticut, Illinois, Iowa, Kansas, Maryland, Minnesota, Mississippi, New Jersey, New York, Ohio, Oklahoma, Virginia, Washington, West Virginia, and Wisconsin, as well as the District of Columbia and 900+ municipalities and counties in 48 states. The company currently provides over 1,500 payment services. For current clients, OPC processes a variety of payments including sales and use taxes: estimated, extension, balance-due, and past-due personal income taxes; real estate, personal property, and school district taxes; fines for speeding and other traffic rule violations; parking rule violations; public university tuition payments; water, electricity, and gas bills; and more.

In addition, OPC's technology has proven itself secure for over $925 million in tax and fee transactions in 2000. The company's proven relationships with American Express, MasterCard, Discover, and VISA are continually revisited to ensure OPC is in complete compliance with their rules and regulations.

OPC is confident that the company's cumulative experience in working with government clients enables state-of-the-art Internet and IVR payment solutions, which are unparalleled in the marketplace, with the shortest implementation time frame.

As a partner of both consumers and government, OPC is committed to making all types of payments to the government go fast, smart and safe.

C. Funds Availability

Any contract(s) awarded under this RFP will be valid and enforceable only if sufficient funds are made available to the State for the fiscal year(s) covered by any contract. In addition, any contract(s) is subject to any additional statutory restrictions, limitations, or conditions enacted by the Legislature or any statute enacted by the Congress which may affect the provisions, terms or funding of any resulting contract(s) in any manner.

Discover and FDMS acknowledges and accepts the Funds Availability requirement.

D. Prompt Payment Act

With respect to late payment penalties, the California Prompt Payment Act (Government Code Section 927 et seq.) provides that payments on undisputed invoices must be made within 45 days of receipt, or is subject to an interest penalty fee. The penalty is typically calculated at a rate of one (1) percent above the rate accrued on June 30 of the prior year by the Pooled Money Investment Account, not to exceed 15 percent; however, the law provides that the penalty is waived if it amounts to seventy-five dollars ($75) or less. The provisions of the Prompt Payment Act may not be waived.

Discover and FDMS acknowledges and accepts the Prompt Payment Act requirement.

E. Phase-In and Phase-Out Services

Prior to contract termination, successful bidder(s) must furnish phase-out services for up to 120 working days. Additionally, the successful bidder(s) must negotiate in good faith a plan with a successor to determine the nature and extent of phase-in, phase-out services required.

Discover and FDMS acknowledge and accept the Phase-In and Phase- Out Services requirement.

F. Applicable Law

Any contracts resulting from this RFP shall be subject to and construed in accordance with the laws of the State of California.

Discover and FDMS acknowledge and accept the Applicable Law requirement.

G. Contractor Certification Clauses (CCC 201)

The State of California is engaged in an effort to standardize certain contracting formats and procedures. The enclosed "Contractor Certification Clauses" contain standardized language and conditions that will apply to any contract awarded under this RFP. (For CA's reference, these clauses are accessible on the Internet at www.dgs.ca.gov/contracts.) **Also, a copy may be obtained by contacting the primary contact person.**

As part of its proposal, each bidder must sign and return page one of CCC 201, acknowledging its understanding of and agreement to be bound by such terms and conditions if awarded a contract.

Discover and FDMS acknowledge and understand the States effort for standardization and have signed and attached page CCC 201 as an Attachment.

H. Payee Data Record

Each bidder must fully complete, sign, and return the enclosed Payee Data Record (Std. 204) as part of its proposal. See Attachment 1.

A fully completed and signed Payee Data Record (Std. 204) is submitted.

I. Standard Agreement (Std. 213)

FDMS requests the attached Merchant Processing Agreement be incorporated in it entirety in the Standard Agreement (Std. 213). The FDMS Bankcard Merchant Services Agreement is Attached as Attachment E.

Discover requests that its Government Entity/Utility Merchant Services Agreement be incorporated in the Standard Agreement (Std. 213). The Discover Governmental Entity/Utility Merchant Services Agreement is attached as Attachment F.

J. Small Business Preference

Discover and FDMS acknowledges and accepts, but does not qualify for, the Small Business Preference requirement.

K. Target Area Contract Preference Act (TACPA)

Discover and FDMS acknowledges and accepts, but does not qualify for, the Target Area Contract Preference Act (TACPA) requirement.

L. Local Agency Military Base Recovery Area (LAMBRA) Act

Discover and FDMS acknowledges and accepts but does not qualify for, the Local Agency Military Base Recovery Area (LAMBRA) Act requirement.

M. Enterprise Zone Act (EZA)

Discover and FDMS acknowledges and accepts, but does not qualify for , the Enterprise Zone Act (EZA) requirement.

Section V Convenience Fees & Card Payment Deposits

A. Convenience Fees (MR)

Convenience fees are assessed to card users (consumers) to offset the cost of card acceptance. Assessment of the fee occurs at the time of the transaction. Individual State agencies, based on their individual requirements, will determine whether or not to pass on the convenience fee on card transactions to the cardholder.

Convenience fees are subject to the constraints of the card associations and card companies and, in some cases, by State regulations. In general, card payments, and specific card brands, may not be disadvantaged at the point-of-sale relative to other payments. All of the following convenience fee types are (MR).

- Convenience fees may be levied as a flat fee and not tied to the amount of the payment transaction.
- Convenience fees may be levied as a percentage of the transaction amount.
- Convenience fees may be levied based on tiered schedule associated with the transaction amount.
- Contractors must support convenience fee policies at the individual agency level.
- Contractors must support convenience fee assessment by type of payment channel (i.e., telephone, over-the-counter) within each agency.
- Contractors must support variations in the convenience fee at the agency level.

In response to the State's desire for solutions that will allow certain government offices to collect 100% of revenue from the payment of fines and services, Discover is pleased to introduce its exclusive in-person Discover Card brand surcharge option. Discover will allow the State to pass its fees for Discover Card brand acceptance through to its residents via a surcharge. A surcharge schedule has been included with this response in the Pricing section. For those offices that must pass the fees for acceptance along to the customer, Discover may be the only card accepted.

FDMS will allow a 'convenience fee' to be charged to the end consumer in accordance with VISA® and MasterCard® regulations. The State shall not require FDMS to perform functions or processes that will violate the aforementioned regulations, as amended from time to time.

B. Card Payment Deposits

The State of California has financial and accounting policies and requirements that contractors must comply with under the MSA. These requirements include:

- **All participating State agencies are required to open a Zero Balance Account (ZBA) at a selected Centralized Treasury System (CTS) bank to accept card payment transactions. The contractor shall transmit the total amount of the card payment transactions, less the amount of any convenience fees, for each agency to the appropriate ZBA each.**

Discover and FDMS will deposit payments for transactions based on settlement totals processed by each agency to the zero balance account.

Under the unique Discover surcharge program the convenience fee can be striped from the total amount of the card payment transaction.

- **The contractor may not debit or reduce any payment transactions in the ZBA.**

- **Discount fees will be paid monthly. Contractors must submit an itemized monthly invoice for discount fees and any other fees to the individual State agency.**

Discover and FDMS will provide the State with the option to receive invoices for fees.

- **The contractor must transmit timely detailed analysis to each of the participating State agencies, providing sufficient information for each of the agencies to reconcile deposits transferred into its respective ZBA.**

FDMS maintains several types of reporting options for the State and its affiliates. Our primary method of information delivery is the Internet through our proprietary online reporting tool, MyMerchantView, www.MyMerchantView.net (formerly Moneta www.moneta-services.com). MyMerchantView provides information such as sales, transactions, deposit, batch transaction detail, media retrieval chargeback, etc. The information is available for 18 months. MyMerchantView has the ability to roll information up to the master merchant level if desired by the State.

Discover Business Services will provide the State with an Internet-based business tool that will allow the State to view their daily activity on-line, including chargebacks and ticket retrieval requests. We can provide daily activity reports, chargebacks and ticket retrievals on paper via the US mail as well. Discover will offer this web based reporting tool to the State. For detailed information regarding Tran$action Tracker, please refer to Attachment G.

As part of the FDMS product suite offered to the State in response to the requirements set forth in RFP DGS-OFA-01-CPAS, FDMS has the ability to offer the State an electronic reconcilement file that will provide information necessary to match multiple batches to a single FDMS funding deposit through our 3-Tier funding product. The 3-Tier product will provide the State batch number information that corresponds to FDMS funding deposits. This will allow the State the ability to tie a single FDMS funding deposit back to originating multiple batches. In order for the State to take full advantage of this product, it will be necessary for the State to provide a 6-digit unique batch number with each settlement. The 6-digit number must be in the MMDDXX format. Where MM is the current month, DD is the current day of the settlement and XX is the batch number. This information coupled with the merchant number will pass through our processing systems and ultimately populate the 3-Tier product. In addition to the daily 3-Tier file, the unique State defined batch number will also appear on our online reporting system, MyMerchantView.

The 3-Tier file will be available daily for transmission. The State will be responsible for 'pulling' the file in and loading into the State's General Ledger System. FDMS is certainly willing to work with a vendor of the State's choosing to handle the interface between the 3-Tier product and the State's GL system. FDMS cannot link directly with the GL system.

The contractor must provide a directory of representative(s) and phone number(s) to resolve problems and respond to inquiries. Any problems or inquiries regarding the direct reconciliation of an agency's payment transactions, the transfer to the ZBA or any other payment transactions involving the contractor shall be resolved by the contractor within three business days from the date of the original inquiry. Other problems and inquiries will be addressed within one week from the date of the original contact.

For the purposes of RFP-DGS-OFA-01-CPAS, FDMS and Discover will act in partnership for overall management of the State of California relationship. Discover will act as primary liaison with the State in matters pertaining to the RFP. The points of contact for Discover and FDMS are as follows:

Trudy Crawford, Discover	(909) 899-7775
Jann Grismore, Discover	(480) 357-6317
Geoffrey Foster, GovernmentRelationship Mgr.	(954) 845-4979
Karlos Estevez, Government Sales – FDMS	(954) 845-4159
Michelle Murtha, Director – FDMS E-Commerce	(631) 843-6955
John Collins, Director- Operations & Conversions	(954) 845-4161

- **The contractor must identify revenue/payment data according to classification and source identification codes assigned by the State.**

FDMS in conjunction with Discover proposes to offer the State a complete electronic payment processing system encompassing acceptance of VISA®, MasterCard®, Discover® and American Express® branded cards as well as all major online / offline debit card products.

FDMS further proposes to provide processing services whereby the State will be able to assign user defined batch information that will allow the State the ability to reconcile FDMS funded information with settled batch activity. FDMS will provide the State the ability to subscribe to the reconcilement information as an 'add-on' to our basic processing product suite. The electronic reconcilement file will encompass user defined batch information by FDMS funded deposit. The file will be available for the State to 'pick-up' on a daily basis.

FDMS has the ability to offer the State an electronic reconcilement file that will provide information necessary to match multiple batches to a single FDMS funding deposit through our 3-Tier funding product. The 3-Tier product will provide the State batch number information that corresponds to FDMS funding deposits. This will allow the State the ability to tie a single funding deposit back to originating multiple batches. In order for the State to take full advantage of this product, it will be necessary for the State to provide a 6-digit unique batch number with each FDMS settlement. The 6-digit number must be in the MMDDXX format. Where MM is the current month, DD is the current day of the settlement and XX is the batch number. This information coupled with the merchant number will pass through our processing systems and ultimately populate the 3-Tier product. In addition to the daily 3-Tier file, the unique State defined batch number will also appear on our online reporting system, MyMerchantView (formerly Moneta).

- **All accounting information must be able to be electronically transmitted to all participating agencies.**

Both Discover and FDMS have Internet reporting options available.
The 3-Tier file will be available daily for transmission. The State will be responsible for 'pulling' the file in and loading into the State's General Ledger System. FDMS is certainly willing to work with a vendor of the State's choosing to handle the interface between the 3-Tier product and the State's GL system. FDMS cannot link directly with the GL system.

- **The contractor must provide ad hoc reporting capabilities.**

Ad Hoc Reporting would be available upon request from your FDMS Relationship Manager. Discover will work with the State to provide all required reports.

SECTION V CONVENIENCE FEES & CARD PAYMENT DEPOSITS

Convenience Fee Assessment (All MR)

Functions/Capabilities	Currently Available	Planned Availability Date	Comments
V.1 Assess a flat convenience fee	YES		Compliance required See previous page
V.2 Assess a percentage convenience fee	YES		Compliance required See previous page
V.3 Assess a tiered convenience fee	YES		Compliance required. See previous page
V.4 Provide flexibility for each agency to assess or not assess a convenience fee	YES		Compliance required. See previous page.
V.5 Provide flexibility for each agency to assess or not assess a convenience fee by payment channel	YES		Compliance required. See previous page.
V.6 Support variations in convenience fees at the agency level	YES		Compliance required. See previous page.
V. 7 Deposit card transactions, less convenience fee, into agency ZBA	YES		Compliance required. Convenience fee must be processed as a separate transaction.
V.8 Submit monthly invoices for discount fees and any other fees to individual agencies.	YES		There is a charge for this service
V.9 Transmit timely detailed analysis necessary to reconcile ZBA and convenience fee deposits	YES		

V.10 Provide a directory of representatives for inquiry and problem resolution	YES		See Sections III G and Section VII C
V.11 Identify revenue classification and source			See narrative
V.12 Electronically transmit all accounting information to the State and participating agencies	YES		Internet reporting available
V.13 Provide ad hoc reporting	YES		

SECTION VI *LEVELS* OF SERVICE

A. Manual Processing (MR)

Includes the use of imprinters only, call-in voice authorizations over the telephone, and physical deposit of sales drafts at a bank branch. The cash register operation is separate from the card transaction.

The use of manual processing, call-in authorization over the telephone as an alternate means of processing. FDMS does not provide physical deposits of sales drafts.

B. Authorization Only (MR)

Includes authorization-only terminals, with physical deposit of sales drafts at a bank branch. The cash register operation is separate from the card transaction.

Non qualifying fees may apply.

C. EDC - Electronic Data Capture (MR)

Electronic data capture terminals are used for both transaction authorization and electronic credit draft capture. Electronically stored sales drafts are transmitted to the processor/acquirer. There is no in-person deposit of credit drafts at a bank branch. The cash register operation is separate from the card transaction.

As part of FDMS' suite of card processing products, we are able to offer card acceptance to the State using a wide variety of POS devices. The simple nature of using POS devices assumes face-to-face consumer payments.

FDMS recommends the State utilize the Eclipse™ POS terminal manufactured by Telecheck® and Verifone® or the Hypercom T7PT.

The Eclipse™ terminal is an integrated terminal, printer and check reader with scan ability. This unique POS device allows the State the ability to accept all card types, including VISA®, MasterCard®, Discover® and American Express® branded cards. With the optional Verifone® Pin Pad 1000, the State will be able to accept all major online debit cards.

The Eclipse™ terminal also provides the State the ability to process checks via electronic check acceptance. This product basically turns a check into an ACH transaction and eliminates the need to deposit the checks directly into the State's financial institution. The Eclipse™ terminal process(s) and cancels the check at the

point of sale allowing your employees to hand the check back to the consumer for their records.

The Hypercom T7PT terminal is an integrated terminal high-speed thermal printer solution, which supports Credit, Debit, Electronic Benefit Transfer (EBT), and Check service payments. The T7P uses feature-rich applications for retail, restaurant, lodging and auto rental, with support for all the advanced industry features such as AVS, Purchasing Card (Level II), Commercial Card (Corporate and Business Card), IRS-TRAC Reporting, Bar Tab, Auto Close, Tip Gratuity, Check-Ins, and Check-outs. The Hypercom T7PT is ideal for merchants who have limited counter space. The all-in- one unit reduces operating cost and improved services quality. Ease of use-35 pre- programmed keys allow for single stroke functions. Fast thermal printer-7 lines per second. No more printer ribbons to buy or replace.

FDMS also supports a wide variety of POS devices, including: Verifone® and Lipman®.

IC Verify is a complete payment system in one powerful application. IC Verify for Windows runs on virtually any PC or PC based point-of-sale register platform and supports multiple operating systems. Consolidates all customer payments into one system, eliminating the need for traditional stand-alone terminals. Processes multiple payments (credit/debit cards and checks), eliminating the need for additional programming and multiple reconciliation efforts. Single settlement for all card types, and complete transaction reporting for fast and accurate end-of-day closing. Stores transaction data for up to nine years, (depending on available hard drive space) giving the State an alternative to traditional paper receipt storage. Meets state account number truncation and expiration sate print suppression requirements. PC database record retention provides the State with business/demographic information necessary for forecasting and marketing. Supports DUKPT encryption for Debit card processing. IC Verify provides Multi-User support for PC/LAN environments where multiple work stations share a single server and provides Multi-merchant capability available in both single-user and multi-user environments.

As part of the POS device's configuration, the device will dial out directly to the FDMS host for authorization requests. FDMS will route the authorization request directly to the respective card processor utilizing our direct host-to-host connections. We will route the card issuer authorization response back to the POS device and display the response on the device. In the event, the device indicates the issuer requires manual approval via 'call center' or referral' responses, the State will be provided a toll-free voice authorization number to call. Most POS devices supported by FDMS allow for automatic batching. In the process, the device transmits settlement data to the FDMS host at a time pre-determined by the State. FDMS acknowledges receipt of the settlement data with a confirmation number sent back to the device. This number will correspond to the batch information displayed

on the State's paper statement or MyMerchantView. FDMS routes the settled data to the appropriate card processing entity. VISA®, MasterCard® and debit card types are processed by FDMS. Discover® and American Express® card types are processed by their respective processors. FDMS will provide funding for card types processed directly in two business days. Other card types will be funded by their respective processors, generally in two business days.

C. Check Authorization Services

Please describe CA's check authorization services and the type of verification and/or guarantee options available.

Discover and FDMS will offer the State the ability to accept checks at the point of sale utilizing Telecheck's Electronic Check Acceptance product. In addition, the State can accept check over the Internet utilizing Telecheck's Internet Check Acceptance product. Each product provides electronic check processing with guarantee, an exclusive feature of FDC. Checks accepted with our electronic acceptance product will be funded in two business days along with the State's VISA® and MasterCard® deposits.

D. Electronic ECR/POS Interface

Automated electronic interface with cash registers (point-of-sale) system to support on-line, interactive verification of charges and receipt of approval codes. No in-person deposit of credit sales drafts.

Discover and FDMS will support this. FDMS is certified with over 200 software vendors for automated interface with Electronic Cash Registers and POS devices and supports on-line, interactive authorizations, capture and settlement. FDMS recommends the top five vendors listed below:

Atomic Software	Go Software	Synchronics
DataCap Solutions	Southern Data Com	

F. PC Interface

State agency personal computers interface by modem with bank computers to provide batched data transmission and storage of sales draft information. The transaction authorization and data capture functions are incorporated in the PC, which acts as the POS terminal.

FDMS is certified with over 200 software vendors for automated interface with Electronic Cash Registers and POS devices and supports on-line, interactive authorizations, capture and settlement. FDMS recommends the top five vendors listed below:

Atomic Software	Go Software	Synchronics
DataCap Solutions	Southern Data Com	

G. Plural Interface Processing

Routes bankcard transactions to third party processors and charge card transactions directly to American Express or Discover. Identify if plural interface processing is supported. If it is not supported, identify the amount of the fee that will be charged to the agency for forwarding the transaction.

FDMS will allow Amex- Split Dial processing on appropriate EDC terminals.

FDMS will not assess the State any transaction fee for routing the transaction to Discover. Since the transaction flows through the FDMS system, this allows for on-line reporting to include this card type in Mymerchantview and monthly statements.

H. Mail Order Telephone Order (MOTO) (MR)

Support of mail/phone order transactions recorded without physical access to the card (no magnetic stripes to be read).

FDMS supports Mail Order/Telephone order processing and allows the merchant the capability of Address Verification (AVS) to provide the best possible MasterCard and Visa Interchange qualification.

I. Internet Processing (MR)

Support Internet credit card and off-line debit card processing in a fully secured environment.

Through our sister company, eONE Global®, FDMS is able to provide the State with a complete Internet based payment acceptance solution. FDMS' product suite includes acceptance of VISA®, MasterCard®, Discover® and American Express® branded cards. In addition, our Internet solution provides acceptance of checks via Telecheck's Internet Check Acceptance product. The State has a variety of choices for Internet processing. FDMS has partnered with Verisign® to provide complete business to consumer payment services. We have the ability to interface directly

with the State's own web sites utilizing our 'bolt-on' e-commerce modules or we can work with the State to build an e-commerce site from the ground floor. In addition to our services with Verisign®, FDMS also has certified numerous 3rd party internet payment gateways for direct authorization and settlement links with our host. Some of the 3rd party gateways we support include: CyberCash®, Clear Commerce®, CyberSource®, Tellan® to name a few. FDMS is willing to work with any vendor the State chooses for Internet payment hosting

J. Debit Card Processing (On-line, PIN-based ATM card and signature-based debit) (MR)

The transaction is charged to the cardholder deposit account and funds are guaranteed to the merchant provided the transaction is authorized.

The State will be able to accept all major online debit cards, including: NYCE®, Star – East®, Interlink®, MAC®, Pulse® and Maestro® to name a few.

K. Interactive Voice System (IVR) Interface (MR)

Some State agencies use established IVR systems. The contractor will develop and support an interface to the existing IVR system to support electronic card payments via the IVR.

Discover and FDMS are committed to working with existing IVR systems by individual State Agencies. Certification may be required.

L. IVR Support and Fulfillment (MR)

Some State agencies will require IVR systems provided by the contractor to support card acceptance. The contractor provides and implements IVR systems and support.

A number of established IVR companies are already certified with FDMS and Discover for card processing services. For purposes of RFP DGS-OFA-O!-CPAS, Discover will utilize the services of 2 subcontractors for IVR related services. FDMS does not offer these services directly and has no contractual agreement. The IVR will be responsible for routing the authorization / settlement data directly to FDMS and Discover for processing using established acceptance protocols. The authorization and settlement flow is identical to that described above for POS devices.

