

# CardConnect Credit Policy Requirements Matrix-Wells (3/4/2015)

CREDIT REQUIREMENTS	UNQUALIFIED/UNACCEPTABLE BUSINESS	HIGH RISK	REGULAR (LOW OR MOD RISK)
<b>Definition</b>	<p><b>CardConnect Payments will not accept the following accounts as they are outside of Credit Policy guidelines</b></p> <ul style="list-style-type: none"> <li>• Advanced payments greater than 1 year (Any product or service)</li> <li>• Alcohol sales, Internet/MOTO (excluding wineries that follow age verification at the time of sale and delivery and business to business)</li> <li>• All adult products and services including but not limited to:                             <ul style="list-style-type: none"> <li>• Adult book stores, video stores, toys</li> <li>• Adult websites and content</li> <li>• Adult entertainment (misc)</li> <li>• Audio (phone sex and adult phone conversations)</li> <li>• Companion/escort services</li> <li>• Dating services (sexually oriented)</li> <li>• Fetish products</li> <li>• Massage parlors (sexually oriented)</li> <li>• Prostitution</li> <li>• Gentleman’s clubs, topless bars and strip clubs</li> <li>• Memberships, clubs, subscriptions</li> <li>• Any products on internet containing graphic or nude content</li> <li>• Illegal activity (e.g., child pornography, bestiality)</li> <li>• Video (web-based sexually oriented video)</li> </ul> </li> <li>• Airlines</li> <li>• Any illegal products/services or providing peripheral support of illegal activity</li> <li>• Bidding fee auctions (a.k.a. penny auctions)</li> <li>• Business/investment opportunities operating as get rich quick schemes (e.g. real estate investment with no money down, work from home etc.)</li> <li>• Cash gifting</li> <li>• Chain letters</li> <li>• Charities without evidence/proof of 501(c) (3) or equivalent status</li> <li>• Collection agencies or firms involved in recovering / collecting past due receivables</li> <li>• Companion/escort services</li> <li>• Computer software (e.g. anti-virus) sold via inaccurate advertisement</li> <li>• Counterfeit goods/replicas</li> <li>• Credit card protection or identity theft service</li> <li>• Credit repair/restoration</li> <li>• Cruise lines</li> </ul>	<p><b>High Risk businesses with at least 30% or more in keyed transactions and/or industries with advanced sales or extended delivery.</b></p> <ul style="list-style-type: none"> <li>• Antiques</li> <li>• Auction houses (not elsewhere Unqualified)</li> <li>• Bail bondsmen</li> <li>• Barter associations</li> <li>• Business to business sales - Must be 80% or more BxB and use the approved BxB MCC codes. If not applicable MCC then account is not BxB and will fall under another category.</li> <li>• Camera</li> <li>• Cellular phone/beepers (services or equipment)</li> <li>• Charities 501 (c) (<u>See Note A</u>)</li> <li>• Coin, stamp, collectables dealers</li> <li>• Computer</li> <li>• Coupons/certificates/prepaid or giftcards (not elsewhere Unqualified)</li> <li>• Custom made items</li> <li>• Dating services (no adult)</li> <li>• Diet programs (e.g. Weight Watchers, Nutri Systems, Jenny Craig etc.)</li> <li>• Discount buying clubs/home shopping clubs</li> <li>• Door to door sales</li> <li>• Electronics</li> <li>• Financial aid/counseling for schools/student loans/scholarship search services (not elsewhere Unqualified)</li> <li>• Financial consultants (except mortgage/loan modification, foreclosure protection guarantees or any unqualified industry)</li> <li>• Flea markets/kiosks</li> <li>• Fortune tellers (bricks and mortar)</li> <li>• Fulfillment centers (not aggregators which are Unqualified)</li> <li>• Furniture</li> <li>• Gambling advice/sports forecasting or odds making (Unqualified if audio/video text)</li> <li>• General agents/brokers</li> <li>• Golf clubs-custom</li> <li>• Home based companies – (Note 2 - excludes licensed professional and contractors which are Low Risk)</li> <li>• Home furnishings</li> <li>• How to books, newsletters, subscriptions, on-line, etc. (excluding mortgage/loan modification, foreclosure protection guarantees or any</li> </ul>	<p><b>70% or more pos transactions defined by face to face transactions or low to moderate risk industries. Includes licensed professionals (plumbers, doctor, etc).</b></p> <ul style="list-style-type: none"> <li>• All low and moderate MCC's except those previously categorized. and</li> <li>• Legal/regulated brick and mortar gambling (not otherwise classified as unqualified / unacceptable). These are subject to any legal restrictions FDMS may have and will require additional documentation including:                             <ul style="list-style-type: none"> <li>*valid gaming license for all gambling services in applicable jurisdiction.</li> <li>*full and ongoing financial information.</li> <li>*full compliance with all association rules/regs.</li> <li>*allowed by the clearing bank</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>• Data pass (merchants up-selling or cross selling products or other merchants and then sharing the cardholder data with the third party or receiving cardholder data from third parties)</li> <li>• Debt/interest consolidation or reduction services</li> <li>• Decryption and descrambler products including mod chips</li> <li>• Drug paraphernalia of any form</li> <li>• Embassy, foreign consulate, or other foreign government</li> <li>• Essay mills/paper mills</li> <li>• Extended warranty companies</li> <li>• Fake references and other services/products that foster deception (including fake IDs and government documents)</li> <li>• File sharing services/cyberlockers</li> <li>• Firearms, ammunition, and gun parts (Internet/MOTO)</li> <li>• Foreclosure protection/guarantees</li> <li>• Funds/loss recovery</li> <li>• Gambling-internet and other card not present gambling</li> <li>• Government grants</li> <li>• Herbal smoking blends and herbal incense</li> <li>• How to books, newsletters, subscriptions or on-line access for ANY Industry shown in this unqualified list</li> <li>• IT services help desks</li> <li>• Jammers or devices that are designed to block, jam or interfere with cellular and personal communication devices/signals</li> <li>• Lifetime subscriptions (any product or service)</li> <li>• Lottery clubs</li> <li>• Mail order spouse and international match-making services</li> <li>• Marijuana, marijuana products, marijuana services, and marijuana related businesses</li> <li>• Medical discount benefits packages (including medical cards)</li> <li>• Merchants engaged in activity prohibited by the Card Brands</li> <li>• Merchants or principals listed on MATCH</li> <li>• Merchant, principal or related entities previously identified by any Card Brand for deceptive practices or any other violation of Card Brand rules.</li> <li>• Merchants physically located outside the United States (offshore acquiring)</li> <li>• Merchants in any Card Brand excessive chargeback or fraud program or merchants with chargeback or fraud rates over 1%</li> </ul>	<ul style="list-style-type: none"> <li>Unqualified industry)               <ul style="list-style-type: none"> <li>• Import/Export (non mag stripe or MO/TO)</li> <li>• Insurance agents/brokers</li> <li>• Internet/eCommerce</li> <li>• Investment programs / opportunities /seminars (excluding get Rich Quick Schemes or work from home which are Unqualified) (see Note C)</li> <li>• Limousines/taxi (multi or single vehicle).</li> <li>• Magazine, newspaper, newsletter subscription services.</li> <li>• Mail/Telephone Order</li> <li>• Membership clubs –health and sports (less than 1 year advanced payment, otherwise Unqualified)</li> <li>• Misc. education</li> <li>• Modeling agencies (non-adult)</li> <li>• Moving companies or auto transport services</li> <li>• Multi-level marketing (not elsewhere Unqualified)</li> <li>• Negative renewal option following a free or low cost purchase (including but not limited to payment for shipping only model, free or discounted trial periods, etc.) for industries NOT CONSIDERED UNQUALIFIED (See Note B)</li> <li>• Pawnbrokers/pawn shops (multi outlet chains or single outlets) - NO PAYDAY LOANS</li> <li>• Payment Facilitators (See Note D)</li> <li>• Real estate agents/brokers engaged in vacation, beach or ski home rentals.</li> <li>• Real estate agents/ brokers/property sales</li> <li>• Shippers/forwarding brokers and motor freight carriers</li> <li>• Tanning salons</li> <li>• Theatre/concerts</li> <li>• Ticket brokers</li> <li>• Timeshare</li> <li>• Timeshare advertising services</li> <li>• Travel agents/tour operators</li> <li>• Travel clubs</li> <li>• Used car dealers</li> <li>• Vitamin sales – MOTO/Internet (no nutraceuticals / pseudo-pharmaceuticals)</li> <li>• Water filters/purifiers</li> </ul> </li> </ul>	

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	<ul style="list-style-type: none"> <li>• Merchants that use tactics to evade any Card Brand excessive chargeback or fraud monitoring programs</li> <li>• Merchants splitting the sale across multiple transactions</li> <li>• Merchants offering rebates or special incentives (ie, free gift, prize, sweepstakes or the winning of a contest as an inducement to purchase a product/service or cash competitions).</li> <li>• Merchants that have ransom-like or extortion-like basis for their business model (e.g. mugshot removal)</li> <li>• Merchants engaged in any form of deceptive marketing practices including but not limited to:               <ul style="list-style-type: none"> <li>• Hidden disclosures</li> <li>• Bogus claims &amp; endorsements</li> <li>• Pre-checked opt in boxes</li> <li>• Refund/cancellation avoidance</li> <li>• Poorly disclosed negative options</li> </ul> </li> <li>• Merchants primarily engaged in the sale of stored value cards in a card not present environment.</li> <li>• Money Services Businesses               <ul style="list-style-type: none"> <li>• Provider or seller of prepaid access/stored value, including both open-loop and closed-loop exceeding \$2,000 on any day. (Closed-loop prepaid access includes gift cards, phone cards, subway cards, college campus cards, game cards and other limited-use prepaid access devices)</li> <li>• Money transmitters</li> <li>• Wire transfer</li> <li>• Quasi-cash</li> <li>• Cash advances (by non-financial institutions)</li> <li>• Currency exchange or dealer</li> <li>• Issuer/seller/redeemer of money orders or traveler's checks</li> <li>• Check cashers</li> </ul> </li> <li>• Mortgage/loan modification</li> <li>• Mortgage/credit/debt reduction/consulting services</li> <li>• Multi level marketing or pyramid schemes where the primary objective is the solicitation of new distributors and not the sale of products/services</li> <li>• Negative renewal option following a free or low cost purchase (including pay for shipping only offers) where any of the following apply;               <ul style="list-style-type: none"> <li>• The term and conditions pertaining to the free trial and/or recurring charges do not contain clear disclosure to billing practices</li> <li>• Contain cancellation obstacles</li> <li>• Do not provide reminders prior to billing</li> </ul> </li> </ul>		