SECTION VI: LEVELS OF SERVICE

Levels of Service

Levels of Service	Currently Available	Planned Availability Date	Comments
VI.1 Manual (MR)	YES		Non-qualifying fees may apply
VI .2 Authorization only (MR)	YES		Non-qualifying fees may apply
VI.3 EDC (MR)	YES		As part of FDMS' suite of card processing products, we are able to offer card acceptance to the State using a wide variety of POS devices. Discover and FDMS recommend the State utilize the Eclipse™ POS terminal manufactured by Telecheck® and Verifone®. The Eclipse™ terminal is an integrated terminal, printer and check reader with scan ability. With the optional Verifone® Pin Pad 1000, the State will be able to accept all major online debit cardsThe Eclipse™ terminal also provides the State the ability to process checks via electronic check acceptance. This product basically turns a check into an ACH transaction and eliminates the need to deposit the checks directly into the State's financial institution. Information regarding the Eclipse™ can be found as Attachment H In addition, Discover/FDMS will offer the State a choice of the Omni 3200, or the Hypercom T7PT point of sale terminals, each of which consist of an integrated terminal/printer unit. Information regarding the terminals has been provided as Attachments I & J. We also support over 200 different IPOS/VARS, which provide various software solutions.
VI.4 Check Authorization Services	YES		Discover and FDMS will offer the State the ability to accept checks at the point of sale

			utilizing Telecheck's Electronic Check Acceptance product. In addition, the State can accept check over the Internet utilizing Telecheck's Internet Check Acceptance product. Each product provides electronic check processing with guarantee, an exclusive feature of FDC. Checks accepted with our electronic acceptance product will be funded in two business days along with the State's VISA® and MasterCard® deposits.
VI.5 Electronic ECR/POS Interface	YES		FDMS is certified with over 200 software vendors for automated interface with Electronic Cash Registers and POS devices and supports on-line, interactive authorizations, capture and settlement
VI.6 PC Interface	YES		FDMS will provide the State the option of paper statements or our innovative online reporting system, MyMerchantView, www.MyMerchantView.net (formerly Moneta, www.moneta-services.com.)
VI.7 Plural Interface Processing	YES		FDMS will support Amex- Split Daling processing on the stand-alone EDC terminals recommended in this RFP. FDMS will not assess the State any transaction fee for routing the transaction to Discover. Since the transaction flows through the FDMS system ,this allows for Mymerchantview on-line reporting to include this card type.
VI. 8 Mail Order / Telephone Order (MOTO) (MR)	YES		FDMS supports Mail Order/Telephone order processing and allows the merchant the capability of Address Verification (AVS) to provide the best possible MasterCard and Visa Interchange qualifications

VI. 9 Internet Processing (MR)	YES		Through our sister company, eONE Global®, FDMS is able to provide the State with a complete internet based payment acceptance solution. FDMS' product suite includes acceptance of VISA®, MasterCard®, Discover® and American Express® branded cards. In addition, our internet solution provides acceptance of checks via Telecheck's Internet Check Acceptance product. The State has a variety of choices for internet processing. FDMS has partnered with Verisign® to provide complete business to consumer payment services. We have the ability to interface directly with the State's own web sites utilizing our 'bolt-on' e-commerce modules or we can work with the State to build an e-commerce site from the ground floor. In addition to our services with Verisign®, FDMS also has certified numerous 3rd party internet payment gateways for direct authorization and settlement links with our host. Some of the 3rd party gateways we support include: CyberCash®, Clear Commerce®, CyberSource®, Tellan® to name a few. FDMS is willing to work with any vendor the State chooses for internet payment hosting.
VI. 10 Debit Card Processing (MR) VI. 11 Interactive Voice Response (IVR) Interface (MR) VI. 12 IVR Support & Fulfillment (MR)	YES		The State will be able to accept all major online debit cards, including: NYCE®, Star – East®, Interlink®, MAC®, Pulse® and Maestro® to name a few. Discover and FDMS are committed to working with existing IVR systems by individual State agencies. Certification may be required. A number of established IVR companies are already certified with FDMS and Discover for

			card processing services. For purposes of RFP DGS-OFA-O!-CPAS, FDMS / DBS will utilize the services of 2 sub-contractors of Discover for IVR related services. The IVR will be responsible for routing the authorization / settlement data directly to FDMS and Discover for processing using established acceptance protocols. FDMS does not offer these services directly and has no contractual agreement with the IVR providers. The authorization and settlement flow is identical to that described above for POS devices.

SECTION VII

CREDIT & CHARGE CARD PAYMENT SUPPORT REQUIREMENTS

A. Card Brand Support (MR)

Credit and charge card transaction authorization, routing and settlement is required for all major card brands and for debit cards:

American Express
Discover
MasterCard (credit and debit)
Visa (credit and debit)
Debit Card (On-line, pinned ATM)

FDMS in conjunction with Discover proposes to offer the State a complete electronic payment processing system encompassing acceptance of VISA®, MasterCard®, Discover® and American Express® branded cards as well as all major online / offline debit card products.

FDMS will act as 3rd party processor for Discover® and American Express® which encompasses routing these transactions directly to the appropriate card processor for settlement and posting. These card processors will be responsible for all settlement, posting, funding and reporting of these transactions. FDMS will provide batch level detail of all submitted card types as part of its normal information product line. However, FDMS will not be able to provide funding data for Discover® or American Express®. This information must come from these respective card processors.

FDMS will process VISA® and MasterCard® branded cards directly to their respective associations. As part of our processing services, FDMS provides editing procedures that insure the State receives the most favorable interchange incentive rates available. The rates received by the State are ultimately determined by the accuracy and completeness of the submitted data.

B. Retrievals and Chargebacks

Describe CA's retrieval and chargeback handling support.

- **Indicate whether you support document imaging other than facsimile for transmission and response to retrieval requests.**

- **State CA's reversal rate (without merchant involvement) in total and by chargeback type over the last twelve months**
- **State the average elapsed time from receipt of a retrieval request to merchant receipt.**

- **Describe any special facilities available to effectively support retrieval and chargeback handling that would be advantageous to the State.**

Discover will provide the State with an Internet-based business tool that will allow the State to view their daily activity on-line, including chargebacks and ticket retrieval requests. We can provide daily activity reports, chargebacks and ticket retrievals on paper via the US mail as well. For detailed information regarding Tran$action Tracker, please refer to Attachment G.

1. Daily Transaction detail activity report
   This report will be provided via our online reporting tool, MyMerchantView (formerly Moneta).
2. Daily Deposit Settlement Report
   This report is part of the normal batching process when closing out terminals, etc.
   This report will also be available via MyMerchantView/Tran$action Tracker.
3. Daily Chargeback / Adjustment Report
   This information is available via MyMerchantView/Tran$actionTracker.
4. Daily Chargeback / Adjustment Report
   Same as item 3.
5. Monthly Expense Report
   This will be provided by FDMS on a monthly basis in an excel format. Tran$actionTracker does provide information regarding Discover discount and adjustments.
6. Monthly Invoice
   This will be provided on a monthly basis.
7. Monthly Summary Report by Card Type
   This information is available via MyMerchantView.
8. Monthly Management Report
   This information is available via MyMerchantView.
9. Monthly, Quarterly, Annual report summary by card type
   This information is available via MyMerchantView.
   FDMS will also provide this information via excel format if the State requests.

Discover offers a product called Trans$action Tracker. Ticket Retrievals and Chargebacks are available daily on this internet-based reporting system. Ticket Retrieval and Chargeback responses can be sent back via mail or fax. For your

review we have attached a copy of our complete Operating Regulations as Attachment K.

Discover's Ticket Retrieval and Chargeback procedures are outlined in the Discover Business Services Operating Regulations, Section 8.0 (Attachment K). The State will have 15 days to respond to a ticket retrieval request issued by Discover and 10 days to respond to a request for information issued by FDMS for Visa and/or MasterCard transactions.

FDMS is the recognized leader in chargeback defense developing a state-of-the-art Chargeback Defense System (CDS) that combines a rule-based 'expert' system with image processing to control and ultimately reduce the number of chargebacks referred to our merchants. The Chargeback Defense System accelerates the chargeback review, analysis and resolution process, resulting in a significant percentage of chargebacks automatically reversed directly to the Issuer. Using CDS, FDMS resolves 10-15% of incoming chargebacks without merchant intervention.

FDMS uses an automated media request and Chargeback Image Processing system. All media provided by the State will be scanned, digitally indexed and stored electronically. FDMS maintains direct electronic links to Visa and MasterCard chargeback systems. All incoming issuer retrieval requests are automatically X-referenced to the image database to determine whether media has already been provided. This electronic system eliminates duplicate retrieval requests and the need for the State to provide the media again in the event of a subsequent chargeback.

Bankcard ticket retrieval requests will be distributed directly to the State by FDMS via fax. If no fax is available, FDMS will forward the requests via US Mail.

C. Merchant Help Desk

Please describe any Merchant Help Desk services and facilities, including hours of operation, support approaches and service level options. Provide any pertinent performance statistics such as average call response time, number of calls per operator, number of operators, etc.

Discover will act as the State's primary contact 'in the field'. Both FDMS and Discover will provide a point of contact for the State's for any processing related questions. Over the past 15 years, FDMS and Discover have developed a very close integrated working relationship. The State can be assured that any issues, whether communicated to FDMS or Discover, will be handled in the most expeditious manner possible.

FDMS maintains a dedicated group of employees whose sole responsibility is to implement major government accounts. An implementation manager will be assigned to the State with overall responsibility for the smooth transition to this program. Upon contract award, a meeting will be scheduled in California to map out a complete project timeline with milestones, etc.

To insure 24/7 customer service coverage, FDMS maintains two fully staffed customer service centers located in Coral Springs, Florida and Hagerstown, Maryland. Both centers are staffed with employees that are extensively trained in all aspects of credit card processing.

Discover provides help desk support at two locations, one in Phoenix, Arizona and one in New Albany, Ohio. Help desk hours are 8:00 a.m. to 12:00 midnight, EST. Voice authorizations, address verifications and terminal troubleshooting support will be available on a 24-hour basis.

Discover believes in a full service approach to the staffing of its help desk. This means that each representative is trained to handle most issues that arise. Discover has taken its one call resolution approach to such an advanced level that its Full Service Unit 1 in its New Albany Operations center in Ohio received the International Team Excellence Award from the Help Desk Institute (HDI). Discover's full service concept has succeeded in reducing transferred calls by 40 percent.

Discover's Government Services Unit at its Operations Center in New Albany, Ohio, consists of 10 specially assigned service representatives who are experienced in working with the unique needs of government accounts. Troy Haybron has been assigned to manage the State of California. He can be reached via 1-800-347-7038 ext. 4516. The Government Services Unit hours of operations are from 8:30 am to 6:30 PM EST. Additionally, Mark Otto will be the State's Operational Relationship Manager for escalation purposes. He can be reached at our Phoenix Operations Center at (623) 587-5391.

For purposes of RFP DGS-OFA-01-CPAS, Geoffrey Foster will be the State of California's central point of contact within FDMS to resolve any operational issues rising from processing services contracted as part of this RFP. John Collins will be the point of escalation within FDMS for resolving sensitive operational issues.

Authorization and Processing

In a dial environment, FDMS authorization response times average between 12 and 15 seconds plus printer time.

In the leased line and frame relay network environments, many FDMS clients have reported average response times as low as 2.9 to 3.0 seconds.

As a general rule, Debit and Check authorization response times may be up to a second or two longer than those of credit due to the performance of their respective networks and gateways.

FDMS has not experience increased response times during peak periods due to the fact that FDMS systems and networks are designed and maintained with an operating capacity that exceeds the peak period transaction rate.

Authorization and Processing During Downtime

In the event of system outages, the departments can call the appropriate card Voice Authorization center for authorizations. Neither Discover nor FDMS have experienced any significant downtime regarding our settlement systems.
F. Interactive Voice Response

A number of established IVR companies are already certified with Discover/ FDMS for card processing services.

For purposes of RFP DGS-OFA-01-CPAS, Discover will utilize the services of two (2) subcontractors for IVR related services. FDMS does not offer these services directly and has no contractual agreement with the IVR providers. The IVR will be responsible for routing the authorization / settlement data directly to FDMS and Discover for processing using established acceptance protocols. The authorization and settlement flow is identical to that described above for POS devices.

The following descriptions are provided for PhoneCharge, Inc. (PCI) and Official Payment Corporation (OPC) respectively.

PhoneCharge, Inc.

PCI proposes offering consumers a comprehensive array of payment options enabling them to pay various Government bills, including, utilizing credit cards, direct checking account debit (and possibly ATM cards) via the touch-tone telephone. PCI recognizes that it is the goal of the Government additional partnerships with private enterprise in order to offer consumers a broader range of

convenient, electronic payment options. The PhoneCharge Pay by Phone service is a proven commodity, which has been utilized by dozens of private corporations (as well as regulated utilities and government agencies) to enable hundreds of thousand of consumers to expedite and simplify the paying of bills.

Pay-By-Phone

PCI proposes to provide the Government with a dedicated toll-free number or series of numbers, which will accommodate all the various types of payments the Government wishes to accept. This allows for greater flexibility in initial and ongoing scripting modifications. PCI recognizes that the "user-friendliness" of the VRU scripting (as well as web site queries) is essential to the success of the project. PCI has hands-on experience in writing customized scripts and queries, which guide the caller through the necessary prompts in the most straightforward, error-proof manner possible.

The existing PhoneCharge Interactive Voice Response Unit (henceforth VRU)-driven Credit Card, ATM Card and Electronic Check program can be readily customized to prompt callers to enter their identification number, first four characters of the last name, the payment type, payment amount, date, daytime phone number, ABA bank routing and transit number (authenticated on-line with Thompson Financial software), checking account number or credit card number, expiration date and zip code; once the transaction is complete callers are given a confirmation number and can make additional payments if they wish. Any customization necessary to develop a unique Government toll-free number and to achieve the necessary edits and requirements can be accommodated within 120-day timetable. Such customization would likely include the following features:

1. Fully customized telephone script.
2. Capture of all data inputted by end user over a touch-tone phone
3. Prompt to pay by credit card (possibly ATM card) or electronic check.
4. Prompt for identification number of consumer. Validation of the consumer identification number through check digit routine and number of digits entered.
5. Prompt for first four letters of consumer's last name.
6. Prompt for daytime phone number.
7. Prompt for payment type.
9. Prompt for payment amount in dollars and cents.

<u>If paying by credit card:</u>

10. Prompt for credit card number, which is verified via MOD-10 check.
11. Prompt for four-digit expiration date.

12. Prompt for entry of Credit Card Security Code (a number which appears on the signature script of Discover, VISA and MasterCard, which does not appear on the imprint; American Express code is located on the front of the card, above and to the right of the card number)
13. Prompt for zip code of the billing address.

If Paying by Electronic Check:

7. Prompt for ABA bank routing and transit number entry. ABA Bank routing and transit number will be verified on-line by Thompson Financial software imbedded in the PhoneCharge system when the transaction is submitted.
8. Prompt for up to 15-digit checking account number. Checking account number is read back to caller for verification.
9. Prompt for payment amount.
10. Prompt to qualify the Government payment type.
11. If all entries are completed successfully, the caller is given a 6-digit confirmation number.
12. Optional prompt for multiple payments where a caller can have the ability to make more than one payment.
13. Every entry will be read back to the caller and caller will have the option to re-enter should a mistake have been made.
14. Negative database will block account numbers associated with returned checks and credit card chargebacks from the system.
15. Variable transaction caps can be set to limit the number of transactions which can be made from a consumer identification number, credit card/bank account number or originating phone number, (known as "ANI" for Automatic Number Identification).

ATM Card by Phone Option

PCI currently provides ATM card by phone transactions for utilities and telecommunications companies for consumers wishing to use a PULSE (serving Texas and the surrounding five state area) or STAR (serving the eleven western states) ATM card. In order to process ATM card transactions by telephone, it is necessary for the individual Electronic Funds Transfer network to approve these "cardless, pinless" transactions, which STAR and PULSE have done. Because STAR has merged with the HONOR/MOST network (covering the southeastern seaboard), which is to be called STAR East, PCI will be able to provide ATM by phone in their region by the end of Summer 2001. Additionally, the MAC network has approved this transaction type and PCI is processing for MAC at this time.

With five of the major EFT networks accepting telephone transactions, it is inevitable that the others will follow. PCI is in ongoing discussions with all the significant EFT networks and is working towards gaining approval for Government

transactions as well as for utility payments. Once this approval is obtained, PCI will immediately add the ATM card option to the existing Government phone number. The ATM card provides a powerful payment mechanism because, unlike direct debit via ACH, it is an online transaction, which means the funds are guaranteed at the time of the phone call.

Web/ Internet Option

PhoneCharge, Inc.

The existing PCI **paybyinternet.com** web site enables consumers to pay select bills by credit card. Through a series of easy to understand screens the consumer makes a payment by credit card. On the opening screen the user is queried to fill in their name, billing address, e-mail address and payment amount. The web site then follows by auto-populating the convenience fee amount. The user proceeds by entering account number, credit card number and expiration date. Once the transaction is completed, a confirmation number appears on the screen. The confirmation number is the actual authorization number returned by the credit card processor indicating that the payment was approved. Users can opt to make additional payments.

Official Payments Corporation

OPC has been providing its IVR payment solution to the citizens of California since 1999. In 1999, the FTB and BOE combined saw almost 15,000 transactions with more than $15 million processed. In 2000, these numbers increased significantly with more than 47,000 transactions and more than $75 million processed. CA citizens have taken full advantage of this payment option as shown in the growth of number of transactions and dollars processed, which are more than 200% and 400% respectively.

CA citizens have taken full advantage of this payment option as shown in the growth of number of transactions and dollars processed.

As OPC systems are currently in use for some CA state agencies including BOE, FTB, and EDD, no implementation will be necessary. And, adding additional agencies will take minimal implementation and time.

Features of the company's IVR Payment Center include:

1.Easy access: All citizens with access to a telephone can pay taxes or fees by calling a toll-free number.
2. User-friendly IVR interface that allows for easy, accurate data and credit card entry.

3. Real-time authorizations: Instant credit card authorizations
4. Confirmation numbers issued to users for record-keeping
5. Customer service: Easy access to answers to support
6.Seamless integration with existing government systems for reporting and settlement.
7.Redundant systems: Multiple Enterprise server farms to ensure uptime, data reliability, and backup.

The company's IVR payment solution, 1-800-2PAY-TAX, processes credit card and PIN-less debit card payments by phone. This payment solution is easily established to accept payments for taxes and other amounts owed to State agencies and departments.

While the customer/user is on-line, the system links to the credit card processor to validate. When the payment transaction is successfully completed, the OPC system issues the customer/user a receipt number, which is either generated by the company's system or taken from the host as part of the receipting process. The customer/user is notified if the credit card payment procedure cannot be completed for any reason. If the credit card authorization is denied, the system advises the customer/user that the payment was not completed and they need to contact the credit card issuing bank, or use an alternate card.

If a convenience fee is charged, the customer/user is advised of the convenience fee by the payment system. In addition, when the system captures the payment amount and account number, it advises the customer/user of the convenience fee again. The customer/user must confirm the convenience fee in order to proceed with the payment and receive a confirmation number. The customer/user can exit out of the payment session at any time without cost or penalty. Typically, an IVR payment session lasts approximately four (4) minutes.

Sample IVR payment process:

1. Select a Service: User chooses to make a State agency payment.
2. Data Entry: User enters Identification and Payment Information.
3. Data Submission: Verification of previously entered user data. If correct, user submits the information for processing.
4. Data Processing: User holds momentarily while transaction is processed.
5. Confirmation Number: Confirmation number is issued, and user is enabled to complete other payments or end the session.

If a transaction is rejected, the customer will have the opportunity to start over by giving a new card number or by returning to the beginning of the transaction.

G. Settlement and Clearing

FDMS will fund the State's designated depository account for VISA®, MasterCard®, debit and electronic check transactions within two business days. Discover will fund the State for Discover transactions within 2-business day timeframe. American Express® will be responsible for funding the State for American Express® transactions, which timeframes shall be determined by the State's agreement with American Express®. Actual posting and availability of funds is subject to the agreement between the State and their financial institution. Neither Discover, FDMS nor Northern Trust Company have control over when funds are posted or available for use. Please refer to Attachment L for processing and settlement times.

FDMS will act as 3rd party processor for Discover® and American Express® which encompasses routing these transactions directly to the appropriate card processor for settlement and posting. These card processors will be responsible for all settlement, posting, funding and reporting of these transactions. FDMS will provide batch level detail of all submitted card types as part of its normal information product line. However, FDMS will not be able to provide funding data for Discover® or American Express®. This information must come from these respective card processors.

H. Convenience Fee Collection (MR)

In response to the State's desire for solutions that will allow certain government offices to collect 100% of revenue from the payment of fines and services, Discover is pleased to introduce its exclusive in-person Discover Card brand surcharge option. Discover will allow the State to pass its fees for Discover Card brand acceptance through to its residents via a surcharge. A surcharge schedule has been included with this response in the Pricing section. For those offices that must pass the fees for acceptance along to the customer, Discover may be the only card accepted.

FDMS will allow a 'convenience fee' to be charged to the end consumer in accordance with VISA® and MasterCard® regulations. The State shall not require FDMS to perform functions or processes that will violate the aforementioned regulations, as amended from time to time.

If the payment amount and the convenience fee are processed as two separate transactions, the payment amount will be deposited to the State Agency and the convenience fee may be settled directly to a designated 3rd party such as an IVR.

I. Funding Procedures (MR)

FDMS will fund the State's designated depository account for VISA®, MasterCard®, debit and electronic check transactions within two business days. The actual posting to the State's accounts is determined by the State's financial institution and not under control of FDMS. Discover will fund the State for Discover transactions within 2-business day timeframe.

Funds will be transmitted to a bank account designated by each State Agency via the Automated Clearing House(ACH) network. Reconciliation reporting is described in Section V, Card Payment Deposits.

J. Agency Fee Collection (MR)

Discover and FDMS will provide the State with the option to receive invoices for fees. Discover will offer the State the option to deduct from daily deposits or debit fees a month end from a State designated bank account at no cost.

K. Reports

FDMS maintains several types of reporting options for the State and its agencies. Our primary method of information delivery is the Internet through our proprietary online reporting tool, MyMerchantView, www.MyMerchantView.net (formerly Moneta www.moneta-services.com). MyMerchantView provides information such as sales, transactions, deposit, batch transaction detail, chargeback, etc. The information is available for 18 months. MyMerchantView has the ability to roll information up to the master merchant level if desired by The State. FDMS can provide reports via fax or US mail as well. In addition, FDMS is able to provide the following reports:

- Daily Transaction detail activity report
  This report will be provided via our online reporting tool, Mymerchantview.net
- Daily Deposit Settlement Report
  This report is part of the normal batching process when closing out terminal. This report will also be available via Moneta/Tran$action Tracker.
- Daily Chargeback / Adjustment Report
  This information is available via Mymerchantview/Tran$actionTracker.
- Daily Chargeback / Adjustment Report
- Monthly Expense Report
- Monthly Summary Report by Card Type

Discover Business Services will provide the State with an Internet-based business tool that will allow the State to view their daily activity on-line, including chargebacks and ticket retrieval requests. We can provide daily activity reports, chargebacks and ticket retrievals on paper via the US mail as well. Discover will offer this web based reporting tool to the State at no cost. For detailed information regarding Tran$action Tracker, please refer to Attachment G.

L. Customer Service

Discover will act as the State's primary contact 'in the field'. Both FDMS and Discover will provide a point of contact for the State's for any processing related questions. Over the past 15 years, FDMS and Discover have developed a very close integrated working relationship. The State can be assured that any issues, whether communicated to FDMS or Discover, will be handled in the most expeditious manner possible.

FDMS maintains a dedicated group of employees whose sole responsibility is to implement major government accounts. An implementation manager will be assigned to the State with overall responsibility for the smooth transition to this program. Upon contract award, a meeting will be scheduled in California to map out a complete project timeline with milestones, etc.

To insure 24/7 customer service coverage, FDMS maintains two fully staffed customer service centers located in Coral Springs, Florida and Hagerstown, Maryland. Both centers are staffed with employees that are extensively trained in all aspects of credit card processing.

Discover provides 24 hour help desk support at two locations, one in Phoenix, Arizona and one in New Albany, Ohio. Discover believes in a full service approach to the staffing of its help desk. This means that each representative is trained to handle most issues that arise. Discover has taken its one call resolution approach to such an advanced level that its Full Service Unit 1 in its New Albany Operations center in Ohio received the International Team Excellence Award from the Help Desk Institute (HDI). Discover's full service concept has succeeded in reducing transferred calls by 40 percent.

Jann Grismore, Government Senior Support Project Specialist, will coordinate all required training for the State and will devote 100% of her time to the State until it is ready to process transactions. In addition, local Sales and Services Executives will be available to assist in the installation of equipment and training of staff.