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	<ul style="list-style-type: none"> <li>• Pre-checked opt-in boxes</li> <li>• Nutraceuticals (e.g. acai berry, health related teas, herbal remedies or drinks, etc.), Internet/MOTO</li> <li>• Payday loans and unsecured loan/lines originating from non FDIC insured banks</li> <li>• Payment facilitators/third party payment processors/aggregators/payment services companies (e.g., bill pay services, crowd funding, peer-to-peer payments, digital wallets, commissary accounts) outside of MC/Visa and FDMS approved program requirements (See Payment Facilitator under High Risk segment of policy)</li> <li>• Prescription drug sales, Internet/MOTO</li> <li>• Products/services that promote hate, violence, harassment or abuse</li> <li>• Pseudo-pharmaceuticals (e.g. weight-loss, anti-aging, anti-wrinkle creams, teeth whitening products, muscle building, sexual stimulant supplements, male enhancement products, colon cleansers, detox products, glucose strips, hCG, HGH-like substances etc.), Internet/MOTO</li> <li>• Social media “click farms” (e.g., the sale of clicks/likes/reviews/endorsements on social media sites)</li> <li>• Substances designed to mimic illegal drugs and/or other psychoactive products (e.g., K2, salvia divinorum, nitrite inhalers, bath salts, synthetic cannabis, kratom, herbal smoking blends &amp; herbal incense)</li> <li>• <b>Telemarketing (outbound) merchants (MCC 5966)</b>- Companies that solicit orders primarily with outbound telephone calls, facsimile or email. Includes “Up-Sellers.”</li> <li>• <b>Telemarketing (inbound) merchants (MCC 5967)</b>- Audiotext or videotext that customers access via phone, fax or internet.</li> <li>• <b>Telemarketing (Outbound) travel merchants (MCC 5962)</b>- including discount travel clubs, membership or subscriptions to travel services or newsletters where subscribers may select prepackaged trips.</li> <li>• Timeshare resellers</li> <li>• Tobacco products (including e-cigarettes), Internet/MOTO</li> <li>• Virtual currency (that can be monetized, resold, converted, traded into physical/digital goods &amp; services outside the virtual world)</li> <li>• Webhosting companies, Internet/MOTO</li> </ul>		

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<b>Merchant Application &amp; Agreement</b>	N/A	Application must be signed by a minimum of 1 Owner/Officer	Application must be signed by a minimum of 1 Owner/Officer
<b>Visitation</b>	N/A	<ul style="list-style-type: none"> <li>• Monthly volume of more than \$100k- A site inspection must be conducted.</li> <li>• Monthly volume of \$30k-\$100k - Site visit is preferred however documentation (see below) may be used to validate applicant is a bona fide business:                             <ul style="list-style-type: none"> <li>- Most recent tax returns</li> <li>- Most recent personal and business financial statements</li> <li>- Most recent bank statements</li> <li>- Fictitious name statement (DBA certificate)</li> <li>- Partnership agreement (partnerships)</li> <li>- Articles of Incorporation (corporation)</li> <li>- Dun and Bradstreet or other third party agency report showing legal name and address as applicant's along with description of their location/facilities</li> <li>- IRS confirmation of non-profit status or other supporting documentation (non-profit organization)</li> </ul> </li> <li>• Monthly volume under \$30k - Site inspection is preferred.</li> </ul> <p><b>(Note 1-For an Internet/E-Commerce business, the merchant must provide a URL or Web Address that evidences a completed Web Site.)</b></p> <p><b>(Note 2- FDISS may in its sole discretion require a site inspection.)</b></p> <p><b>(Note 3- In instances where it may be difficult for an entity to conduct its own site visitation, a reputable site-inspection company may be utilized.)</b></p>	<ul style="list-style-type: none"> <li>• Monthly volume of more than \$100M- A site inspection must be conducted.</li> <li>• Monthly volume of \$30k-\$100k-Site visit is preferred however documentation (see below) may be used to validate applicant is a bona fide business:                             <ul style="list-style-type: none"> <li>- Most recent tax returns</li> <li>- Most recent personal and business financial statements</li> <li>- Most recent bank statements</li> <li>- Fictitious name statement (DBA certificate)</li> <li>- Partnership agreement (partnerships)</li> <li>- Articles of Incorporation (corporation)</li> <li>- Dun and Bradstreet or other third party agency report showing legal name and address as applicant's along with description of their location/facilities</li> <li>- IRS confirmation of non-profit status or other supporting documentation (non-profit organization)</li> </ul> </li> <li>• Monthly volume under \$30M-Site inspection is preferred.</li> </ul> <p><b>(Note 1- FDISS may in its sole discretion require a site inspection.)</b></p> <p><b>(Note 2- In instances where it may be difficult for an entity to conduct its own site visitation, a reputable site-inspection company may be utilized.)</b></p>
<b>Voided Check</b>	N/A	Not required for electronic signature capture submitted accounts	Not required for electronic signature capture submitted accounts
<b>Federal ID#</b>	N/A	Fed ID required for Corps, Fed ID or SS# required for partnerships. SS# required for sole owner	Fed ID required for Corps, Fed ID or SS# required for partnership. SS# required for sole owner
<b>Principal's SS#</b>	N/A	Required (unless publicly traded corp, joint venture of a publicly traded corp or government entity)	Required (unless publicly traded corp, a joint venture of a publicly traded corp or government entity)

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<b>Longevity</b>	N/A	- None except acceptable negative renewal merchants (see note B) which have a 1 year longevity requirement.	None
<b>Trade Suppliers</b>	N/A	Not required	Not required.
<b>Personal Guarantee</b>	N/A	-Required for Payment Facilitators (see Note D) -All others -Recommended, not required	Recommended, not required
<b>2 year Financials (Most Recent)</b>	N/A	- Only required with \$1.2 million or over in bankcard sales. Business plan or Pro forma statements if start up. -Required for all Payment Facilitators (See Note D) -Required for all acceptable negative renewal option merchants with free or low cost offer (see Note B)	Not required, unless \$3 million or more in bankcard sales
<b>Brochures, Advertisements, Catalogs, &amp; URLs</b>	N/A	-Required where 30% or more of bankcard sales are MO/TO. -For Internet/E-Commerce merchants, All of the merchant's URLs are required to be provided.	Not required
<b>Processing Statements (last 2 months)</b>	N/A	-Required of all Payment Facilitators (see Note D) -Required of all acceptable negative renewal option merchants with free or low cost offer (See Note B) - Required for acceptable Investment Programs/Business Opportunities/Seminars merchants (See Note C)	Not required
<b>ACH Delay/Reserve</b>	N/A	All reserves and/or Funding Delays will be determined by an FDMS Credit Officer.	Not required unless requested by Credit
<b>Additional Documents/Requirements (see corresponding notes)</b>	N/A	<b>Note: A</b> - for Charities (in addition to standard High Risk documentation as shown above) must have and provide to FDMS upon request 501 (c) (3) documentation, else unqualified AND NO EXCEPTIONS. Well known National Charities (e.g. MADD, Arthritis Foundation, etc) can be treated as Low Risk. All others are High Risk  <b>Note: B</b> - for acceptable negative renewal industries the following documentation/monitoring is required (in addition to standard High Risk documentation as shown above), else unqualified: <ul style="list-style-type: none"> <li>- One full year business longevity</li> <li>- One full year financial statements regardless of volumes</li> <li>- Last 6 months processing statements and must show c/b rates less than 1%</li> </ul>	