Discover's Government Services Unit at its Operations Center in New Albany, Ohio, consists of 10 specially assigned service representatives who are experienced in working with the unique needs of government accounts. Troy Haybron has been assigned to manage the State of California. He can be reached via 1-800-347-7038 ext. 4516. The Government Services Unit hours of operations are from 8:30 am to 5:30 PM EST. After that time, assistance may be obtained from its general customer service team, which is available 24/7 at 1-800-347-2000. Additionally, Mark Otto will be the State's Operational Relationship Manager for escalation purposes. He can be reached at our Phoenix Operations Center at (623) 587-5391.

For purposes of RFP DGS-OFA-01-CPAS, Geoffrey Foster will be the State of California's central point of contact within FDMS to resolve any operational issues rising from processing services contracted as part of this RFP. John Collins will be the point of escalation within FDMS for resolving sensitive operational issues.

M. Training and Implementation Support

Discover, in conjunction with FDMS, will provide customized training to the State. All staff will be trained to accept, process and settle Discover® Card brand, Visa®, MasterCard® and American Express® transactions. Initial training time will be scheduled at the time of implementation. Follow-up training can be scheduled as necessary. Training will include the use of point of sale equipment, operating procedures, the completion of paperwork, analysis of account information, chargeback and settlement procedures, etc.

Jann Grismore, Government Senior Support Project Specialist, will coordinate all required training for the State and will devote 100% of her time to the State until it is ready to process transactions. In addition, local Sales and Services Executives will be available to assist in the installation of equipment and training of staff.

N. Implementation Schedule

Since Discover/FDMS already have processing relationships with various state entities, the implementation will be rather streamlined. For areas requiring POS devices, the implementation will take approximately 30 days. For IVR services, we estimate 30 to 45 days for implementation (including testing). For Internet solutions, we will work with the State to determine a mutually agreeable time frame for implementation. If the State requires a simple 'bolt-on' application, we estimate implementation in 30 days. For more complicated solutions, we cannot provide an implementation schedule until we have had a chance to determine the State's exact requirements.

To implement the 3-Tier product, the estimated time frame is 60 to 90 days. However, FDMS 'locks down' our processing systems against changes at the end of October to insure we maintain our peak efficiencies during the holiday rush.

Upon bid award, Discover and FDMS will assign an Implementation Manager to the State that will be responsible for the overall implementation of all processing products.

O. Implementation Support

Discover and FDMS will develop customized conversion plans specific to each agency. Therefore, Agency responsibilities will vary depending upon the current system and the solution selected.

P. Fraud and Loss Prevention Support

As the largest processor in the US, FDMS maintains a sophisticated fraud management program staffed by industry experts. We have developed several models that allow us to identify potential fraudulent activity.

Q. American Express and Discover Card Processing (MR)

FDMS will act as 3rd party processor for Discover® and American Express® which encompasses routing these transactions directly to the appropriate card processor for settlement and posting. These card processors will be responsible for all settlement, posting, funding and statementing of these transactions. FDMS will provide batch level detail of all submitted card types as part of its normal information product line. However, FDMS will not be able to provide funding data for Discover® or American Express®. This information must come from these respective card processors.

The State will be required to enter into separate Agreements with both Discover and American Express.

R. System Processing and Response Times

FDMS maintains full redundancy throughout our authorization / settlement systems. We average 99.99% up time. We maintain a unique load balancing system that allows us to constantly monitor and switch traffic between access points. Our current configuration includes over 10 VAPS, 20 MIPS as well as several direct access points with Discover, American Express, Diner's Club, and JCB.

A. CREDIT/CHARGE CARD TRANSACTION SET (MR)

SECTION VII: CREDIT & CHARGE CARD PAYMENT SUPPORT REQUIREMENTS

Credit/Charge Card Transaction Set

Levels of Service	Currently Available	Planned Availability Date	Comments
VII.1 Sales Authorization	YES		
VII.2 Credit (returns)	YES		
VII.3 Pre-authorization	YES		
VII.4 Pre-authorization Cancellation	YES		As a void function. It is at the discrimination of the Issuing bank or through a manual process to reverse the Authorization charge.
VII.5 Post Authorization	YES		Settlement or captured transactions.
VII.6 Purchase Cancel	YES		Credit or Refund function within the terminal or equipment.
VII.7 Off-line Purchase	YES		

2.6M Merchant Locations Globally

	Second	Minute	Hour	Day	Month	Year
On-line Check						$40B
Authorizations					500M	
Deployments				3,300		
Calls			1,000			
Dollar volume		$1.5M				
Transactions	400					

Section VIII: Technology & Communications Capabiities

A. Computer Systems, Facilities and Sites

FDMS has a dedicated team of employees whose sole responsibility is to monitor and constantly load balance our processing platforms. We maintain sites in Melville, New York; Omaha, Nebraska; Coral Springs, Florida; Denver, Colorado and Hunt valley, Maryland. FDMS processes an average of 17MM transactions on a daily basis. In 1999, FDMS processed in excess of 6.4 Billion transactions, making it the largest transaction processor in the world. Some of our largest clients process greater than 500,000 transactions on a daily basis.

We currently have over 30 direct connection points encompassing direct interfaces with VISA®, MasterCard®, Discover® and American Express®. Our team of experts constantly monitors and adjusts loads as needed to insure peak efficiencies are maintained.

B. Hardware, Software and Operating Systems

The FDMS North Authorization Switches consist of numerous platforms installed in four geographically dispersed data centers, CO, MD, and NE, affording numerous advantages:

- **Scalable platforms for insuring overall transaction processing capacity** - The physical platforms are IBM RS/6000s running AIX and capacity is added by increasing the number of RS/6000s. There is an ongoing transaction processing requirements review process that ensures that FDMS' combined authorization processing capacity at any three of our four data centers exceeds the upcoming peak season transaction processing requirements.

- **The distributed processing architecture is designed to insure there are no service interruptions** -The data centers are interconnected by numerous and diverse Wide Area Network (WAN) carriers to insure that a system failure, data center site failure, or WAN failure will not result in an interruption.

- **Each data center has diverse network connectivity to the Card Issuers** - This includes VISA and MasterCard bankcard associations, Diners Club, American Express, Novus/Discover, JCB, Debit gateways, as well as numerous third party check and private label processors.

- **Client Connectivity options include dial, point-to-point leased line and frame relay.**
  Dial: a large variety of terminals and applications are available; see the FDMS Marketing WEB site for details.
  Lease line: protocols supported include SNA, X.25 and Bisync.
  Frame Relay: Typically new merchant implementations use TCP/IP for authorization processing and FTP/IP for batch transmission/settlement. More detailed information can in found in the FDMS Marketing Web site see *AuthNet Frame Relay Product Bulletin 01029.*

  FDMS prefers to provide and manage the Lease Line and or Frame Relay connectivity required by our clients. Equipment will consist of DSUs for leased lines, or routers with DSU Wide Area Network interfaces for frame relay implementations for a one-time lease fee. The routers include On-Site Premium maintenance, which include four to six hour response time (depending on merchant location) in the event of a router failure that cannot be remedied remotely by the NCC.

C. Provisions for Normal Operating Problems

- **Telecommunications / Network Management** - A staff of professional network specialists at FDMS's Network Control Center provide 24x7, multi-tiered, proactive monitoring and support of the dial networks using a number of specialized management tools. These provide real-time and historical transaction statistical data, predefined threshold alerts, connectivity status on a merchant-by-merchant basis and identify link failures. As FDMS-defined thresholds are reached, or network failures are detected, audible and visual alerts are generated in the Network Control Center. Since FDMS provided connectivity has redundancy including dial backup for Lease lines and Frame a client will not experience a network outage therefore the NCC does not track network availability.

D. Emergency

- **Change Management** - All changes to the production systems environment are recorded for review and approval by Change Management and key Technical and Business areas. Low Impact changes, (Severity 3 and 4 changes, which are repeatable, routine, day to day activities, and easily backed out with little or no impact) are allowed to flow quickly through the change process after review and approval. High Impact changes, (Severity 1 and 2 changes, which are more complex in nature or require a production outage such as System Hardware, Software or Network changes etc.) are reviewed for approval with the change

submitter by a Change Review Team during scheduled Change Management meetings twice a week. Changes are implemented on a site by site basis therefore there is no service interruption.

Many organizations within FDMS including Network Systems, FDC Information Security, Association Compliance, Corporate Audit and FDC General Counsel Office are continually monitoring forthcoming legislation, Association Regulations and our performance to insure FDMS is always in compliance with data encryption requirements.

Professional operations specialists at FDMS's Operations Control Center provide 24x7, multi-tiered, proactive monitoring and support of the switches using an FDMS-developed authorization switch management tools. This provides real-time and historical transaction statistical data, predefined threshold alerts, and connectivity status on a merchant-by-merchant basis. FDMS uses these tools to monitor response codes, decline and approval percentages, and link failure. As FDMS-defined thresholds are reached, or hardware or software failures are detected, audible and visual alerts are generated in the Operations Control Center. SLAs are maintained on the switches and performance statistics, Actual vs. Plan, are published to our Channel Partners on a monthly basis.

FDMS Processing Capabilities All Platforms average 24 million transactions per day. The Busiest hour: between 2.5 and 3 million (note, we do not measure the busiest hour, therefore a range is provided) with a maximum sustained peak of 850 transactions per second during the peak holiday season. FDMS maintains a capacity in excess of 133% of the peak transaction rate for the North so that if we should experience an outage at one of the four data centers there is still capacity to process in excess of our peak transaction rate a the remaining three data centers.

E. Communications and Network

FDMS has observed average response times from the associations/Issuers ranging from 1.9 to 2.5 seconds and has not observed an increase in response times from them during peak transaction periods.

Authorization Response Time is dependent upon four factors: FDMS processing/switching, propagation delay inherent to telecommunications, the Association/Issuer processing/switching and its' related telecommunications and the client's equipment and related telecommunications. The first two factors are relatively static, show very small deviation and are within FDMS control. FDMS can not comment on the last two as they are outside of our control and we can not effectively measure them. Therefore, we can only report on the observed response times that FDMS can actually measure, and those that are reported to FDMS by

some of our clients.

FDMS does not experience increased response times in our systems or networks during peak periods due to the fact that FDMS systems and networks are designed and maintained with an operating capacity that exceeds the peak period transaction rate.

Credit:
In the dial environment, response times average between 12 and 15 seconds at the POS terminal or controller in the case of ECRs plus printer time.

In the leased line and frame relay network environments, many clients have reported average response times as low as 2.9 to 3.0 seconds have.

Debit and Checks:
As a general rule, Debit and Check response times may be up to a second or two longer than those of credit due to the performance of their respective networks and gateways.

SECTION IX: TERMINAL SUPPORT SERVICES

Terminal Installation and Support (MR)

FDMS will designate an individual for all installation and support of all EDC terminals and/or software product solutions (IC Verify). FDMS will provide ongoing support and training as warranted by the State. . Terminal Functions

Functions/Capabilities	Currently Available	Planned Availability Date	Comments
IX.1 Batch entry of off-line transactions	YES		
IX.2 Batch authorizations Of off-line transactions	Yes		
IX.3 Identify (flag) off-file transactions	Yes		
IX.4 Include off-file Transactions in batch Totals	Yes		
IX.5 Recall transaction by sales receipt I. 6 Recall transaction by card number	Yes		Usually by receipt number or invoice number.
IX. 7 Edit entries (or prompt) for required information	Yes		Void and re-entry. Other transaction types may be automatically prompted for additional information (i.e., AVS, Corporate cards, etc.)
IX. 8 Scroll transaction log	Yes		
IX. 9 Enter transaction edits/ adjustments	Yes		Voids, refunds or credits can be issued before batch settlement.
IX. 10 Display stored transaction records	Yes		Prior to settlement. However, FDMS can retrieve all records.

IX. 11 Display magnetic stripe data for stored transactions	Yes		
IX. 12 Last transaction reprint	Yes		
IX. 13 Pre-programmed alternate telephone numbers	Yes		
IX. 14 Automatic download of terminal data	Yes		Depending on terminal. Terminal host base application
IX. 15 PIN Pad support	Yes		
IX. 16 Smart card/chip card support			FDMS currently has the ability to process Visa Smart Credit transactions on several system platforms. This processing is based on Visa VSDC "Early" specifications. (new values in existing data fields). VSDC "Full" processing (new smart card data fields) is anticipated to be a future expansion. FDMS is currently working with MasterCard to incorporate Partial Grade Acquiring (new values in existing fields) on several of its most popular front end specifications by 1Q02 with the balance to be done in 2002. Full Grade Acquiring (new smart card data fields) is anticipated to be a future expansion. Terminals are currently in certification to support the above efforts with the first being available in one of the platforms by 4Q01.

			Currently issued smart cards contain a magnetic stripe, which can be processed on existing equipment. FDMS is currently working on supporting other smart card activity, such as loyalty transactions, which will be introduced in 1Q02.
IX. 17 Data collection and support for preferential card interchange rates	Yes		

SECTION X: SETTLEMENT & DATA TRANSMISSION SERVICES

Functions/ Capabilities	Currently Available	Planned Availability Date	Comments
X.1 System calculates totals and summaries	YES		
X.2 Support reconciliation to terminal log to paper transactions	YES		
X.3 Multi-point settlement transmission	YES		
X.4Host verification of settlement transmission	YES		
X.5 Host verification of totals	YES		
X.6 Summary of sales and credit transactions for payment.	YES		FDMS has the ability to offer the State an electronic reconcilement file that will provide information necessary to match multiple batches to a single funding deposit through our 3-Tier funding product.
X.7Reporting levels and distribution options	YES		

SECTION XI: PRICING

A. COMBINED VOLUME PRICING

FDMS understands and agrees that the State's intent to select one or more contractors to supply credit, debit, and charge card acceptance services as specified in the RFP. FDMS understands and agrees that the card activity of all agencies that engage FDMS will be combined to qualify for its tiered pricing offering.

B. TERM PRICING SCHEDULE

The rates quoted will remain in effect for the term of any Agreement negotiated as a result of an award of this RFP and will be subject to change only in the event of any Association (MasterCard, Visa, or Debit Card) interchange increases that may occur during the period.

Exception: all increases or decreases applicable to card association fees or 3rd party communication costs; including interchange, assessment, acquirer access fees, ATM/Debit Network fee Increases etc... will be passed through to the State at cost upon written notice of such increase or decrease. FDMS will make every effort to provide at least 30 days advanced notice of such change to the State. However, any changes in card association fees will become effective the day as set forth by the card associations.

C. SERVICE LEVEL PRICING

Pricing covering the various Service Levels has been provided in the fee schedules attached and contained within this section

BUNDLED PRICING

FDMS is offering an interchange plus pricing proposal in which the fee above interchange- 9.5 basis points (0.095%) at highest combined volume level- is an all-inclusive percentage. This fee includes all processing-associated costs including, but not limited to, authorization and capture, chargeback processing, reporting, funds movement, invoicing, service fees for state-owned equipment, file transfer/delivery, per location fees, setup fees, phase-in or phase-out fees/costs, training fees, workstation fees, and any other costs associated with providing credit card processing services.

Equipment Pricing				
Eclipse / ECA Program				
Set up Fee (Existing TeleCheck Member or Referral to)	$	20.00		
ECA Transaction	$	0.25		
Bundled Equipment				
Hypercom ICE 5500 w/ Smartcard Reader	$	559.00	$	22.95
IC Verify (Company recently purchased by FDMS)				
Wedge Swiper	$	215.00		
Single User Products				
IC Verify (DOS) per software package plus set-up	$	365.00	$	14.95
IC Verify (Windows) per software package plus set-up	$	395.00	$	16.95
Multi User Packages				
IC Verify DOS Multi User with set up plus set-up	$	475.00	$	18.95
IC Verify Windows Lan Multi User with set up plus set-up	$	499.99	$	19.95
Additional Users (over 4) for DOS or Windows	$	125.00		
* Note - Multi User Products accommodate up to 4 users.				
Upgrades				
IC Verify DOS to Windows - Single User	$	275.00		
IC Verify Windows to Windows - Single User	$	195.00		
IC Verify DOS to DOS - Single User	$	69.99		
IC Verify DOS to DOS - Multi User	$	69.99		
IC Verify DOS to Windows - Multi User	$	369.99		
IC Verify Windows to Windows - Multi User	$	229.99		
IC Verify - Valcode	$	149.00		

OTHER COSTS

Discover Only Surcharge Option

Discover can provide State agencies a means of passing the fees associated with credit card acceptance along to Cardmembers in the form of a surcharge, regardless of whether or not the transaction is accepted in-person, through the mail, or via a form of technology. If an agency chooses to accept Discover exclusively, the following surcharge transaction tiers will apply to each transaction:

Average transaction amount under $200.00:

$0.00 - $100.00	$2.00
$100.01 – 200.00	$4.00
$200.01 – 500.00	$5.00
$500.01 – 1000.00	$12.00
$1000.01 – and up	$23.00

Average transaction amount over $200.00:

$0.00 – 500.00	$5.00
$500.01 - $1000.00	$12.00
$1000.01 – 2000.00	$23.00
$2000.01 – $3000.00	$38.00
$3000.01 – and up	$50.00

IVR Convenience Fees Pricing

The following convenience fee pricing is quoted by PhoneCharge, Inc. (PCI) for use by all State of California agencies. However, should an agency prefer to use either one flat fee or a schedule of flat fees, this can be established using the percentage quoted below as a guideline.

Convenience Fee: 2.50% of transaction or $1.00 (whichever is greater)

The following convenience fee pricing is quoted by Official Payments Corp. for use by all State of California agencies.

Tax Related Payments: 2.50%
All Other Payment Types: Attached Tier 67 Pricing

OFFICIAL PAYMENTS CORP.

800-2PAY-TAX

Convenience Fee Schedule

State of California Non-Tax Agencies – Tier 67

I - Schedule of Convenience Fees to be Paid by Citizens

Payment Amount		
From	To	Fees
$0.00	$99.99	$3.00
$100.00	$199.99	$6.00
$200.00	$399.99	$11.00
$400.00	$599.99	$16.00
$600.00	$999.99	$25.00
$1,000.00	$1,399.99	$35.00
$1,400.00	$1,999.99	$49.00
$2,000.00	$2,699.99	$68.00
$2,700.00	$3,499.99	$87.00
$3,500.00	$4,399.99	$109.00
$4,400.00	$5,399.99	$133.00
$5,400.00	$6,399.99	$159.00
$6,400.00	$7,399.99	$187.00
$7,400.00	$8,699.99	$218.00
$8,700.00	$10,399.99	$262.00
$10,400.00	$12,999.99	$329.00
$13,000.00	$17,399.99	$437.00
$17,400.00	$20,999.99	$525.00
$21,000.00	$27,999.99	$699.00
$28,000.00	$35,999.99	$899.00
$36,000.00	$44,999.99	$1,125.00
$45,000.00	$54,999.99	$1,375.00
$55,000.00	$65,999.99	$1,649.00
$66,000.00	$76,999.99	$1,925.00
$77,000.00	$87,999.99	$2,199.00
$88,000.00	$99,999.99	$2,499.00

II – Other Fees Payable by Agency

None

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Merchant Account Pricing Schedule
State of California RFP

Pricing Example One

The pricing scenario below is based on a $25.00 retail swiped transaction via dial connection using the $300MM tier volume processing fee of 0.095% and Visa CPS Retail and Merit III Interchange levels.

	Visa	MasterCard
Interchange		
(combined percentage rate plus transaction fee)	1.58%	1.76%
Assessments	0.084%	0.095%
Processing fee	0.095%	0.095%
Total	1.759%	1.950%

Pricing Example Two

The pricing scenario below is based on a $50.00 retail swiped transaction via dial connection using the $300MM tier volume processing fee of 0.17% and Visa CPS Retail and Merit III Interchange levels.

	Visa	MasterCard
Interchange		
(combined percentage rate plus transaction fee)	1.48%	1.56%
Assessments	0.084%	0.095%
Processing fee	0.095%	0.095%
Total	1.659%	1.750%

Pricing Example Three

The pricing scenario below is based on a $100.00 retail swiped transaction via dial connection using the $300MM tier volume processing fee of 0.17% and Visa CPS Retail and Merit III Interchange levels.

	Visa	MasterCard
Interchange		
(combined percentage rate plus transaction fee)	1.43%	1.46%
Assessments	0.084%	0.095%
Processing fee	0.095%	0.095%
Total	1.609%	1.650%

Merchant Account Pricing Schedule
State of California RFP

Discount Rates		
Discover Card	Card Present Card Not Present Internet	1.69% 1.85% 1.95%
Visa® and MasterCard®	Interchange plus Assessments (See US Interchange Rates Page in this section)	Pass through
Processing Fees	**Visa® and MasterCard® Transactions**	
Total Annual State Volume	Card Present/Card Not Present	Internet
$0 - $49,999,999	0.160%	0.160% + $0.085
$50,000,000 - $99,999,999	0.140%	0.140% + $0.085
$100,000,000 - $199,999,999	0.125%	0.125% + $0.085
$200,000,000 - $299,999,999	0.110%	0.110%+ $0.085
$300,000,000 plus	0.095%	0.095%+ $0.085
Discover Processing Fee	$0.000	Per transaction
American Express Processing Fee	$0.065	Per transaction
Other Transaction Types		
Debit	$0.095	Per transaction
plus Network Fees**		
Electronic Check Guarantee - ECA program	1.53% + $0.20	Per transaction
Electronic Check Guarantee - ICA program (Internet)	2.63% + $0.25	Per transaction

*An annual review of the account will be performed to implement appropriate pricing reductions.
** Note: In addition to the transaction fee, ATM/Debit card transactions will be assessed the appropriate network fees (See Debit Network Rate Page in this section)

DEBIT NETWORK	RATE
Accel	$0.105
AFFN	$0.140
Alaska Option	$0.050
ATH	$0.080
Bankmate (Star)	$0.070
Retail	$0.02 + 40bp + .025
Supermarket	$0.150
Cash Station	$0.090
CU 24	$0.080
Honor (Star)	
Retail	$0.02 + 40bp + .025
Supermarket	$0.150
Instant Teller	No Charge
Interlink	
Retail	$0.03 + 45bp + .025
Supermarket	$0.15 + .025
MAC	$0.125
Maestro	$0.125
Magic Line (NYCE)	45bp ($0.085-$0.125) + $.04
MPact	No Charge
NYCE	45bp ($0.085-$0.125) + $.04
Pulse	$0.130
Shazam	$0.025
Star	
Retail	$0.02 + 40bp + .025
Supermarket	$0.150
TX	No Charge
TYME	$0.080

2/15/01

US INTERCHANGE RATES

TYPE	MASTERCARD		VISA	
	CURRENT 10/00	NEW 4/01	CURRENT 10/00	NEW 4/01
MERIT III	1.36% + $.10	1.36% + $.10		
CPS/Retail			Credit 1.38% + $.05 Check/Electron 1.25% + $.10	Credit 1.38% + $.05 Check/Electron 1.25% + $.10
Key Entry	1.80% + $.10	1.80% + $.10	1.80% + $.10	1.80% + $.10
CPS/Retail 2 EMERGING MARKET MCC ONLY			1.43% + $.05	1.43% + $.05
Service Industry (SIIP)	1.15% + $.05	1.15% + $.05	N/A	N/A
MERIT I	1.85% + $.10	1.85% + $.10	N/A	N/A
CPS/Hotel & Car Rental Card Present	N/A	N/A	1.58% + $.10	1.58% + $.10
TIPS	1.58% + $.10	1.58% + $.10		
CPS/Hotel & Car Rental Card Not Present			1.58% + $.10	1.58% + $.10
CPS/Passenger Transport			1.70% + $.05	1.70% + $.05
Passenger Transport	1.70% + $.10[1]	1.70% + $.10		
CPS/Automated Fuel Dispensers	N/A	N/A	1.50% + $.05	1.50% + $.05
Convenience Purchase	1.80%[2]	1.80%	N/A	N/A
CPS/Card Not Present	N/A	N/A	1.80% + $.10	1.80% + $.10
Warehouse	1.10%	1.10%	N/A	N/A
Supermarket	1.15%	1.15%	Credit 1.20% Check/Electron = $ .40	Credit 1.20% Check/Electron = $ .40
Electronic (EIRF)	N/A	N/A	2.00% + $.10	2.00% + $.10
EPS/QPS	1.85% + $.10	1.85% + $.10	2.00% + $.02	2.00% + $.02
Standard	2.65% + $.10	2.65% + $.10	2.30% + $.10	2.30% + $.10
Signature Cd Electronic Signature Cd Standard	N/A	N/A	2.10% + $.10 2.35% + $.10	2.10% + $.10 2.35% + $.10
World MasterCard T&E	2.20%+$.10	2.20%+$.10	N/A	N/A
GSA Purch Cd Lg Ticket[3]	N/A	N/A	.95% + $35	.95% + $35
Purch Card Commercial Emerging Market Large Ticket[4]	N/A	N/A	N/A	.95% + $35
Corporate Face To Face	1.36% + $.10	1.36% + $.10	N/A	N/A
Corporate Data Rate I	2.30%	2.35%+$.10	N/A	N/A
Corporate Data Rate II	1.75%	1.75%	N/A	N/A
Corporate Data Rate III	1.50%	1.50%	N/A	N/A
Corporate Large Ticket[5]	.85%+$40	.85%+$40	N/A	N/A
Corporate T&E 1 Corporate T&E 2	2.30% 2.05% + $.10	2.30% 2.05% + $.10		
Corporate Electronic			2.10% + $.10	2.10% + $.10
Corporate Standard	2.65% + $.10	2.65% + $.10	2.35% + $.10	2.35% + $.10

NOTE : Standard Interchange requires processing in 30 calendar days. Merit I, EIRF, Data Rate I II & III require processing in 3 days Corporate T&E requires processing in 9 days. All other Interchange levels require processing in 2 days.

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[1] Effective 6/9/00 for Airline and Passenger Railway

[2] Effective 6/9/00 for Fast Food, Convenience Stores, Petroleum and Movie Theater MCCs

[3] Applies to GSA Purchase Cd BINs 471600-471699 and 448600-448699 only

[4] Applies to Visa Business to Business MCC Merchants only. Will be a Pilot Program available mid 2001.

[5] Transactions greater than US$3,000

MERCHANT BANKCARD SERVICES AGREEMENT

Customer's Legal Name	Doing Business As		
Street Address	City	State	Zip
Specify whether Customer is a Corporation, Partnership, Sole Proprietorship, Non-Profit or Other Type of Entity	Taxpayer Identification Number		
Recipient for Notices Under Paragraph 30.4	Facsimile Number	Telephone Number	

This Bankcard Merchant Services Agreement (the "Agreement") is among the CUSTOMER identified above, THE NORTHERN TRUST COMPANY, an Illinois banking corporation ("BANK") and FIRST DATA MERCHANT SERVICES CORPORATION ("FDMS"). (BANK and FDMS are collectively referred to as "SERVICERS").

BANK, as a member of Visa U.S.A., Inc. ("VISA") and MasterCard International Incorporated ("MasterCard"), is responsible for its VISA and MasterCard bankcard programs and has authorized FDMS pursuant to a separate agreement (the "Agency Agreement") to act as an agent of and in conjunction with BANK in performing authorization, processing and/or settlement services for merchants participating in BANK's MasterCard and VISA bankcard programs and in taking related actions. FDMS is acting in such capacity by executing and performing this Agreement. As between themselves, the respective rights and obligations of FDMS and BANK shall be governed by the Agency Agreement and Association Rules.

In consideration of the mutual covenants and agreements set forth herein and other good and valid consideration, the receipt and sufficiency of which are hereby acknowledged, SERVICERS and CUSTOMER agree as follows:

1. **Definitions.** The following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):
   - 1.1 "Association" means any entity formed to administer and promote Cards, including VISA and MasterCard, and any other entity specified on the Schedules to this Agreement.
   - 1.2 "Association Rules" mean the rules, regulations, releases, interpretations and other requirements (whether contractual or otherwise) imposed or adopted by VISA and MasterCard.
   - 1.3 "Authorization" means the process by which CUSTOMER electronically accesses a designated computerized system, unless such system is inoperable or otherwise not accessible to CUSTOMER, in which case CUSTOMER shall utilize the designated toll-free telephone number, to obtain credit approval from the Card issuing bank before completion of the Card transaction.
   - 1.4 "Bankruptcy Code" means title 11 of the United States Code, as amended from time to time.
   - 1.5 "Business Day" means a day (other than Saturday or Sunday) on which SERVICERS are generally open for business.
   - 1.6 "Card" means a valid credit card or valid off-line debit card bearing the service mark of VISA or MasterCard.
   - 1.7 "Cardholder" means the individual whose name is embossed on the Card and any authorized user of such Card.
   - 1.8 "Chargeback" means the procedure by which a Sales Draft or other indicia of a Card transaction (or disputed portion thereof) is returned to Bank or the Card issuing bank, for failing to comply with Association Rules, the liability of which is the CUSTOMER's responsibility.
   - 1.9 "Credit Voucher" means the evidence of a refund or price adjustment by CUSTOMER to a Cardholder's account in connection with a prior purchase by such Cardholder using a Card, regardless of whether the form of such evidence is in paper, electronic or otherwise.
   - 1.10 "CUSTOMER's Chargeback Percentage" means the actual monthly percentage calculated by dividing CUSTOMER's total monthly VISA and MasterCard Chargeback items in any line of business by the number of CUSTOMER's total monthly VISA and MasterCard transactions in such line of business.
   - 1.11 "Preauthorized Order" means a Cardholder's written authorization to make one or more future charges to such Cardholder's MasterCard Card account.
   - 1.12 "Procedures Manual" means the then-current manual prepared by FDMS containing operational procedures, instructions and other directives relating to Card transactions.
   - 1.13 "Recurring Sale" means a Cardholder's written authorization to make one or more future charges to such Cardholder's VISA or other non-MasterCard Card account.
   - 1.14 "Reserve Account" means a fund established and managed by SERVICERS to protect against actual or contingent liability arising from Chargebacks, adjustments, fees and other charges due to or incurred by SERVICERS.
   - 1.15 "Sales Draft" means evidence of a purchase of goods or services by a Cardholder from CUSTOMER 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.
   - 1.16 "Schedules" means the attachments, addenda and other documents, including those previously provided to CUSTOMER and revisions thereto, which may be incorporated into and made part of this Agreement.
   - 1.17 "Services" means the activities undertaken by SERVICERS to process and settle all United States Dollar denominated VISA and MasterCard Card transactions undertaken by Cardholders at CUSTOMER's location(s) in the United States, and all other activities necessary for SERVICERS to perform the functions specified on the Schedules for all other Cards covered by this Agreement.
   - 1.18 "Settlement Account" means an account at a financial institution designated by CUSTOMER as the account to be debited and credited by SERVICERS for Card transactions, fees, Chargebacks and other amounts due hereunder or in connection herewith (i.e., fines, penalties, attorneys' fees, etc.).

2. **Services.**
   - 2.1 ~~During the term of the Agreement, CUSTOMER shall use SERVICERS as its exclusive provider of all Services for CUSTOMER.~~
   - 2.2 Subject to Association Rules, Services may be performed by one or more of SERVICERS affiliates, including the provision of terminals or other equipment and local support functions in connection with this Agreement.

3. **Acceptance of Cards.**
   - 3.1 CUSTOMER will accept any VISA or MasterCard Card properly tendered, without imposing any special conditions not required or allowed by Association Rules. CUSTOMER will assess no special charge or extract any special agreement, condition (including any minimum or maximum transaction amounts) or security from a Cardholder in connection with any Card transaction. CUSTOMER shall not post signs indicating that CUSTOMER will refuse to honor Card transactions below or above a specified amount. CUSTOMER may offer a discount for using cash if clearly disclosed as a discount from the price available for all other means of payment. CUSTOMER shall not engage in acceptance practices or procedures

that discriminate against, discourage or favor the offered use of any particular Card accepted by CUSTOMER. CUSTOMER will not require Cardholders to provide person's acclamation such as a home or business telephone number, a home or business address, or any form of identification (such as a driver's license) as a condition for honoring and accepting a Card, unless specifically required by this Agreement or applicable Association Rules. CUSTOMER shall not accept Cards at terminals that dispense scrip in violation of the Association Rules.

3.2 CUSTOMER will check each Card used during a transaction for validity in accordance with the terms of this Agreement, the Procedures Manual and the applicable Association Rules. CUSTOMER will not honor a Card that appears to be invalid or expired.

3.3 All Sales Drafts and Credit Vouchers must include (i) either a manual imprint or an electronic printing of the Card obtained by passing the magnetic stripe on the Card through a point-of-sale terminal, of Cardholder information contained on the Card or magnetic stripe; (ii) the signature of the authorized user as it appears on the Card; (iii) the date of the transaction; (iv) a description of the merchandise sold or rented or the services rendered; and (v) the total cash price of the Card transaction (including taxes).

3.4 Except for transactions completed by using magnetic stripe reading point-of-sale terminals that print Card transaction records or originated at limited amount terminals that are capable of reading magnetic stripes and limit each Card transaction to $25, CUSTOMER is deemed to warrant the true identity of any Cardholder unless CUSTOMER imprints the Card on the Sales Draft, as described in subsection 3.3, above.

3.5 Unless a Card transaction is governed by Section 6 or otherwise specifically authorized by SERVICERS in writing, CUSTOMER may only complete a Card transaction when (i) the Card is present and (X) the data stored on the magnetic stripe is electronically read and printed by a magnetic stripe reader or (Y) the Card is manually imprinted, (ii) the Card is signed and the signature on the Sales Draft appears to be the same as the signature on the Card, (iii) the Cardholder resembles the person pictured (if any) on the Card, and (iv) all, or the appropriate portion, of the embossed account number on the Card matches with the corresponding digits printed on the Card and with the account number displayed and/or printed by a point-of-sale device reading the magnetic stripe on the Card. (If a previously unsigned Card is signed at the time of a Card transaction, CUSTOMER will review (and identify on the Sales Draft) a current, official government identification document (such as a driver's license or passport) bearing the Cardholder's signature.) CUSTOMER will deliver at least one copy of the Sales Draft or agreement or Credit Voucher to the Cardholder.

4. Procedures Manual; Association Rules.

CUSTOMER agrees to follow the procedures in the Procedures Manual, supplied to CUSTOMER in Welcoming Kit, in connection with each Card transaction and to comply with all applicable Association Rules. From time to time, SERVICERS may amend the Procedures Manual, by providing CUSTOMER with at least 30 days' prior written notice, and those provisions will be deemed incorporated into this Agreement. However, for changes in the Association Rules or for security reasons, certain changes in Card procedures may become effective on shorter notice. If CUSTOMER does not have a copy of the Procedures Manual or has otherwise lost or misplaced the Procedures Manual or any notice of changes thereto, CUSTOMER shall be responsible for contacting FDMS for replacement copies. If there is any conflict between the terms of this Agreement and the Procedures Manual, the terms of this Agreement will govern, unless the conflict is directly related to a change in the Procedures Manual which specifically addresses a procedure or requirement detailed in this Agreement.

5. Authorization.

5.1 CUSTOMER shall be responsible for obtaining Authorization in advance for each Card transaction. The Authorization number provided by SERVICERS shall be noted by CUSTOMER in the appropriate place on the Sales Draft. If Authorization is declined, CUSTOMER shall not complete the Card transaction.

5.2 CUSTOMER shall comply with any special authorization procedures contained in any other sections of this Agreement, the Procedures Manual, the Schedules previously provided and the Association Rules.

5.3 CUSTOMER acknowledges that Authorization, (i) indicates only the availability of credit at the time of Authorization; (ii) does not warrant that the person presenting the Card is the rightful Cardholder; and (iii) is not an unconditional promise or guarantee by SERVICERS that any Card transaction will not be subject to Chargeback.

6. Telephone and Mail Orders.

6.1 If CUSTOMER is authorized to accept telephone or mail orders, Authorization for each such Card transaction, regardless of the face amount, must be obtained and CUSTOMER must write "TO" (indicating telephone order), or "MO" (indicating mail order) as applicable, on the Sales Draft in lieu of the Cardholder's signature. CUSTOMER assumes all responsibility for identification of the Cardholder and the validity of the Card information for telephone and mail orders. For telephone and mail order Card transactions where merchandise is to be shipped or delivered to or for the Cardholder, the shipping date shall not be more than five calendar days after the Authorization is obtained, and any shipping costs not included in the Authorization amount must not exceed 15% of the amount authorized.

6.2 An installment payment option may be offered for telephone or mail order merchandise if all terms are clearly disclosed, each installment is authorized, the first installment is not submitted for settlement until the merchandise is shipped, and subsequent installments are submitted no more frequently than monthly.

6.3 Under no circumstances may CUSTOMER require that a Cardholder complete a postcard or other document which displays the Cardholder's account data in plain view when mailed.

7. Multiple Sales Drafts and Partial Consideration.

7.1 Except as shall be specifically set forth in the Procedures Manual or the Association Rules, CUSTOMER shall list all items of goods and services purchased during each Card transaction and the total amount thereof on a single Sales Draft.

7.2 CUSTOMER shall comply with all special procedures and conditions applicable under the Procedures Manual and the Association Rules with respect to any partial payment, installment payment, delayed delivery or advance deposit situation and any delayed or amended charges for a travel and entertainment transaction. CUSTOMER shall not use more than one Sales Draft to represent a single Card transaction to avoid the need for Authorization.

8. Preauthorized Orders and Recurring Sales.

8.1 A Preauthorized Order or Recurring Sale may include the payment of recurring charges such as insurance premiums, subscriptions, membership fees, tuition or utility charges and may also include preauthorized health care payments (subject to a Schedule).

8.2 If CUSTOMER is authorized to accept Preauthorized Orders or Recurring Sales, Authorization for each such Card transaction, regardless of the amount, must be obtained and CUSTOMER must write "Recurring Transaction" (for Visa and other non-MasterCard Card transactions) or "PO" (for MasterCard Card transactions) as applicable, on the Sales Draft in lieu of the Cardholder's signature.

8.3 Except for preauthorized health care payments for the incremental costs not covered by insurance, advance deposits and installment payments, all made in compliance with this Agreement and the Procedures Manual and Association Rules, a Preauthorized Order or Recurring Sale may not include partial payments made to CUSTOMER for goods or services purchased in a single transaction. In no event may any finance charges be imposed on any periodic payments in connection with a Preauthorized Order or Recurring Sale.

8.4 CUSTOMER may not accept a Preauthorized Order or Recurring Sale from a Cardholder for the purchase of goods or services which are delivered or performed periodically unless the Cardholder completes and delivers to CUSTOMER a written request (and, when applicable, a written renewal request) identifying (i) the goods or services to be charged to the Cardholder's account, (ii) the amount of the preauthorized or recurring charges (unless such charges are for variable amounts), (iii) the frequency of the preauthorized or recurring charges and (iv) the duration of time for which the Cardholder's permission is granted. If CUSTOMER accepts any Preauthorized Orders or Recurring Sales for variable amounts, CUSTOMER must comply with the supplemental provisions set forth in the applicable Schedules.

8.5 The Cardholder's written request (including any written renewal request) must be (i) retained for the duration of the preauthorized or recurring charges; (ii) provided in response to a Card issuing bank's request for original documentation; and (iii) used no longer after receiving notice of cancellation.

9. Cardholder Refunds and Credits.

9.1 If a Cardholder returns goods or cancels services purchased from CUSTOMER with a Card, or CUSTOMER allows any other price adjustment after a sale has been completed and a refund or adjustment is due to the Cardholder (other than any involuntary refund required by applicable airline or other tariff or by law), CUSTOMER will not return cash to the Cardholder but will instead prepare a Credit Voucher and process each such refund or adjustment, as specified in the Procedures Manual and Association Rules. CUSTOMER will give the Cardholder a copy of the completed Credit Voucher.

9.2 If CUSTOMER establishes a policy limiting refunds or acceptance of returned merchandise (*e.g.*, no refund, exchange only, in-store credit only, or special conditions), CUSTOMER must follow the procedures regarding refunds and returned merchandise as set forth in the Association Rules including, without limitation, the proper disclosure of such policy on all copies of each Sales Draft in letters at least ¼" high in close proximity to the space provided for the Cardholder's signature.

9.3 CUSTOMER will not accept money from a Cardholder for the purpose of preparing and depositing a Credit Voucher that will effect a deposit to the Cardholder's account. CUSTOMER must not process a Credit Voucher without having completed a previous Card transaction with the same Cardholder (or with a Cardholder who purchased a gift returned by the recipient). Under no circumstances may CUSTOMER require a Cardholder to waive the Cardholder's right to dispute a Card transaction with the Card issuing bank.

10. Presentment of Card Transactions.

10.1 CUSTOMER shall electronically or physically deliver to SERVICERS Sales Drafts for all Card transactions to be processed and settled hereunder. The deadlines for submitting Sales Drafts are: (i) the special time frames specified in the Schedules for CUSTOMER's Card transactions to qualify for the special pricing provided under applicable VISA and MasterCard incentive programs; (ii) for Card transactions involving Cards other than VISA or MasterCard, the time frames established by CUSTOMER's agreement with the applicable Association or by the applicable Association Rules; (iii) the applicable time of day specified in the Schedules hereto and (iv) in no event later than the fifth calendar day or third banking day (whichever is earlier) after completing Card transactions (unless CUSTOMER is entitled to any special extension of these deadlines). CUSTOMER acknowledges that the times specified in clause (iv) of the previous sentence are outside deadlines and that faster time frames are required to qualify for incentive programs.

10.2 CUSTOMER will not submit any Sales Draft that was not created in conjunction with a Card transaction between CUSTOMER and applicable Cardholder. Under no circumstances will CUSTOMER submit any Sales Draft that has been previously charged back by the Cardholder and subsequently returned to CUSTOMER.

11. Settlement of Card Transactions.

11.1 SERVICERS will only be required to settle CUSTOMER's Card transactions for Cards specified in CUSTOMER's Application. Promptly after presentment of Sales Drafts pursuant to Section 10, above, as applicable, a transfer of the applicable settlement funds to CUSTOMER will be initiated by Automated Clearing House Credit.

11.2 CUSTOMER acknowledges that the funds for CUSTOMER's MasterCard/VISA/Diners Club/JCB/Debit transactions will be processed and transferred to CUSTOMER's depository within two (2) business days from the time a batch is closed (by 7:15pm ET).

11.3 All settlements for VISA and MasterCard Card transactions will be net of Credit Vouchers, adjustments, applicable discount fees when due, Chargebacks and any other amounts then due from CUSTOMER.

11.4 All credits to CUSTOMER's Settlement Account or other payments to CUSTOMER are provisional and are subject to, among other things, a final audit, Chargebacks (including SERVICERS' related losses), fees and fines imposed by the Associations. CUSTOMER agrees that its Settlement Account may be debited or credited for any deficiencies, overages, fees and pending Chargebacks, or such amounts may be deducted from settlement funds due to CUSTOMER. Alternatively, CUSTOMER may be invoiced for any such amounts, net due 30 days after the invoice date or on such earlier date as may be specified.

11.5 SERVICERS will not be liable for any delays in receipt of funds or errors in debit and credit entries caused by third parties including but not limited to any Association or CUSTOMER's financial institution. In addition to any other remedies available to SERVICERS under this Agreement, CUSTOMER agrees that should any Event of Default occur, SERVICERS may, upon at least 24 hours' advance written notice, change processing or payment terms to suspend credits or other payments of any and all funds, money and amounts now due or hereafter to become due to CUSTOMER pursuant to the terms of this Agreement, until SERVICERS have had reasonable opportunity to investigate such event. In cases of fraud or similar cause, no prior notice shall be required, but SERVICERS shall notify CUSTOMER in writing within three business days after effectuating a suspension of credits or other payments, which shall state SERVICERS reason for the belief that such fraud or similar cause exists.

11.6 All payments to CUSTOMER shall be through the Automated Clearing House and shall normally be electronically transmitted directly to the demand deposit account CUSTOMER has designated or any successor account (DDA) designated to receive provisional funding of CUSTOMER's Card sales pursuant to the Agreement. SERVICERS cannot guarantee the time frame in which payment may be credited by CUSTOMER's depository institution (DEPOSITORY). CUSTOMER hereby authorizes SERVICERS and its authorized representatives, to access information from the DDA and to initiate credit and/or debit entries by bankwire or ACH transfer and to authorize DEPOSITORY to block or to initiate, if necessary, reversing entries and adjustments for any original entries made to the DDA and to authorize DEPOSITORY to provide such access and to credit and/or debit or to block the same to such account. This authorization is without respect to the source of any funds in the DDA, is irrevocable and coupled with an interest. This authority extends to any equipment rental or purchase agreements which may exist with CUSTOMER as well as to any fees and assessments and Chargeback amounts of whatever kind or nature due to SERVICERS under terms of this Agreement whether arising during or after termination of the Agreement. This authority is to remain in full force and effect at all times unless and until SERVICERS have consented to its termination at such time and in such a manner as to afford them a reasonable opportunity to act on it. In addition, CUSTOMER shall be charged an ACH fee as set forth in the Schedules for each ACH which cannot be processed, and all subsequent funding may be suspended until CUSTOMER either (i) notifies SERVICERS that ACHs can be processed or (ii) a new electronic funding agreement is signed by CUSTOMER. CUSTOMER's Depository must be able to process or accept electronic transfers via ACH.

12. Financial Accommodation.

CUSTOMER acknowledges and agrees that this Agreement constitutes a contract for the extension of financial accommodations to or for the benefit of CUSTOMER within the meaning of Section 365(c) of the Bankruptcy Code and entails the assumption by SERVICERS of significant credit risks. By reason of the assumption of such credit risks, CUSTOMER has granted to and conferred upon SERVICERS certain security, authorization to take reserves and other assurances of payment, all of which are material to SERVICERS' willingness to continue to provide services under this Agreement. The parties acknowledge that this Agreement creates a contract for the extension of financial accommodations to CUSTOMER within the meaning of Section 365(c) of the Bankruptcy Code.

13. Fees; Adjustments; Collection of Amounts Due.

13.1 CUSTOMER shall be charged a fee for the Services, which shall be calculated and payable pursuant to this Agreement and SERVICERS' response to the State of California Request for Proposal RFP-DGS-OFA-01-CPAS-Amended~~any additional pricing supplements~~. CUSTOMER acknowledges that the fees agreed to are based, in part, upon the qualification of CUSTOMER's transactions for certain ~~reduced~~ interchange and assessment fees as set by the applicable Association. SERVICERS will attempt to give CUSTOMER the best interchange and assessment rates available from the Associations based on data submitted by CUSTOMER. ~~If CUSTOMER's Card transactions fail to qualify for the reduced interchange fees, they shall be processed at the applicable interchange fees as set by the applicable Association and CUSTOMER shall be billed for the difference between the rates, plus an~~

~~additional Non-qualifying Processing Fee as set forth in the Schedules for each such non-qualifying transaction. Additionally, each foreign VISA/MasterCard transaction submitted will be subject to a .10% international transaction handling fee.~~

13.2 The discount rate as set forth in the Schedules for Visa and MasterCard transactions shall be calculated and charged to CUSTOMER on all Visa and MasterCard transactions (including both sales, and Credit Vouchers) submitted by CUSTOMER and processed by SERVICERS. The fees and/or discount rate as set forth in the Schedules with respect to transactions for cards issued by any Association other than Visa or MasterCard shall be calculated and charged to CUSTOMER on all transactions, (including both sales and Credit Vouchers).

~~13.3 A monthly minimum fee set forth in the Schedules will be assessed on all accounts. Any account that generates monthly discount less than the monthly minimum fee set forth in the Schedules will be charged an additional amount equal to the difference between the monthly minimum fee and the discount collected for the corresponding month.~~

13.4 The fees for Services set forth in the Schedules and any additional pricing supplement, are based upon assumptions associated with the anticipated annual volume, average transaction size and CUSTOMER's method of doing business. ~~If the actual volume or average transaction size are not as expected or if CUSTOMER significantly alters its method of doing business, its discount and transaction fees may be adjusted without prior notice.~~

13.5 The fees for Services set forth in the Schedules may be adjusted to reflect increases or decreases by Associations in interchange, assessment or other Association fees or to pass through increases charged by third parties for on-line communications and similar items. All such adjustments shall be CUSTOMER's responsibility to pay and shall become effective upon the date any such change is implemented by the applicable Association or other third party.

13.6 In addition to the regular Chargeback fees as set forth in the Schedules, CUSTOMER agrees to pay SERVICERS any fines imposed on SERVICERS by an Association, resulting from Chargebacks and any other fees or fines imposed by an Association with respect to acts or omissions of CUSTOMER. SERVICERS will take commercially reasonable steps to promptly notify CUSTOMER of any change in Association Rules that SERVICERS are aware of that, based on CUSTOMER's Card transactions, increases CUSTOMER's risk of being assessed such Association fees and fines. SERVICERS will work with CUSTOMER to help mitigate any fines that an Association may impose.

~~13.7 If CUSTOMER's Chargeback Percentage for any line of business exceeds the estimated industry chargeback percentage, CUSTOMER shall, in addition to the regular Chargeback fees due and any applicable Chargeback handling fees or fines imposed by the applicable Association, pay an excessive Chargeback fee for all Chargebacks occurring in such month in such line(s) of business. Each estimated industry chargeback percentage is subject to change from time to time by SERVICERS in order to reflect changes in the industry chargeback percentage reported by VISA or MasterCard. Each then-current industry chargeback percentage for CUSTOMER's applicable line(s) of business will be reflected in the monthly loss prevention report furnished to CUSTOMER.~~

13.8 If CUSTOMER believes any adjustments should be made with respect to CUSTOMER's Settlement Account for any amounts due or owed, CUSTOMER shall notify SERVICERS in writing within 45 days after any debit or credit is or should have been effected. If CUSTOMER notifies SERVICERS after such time period, SERVICERS may, in their discretion, assist CUSTOMER, at CUSTOMER's expense, in investigating whether any adjustments are appropriate and whether any amounts are due to or from other parties, but SERVICERS shall not have any obligation to investigate or effect any such adjustments. Any voluntary efforts by SERVICERS to assist CUSTOMER in investigating such matters shall not create any obligation to continue such investigation or assist with any investigation in response to future notices of possible adjustments that are not timely submitted.

13.9 ~~If CUSTOMER receives settlement funds by wire transfer, SERVICERS may charge a wire transfer fee per wire, notwithstanding any lesser amount shown in this Agreement.~~

13.10 CUSTOMER agrees to be bound by the terms of the operating rules of the National Automated Clearing House Association, as in effect from time to time. CUSTOMER hereby authorizes SERVICERS to initiate credit ~~and debit~~ entries and adjustments to CUSTOMER's account through the ACH settlement process and/or through direct instructions to (or such other arrangements as SERVICERS deem appropriate) the financial institution where CUSTOMER's Settlement Account is maintained for amounts due under this Agreement and under any agreements with SERVICERS or SERVICERS' affiliates for any related services~~, as well as for any credit entries in error~~. CUSTOMER hereby authorizes the financial institution where CUSTOMER's Settlement Account is maintained to effect all such ~~debits and~~ credits to CUSTOMER's account. This authority will remain in full force and effect until SERVICERS have given written notice to the financial institution where CUSTOMER's Settlement Account is maintained that all monies due under this Agreement and under any other agreements with SERVICERS or SERVICERS' affiliates for any related services have been paid in full.

14. Chargebacks.

14.1 CUSTOMER shall be responsible for all Chargeback amounts and fees relating to Card transactions settled by SERVICERS where:

(i) merchandise is returned and a proper credit for Cardholder is not received by SERVICERS for processing;

(ii) the Sales Draft is, or is alleged to have been, executed, accepted, endorsed, completed or assigned improperly without authority or not in accordance with the Authorization requirements or provisions of this Agreement;

(iii) regardless of any Authorization obtained (including without limitation, telephone and mail order transactions), CUSTOMER completed a transaction when the Cardholder did not sign the Sales Draft;

(iv) the signature on the draft was unauthorized as compared to the signature appearing on the Card, the signature panel on the Card was blank, or a limited purpose business purchasing card was accepted without appropriate authorization of the nature of the goods or services purchased (in addition to Authorization of the transaction amount);

(v) the Sales Draft is incorrectly completed, incomplete or illegible;

(vi) the Cardholder disputes the sale, quality or delivery (or availability for pre-arranged pick-up) of merchandise or the performance or quality of service covered by the Sales Draft or agreement accepted by such Cardholder;

(vii) the circumstances in which the Sales Draft was created or submitted by, or credit was received by, CUSTOMER constituted or otherwise involved a breach of any term, condition, representation, warranty or duty of CUSTOMER hereunder;

(viii) multiple Sales Drafts were executed to avoid the need to obtain authorization necessary to complete the transaction;

(ix) the extension of credit for merchandise sold or rented or services performed was in violation of law or the rules or regulations of any governmental agency, whether federal, state, local or otherwise;

(x) a legible copy of the Sales Draft or Credit Voucher cannot be produced by CUSTOMER within ten days or SERVICERS' request;

(xi) the Cardholder asserts any claim or defense which the Cardholder has as a consumer of goods or services;

(xii) the Cardholder disputes the validity of a telephone or mail order Card transaction;

(xiii) the Card transaction is otherwise subject to Chargeback by the Card issuing bank or Cardholder in accordance with the Association Rules or applicable law; or

(xiv) the Card transaction is subject to Chargeback in accordance with the procedures set forth in the Procedures Manual.

14.2 CUSTOMER shall be responsible for any Chargebacks, return items, fines, losses or other costs and expenses incurred by SERVICERS resulting from CUSTOMER'S a.) failure to produce a card transaction record requested within the applicable time limits, or b.) failure to provide SERVICERS with CUSTOMER's current and accurate Taxpayer Identification Number.

15. Representations; Warranties; Limitations on Liability; Exclusion of Consequential Damages.

15.1 Without limiting any other warranties hereunder, CUSTOMER represents and warrants as to each Card transaction submitted by CUSTOMER under this Agreement that:

(i) the Card transaction represents a bona fide sale/rental of merchandise or services not previously submitted;

(ii) the Card transaction represents an obligation of the Cardholder for the amount of the Card transaction;

(iii) the amount charged for the Card transaction is not subject to any dispute, setoff, or counterclaim;

(iv) the Card transaction amount is only for the merchandise or services (including taxes, but without any surcharge) sold or rented and, except for any delayed delivery or advance deposit Card transactions expressly authorized by this Agreement, the merchandise or service was actually delivered to or performed for the person entering into the Card transaction simultaneously upon CUSTOMER's accepting and submitting the Card transaction for processing;

(v) the Card transaction does not represent the refinancing of an existing obligation of the Cardholder (including any obligation otherwise owed to CUSTOMER by a Cardholder or arising from the dishonor of a personal check);

(vi) CUSTOMER has no knowledge or notice of any fact, circumstances or defense which would indicate that the Card transaction was fraudulent or not authorized by the Cardholder or which would otherwise impair the validity or collectibility of the Cardholder's obligation arising from such Card transaction or relieve the Cardholder from liability with respect thereto;

(vii) the Card transaction submitted to SERVICERS was entered into by CUSTOMER and the Cardholder;

(viii) the Card transaction was made in accordance with the terms of this Agreement, Association Rules and the Procedures Manual; and

(ix) with respect to purchase card or commercial card transactions, CUSTOMER has previously provided SERVICER with CUSTOMER's correct Taxpayer Identification Number prior to the acceptance of such transactions.

15.2 THIS AGREEMENT IS A SERVICE AGREEMENT, AND EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, SERVICERS DISCLAIM ALL OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, MADE TO CUSTOMER OR ANY OTHER PERSON, INCLUDING WITHOUT LIMITATION, ANY WARRANTIES REGARDING QUALITY, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE (REGARDLESS OF ANY COURSE OF DEALING, CUSTOM OR USAGE OF TRADE) OF ANY SERVICES OR ANY GOODS PROVIDED INCIDENTAL TO THE SERVICES PROVIDED UNDER THIS AGREEMENT.

15.3 EXCEPT FOR DAMAGES CAUSED BY INTENTIONAL AND/OR GROSSLY NEGLIGENT ACTS OR OMISSIONS BY SERVICERS, NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, IN NO EVENT SHALL SERVICERS, THEIR RESPECTIVE AFFILIATES OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR SUBCONTRACTORS, BE LIABLE UNDER ANY THEORY OF TORT, CONTRACT, STRICT LIABILITY OR OTHER LEGAL THEORY FOR LOST PROFITS, LOST REVENUES, LOST BUSINESS OPPORTUNITIES, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES, REGARDLESS OF WHETHER SUCH DAMAGES WHERE FORESEEABLE OR WHETHER ANY PARTY OR ANY ENTITY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

15.4 NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, SERVICERS' CUMULATIVE LIABILITY FOR ALL LOSSES, CLAIMS, SUITS, CONTROVERSIES, BREACHES, OR DAMAGES FOR ANY CAUSE WHATSOEVER (INCLUDING BUT NOT LIMITED TO, THOSE ARISING OUT OF OR RELATED TO THIS AGREEMENT) AND REGARDLESS OF THE FORM OF ACTION OR LEGAL THEORY SHALL NOT EXCEED, (I) $50,000 OR (II) THE AMOUNT OF FEES RECEIVED BY SERVICERS PURSUANT TO THE AGREEMENT FOR SERVICES PERFORMED IN THE IMMEDIATELY PRECEDING 12 MONTHS, WHICHEVER IS LESS.

16. Retention of Records.

16.1 CUSTOMER shall retain legible copies of Sales Drafts and Credit Vouchers for a period of at least three years from the date of each such transaction. CUSTOMER shall produce a legible copy of a Sales Draft or Credit Voucher within 48 hours of a request by SERVICERS.

16.2 CUSTOMER shall be responsible for the retrieval of all Sales Drafts and Credit Vouchers requested by SERVICERS within the shortest time limits established by the Association Rules, as specified in the Procedures Manual, this Agreement, or other notice from SERVICERS.

17. Cash Payments by and Cash Disbursements to Cardholders.

CUSTOMER shall not accept any direct payments from Cardholders for charges of merchandise or services which have been included on a Sales Draft, it being the right of the Card issuing bank to receive such payments. Taxes on Card transactions must be included in the amount charged and may not be collected by CUSTOMER in cash. CUSTOMER shall not make any cash disbursements to a Cardholder as part of a Card transaction except to the extent expressly authorized by one or more of the Schedules, the Procedures Manual or the Association Rules.

18. Confidentiality.

18.1 Unless CUSTOMER obtains consents from each applicable Association, SERVICERS, Card issuing bank and Cardholder, CUSTOMER shall not use, disclose, sell or disseminate any Cardholder information obtained in connection with a Card transaction (including the names, addresses and Card account numbers of Cardholders) except for purposes of authorizing, completing and settling Card transactions and resolving any chargebacks, retrieval requests or similar issues involving Card transactions, other than pursuant to a court or governmental agency request, subpoena or order. CUSTOMER shall use proper controls for and shall limit access to, and shall render unreadable prior to discarding, all records containing Cardholder account numbers and Card imprints. CUSTOMER must not retain or store magnetic stripe data after a transaction has been authorized. If CUSTOMER stores any electronically captured signature of a Cardholder, CUSTOMER shall not reproduce such signature except upon specific request of SERVICERS.

18.2 CUSTOMER acknowledges that it obtains no ownership rights in any information relating to and derived from Card transactions.

19. Advertising.

CUSTOMER shall display VISA and MasterCard decals and program marks on promotional materials furnished by SERVICERS, as required by Association Rules, but shall not indicate that VISA or MasterCard endorses CUSTOMER's goods or services and shall not continue using such materials after termination of this Agreement.

20. Assignment.

20.1 Any transfer or assignment of this Agreement by CUSTOMER, by operation of law or otherwise, is voidable by SERVICERS without SERVICERS' prior written consent. In the event of such transfer or assignment, the party to whom the Agreement was transferred or assigned shall be bound to the terms and conditions of this Agreement to the same extent as if SERVICERS and such assignee or transferee, as the case bay be, entered into an agreement identical to this Agreement on the effective date of such transfer or assignment. ~~Furthermore, CUSTOMER shall indemnify and hold SERVICERS harmless from all liabilities, Chargebacks, expenses, costs, fees and fines arising in connection with such transferees or assignees, as the case may be, submission or Card transactions to SERVICERS for processing.~~ For purposes of this Agreement, any transfer of voting control of CUSTOMER or its parent shall be considered an assignment or transfer hereof.

20.2 Upon notice to CUSTOMER, another VISA and MasterCard member may be substituted for BANK under whose sponsorship this Agreement is performed and for whom FDMS is acting as agent hereunder. Upon substitution, such other VISA and MasterCard member shall be responsible for all obligations required of BANK, including without limitation, full responsibility for its bankcard program and such other obligations as may be expressly required by applicable Association Rules. Subject to Association Rules, SERVICERS may assign or transfer this Agreement and their rights and obligations hereunder and may delegate their duties hereunder, in whole or in part, to any third party, whether in connection with a change in sponsorship, as set forth in the preceding sentence, or otherwise, without the notice to or consent of CUSTOMER.

20.3 Except as provided in the following sentence, this Agreement shall be binding upon successors and assigns and shall inure to the benefit of the parties and their respective permitted successors and assigns. No assignee for the benefit of creditors, custodian, receiver, trustee in bankruptcy, debtor in

possession, sheriff or any other officer of a court, or other person charged with taking custody of a party's assets or business, shall have any right to continue or to assume or to assign this Agreement.

21. Term; Events of Default.

~~21.1 THIS AGREEMENT AND ANY APPLICABLE SCHEDULES SHALL BE BINDING UPON THE EARLIER OF; (i) ITS EXECUTION BY ALL PARTIES OR (ii) THE SETTLEMENT BY US OF (A) ANY CARD TRANSACTION SUBMITTED BY YOU AFTER YOUR RECEIPT OF THIS AGREEMENT IF YOU ARE A NEW CUSTOMER THAT DOES NOT ALREADY HAVE AN AGREEMENT WITH US FOR CARD TRANSACTION SERVICES OR (B) ANY CARD TRANSACTION SUBMITTED BY YOU 30 OR MORE DAYS AFTER YOUR RECEIPT OF THIS AGREEMENT IF YOU ARE ONE OF OUR EXISTING CUSTOMERS WHOSE CURRENT AGREEMENT WITH US FOR CARD TRANSACTION SERVICES IS BEING REPLACED BY THIS AGREEMENT.~~

21.2 ~~The initial term of this Agreement shall commence and shall continue in force for one year after it becomes effective. This Agreement shall renew for successive one-year periods unless any party terminates this Agreement by notice to the others, in writing, at least 30 days prior to the expiration of the term or renewal term, as the case may be.~~ SERVICERS may ~~also~~ terminate this Agreement at any time by providing 30 days advance notice to CUSTOMER.

21.3 If any of the following events shall occur (each an "Event of Default"):

(i) a material adverse change in the ~~business, financial condition~~, business procedures, products or services of CUSTOMER; or

~~(ii) any assignment or transfer of voting control of CUSTOMER or its parent; or~~

~~(iii) a sale of all or a substantial portion of CUSTOMER's assets; or~~

(iv) irregular Card sales by CUSTOMER, excessive Chargebacks or any other circumstances which, in SERVICERS' sole discretion, may increase SERVICERS' exposure for CUSTOMER's chargebacks or otherwise present a financial or security risk to SERVICERS; or

(v) any representation or warranty of CUSTOMER in this Agreement is breached in any material respect or was or is incorrect in any material respect when made or deemed to be made; or

(vi) CUSTOMER shall default in any material respect in the performance or observance of any term, covenant, condition or agreement contained in this Agreement, including, without limitation, the establishment or maintenance of funds in a Reserve Account, as detailed in Paragraph 22;

~~(vii) CUSTOMER shall default in any material respect in the performance or observance of any term, covenant or condition contained in any agreement with any affiliate of SERVICERS, including, but not limited to, any agreement governing check guarantee or check verification services; or~~

~~(viii) CUSTOMER shall default in the payment when due, whether upon maturity or otherwise, of any material indebtedness for borrowed money or any material trade payable (other than any trade payable subject to a good faith dispute by CUSTOMER so long as CUSTOMER is actively pursuing resolution of such dispute); or~~

~~(ix) CUSTOMER shall: commence a voluntary case under the Bankruptcy Code; file a petition seeking to take advantage of any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or entry into a composition agreement or similar arrangement for adjustment of debts; consent to or fail to contest in a timely and appropriate manner any petition filed against it in an involuntary case under such bankruptcy laws or other laws; apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of a substantial part of its property, domestic or foreign; generally become unable to pay its debts or trade obligations as they become due; make a general assignment for the benefit of creditors; or take any corporate action for the purpose of authorizing any of the foregoing; or~~

~~(x) a case or other proceeding shall be commenced against CUSTOMER, in any court of competent jurisdiction seeking relief under the Bankruptcy Code or under any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or adjustment of debts, the appointment of a trustee, receiver, custodian, liquidator or the like of CUSTOMER, or of all or any substantial part of the assets, domestic or foreign, of CUSTOMER and such case or proceeding shall continue undismissed or unstayed for a period of 60 consecutive days, or an order granting the relief requested in such case or proceeding against CUSTOMER (including, but not limited to, an order for relief under the Bankruptcy Code) shall be entered; or~~

~~(xi) the independent certified accountants retained by CUSTOMER shall refuse to deliver an unqualified opinion with respect to the annual financial statements of CUSTOMER and its consolidated subsidiaries;~~

then, upon the occurrence of (1) an Event of Default specified in subparagraphs (iv), (ix) or (x) above, SERVICERS may consider this Agreement to be terminated immediately, without notice, and all amounts payable hereunder by CUSTOMER to SERVICERS shall be immediately due and payable in full without demand or other notice of any kind, all of which are expressly waived by CUSTOMER, and (2) any other Event of Default, this Agreement may be terminated by SERVICERS by giving not less than 10 days' notice to CUSTOMER, and upon such notice all amounts payable hereunder by CUSTOMER to SERVICERS shall be due and payable on demand.

21.4 Neither the expiration nor termination of this Agreement shall terminate the obligations and rights of the parties pursuant to provisions of this Agreement which by their terms are intended to survive or be perpetual or irrevocable and such provisions shall survive the expiration or termination of this Agreement.

21.5 If any Event of Default shall have occurred and be continuing, SERVICERS may, in their sole discretion, exercise all of their rights and remedies under applicable law, including, without limitation, exercising their rights under Section 22.

21.6 If this Agreement is terminated for cause, CUSTOMER acknowledges that SERVICERS may be required to report CUSTOMER's business name and the names and other identification of its principals to the Combined Terminated Merchant File maintained by VISA and MasterCard. CUSTOMER expressly agrees and consents to such reporting in the event CUSTOMER is terminated as a result of the occurrence of an Event of Default or for any reason specified as cause by VISA or MasterCard. ~~Furthermore, CUSTOMER agrees to waive and hold SERVICERS harmless from and against, any and all claims which CUSTOMER may have as a result of such reporting.~~

21.7 The provisions governing processing and settlement of Card transactions, all related adjustments, fees and other amounts due from CUSTOMER and the resolution of any related chargebacks, disputes or other issues involving Card transactions will continue to apply even after termination of this Agreement, until all Card transactions made prior to such termination are settled or resolved. In addition, the provisions of Sections 13 through 18, inclusive, 20, 22, 24 and 25, and Subsections 11.4, 21.6, 21.8 and 30.2, all in this Agreement, shall survive any termination. Upon termination of this Agreement, CUSTOMER agrees to immediately send SERVICERS all the data relating to Card transactions made up to the date of termination.

21.8 After termination of this Agreement for any reason whatsoever, CUSTOMER shall continue to bear total responsibility for all Chargebacks, fees, credits and adjustments resulting from Card transactions processed pursuant to this Agreement and all other amounts then due or which thereafter may become due to SERVICERS under this Agreement or which may be due to SERVICERS before or after such termination to either SERVICERS or any of SERVICERS' affiliates for any related equipment or related services.

22. Reserve Account; Security Interest.

~~22.1 CUSTOMER expressly authorizes SERVICERS to establish a Reserve Account pursuant to the terms and conditions set forth in this Section 22. The initial amount of such Reserve Account shall be set by SERVICERS, in their sole discretion, based upon CUSTOMER processing history and the anticipated risk of loss to SERVICERS.~~

~~22.2 The Reserve Account shall be fully funded upon three days notice to CUSTOMER, or in instances of fraud or an Event of Default, reserve account funding may be immediate. Such Reserve Account may be funded by all or any combination of the following: (i) one or more debits to CUSTOMER's Settlement Account or any other accounts held by BANK or any of its affiliates; (ii) one or more deductions or off sets to any payments otherwise due to CUSTOMER; (iii) CUSTOMER's delivery to SERVICERS of a letter of credit; or (iv) if SERVICERS so agree, CUSTOMER's pledge to SERVICERS of a freely transferable and negotiable certificate of deposit. Any such letter of credit or certificate of deposit shall be issued or established by a financial institution acceptable to SERVICERS and shall be in a form satisfactory to SERVICERS. In the event of termination of this~~

~~Agreement by either CUSTOMER or SERVICERS, an immediate Reserve Account may be established without notice in the manner provided above. Any Reserve Account will be held by BANK for the greater of ten months after termination of this Agreement or for such longer period of time as is consistent with BANK's liability for Card transactions in accordance with Association Rules. CUSTOMER's funds held in a reserve account may be held in a commingled Reserve Account for the reserve funds of BANK's customers, without involvement by an independent escrow agent.~~

~~22.3~~ If CUSTOMER's funds in the DDA ~~Reserve~~ Account are not sufficient to cover the Chargebacks, adjustments, fees and other charges due from CUSTOMER~~, or if the funds in the Reserve Account have been released,~~ CUSTOMER agrees to promptly pay SERVICERS such sums upon request. ~~In the event of a failure by CUSTOMER to fund the Reserve Account, SERVICERS may fund such Reserve Account in the manner set forth in subsection 22.2 above.~~

~~22.4 To secure CUSTOMER's obligations to SERVICERS and their affiliates under this Agreement and any other agreement for the provision of related equipment or related services, CUSTOMER grants to SERVICERS a lien and security interest in and to any of CUSTOMER's funds pertaining to the Card transactions contemplated by this Agreement now or hereafter in the possession of SERVICERS, whether now or hereafter due or to become due to CUSTOMER from SERVICERS. Any such funds, money or amounts may be commingled with other funds of SERVICERS, or, in the case of any funds held pursuant to the foregoing paragraphs, with any other funds of other customers of SERVICERS. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, SERVICERS are hereby authorized by CUSTOMER at any time and from time to time, without notice or demand to CUSTOMER or to any other person (any such notice and demand being hereby expressly waived), to set off, recoup and to appropriate and to apply any and all such funds against and on account of CUSTOMER's obligations to SERVICERS and their affiliates under this Agreement and any other agreement with SERVICERS or any of SERVICERS' affiliates for any related equipment or related services (including any check guarantee and check verification services), whether such obligations are liquidated, unliquidated, fixed, contingent, matured or unmatured. CUSTOMER agrees to duly execute and deliver to SERVICERS such instruments and documents as SERVICERS may reasonably request to perfect and confirm the lien, security interest, right of set off, recoupment and subordination set forth in this Agreement.~~

23. Financial and Other Information.

23.1 If requested by SERVICERS, CUSTOMER agrees to provide SERVICERS quarterly financial statements of CUSTOMER within 45 days after the end of each fiscal quarter and annual audited financial statements within 90 days after the end of each fiscal year. Such financial statements shall be prepared in accordance with generally accepted accounting principles. CUSTOMER also shall provide such other financial statements and other information concerning CUSTOMER's business and CUSTOMER's compliance with the terms and provisions of this Agreement as SERVICERS may reasonably request. CUSTOMER authorizes SERVICERS to obtain from third parties financial and credit information relating to CUSTOMER in connection with SERVICERS' determination whether to accept this Agreement and SERVICERS' continuing evaluation of the financial and credit status of CUSTOMER. SERVICERS may also access and use information which CUSTOMER has provided to Bank for any other reason. Upon request, CUSTOMER shall provide to SERVICERS or their representatives reasonable access to CUSTOMER's facilities and records for the purpose of performing any inspection and/or copying of CUSTOMER's books and/or records deemed appropriate by SERVICERS.

23.2 CUSTOMER will provide SERVICERS with written notice of CUSTOMER's intent to liquidate, substantially change the basic nature of its business, transfer or sell any substantial part (25% or more in value) of its total assets, or if CUSTOMER or its parent is not a corporation whose shares are listed on a national securities exchange or on the over-the-counter market, change the control or ownership of CUSTOMER or its parent, 30 days prior to such liquidation, change, transfer or sale taking place. CUSTOMER will also notify SERVICERS of any judgment, writ, warrant of attachment, execution or levy against any substantial part (25% or more in value) of CUSTOMER's total assets not later than three days after CUSTOMER obtains knowledge of any such judgment, writ, warrant of attachment, execution or levy.

~~**24. Indemnification.**~~

~~24.1 CUSTOMER agrees to indemnify and hold harmless SERVICERS from and against all losses, liabilities, damages and expenses (including attorneys' fees and collection costs) resulting from any breach of any warranty, covenant or agreement or any misrepresentation by CUSTOMER under this Agreement, or arising out of any gross negligence or willful misconduct of CUSTOMER or its employees, in connection with CUSTOMER's Card transactions or otherwise arising from CUSTOMERsentativsion of goods and services to Cardholders.~~

~~24.2 SERVICERS agree to indemnify and hold harmless CUSTOMER from and against all losses, liabilities, damages and expenses resulting from any breach of any warranty, covenant or agreement or any misrepresentation by SERVICERS under this Agreement or arising out of the gross negligence or willful misconduct of SERVICERS or their employees in connection with this Agreement.~~

~~**25. Liquidated Damages.**~~

~~The parties further agree and acknowledge that, in addition to any remedies contained herein or otherwise available under applicable law and, notwithstanding anything to the contrary elsewhere in this Agreement, if (a) CUSTOMER breaches this Agreement by improperly terminating it prior to the expiration of the applicable term of the Agreement, or (b) this Agreement is terminated prior to the expiration of the applicable term of the Agreement in accordance with, and due to, an Event of Default by CUSTOMER specified in subsection 21.3, then SERVICERS will suffer a substantial injury that is difficult or impossible to accurately estimate. Accordingly, in an effort to liquidate in advance the sum that should represent the damages which would actually be sustained by SERVICERS as the result of such a termination, the parties have agreed that two hundred fifty ($250.00) per location is a reasonable pre-estimate of SERVICERS' probable loss, which shall be paid to SERVICERS as liquidated damages in the event of any such termination. Any recovery pursuant to this Section 25 shall in no way limit SERVICERS' right to receive any amounts due from CUSTOMER pursuant to Sections 13 and 14. Such liquidated damages shall be paid to SERVICERS immediately.~~

26. Additional Fee Information.

26.1 In addition to the debit card transaction fees set forth on the Application, CUSTOMER shall be responsible for the amount of any fees imposed upon a transaction by the applicable debit network.

26.2 A monthly equipment rental fee will be charged each month for each piece of equipment rented, plus tax as applicable. CUSTOMER will be charged for actual shipping fees for equipment and supplies.

26.3 CUSTOMER's initial MasterCard and VISA rates are stated on CUSTOMER's Application and may be adjusted from time to time including to reflect:

(i) Any increases or decreases in the interchange and/or assessment portion of the Service Fee,

(ii) The appropriate interchange level as is consistent with the qualifying criteria of each transaction submitted by CUSTOMER,

~~(iii) Increases in any applicable sales or telecommunications charges or taxes levied by any state, federal or local authority related to the delivery of the services provided by SERVICERS when such costs are included in the Service Fee, and~~

~~(iv) Annually based upon signed date of contract, SERVICERS may increase the non-interchange/assessment portion of CUSTOMER's discount rate according to Consumer Price Index (CPI).~~

27. Special Provisions Regarding JCB and Diners Club.

27.1 If CUSTOMER accepts JCB cards, CUSTOMER must retain original JCB Sales Drafts and JCB Credit Vouchers for a period of at least 120 days from the date of the JCB Card transaction and CUSTOMER must retain microfilm or legible copies of JCB Sales Drafts and JCB Credit Vouchers for a period of at least three (3) years following the date of the transaction.

27.2 If CUSTOMER accepts JCB cards and/or Diners Club CUSTOMER agrees to be bound by JCB and Diners Club rules. CUSTOMER also agrees to be bound by all other provisions of this Agreement which are applicable to JCB and Diners Club.

~~**28. Special Provisions for TeleCheck Services.**~~

28.1 If CUSTOMER elects to subscribe to the TeleCheck® check services (the "TeleCheck Services") in the Merchant Processing Application, the TERMS AND CONDITIONS of this Section 28 shall apply, including payment and the Minimum Monthly Fee from that point forward, upon CUSTOMER processing their first check through the TeleCheck® service. The TERMS AND CONDITIONS of this Section 28 are solely between CUSTOMER and TeleCheck; CUSTOMER shall not provide or resell, directly or indirectly, the services provided by TeleCheck to any third party. CUSTOMER is not authorized to, and shall not in any manner utilize any services in connection with any transaction conducted, in whole or in part, over the Internet or in any other non-face-to-face transaction. TeleCheck Services, Inc. is an express third party beneficiary of this Agreement and can enforce this Agreement as though it were a party.

28.2 TeleCheck will provide the TeleCheck Services selected in the Merchant Processing Application for an initial term of 12 months from the Effective Date; provided, however, that CUSTOMER may terminate the TeleCheck Services if CUSTOMER gives and TeleCheck receives written notice of termination within the first 30 days of the Agreement. Thereafter, the TeleCheck Services shall automatically renew for successive 12 month terms until terminated as provided for herein. CUSTOMER may terminate the TeleCheck Services at the end of the initial term or any renewal term upon at least thirty days' prior written notice to TeleCheck. In the event TeleCheck changes the rates, fees or warranty limits hereunder, CUSTOMER may terminate the TeleCheck Services upon written notice received by TeleCheck from CUSTOMER within thirty days of CUSTOMER's receipt of notice of such change. TeleCheck may terminate the TeleCheck Services at any time upon notice to CUSTOMER. TeleCheck reserves the right to amend, at its discretion, the TERMS AND CONDITIONS herein, including, without limitation, any addenda, TeleCheck Operational Procedures, rates and fees, by providing CUSTOMER notice thereof and such amendments shall be effective 30 days from the date notice is mailed to CUSTOMER.

28.3 As used in this Section 28 the following definitions apply: "check writer" means the drawer of a check; "Claim" means any arbitration award, assessment, charge, citation, claim, damage, demand, directive, expense, fine, interest, joint or several liability, lawsuit or other litigation, notice, infringement or misappropriation of any patent, trademark, copyright or other intellectual property right or violation of any law, and any consequential, indirect, special, incidental or punitive damages and any attorney's fees and expenses incurred in connection therewith. For purposes of the foregoing Claim definition, a Claim shall be considered to exist even though it may be conditional, contingent, indirect, potential, secondary, unaccrued, unasserted, unknown, unliquidated, or unmatured; "consumer" means a check writer, person, or entity that authorizes an item; "Dishonored Item" means an Item having received a valid TeleCheck Approval Code pursuant to a Warranty Service Business Transaction, but which is dishonored upon presentment for payment; "Item" means an outstanding financial obligation pursuant to a check, including a check processed as an ECA® Business Transaction; "ECA Business Transaction" means a transaction for the contemporaneous purchase of goods or services (including, without limitation, taxes), the payment for which is processed as an ECA transaction; provided, however, it does not include any ECA transactions for cash or payment on an account, debt or check already due CUSTOMER; "ECA batch" means a collection of saved ECA transactions; "TeleCheck Operational Procedures" means TeleCheck's published policies and procedures contained in various documents provided to CUSTOMER concerning the TeleCheck Services provided pursuant to this Section 28, the terms of which are incorporated in this Section 28 as if fully set forth herein; "Returned Item" means any Item not paid by CUSTOMER's financial institution or that fails to comply with the TERMS AND CONDITIONS of this Section 28, including the Warranty Requirements; "TeleCheck Approval Code" means that TeleCheck has authorized an Item for warranty coverage under this Section 28 pursuant to a Warranty Service Business Transaction; "TeleCheck Parties" means TeleCheck and its officers, directors, employees, shareholders, agents and attorneys; "Warranty Maximum": (a) for an Item processed as a non ECA transaction means lower of (i) the face amount of the Item; or (ii) the lesser amount set forth on the Merchant Processing Application(if any); and (b) for an Item processed as an ECA transaction means the lower of (i) the face amount of the item; or (ii) $20,000.00; and "Warranty Service Business Transaction" means a transaction for the contemporaneous purchase of goods or services pursuant to TeleCheck's warranty service program and shall not include checks written for cash or for payment on an account, debt or check already due CUSTOMER.

28.4 CUSTOMER shall pay TeleCheck the fees and rates set forth on the Merchant Processing Application, attached Fee Schedule and Addenda, if any, or in the TERMS AND CONDITIONS herein, as changed from time to time by TeleCheck, plus all applicable taxes. The Set-Up Fees First Location and Additional Location(s) are fees related to the establishment and set up of the first and subsequent locations on the TeleCheck service. The ECA Conversion Fee is the fee charged to convert an existing Subscriber to the ECA service. The "Inquiry Rate" is the percentage rate set forth in the Fee Schedule which shall apply to each Item which is entered into the TeleCheck system whether by telephone, electronically or otherwise. The "Monthly Minimum Fee" is the minimum amount of inquiry fees that CUSTOMER shall pay on a monthly basis. If the total fees for CUSTOMER's inquiries for any month are less than the Monthly Minimum Fee, then the Monthly Minimum Fee shall apply. "Additional Inquiry Fees" are those fees for inquiries exceeding the dollar volume of inquiries included in the Monthly Minimum fee. The "Processing Fee" is a monthly fee for handling CUSTOMER's account. The "Charge Per Transaction" is the per transaction charge for all transactions determined by the method by which the transaction is delivered to TeleCheck. The "ECA Charge Per Transaction" is the additional per transaction charge for all ECA transactions submitted by CUSTOMER. The "Non-Imaging Surcharge" is a per transaction charge for every ECA transaction that is not processed using a TeleCheck approved imaging device. The "POS Support Charge" is a monthly fee for point of sale support services. The "Transaction Surcharge" is an additional charge for transactions going over third party networks. The "ECA Chargeback Fee" is a $5.00 handling fee for each chargeback of an ECA transaction. The "ECA Funding Report Fee" is an additional fee to receive daily or weekly ECA funding reports. The "ECA Correction Fee" is a $5.00 fee payable on each item in an ECA batch that must be corrected due to CUSTOMER's error or at CUSTOMER's request. The "Customer Requested Operator Call Charge" is an additional charge of a $1.50 per operator assisted call not requested by TeleCheck. The "Recovery Processing Fee" is a $5.00 charge for each check that fails to meet Warranty Requirements for which TeleCheck elects, in its discretion, to reimburse CUSTOMER as a "Goodwill Item" for a specific Returned Item. A "Warranty Research Fee" of $7.50 will be charged each time CUSTOMER requests substantiation of a warranty payment/non-payment. These above fees are in addition to any fees charged by TeleCheck to CUSTOMER under any other agreement.

28.5.1 All fees and charges are due upon receipt. CUSTOMER authorizes TeleCheck to debit from CUSTOMER's financial institution account as provided to TeleCheck by CUSTOMER, all payments and other amounts owed (including, without limitation, all chargebacks, ECA Chargeback Fees and Returned Item Fees) to TeleCheck or its affiliates under this Section 28 or any other agreement between CUSTOMER and TeleCheck or its affiliates, and to credit all amounts owing to CUSTOMER under this Section 28 to CUSTOMER's financial institution account. If there are insufficient funds in CUSTOMER's financial institution account to pay amounts owed to TeleCheck or its affiliates, or if there are any amounts otherwise not paid by CUSTOMER when due, including, without limitation, delinquent fees, chargebacks or rejected and reassigned warranty Items, CUSTOMER shall immediately reimburse TeleCheck or its affiliates upon demand, or at TeleCheck's option, TeleCheck may offset such amounts due CUSTOMER from TeleCheck or its affiliates under this Agreement or any other agreement between CUSTOMER and TeleCheck or its affiliates. A delinquency charge of 1-1/2% per month or the highest amount permitted by law, whichever is lower, shall be added to the outstanding balance of any account over fifteen (15) days delinquent. TeleCheck shall have the right to suspend all services and obligations to CUSTOMER, including the payment of all warranties due and transactions previously authorized, during any period in which CUSTOMER's account is delinquent. CUSTOMER agrees to pay TeleCheck a $25.00 fee for any check or ACH debit that is not paid by CUSTOMER's financial institution upon presentment.

28.5.2 CUSTOMER expressly authorizes TeleCheck to establish a reserve account (the "TeleCheck Reserve") for ECA Business Transactions. The amount of the TeleCheck Reserve shall be set by TeleCheck, in its sole discretion, based upon CUSTOMER's processing history and the anticipated risk of loss to TeleCheck.

28.5.3 The TeleCheck Reserve shall be fully funded upon three (3) days' notice to CUSTOMER, or in instances of fraud or breach of this Agreement, the TeleCheck Reserve may be funded immediately at TeleCheck's election. The TeleCheck Reserve may be funded by all or any combination of the following: (i) one or more debits to CUSTOMER's financial institution (and TeleCheck is hereby authorized to make such debits); (ii) one or more deductions or offsets to any payments otherwise due to CUSTOMER from TeleCheck or any of its affiliates; or (iii) CUSTOMER's delivery to TeleCheck of a letter of credit. Any such letter of credit shall be issued or established by a financial institution acceptable to TeleCheck and in a form satisfactory to TeleCheck, both in TeleCheck's discretion. In the event of termination of the TeleCheck Services by either CUSTOMER or TeleCheck, an immediate TeleCheck Reserve may be established without notice in the manner provided above. Any TeleCheck Reserve will be held by TeleCheck for ten (10) months after termination of the TeleCheck Services. CUSTOMER's funds held in a TeleCheck Reserve may be held in a commingled TeleCheck Reserve for the reserve funds of TeleCheck's subscribers, without involvement by an independent escrow agent, and shall not accrue interest.

28.5.4 If CUSTOMER's funds in the TeleCheck Reserve are not sufficient to cover the delinquent fees, chargebacks or rejected and reassigned warranty Items, or any other fees and charges due from CUSTOMER to TeleCheck or its affiliates, or if the funds in the TeleCheck Reserve have been released, CUSTOMER shall immediately pay TeleCheck such sums upon request. In the event of failure by CUSTOMER to fund the TeleCheck Reserve, TeleCheck may fund such TeleCheck Reserve in the manner set forth in subsection 28.5.3, above.

28.5.5 To secure CUSTOMER's obligation to TeleCheck and its affiliates under this Agreement and any other agreement for provision of other services, CUSTOMER grants to TeleCheck a lien and security interest in and to any of CUSTOMER's funds pertaining to the transactions contemplated by this Section 28 now or hereafter in the possession of TeleCheck, whether due or to become due to CUSTOMER from TeleCheck. Any such funds, money or amounts may be commingled with other funds of TeleCheck, or, in the case of any funds held pursuant to the foregoing paragraphs, with any other funds of other subscribers of TeleCheck. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, TeleCheck is hereby authorized by CUSTOMER at any time and from time to time, without notice or demand to CUSTOMER or any other person (any such notice and demand being hereby expressly waived), to set off, recoup and to appropriate and to apply any and all such funds against and on account of CUSTOMER's obligations to TeleCheck and its affiliates under this Agreement and any other agreement with TeleCheck or any of its affiliates including, without limitation, fees for any other services (including any check or credit card processing services), whether such obligations are liquidated, unliquidated, fixed contingent, matured or unmatured. CUSTOMER duly agrees to execute and deliver to TeleCheck such instruments and documents as TeleCheck may reasonably request to perfect and confirm the lien, security interest, right of set off, recoupment, and subordination set forth in this Agreement.

28.5.6 In the event any ECA Business Transaction is not funded or otherwise paid by TeleCheck in accordance with this Section 28, CUSTOMER is required to notify TeleCheck thereof in writing within sixty (60) days from the date of such ECA Business Transaction. If CUSTOMER fails to so notify TeleCheck within said sixty (60) period, TeleCheck will have no liability and CUSTOMER is precluding from asserting any claims, damages or losses relating to TeleCheck's failure to fund such ECA Business Transaction.

28.6 Title to all rental equipment provided by TeleCheck, if any, or equipment loaned to CUSTOMER by TeleCheck (the "TeleCheck Equipment") is retained by TeleCheck. Upon termination of the TeleCheck Services, CUSTOMER at CUSTOMER's expense, shall return all TeleCheck Equipment to TeleCheck in good repair, ordinary wear and tear excepted. Monthly rental fees will apply to all months or fractions of a month any TeleCheck Equipment remains in use by CUSTOMER or in CUSTOMER's actual or constructive possession. TeleCheck will replace or repair TeleCheck Equipment rented or supported by TeleCheck upon CUSTOMER's request; provided, however, that a swap fee of $39.95 shall be charged per equipment item replaced for the Eclipse Payment Terminal and a swap fee of $59.95 shall be charged per equipment item replaced for any other type of equipment. If replacement TeleCheck Equipment is mailed to CUSTOMER, it is CUSTOMER's responsibility to return replaced TeleCheck Equipment to TeleCheck's office within twenty (20) business days or CUSTOMER shall be deemed to have purchased or be billed for such equipment. A fee of $40.00 per hour, plus the cost of parts, shall be charged for repair of any damage to the TeleCheck Equipment rented or supported by TeleCheck, ordinary wear and tear excepted. A reprogramming fee of $25.00 will be charged for each occasion that a piece of equipment is reprogrammed for additional features or different information. CUSTOMER shall not permit persons other than authorized representatives of TeleCheck to adjust, maintain, program or repair any TeleCheck Equipment. CUSTOMER shall bear the entire risk of loss, theft or damage of or to TeleCheck Equipment, whether or not owned by CUSTOMER. There is a 90-day manufacturer's warranty on purchased TeleCheck Equipment. CUSTOMER will be charged a fee for the shipping and handling of equipment and parts.

Terms Applicable Only to TeleCheck® Warranty Service Program

28.7.1.1. The sole purpose of the TeleCheck warranty service program is to provide information and processing services to CUSTOMER. TeleCheck warrants the accuracy of its information provided that all requirements set forth in the Warranty Requirements in Section 28.14.1 are strictly met. A Dishonored Item shall be deemed to be a breach of the warranty and as CUSTOMER's sole and exclusive remedy for such breach, CUSTOMER may receive payment of the face amount of the Dishonored Item up to the Warranty Maximum, subject to the terms, conditions, and limitations contained in this Section 28 and any addenda hereto. The warranty does not apply where payment has been stopped due to a dispute over goods or services between CUSTOMER and consumer, or where CUSTOMER has contacted TeleCheck for a TeleCheck Approval Code on more than one check per Warranty Service Business Transaction.

28.7.2 CUSTOMER acknowledges that TeleCheck will use its internal and proprietary risk management systems to evaluate the risk associated with any particular Item and to assist in its decision whether or not to issue a TeleCheck Approval Code. The decision to issue a TeleCheck Approval Code shall be within the discretion of TeleCheck.

28.8 TeleCheck, in its discretion, may voluntarily reimburse CUSTOMER for a specific Returned Item. TeleCheck's election to reimburse a Returned Item(s) shall not act as a waiver of TeleCheck's right to decline to pay any other Returned Item.

Terms Applicable Only to the TeleCheck Electronic Check Acceptance® Service

28.9 The terms in Sections 28.10 and 28.11 apply only if CUSTOMER uses the TeleCheck Electronic Check Acceptance® service. The terms in Sections 28.10 and 28.11 do not apply to Warranty Service Business Transactions that are not ECA Business Transactions.

28.10 CUSTOMER shall not submit to TeleCheck for processing any ECA transaction exceeding $20,000.000. For each ECA Business Transaction that TeleCheck issues a TeleCheck Approval Code, TeleCheck shall, via an electronic funds transfer, effect a credit to CUSTOMER's financial institution account for the amount of such transaction as part of an ECA batch. Such credit shall occur: (i) within two banking days following CUSTOMER's regular close-out of the point of sale terminal and transmission to TeleCheck for processing the saved ECA Business Transaction, provided that the ECA batch is closed and received by TeleCheck by 9:00 p.m. Central Standard Time; and (ii) regardless of whether or not consumer's ECA transaction is paid by consumer's financial institution. TeleCheck reserves the right to decline to process any transaction as an ECA Business Transaction.

28.11 CUSTOMER shall cause the consumer to sign an ECA authorization receipt in a form approved by TeleCheck prior to submission of each ECA Business Transaction to TeleCheck for processing. CUSTOMER shall maintain the signed ECA authorization receipt for a minimum of two (2) years from the date of the transaction or for the period specified by the rules of the National Automated Clearing House Association, whichever is longer.

~~Within seven (7) days of TeleCheck's request, CUSTOMER shall physically deliver either the original or a legible copy of the signed ECA authorization receipt to TeleCheck. CUSTOMER shall, upon reasonable notice and during normal business hours, permit TeleCheck to audit CUSTOMER for CUSTOMER's compliance with this requirement.~~

~~Terms Applicable Only to the TeleCheck Verification Service~~

~~28.12 The terms in Section 28.13 apply only if CUSTOMER uses the TeleCheck verification service.~~

~~28.13 The sole purpose of the TeleCheck verification service (BasX℠ or otherwise) is to provide coded information to assist CUSTOMER in deciding whether or not to accept an item. TeleCheck does not guarantee the accuracy or completeness of the information and CUSTOMER agrees that there shall be no payment to CUSTOMER by TeleCheck for any loss from transactions processed through the verification service (BasX℠ or otherwise) and that CUSTOMER assumes all risks that items accepted by CUSTOMER may be dishonored. The Warranty maximum on any item processed through TeleCheck verification service (BasX℠ or otherwise) shall be zero. CUSTOMER shall be billed a flat fee for whole or partial calendar months even if services are not used but are available for use by CUSTOMER.~~

~~General Terms~~

~~28.14.1 TeleCheck will reimburse CUSTOMER for one Item, up to the Warranty Maximum, per Warranty Service Business Transaction which meets all of the following applicable requirements, and CUSTOMER represents and warrants with respect to all Warranty Service Business Transactions and ECA Business Transactions submitted to TeleCheck for processing under this Section 28 the following applicable representations:~~

~~(a) The check must be a first party check drawn on a United States, Canadian, Puerto Rican, or U.S. Virgin Islands financial institution and must be made payable to CUSTOMER. The name of the individual or company must be imprinted or typed on the check by the check manufacturer. If a P.O. Box is used or the address is not imprinted by the check manufacturer, a physical address description must be written on the check according to TeleCheck's Operational Procedures;~~

~~(b) CUSTOMER received a completely filled out paper check from the consumer;~~

~~(c) The consumer authorized the debiting of consumer's account and the ECA debit entry is in all respects properly authorized and in an amount agreed to by the consumer;~~

~~(d) CUSTOMER shall have made an inquiry to TeleCheck in strict accordance with TeleCheck's Operational Procedures and CUSTOMER must have obtained a TeleCheck Approval Code;~~

~~(e) TeleCheck Subscriber Number, check writer's telephone number (including area code), a physical address description, identification type and number and TeleCheck Approval Code must all be printed or written on the check for Warranty Service Business Transactions;~~

~~(f) The Warranty Service Business Transaction represents an obligation of the person who is presenting the respective Warranty Service Business Transaction and the respective transaction is for merchandise actually sold or rented or services actually rendered for the actual price of such merchandise or services (including tax and shipping) and does not involve any element of credit for any purpose;~~

~~(g) The signature and physical description of the check writer or consumer on the check and the ECA authorization receipt, if applicable, must reasonably correspond to any signature and description contained in the piece of identification;~~

~~(h) The signature in the signature block on the check must not be substantially different from the name imprinted on the check;~~

~~(i) The date of the check and the ECA Business Transaction, if applicable, must accurately coincide with the date of the inquiry call to TeleCheck and the date the transaction actually occurred. (No Pre- or Post-Dated checks.);~~

~~(j) The amount of the check entered into the TeleCheck system and the amount shown in words and figures on the check and the amount on the consumer's ECA authorization receipt, if applicable, must all agree exactly;~~

~~(k) The check must have been deposited in CUSTOMER's financial institution account and received by TeleCheck for purchase within thirty (30) days of the date of the check;~~

~~(l) CUSTOMER must have contacted TeleCheck for a single TeleCheck Approval Code on only one check per Warranty Service Business Transaction;~~

~~(m) CUSTOMER received a signed ECA authorization receipt from consumer and either consumer or CUSTOMER voided the signed paper check to which the ECA Business Transaction relates;~~

~~(n) CUSTOMER has no reason to question or have notice of any fact, circumstance or defense which would impair the validity or collectibility of the consumer's obligation or relieve the consumer from liability;~~

~~(o) The paper check to which the ECA Business Transaction relates is a personal check and not a business check; and~~

~~(p) The consumer shall have signed a separate ECA authorization receipt for each ECA Business Transaction submitted to TeleCheck.~~

~~28.14.2 All of the above requirements and representations are material terms of this Section 28. By electing to subscribe to the TeleCheck Services, CUSTOMER acknowledges CUSTOMER's full knowledge and understanding of the above requirements and representations as they pertain to the services provided to CUSTOMER under this Section 28. CUSTOMER shall not be entitled to recover any amounts under this Section 28 if CUSTOMER fails to timely satisfy any of the terms or conditions of or breaches any representation contained in: (i) Section 28.14.1, or (ii) any other terms, conditions or limitations in this Section 28.~~

~~28.15 Collection and Returned Item Fees. TeleCheck shall be entitled to collect from the consumer and retain any fees or exemplary damages in addition to the amount of the check or ECA Business Transaction, if applicable, which are allowed by law. CUSTOMER shall follow all TeleCheck policies and procedures and post at TeleCheck's direction any notices which in TeleCheck's opinion may be required for TeleCheck to collect any such amounts arising from returned, dishonored or unpaid checks or ECA Business Transactions.~~

~~28.16 By electing to subscribe to the TeleCheck Services, CUSTOMER ASSIGNS, TRANSFERS AND CONVEYS to TeleCheck all of CUSTOMER's rights, title and interest in any: (i) check submitted to TeleCheck for coverage under the Warranty Service Program; or (ii) ECA Business Transaction~~

~~submitted by CUSTOMER to TeleCheck under this Section 28. CUSTOMER shall, at TeleCheck's request, in TeleCheck's discretion, endorse such check and take any action reasonably deemed necessary by TeleCheck to aid in the enforcement of TeleCheck's rights hereunder.~~

~~28.17 Reassignment and Chargeback.~~

~~28.17.1. TeleCheck, as applicable, may: (i) reassign to CUSTOMER any check purchased by TeleCheck pursuant to the Warranty Service Program provisions of this Section 28, or (ii) chargeback to CUSTOMER and debit CUSTOMER's financial institution account any ECA Business Transaction submitted to TeleCheck for processing pursuant to this Section 28, in any of the following circumstances:~~

~~(a) The goods or services, in whole or in part, for which an Item was submitted, have been returned to CUSTOMER, have not been delivered by CUSTOMER or are claimed by the check writer to have been unsatisfactory or are subject to any dispute, set-off or counterclaim;~~

~~(b) CUSTOMER has received full or partial payment or security in any form whatsoever to secure payment of the: (i) check or the ECA Business Transaction; or, (ii) goods or services for which the check or ECA Business Transaction was issued or authorized;~~

~~(c) The transaction for which the check or the ECA Business Transaction was tendered, or transfer to TeleCheck of the check writer's check or ECA Business Transaction is for any reason (i) not permitted by applicable law; or (ii) a court of law determines that the check or ECA Business Transaction is, in whole or in part, not due and payable by the consumer, unless such determination results from the check writer's bankruptcy proceeding;~~

~~(d) The check or funds transfer was not issued in connection with a Warranty Service Business Transaction or an ECA Business Transaction;~~

~~(e) Any of the representations made by CUSTOMER as set forth in Section 28.14.1 are or become false or inaccurate;~~

~~(f) CUSTOMER failed to comply with any of the Terms and Conditions of this Section 28;~~

~~(g) CUSTOMER or any of its owners, agents or employees: (i) materially altered either the check or ECA authorization receipt; or (ii) accepted the check or processed the ECA Business Transaction with reason to know that the check or the ECA Business Transaction was likely to be dishonored or that the identification used to authorize the check or the ECA Business Transaction was forged, altered or did not belong to the check writer;~~

~~(h) The ECA authorization receipt was incomplete or unsigned;~~

~~(i) A duplicate ECA Business Transaction relating to the same ECA Business Transaction was received and processed or the original paper check was deposited, thereby creating a duplicate entry against the check writer's financial institution account;~~

~~(j) A legible copy of the ECA authorization receipt is not received by TeleCheck within seven (7) days of a request by TeleCheck;~~

~~(k) The consumer disputes authorizing the ECA Business Transaction or the validity or accuracy of the transaction; or~~

~~(l) CUSTOMER receives notice that the check writer of a dishonored Item filed bankruptcy and failed to notify TeleCheck of the bankruptcy within three business days of receipt of such notice.~~

~~28.17.2. CUSTOMER shall immediately notify TeleCheck upon the happening of any of the above circumstances. If the check (including a check processed as an ECA Business transaction) is reassigned as provided herein, TeleCheck may debit CUSTOMER's financial institution account in the amount paid by TeleCheck for the Item, or upon request, CUSTOMER shall remit the amount of the Item to TeleCheck. TeleCheck may also chargeback to CUSTOMER any amount over the Warranty Maximum on any ECA Business Transaction where TeleCheck has not received payment for such ECA Business Transaction within sixty (60) days of the date of the ECA Business Transaction. Upon reassignment or charging back of an Item, TeleCheck shall have no further liability to CUSTOMER on such Item. Following termination of the TeleCheck Services, CUSTOMER shall continue to bear total responsibility for any reassignments, chargebacks and adjustments made under this Section 28.17.2 and Section 28.17.1.~~

~~28.18 With regard to any Items submitted or reported to TeleCheck, CUSTOMER shall promptly notify TeleCheck if: (i) a check writer makes any payment to CUSTOMER on a Dishonored Item; (ii) there is a return of goods or services, in whole or in part, which were paid with a Dishonored Item; or, (iii) there is a dispute of any amount, notice of bankruptcy or any other matter with regard to a Dishonored Item.~~

~~28.19 CUSTOMER certifies that: (i) CUSTOMER has a legitimate business need, in connection with a business transaction initiated by the consumer, for the information provided by TeleCheck under this Section 28 regarding such consumer; and, (ii) the information provided by TeleCheck will only be used for permissible purposes as defined in the Fair Credit Reporting Act, and applicable state and federal laws, with the exception that the information will not be used for employment purposes, and will not be used by CUSTOMER for any purpose other than a single business transaction between CUSTOMER and consumer occurring on the date of inquiry call to TeleCheck. Neither CUSTOMER, nor CUSTOMER's agents or employees, shall disclose the results of any inquiry made to TeleCheck except to the consumer about whom such inquiry is made and in no case to any other person outside CUSTOMER's organization. If CUSTOMER decides to reject any transaction, in whole or in part, because of information obtained from TeleCheck, CUSTOMER agrees to provide the consumer with all information required by law and TeleCheck.~~

~~28.20 TeleCheck grants to CUSTOMER, and CUSTOMER accepts, a nonexclusive, nonassignable and nontransferable temporary permission, uncoupled with any right or interest, to use TeleCheck's marks: TELECHECK®, TELECHEQUE®, TELECHECK ELECTRONIC CHECK ACCEPTANCE®, ECA®, and the TELECHECK LOGO® (collectively, the "TeleCheck Marks") and to use and display decals, identification data and other materials provided by TeleCheck during the term of the TeleCheck Services solely in connection with the offering of the TeleCheck services authorized under this Section 28. In addition, the following may appear at least once on every piece of advertising or promotional material used by CUSTOMER: "(insert applicable TeleCheck Mark) is a trademark owned by TeleCheck International, Inc. and is licensed for use by "CUSTOMER's Name"; provided, however, that no such advertising or promotion using any TeleCheck Mark or TeleCheck name shall be done without the prior written consent of TeleCheck. CUSTOMER shall use the designation "®" and "sm" in conjunction with those TeleCheck Marks which are registered trademarks and service marks, respectively, of TeleCheck. Upon termination of the TeleCheck Services, CUSTOMER shall either return or destroy all TeleCheck materials (including, without limitation, the prompt removal of decals or other materials that are affixed and displayed to the public). The monthly fees payable to TeleCheck by CUSTOMER under this Section 28 shall apply for all months or fractions of a month any materials or TeleCheck owned equipment remain in use by CUSTOMER. CUSTOMER shall maintain the confidentiality of this Agreement and any information provided to CUSTOMER by TeleCheck, including, without limitation, TeleCheck Operational Procedures, pricing or other proprietary business information, whether or not such information is marked confidential. CUSTOMER shall not permit any persons other than CUSTOMER's own officers or employees at CUSTOMER's locations to use the TeleCheck Subscriber Number assigned by TeleCheck.~~

CUSTOMER shall not use any TeleCheck Marks in conjunction with or on the Internet. CUSTOMER shall take all actions reasonably required by TeleCheck to ensure that the TeleCheck Marks and other TeleCheck materials do not become part of the public domain or are otherwise appropriated by any person or entity to the detriment of TeleCheck. CUSTOMER acknowledges TeleCheck's ownership of the TeleCheck Marks and agrees that it will do nothing inconsistent with such ownership. CUSTOMER shall promptly notify TeleCheck of any unauthorized use of the TeleCheck Marks by third parties of which CUSTOMER becomes aware.

28.21 CUSTOMER agrees that: (i) any data and other information relating to an Item or consumer obtained by TeleCheck in connection with any service provided hereunder (including any electronic or other image of all or any portion of any check or Driver's License or other identification) shall be owned by TeleCheck with all right, title, and interest thereto; (ii) TeleCheck may use any credit information provided to a TeleCheck affiliate or to CUSTOMER's credit card processor for TeleCheck's credit review; (iii) TeleCheck may provide or receive any experiential information regarding CUSTOMER or CUSTOMER's customers to or from any TeleCheck affiliate or CUSTOMER's credit card processor; and (iv) TeleCheck is entitled to obtain CUSTOMER's credit card sales data from point of sale equipment or from any TeleCheck affiliate or CUSTOMER's credit card processor for use in TeleCheck's aggregate reporting of retail sales trends.28

28.22 CUSTOMER shall strictly follow all TeleCheck Operational Procedures provided to CUSTOMER, as may be amended from time to time by TeleCheck, in its discretion, including, the TeleCheck Operational Procedures relating to the TeleCheck Marks. To the extent that there is any conflict between the TeleCheck Operational Procedures and the terms of this Section 28, the terms of this Section 28 shall govern. If CUSTOMER is authorized to use TeleCheck-owned or supplied equipment and/ or ECA services pursuant to this Section, CUSTOMER will use such equipment or service only for the processing of completely filled out checks (i.e., negotiable instruments). Any other use of TeleCheck-owned or supplied equipment or ECA services is unauthorized and CUSTOMER covenants not to make any such use of the equipment or ECA services. Should CUSTOMER make any use of TeleCheck-owned or supplied equipment or ECA services other than those expressly authorized by this Section 28, CUSTOMER agrees to indemnify, defend and hold harmless TeleCheck as set out in Section 28.24.

28.23 The obligations and rights under this Section 28 may be assigned by CUSTOMER only with the prior written consent of TeleCheck. TeleCheck may freely assign its rights, benefits or duties hereunder. Subject to the foregoing, this Section 28.23 shall inure to the benefit of and be binding upon the successors and assigns of TeleCheck and CUSTOMER's heirs, executors, administrators, successors and assigns.

28.24 In the event CUSTOMER violates any terms or conditions of this Section 28, CUSTOMER shall indemnify, defend and hold harmless TeleCheck and its affiliates from and against all claims arising therefrom, including, payment of all costs and reasonable attorney's fees, for actions taken by TeleCheck, whether by suit or otherwise, to defend TeleCheck or its affiliates from any claims related thereto or to preserve or enforce TeleCheck's rights under this Section 28, and TeleCheck shall have the right to immediately repossess all equipment owned by TeleCheck. In the event of any legal action with third parties or regulatory agencies concerning any transaction or event arising under this Section 28, CUSTOMER shall: (i) promptly notify TeleCheck of the Claim(s) or legal action; (ii) reasonably cooperate with TeleCheck in the making of any Claim(s) or defense(s); and (iii) provide information, assist in the resolution of the Claim(s) and make available at least one employee or agent who can testify regarding said Claim(s) or defense(s). CUSTOMER shall indemnify, defend, and hold harmless the TeleCheck Parties from any Claim(s) arising from any false or inaccurate representation made by CUSTOMER or from CUSTOMER's failure to strictly comply, in whole or in part, with any: (i) TERMS AND CONDITIONS pursuant to this Section 28 and any addenda hereto or TeleCheck Operational Procedures; or (ii) applicable law. Upon written notice from TeleCheck to CUSTOMER, CUSTOMER shall immediately undertake the defense of such Claim by representatives of CUSTOMER's own choosing, subject to TeleCheck's reasonable approval; provided, however, that TeleCheck shall have the right to control and undertake such defense by representatives of its own choosing, but at CUSTOMER's cost and expense, if the Claim arises out of patent, trademark, or other intellectual property rights or laws. In no event shall TeleCheck be liable to CUSTOMER, or to any other person or entity, under this Agreement, or otherwise, for any punitive, exemplary, special, incidental or consequential damages, including, without limitation, any loss or injury to earnings, profits or goodwill. Notwithstanding anything to the contrary contained in the Agreement, in no event shall TeleCheck's liability under this Agreement for all Claims arising under, or related to, this Agreement or Section 28 exceed, in the aggregate (inclusive of any or all Claims made by CUSTOMER against TeleCheck, whether related or unrelated), the lesser of: (i) the total amount of fees paid to TeleCheck by CUSTOMER pursuant to this Section 28 during the 12 month period immediately preceding the date the event giving rise to such Claim(s) occurred; or (ii) $75,000.00.

28.25 EXCEPT AS EXPRESSLY SET FORTH IN SECTION 28.7.1, TELECHECK MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND NO IMPLIED AT LAW WARRANTY SHALL ARISE FROM THIS AGREEMENT, THE SALE OF ANY EQUIPMENT BY TELECHECK TO CUSTOMER, OR FROM PERFORMANCE BY TELECHECK, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, ALL OF WHICH ARE EXPRESSLY WAIVED BY CUSTOMER. All decisions to reject any check or ECA transaction, driver's license or other form of identification or payment for CUSTOMER's products or services are solely CUSTOMER's responsibility. CUSTOMER assumes all risks that any and all checks (including checks processed as ECA Transactions) accepted by CUSTOMER may be dishonored, whether or not TeleCheck has issued a TeleCheck Approval Code with respect to such check(s).

28.26 Any notice or other communication required or permitted to be given under this Section 28 shall be in writing and shall be hand delivered or delivered by facsimile transmission or overnight courier or certified or registered mail (and if sent by CUSTOMER by mail, postage prepaid return receipt requested) addressed or transmitted to the party to be notified at such party's address or number as provided on front of the Application or at such party's last known address or number. Any notice delivered hereunder shall be deemed effective upon delivery, if hand delivered or sent by overnight courier, and upon receipt, as evidenced by the date of transmission indicated on the transmitted material if by facsimile transmission, or the date of delivery indicated on the return receipt, if mailed as aforesaid. The parties' addresses may be changed by written notice to the other party as provided herein.

28.27 TeleCheck shall not be held responsible for any delays in or failure or suspension of service caused by mechanical or power failure, computer malfunctions (including, without limitation, software, hardware and firmware malfunctions), strikes, labor difficulties, fire, inability to operate or obtain service for its equipment, unusual delays in transportation, act of God, or other causes reasonably beyond the control of TeleCheck.

28.28 CUSTOMER shall comply with all applicable laws, regulations and rules, including NACHA rules and guidelines, relating to the services provided hereunder. This Section 28, plus any addenda attached hereto, constitute the entire agreement between the parties concerning the subject matter hereof and supersedes all prior and contemporaneous understandings, representations and agreements in relation to its subject matter. THIS SECTION 28 SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THEREOF.

28.29 If any provision, in whole or in part, of this Section 28 is held invalid or unenforceable for any reason, the invalidity shall not affect the validity of the remaining provisions of this Agreement, and the parties shall substitute for the invalid provision a valid provision which most closely approximates the intent and economic effect of the invalid provision. Neither this Section 28, nor any addenda or TeleCheck Operational Procedures, shall be interpreted in favor or against any party because such party or its counsel drafted this Section 28, or such addenda or TeleCheck Operational Procedures. No course of dealing, usage, custom of trade or communication between the parties shall modify or alter any of the rights or obligations of the parties under this Section 28. This Section 28 is solely for the benefit of TeleCheck (and its affiliates) and CUSTOMER and no other person or entity shall have any right, interest or claim under this Section 28. As used in this Section 28, (i) the term "include", or any derivative of such term, shall not mean

~~that the terms following such term are the only types of such items; (ii) the term "shall" indicates a mandatory obligation; (iii) the term "may" indicates a permissive election and does not imply any duty to exercise such election; and (iv) the term "discretion" means the sole and absolute discretion of the party granted the discretion, absent an express limitation on such discretion.~~

~~28.30 No modification, amendment or waiver of any of the TERMS AND CONDITIONS of this Section 28 shall be binding upon TeleCheck, whether written, oral, or in any other medium, unless made in writing and approved and signed by TeleCheck. All rights and duties within this Section 28 are material and time is of the essence; no waiver of any rights hereunder shall be deemed effective unless in writing executed by the waiving party; no waiver by either party of a breach or any provision of this Section 28 shall constitute a waiver of any prior or subsequent breach of the same or any other provision of this Section 28; no failure to exercise, and no delay in exercising, any right(s) hereunder on the part of either party shall operate as a waiver of any such right; all of TeleCheck's rights are cumulative; and, no single or partial exercise of any right hereunder shall preclude further exercise of such right or any other right.~~

~~28.31 Upon CUSTOMER's breach or unauthorized termination of the TeleCheck Services, TeleCheck shall be entitled to recover from CUSTOMER liquidated damages in an amount equal to ninety percent (90%) of the total aggregate charges payable for the unexpired portion of the then current term of the TeleCheck Services. TeleCheck and CUSTOMER hereby acknowledge and agree that, after giving due consideration to the costs TeleCheck may incur by reason of CUSTOMER's breach or unauthorized termination of the TeleCheck Services, to the possibility that TeleCheck will not be able to mitigate its damages, and to the expense savings that TeleCheck may obtain by not having to provide services, equipment or maintenance, the liquidated damages specified herein constitute a realistic pre-estimate of the loss to TeleCheck in the event of such breach or unauthorized termination of the TeleCheck Services and will not be construed as a penalty.~~

~~28.32 All representations, warranties, indemnities and covenants made herein shall survive the termination of this Agreement and shall remain enforceable after such termination.~~

29. ~~**Dispute Resolution and Arbitration.**~~

~~If the parties disagree as to any matter governed by this Agreement, the parties shall promptly consult with one another in an effort to resolve the disagreement. If such effort is unsuccessful, any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitrator(s) shall have the right to render equitable, as well as other, awards and relief. The parties agree that the underlying agreement between the parties involves interstate commerce, and that, notwithstanding any choice of law provision in Section 30.2 of this Agreement, any arbitration hereunder shall be governed by the Federal Arbitration Act. The parties also agree that any arbitration proceedings between the parties shall be held in whole or in part in Broward County, Florida.~~

30. **Miscellaneous.**

30.1 No party shall be liable for any default or delay in the performance of its obligations under this Agreement if and to the extent such default or delay is caused, directly or indirectly, by (i) fire, flood, elements of nature or other acts of God; (ii) any outbreak or escalation of hostilities, war, riots or civil disorders in any country; (iii) any act or omission of the other party or any government authority; (iv) any labor disputes (whether or not employees' demands are reasonable or within the party's power to satisfy); or (v) the nonperformance by a third party for any similar cause beyond the reasonable control of such party, including without limitation, failures or fluctuations in telecommunications or other equipment. In any such event, the non-performing party shall be excused from any further performance and observance of the obligations so affected only for as long as such circumstances prevail and such party continues to use commercially reasonable efforts to recommence performance or observance as soon as practicable.

30.2 This Agreement shall be governed by and construed in accordance with the laws of the State of ~~Florida~~ California (without regard to its choice of law provisions). In performing its obligations under this Agreement, each party agrees to comply with all laws and regulations applicable to it. ~~**SERVICERS AND CUSTOMER IRREVOCABLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING ANY CLAIM RELATING TO OR ARISING UNDER THIS AGREEMENT.**~~

~~30.3~~ If CUSTOMER requests SERVICERS to perform or provide any system enhancements, custom reports, or related service enhancements that are different from or in addition to the system, services and reports SERVICERS otherwise agree to provide to CUSTOMER (collectively, "System Enhancements"), SERVICERS will use reasonable efforts to provide such System Enhancements if CUSTOMER pays SERVICERS the additional fees charged by SERVICERS for such System Enhancements. Following receipt of any request for System Enhancements and prior to providing the requested System Enhancements, SERVICERS shall provide CUSTOMER with a description of the System Enhancements to be made, together with an estimate of SERVICERS' fee for providing such System Enhancements. If CUSTOMER thereafter instructs SERVICERS to make such System Enhancements, SERVICERS shall do so, and CUSTOMER shall pay the additional fees charged by SERVICERS for such System Enhancements.

~~30.4 CUSTOMER shall be liable for and shall indemnify SERVICERS for any and all attorney's fees, collection costs and other costs and expenses paid or incurred by SERVICERS in the enforcement hereof, or in collecting any amount due from CUSTOMER to SERVICERS hereunder or resulting from any breach by CUSTOMER of any of the terms or conditions of this Agreement.~~

30.5 Except as otherwise specifically provided, all notices and other communications required or permitted hereunder (other than those involving normal operational matters relating to the processing of Card transactions) shall be in writing, shall be sent by mail, courier or facsimile (facsimile notices shall be confirmed in writing by courier), if to CUSTOMER at its place of business, and if to SERVICERS at 3975 N.W. 120th Avenue, Coral Springs, Florida, 33065, Attn: Indirect Sales, with a copy to Attention: General Counsel's Office, 3975 N.W. 120th Avenue, Coral Springs, Florida, 33065, and shall be deemed to have been given (i) if sent by mail or courier, when received and (ii) if sent by facsimile machine, when the courier confirmation copy is actually received. Notice given in any other manner shall be effective when actually received.

30.6 The headings contained in this Agreement are for convenience of reference only and shall not in any way affect the meaning or construction of any provision of this Agreement.

30.7 The parties intend every provision of this Agreement to be severable. If any part of this Agreement is not enforceable, the remaining provisions still remain valid and enforceable. If a court of competent jurisdiction determines that any term or provision contained herein is illegal or invalid for any reason, the illegality or invalidity shall not affect the validity of the remainder of this Agreement. In such case, the parties shall in good faith modify or substitute such provision consistent with the original intent of the parties. Without limiting the generality of this paragraph, if a court determines that any remedy stated in this Agreement has failed of its essential purpose, then all other provisions of this Agreement, including the limitations on liability and exclusion of damages, shall remain fully effective.

30.8 This Agreement, along with any Schedules previously provided and the Procedures Manual, constitutes the entire agreement between the parties with respect to the subject matter, supersedes any previous agreements and understandings. FDMS may change its Procedures Manual in accordance with its agreement with CUSTOMER and any such changes shall constitute a change in this Agreement, if applicable. A party's waiver of a breach of any term or condition of this Agreement shall not be deemed a waiver of any subsequent breach of the same or another term or condition.

30.9 SERVICERS may change any terms of this Agreement from time to time by giving notice of the change to CUSTOMER at least thirty (30) days before the change becomes effective. CUSTOMER'S continued submission of transactions to SERVICERS after the effective date shall constitute CUSTOMER'S acceptance of any new terms or fees expressed in such notice.

30.10 The parties acknowledge that the VISA and MasterCard Association Rules give VISA and MasterCard certain rights to require termination or modification of this Agreement with respect to transactions involving VISA and MasterCard Cards and the VISA and MasterCard Card system and to investigate CUSTOMER. The parties also acknowledge that issuers of other Cards, for which SERVICERS perform services on behalf of CUSTOMER, may have similar rights under their applicable Association Rules with respect to this Agreement's applicability to transactions involving such other Cards.

RETURN TO FDMS

REFERENCES

Illinois State Toll Highway Authority
Contact: Keith Madsen
(630) 241-6800
2700 Ogden Avenue
Downers Grove, Illinois 60515

Feature Films for Families
Contact: Fred Healey, CFO
(801) 263-8553
5280 South 320 W. Building A116
Salt Lake City, Utah 84107

County of San Diego
Contact: Ann A. Villarba, CPA
Treasury Manager
(619) 531-5213
1600 Pacific Hwy., Rm. 102
San Diego, CA 92101

County of Los Angeles
Contact: Ray Miyagawa
(213) 974-7350
Treasurer and Tax Collector
Cash Management Division
Quan Banh
(213) 974-2334
500 West Temple Street, Room 434
Los Angeles, CA 90012

Commonwealth of Massachusetts
Contact: Susan Tribble
Revenue Bureau Manager
(617) 973-2422
One Ashburton Place
Boston, MA 02108

CCC201

CERTIFICATION

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

Contractor/Bidder Firm Name (Printed)	*Federal ID Number*
DISCOVER FINANCIAL SERVICES, INC.	36-4020792
By (Authorized Signature)	
Printed Name and Title of Person Signing	
GERARD J. WAGNER VP MAJOR MARKETS	
Date Executed	*Executed in the County of*
SEPTEMBER 10, 2001	LAKE

CONTRACTOR CERTIFICATION CLAUSES

1. STATEMENT OF COMPLIANCE: Contractor has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

2. DRUG-FREE WORKPLACE REQUIREMENTS: Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

b. Establish a Drug-Free Awareness Program to inform employees about:

1) the dangers of drug abuse in the workplace;

2) the person's or organization's policy of maintaining a drug-free workplace;
3) any available counseling, rehabilitation and employee assistance programs; and,
4) penalties that may be imposed upon employees for drug abuse violations.

c. Every employee who works on the proposed Agreement will:

1) receive a copy of the company's drug-free workplace policy statement; and,

2) agree to abide by the terms of the company's statement as a condition of employment on theAgreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: (1) the Contractor has

made false certification, or violated the certification by failing to carry out the requirements as noted above. (GC 8350 et seq.)

3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court which orders Contractor to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

4. UNION ORGANIZING Contractor hereby certifies that no request for reimbursement, or payment under this agreement, will seek reimbursement for costs incurred to assist, promote or deter union organizing.

DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

1. CONFLICT OF INTEREST: Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (PCC 10410):

1). No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.

2). No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

1). For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

2). For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (PCC 10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

2. LABOR CODE/WORKERS' COMPENSATION: Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

3. AMERICANS WITH DISABILITIES ACT: Contractor assures the State that it complies with the

Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

4. CONTRACTOR NAME CHANGE: An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.

b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.

c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6. RESOLUTION: A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

7. AIR OR WATER POLLUTION VIOLATION: Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

8. PAYEE DATA RECORD FORM STD. 204: This form must be completed by all contractors that are not another state agency or other government entity.

CCC201

CERTIFICATION

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

Contractor/Bidder Firm Name (Printed)	*Federal ID Number*
FIRST DATA MERCHANT SERVICES	592126793
By (Authorized Signature)	STEVEN McHENRY, V.P. FIRST DATA MERCHANT SERVICES (301) 766-~~5788~~ 2455
Printed Name and Title of Person Signing	
STEVEN MC HENRY VICE PRESIDENT/GENERAL MANAGER	
Date Executed	*Executed in the County of*
09/19/2001	BROWARD

CONTRACTOR CERTIFICATION CLAUSES

1. STATEMENT OF COMPLIANCE: Contractor has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

2. DRUG-FREE WORKPLACE REQUIREMENTS: Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

b. Establish a Drug-Free Awareness Program to inform employees about:

1) the dangers of drug abuse in the workplace;

2) the person's or organization's policy of maintaining a drug-free workplace;
3) any available counseling, rehabilitation and employee assistance programs; and,
4) penalties that may be imposed upon employees for drug abuse violations.

c. Every employee who works on the proposed Agreement will:

1) receive a copy of the company's drug-free workplace policy statement; and,

2) agree to abide by the terms of the company's statement as a condition of employment on theAgreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: (1) the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (GC 8350 et seq.)

3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court which orders Contractor to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

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1. CONFLICT OF INTEREST: Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (PCC 10410):

1). No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.

2). No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

1). For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

2). For the twelve-month period from the date he or she left state employment, no former state officer

or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (PCC 10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

2. LABOR CODE/WORKERS' COMPENSATION: Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

3. AMERICANS WITH DISABILITIES ACT: Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

4. CONTRACTOR NAME CHANGE: An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.

b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.

c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6. RESOLUTION: A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

7. AIR OR WATER POLLUTION VIOLATION: Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to

review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

8. PAYEE DATA RECORD FORM STD. 204: This form must be completed by all contractors that are not another state agency or other government entity.

PAYEE DATA RECORD

(Required in lieu of IRS W-9 when doing business with the State of California)

STD 204 (REV. 1/95)

***NOTE:** Governmental entities, federal, state, and local (including school districts) are not required to submit this form.*

SECTION 1 must be completed by the requesting agency before forwarding to the vendor

① **PLEASE RETURN TO:**

DEPARTMENT/OFFICE: Department of General Services/Fleet Admin.

STREET ADDRESS: 802 Q Street

CITY, STATE, ZIP CODE: Sacramento, CA 95814

TELEPHONE NUMBER: 916-327-0038

PURPOSE: Information contained in this form will be used by state agencies to prepare information Returns (Form 1099) and for withholding on payments to nonresident vendors. Prompt return of this fully completed form will prevent delays when processing payments.
(See Privacy Statement on reverse.)

② VENDOR'S BUSINESS NAME: FIRST DATA MERCHANT SERVICES

SOLE PROPRIETOR-ENTER OWNER'S FULL NAME HERE (Last, First, M.I.)

MAILING ADDRESS (Number and Street or P.O. Box Number): 3975 N.W. 120th AVENUE

(City, State, and Zip Code): CORAL SPRINGS, FL 33065

③ **VENDOR ENTITY TYPE**

CHECK ONE BOX ONLY

- ☐ MEDICAL CORPORATION (Including dentistry, podiatry, psychotherapy, optometry, chiropractic, etc.)
- ☐ EXEMPT CORPORATION (Non-profit)
- ☒ ALL OTHER CORPORATIONS
- ☐ PARTNERSHIP
- ☐ ESTATE OR TRUST
- ☐ INDIVIDUAL/SOLE PROPRIETOR

NOTE: State and governmental entities, including school districts are not required to submit this form

④ **ENDOR'S TAXPAYER I.D. NUMBER**

SOCIAL SECURITY NUMBER REQUIRED FOR INDIVIDUAL/SOLE PROPRIETOR BY AUTHORITY OF THE REVENUE AND TAXATION CODE SECTION 18646 *(See Reverse)*

FEDERAL EMPLOYER'S IDENTIFICATION NUMBER (FEIN): 592126793

IF VENDOR ENTITY TYPE IS A CORPORATION, PARTNERSHIP, ESTATE OR TRUST, ENTER FEIN

SOCIAL SECURITY NUMBER:

IF VENDOR ENTITY IS INDIVIDUAL/SOLE PROPRIETOR, ENTER SSN

NOTE: Payment will not be processed without an accompanying taxpayer I.D. number.

⑤ **VENDOR RESIDENCY STATUS**

CHECK APPROPRIATE BOX(ES)

- ☒ California Resident- Qualified to do business in CA or a permanent place of business in CA
- ☐ Nonresident *(See reverse)* Payments for services by nonresidents may be subject to State withholding
- ☐ WAIVER OF STATE WITHHOLDING FROM FRANCHISE TAX BOARD ATTACHED
- ☐ SERVICES PERFORMED OUTSIDE OF CALIFORNIA

NOTE:
a. An estate is a resident if decedent was a California resident at time of death
b. A trust is a resident if at lease one trustee is a California Resident.
(See Reverse.)

⑥ **CERTIFYING SIGNATURE**

I hereby certify under penalty of perjury that the information provided on this document is true and correct. If my residency status should change, I will promptly inform you.

AUTHORIZED VENDOR REPRESENTATIVE (Type or Print): STEVEN T. McHENRY

TITLE: VICE PRESIDENT / GENERAL MANAGER

SIGNATURE: [signature]

DATE: 3 AUGUST 2001

TELEPHONE NUMBER: 954-845-4939

ARE YOU A RESIDENT OR A NONRESIDENT?

Each corporation, individual/sole proprietor, partnership, estate or trust doing business with the State of California must indicate their residency status along with their vendor identification number.

A corporation will be considered a "resident" is it has a permanent place of business in California. The corporation has a permanent place of business in California if it is organized and existing under the laws of this state or, if a foreign corporation has qualified to transact intrastate business. A corporation that is not qualified to transact intrasate business (e.g., a corporation engaged exclusively in interstate commerce) will be considered as achieving a permanent place of business in this state only if it maintains a permanent office in this state that is permanently staffed by its employees.

For **individual/sole proprietors**, the term "resident" includes every individual who is in California for other than a temporary or transitory purpose and any individual domiciled in California who is absent for a temporary or transitory purpose. Generally, an individual who comes to California for a purpose which will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.

For withholding purposes, a **partnership** is considered a resident partnership if it has a permanent place of business in California. An **estate** is considered a California estate if the decedent was a California resident at the time of death and a **trust** is considered a California trust if at least one trustee is a California resident.

More information on residency status can be obtained by calling the Franchise Tax Board at the numbers listed below:

From within the United States, call 1-800-852-5711
From outside the United States, call 1-916-854-6500
For hearing impaired with TDD, call 1-800-822-6268

ARE YOU SUBJECT TO NONRESIDENT WITHHOLDING?

Payments made to nonresident vendors, including corporations, individuals, partnerships, estates and trusts, are subject to withholding. Nonresident vendors performing services in California on receiving rent, lease or royalty payments from property (real or personal) located in California will have 7% of their total payments withheld for state income taxes. However, no withholding is required if total payments to the vendor are $1500 or less for the calendar year.

A nonresident vendor may request that income taxes be withheld at a lower rate or waived by sending a completed form FTB 588 to the address listed below. A waiver will generally be granted when a vendor has a history of filing California returns and making timely estimated payments. If the vendor activity is carried on outside of California or partially outside of California, a waiver or reduced withholding rate may be granted. For more information, contact:

Franchise Tax Board
Withhold at Source Unit
Attention: State Agency Withholding Coordinator
P.O. Box 651
Sacramento, Ca (916) 845-4900
FAX: (916) 845-4831

If a reduced rate of withholding or waiver has been authorized by the Franchise Tax Board, attach a copy to this form.

PRIVACY STATEMENT

Section 7(b) of the Privacy Act of 1974 (Public Law 93-5791) requires that any federal, state or local agency which requests an individual to disclose his social security number shall inform that individual whether that disclosure is mandatory or voluntary, by which statutory or other authority such number is solicited, and what used will be made of it.

The State of California requires that all parties entering into business transactions that may lead to payment(s) from the State must provide their Taxpayer Identification Number (TIN) as required by the State Revenue and Taxation Code, Section 18646 to facilitate tax compliance enforcement activities and to facilitate the preparation of Form 1099 and other information returns as required by the Internal Revenue Code, Section 6109(a). The TIN for individual and sole proprietorships is the Social Security Number(SSN).

It is mandatory to furnish the information requested. Federal law requires that payments for which the requested information is not provided be subject to 31% withholding and state law imposes noncompliance penalties of up to $20,000.

You have the right to access records containing your personal information, such as your SSN. To exercise that right, please contact the business services unit or the accounts payable unit of the state agency(ies) with which you transact business.

Please call the Department of Finance, Fiscal Systems and Consulting Unit at (916) 324-0385 if you have any questions regarding this Privacy Statement. Questions related to residency or withholding should be refereed to the telephone numbers listed above. All other questions should be referred to the requesting agency listed in Section 1.

STATE OF CALIFORNIA

PAYEE DATA RECORD

(Required in lieu of IRS W-9 when doing business with the State of California)

STD 204 (REV 8-95)

TE: Governmental entities, federal, state, and local (including school districts) are not required to submit this form

SECTION 1 must be completed by the requesting agency before forwarding to the vendor

① PLEASE RETURN TO:

DEPARTMENT/OFFICE: Department of General Services/Fleet Admin.

STREET ADDRESS: 802 Q Street

CITY, STATE, ZIP CODE: Sacramento, CA 95814

TELEPHONE NUMBER: 916-327-0038

PURPOSE: Information contained in this form will used by state agencies to prepare informat Returns (Form 1099) and for withholding payments to nonresident vendors. Prompt return this fully completed form will prevent delays wh processing payments. *(See Privacy Statement on reverse.)*

② VENDOR'S BUSINESS NAME

DISCOVER FINANCIAL SERVICES, INC.

SOLE PROPRIETOR-ENTER OWNER'S FULL NAME HERE (Last, First, M

2500 LAKE COOK ROAD BB-2E

MAILING ADDRESS (Number and Street or P.O. Box Number)

RIVERWOODS, ILLINOIS 60015

(City, State, and Zip Code)

③ VENDOR ENTITY TYPE

CHECK ONE BOX ONLY

- [ ] MEDICAL CORPORATION (Including dentistry podiatry, psychotherapy, optometry, chiropractic, etc.)
- [ ] PARTNERSHIP
- [ ] EXEMPT CORPORATION (Non-profit)
- [ ] ESTATE OR TRUST
- [X] ALL OTHER CORPORATIONS
- [ ] INDIVIDUAL/SOLE PROPRIETOR

NOTE: State a governmental entiti including school distri are not required submit this form

④ VENDOR'S TAXPAYER I.D. NUMBER

SOCIAL SECURITY NUMBER REQUIRED FOR INDIVIDUAL/SOLE PROPRIETOR BY AUTHORITY OF THE REVENUE AND TAXATION CODE SECTION 18646 *(See Reverse)*

FEDERAL EMPLOYER'S IDENTIFICATION NUMBER (FEIN): 3 6 - 4 0 2 0 7 9 2

IF VENDOR ENTITY TYPE IS A CORPORATION, PARTNERSHIP, ESTATE OR TRUST, ENTER FEIN

SOCIAL SECURITY NUMBER:

IF VENDOR ENTITY IS INDIVIDUAL/SOLE PROPRIETOR ENTER SSN

NOTE: Payment will not be processed without an accompanying taxpayer I.D. number.

⑤ VENDOR RESIDENCY STATUS

CHECK APPROPRIATE BOX(ES)

- [X] California Resident- Qualified to do business in CA or a permanent place of business in CA
- [ ] Nonresident *(See reverse)* Payments for services by nonresidents may be subject to State withholding
  - [ ] WAIVER OF STATE WITHHOLDING FROM FRANCHISE TAX BOARD ATTACHED
  - [ ] SERVICES PERFORMED OUTSIDE OF CALIFORNIA

NOTE:
a. An estate is resident if decedent v a California resident time of death
b. A trust is a resider at lease one trustee i California Resident.
(See Reverse.)

⑥ CERTIFYING SIGNATURE

I hereby certify under penalty of perjury that the information provided on this document is true and correct. If residency status should change, I will promptly inform you.

AUTHORIZED VENDOR REPRESENTATIVE (Type or Print): GERARD J. WAGNER

TITLE: V.P. MAJOR MARKETS

SIGNATURE: Gerard J. Wagner

DATE: 9/10/01

TELEPHONE NUMBER: 8474052295

CERTIFICATE OF INSURANCE

CERTIFICATE NUMBER 0039001-00044

PRODUCER

Marsh USA Inc.
3475 Piedmont Road N.E.
Atlanta, GA 30305

Chaun Wilson (404) 995-2648

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER OTHER THAN THOSE PROVIDED IN THE POLICY. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES DESCRIBED HEREIN.

COMPANIES AFFORDING COVERAGE

COMPANY A FEDERAL INSURANCE CO

INSURED

FIRST DATA CORPORATION
5660 New Northside Drive
Suite 1400
Atlanta, GA 30328

COMPANY B

COMPANY C

COMPANY D

COVERAGES

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE DESCRIBED HEREIN HAVE BEEN ISSUED TO THE INSURED NAMED HEREIN FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THE CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, CONDITIONS AND EXCLUSIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
	GENERAL LIABILITY				GENERAL AGGREGATE	$
	COMMERCIAL GENERAL LIABILITY				PRODUCTS - COMP/OP AGG	$
	CLAIMS MADE / OCCUR				PERSONAL & ADV INJURY	$
	OWNER'S & CONTRACTOR'S PROT				EACH OCCURRENCE	$
					FIRE DAMAGE (Any one fire)	$
					MED EXP (Any one person)	$
	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT	$
	ANY AUTO					
	ALL OWNED AUTOS				BODILY INJURY (Per person)	$
	SCHEDULED AUTOS					
	HIRED AUTOS				BODILY INJURY (Per accident)	$
	NON-OWNED AUTOS					
					PROPERTY DAMAGE	$
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	$
	ANY AUTO				OTHER THAN AUTO ONLY:	
					EACH ACCIDENT	$
					AGGREGATE	$
	EXCESS LIABILITY				EACH OCCURRENCE	$
	UMBRELLA FORM				AGGREGATE	$
	OTHER THAN UMBRELLA FORM					$
	WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS / OTHER	
	THE PROPRIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE: INCL / EXCL				E.L. EACH ACCIDENT	$
					E.L. DISEASE - POLICY LIMIT	$
					E.L. DISEASE - EA EMPLOYEE	$
A	OTHER Professional Liab. Errors & Omission	35389538	10/01/99	3/31/01	$5,000,000 Each Claim	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / SPECIAL ITEMS

RE: FIRST DATA MERCHANT SERVICES GROUP

CERTIFICATE HOLDER

FOR INSURANCE PURPOSES ONLY

CANCELLATION

SHOULD ANY OF THE POLICIES DESCRIBED HEREIN BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE INSURER AFFORDING COVERAGE WILL ENDEAVOR TO MAIL 30 * DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED HEREIN, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER AFFORDING COVERAGE, ITS AGENTS OR REPRESENTATIVES.

Marsh USA Inc.
BY: Frank Kissoff

10 DAYS FOR NON-PAYMENT)

Exceptions Document

With reference to RFP-DGS-OFA-01-CPAS-Amended, Discover and FDMS request the following exceptions:

RFP-DGS-OFA-01-CPAS - Amended

SECTION II, ADMINISTRATIVE INFORMATION

CC. Confidentiality

FDMS must have the ability to supply information to the card associations, government entities or others as required by law, regulation, rule or other guidelines that FDMS operates under, including but not limited to Visa® / MasterCard® Operating Guidelines.

SECTION IV, ADMINISTRATIVE & CONTRACTUAL REQUIREMENTS

G. Contractor Certification Clauses

Statement of Compliance
FDMS will agree to provide a copy of its current affirmative action plan relating to the location where the state contract would be performed to an EEO agency in the State of California. Any submission to FDMS is confidential.

FDMS notes that the report requirements of Government Code Section 12990(b) are not clear; accordingly, FDMS's agreement to provide reports thereunder are subject to clarification of such requirements.

SECTION V, CONVENIENCE FEES & CARD PAYMENT DEPOSITS

Convenience Fees
FDMS will allow a 'convenience fee' to be charged to the end consumer in accordance with VISA® and MasterCard® regulations. The State shall not require FDMS to perform functions or process(s) that will violate the aforementioned regulations, as amended from time to time.

EXHIBIT C, GENERAL TERMS AND CONDITIONS

4. Audit

The State will be entitled to view or access data specifically generated as a result of the services provided under the proposed contract. FDMS must abide by VISA® and MasterCard® guidelines in authorizing the release of certain transaction information

10. Nondiscrimination

With respect to this Paragraph 10, FDMS notes that the report requirements of Government Code Section 12990(b) are not clear; accordingly, FDMS's agreement to provide reports thereunder are subject to clarification of such requirements.

18. Union Organizing

FDMS acknowledges the applicability of Government Code Section 16645 through Section 16649 (the "Statute") to this MSA and agrees to the provisions set forth in Items 18a-d of Paragraph 18 of GTC 201, provided that "assist, promote or deter union organizing" is defined as set forth in Section 16645(a) of the Statute.