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		<ul style="list-style-type: none"> <li>- No legal or regulatory proceedings against merchant or principals</li> <li>- The terms and conditions pertaining to the free trail and/or recurring charges contain clear disclosure to billing practices, AND;</li> <li>- There are no cancellation obstacles, AND;</li> <li>- The merchant provides reminders prior to each recurring billing</li> <li>- No pre-checked, opt in boxes</li> </ul> <p><b><u>Note: C</u></b> - for acceptable Investment Programs / Business Opportunities / Seminars the following documentation is required (in addition to standard High Risk documentation as shown above):</p> <ul style="list-style-type: none"> <li>- Last 6 months processing statements and must show c/b rates less than 1%</li> <li>- No legal or regulatory proceedings against merchant or principals</li> </ul> <p><b><u>Note: D</u></b> – for acceptable Payment Facilitators the following is required:</p> <ul style="list-style-type: none"> <li>- Merchant must be financially viable and demonstrate ability to absorb significant risk while effectively managing sub-merchant portfolio.</li> <li>- Enhanced system capability to manage risk on sub-merchants and able to fulfill all reporting requirements</li> <li>- Experienced Risk Management team and adequate staffing levels</li> <li>- Clean processing history with Card Brands</li> <li>- Is Payment Card Industry (PCI) compliant under Site Data Protection program</li> <li>- Must be registered and approved by Card Brands <b>prior</b> to boarding any sub-merchants</li> <li>- Must execute PF standard agreement</li> <li>- Previous processor reference (if applicable)</li> <li>- 2 years accountant-prepared business Financial Statements and tax returns</li> <li>- Marketing and Operational Plans, or sufficient information to confirm business history and volume projections</li> <li>- Policy &amp; procedures documenting the PF’s underwriting and risk management capabilities</li> <li>- Marketing material, sales brochures, business cards, websites, solicitation forms, merchant applications and contracts</li> <li>- Details/information on other portfolios for this PF</li> </ul>	

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		<ul style="list-style-type: none"> <li>with other clearing members (if applicable)</li> <li>- Bank references</li> <li>- Signed PG's of owners (except public companies, JV or public companies, government entities)</li> <li>- 2 years Personal Financial Statements or tax returns of all principals with 20% or more ownership</li> <li>- Listing of third party service providers (if applicable)</li> </ul>	



CardConnect (WFB)  
Unqualified/Unacceptable Industries Definition

The information listed below is designed to assist the sales person in better understanding the nature of the businesses that we defined as Unqualified/Unacceptable. It includes the most common definitions and examples. It is designed to be a guide and not all inclusive.

- Advanced payments greater than 1 year (any product or service) – Merchant accepts payment for a product or service that will be delivered, partially or fully, one year or more from the initial payment. This includes merchants that fulfill part of the product or service within a year but the completion of the agreed upon product or service occurs over one year from the initial purchase. For example, the merchant accepts payment upfront for three years of lawn care. Another example, the merchant sells a kit to build a train whereby parts of the kit are shipped over a two year period. Each month the cardholder is charged, and shipped, for parts to build the train but the train requires all parts to be received in order to function. Example # 3, a contractor agrees to build a home that will take 18 months to complete. The agreement calls for the credit card to be charged in 18 equal installments as progress payments toward the completion of the home.
- Alcohol sale, Internet/MOTO (excluding wineries that follow age verification at the time of sale and delivery and business to business) - Merchant that sell alcohol in a card not present environment are Unqualified/Unacceptable unless the merchant’s sales are business to business/wholesale or they operate a winery and provide documentation at the time of application that outlines how they validate the age of the purchaser at time of sale and delivery.
- All adult products and services including but not limited to adult book stores, video stores, toys, adult websites and content, adult entertainment (misc.), audio (phone sex and adult phone conversations), companion/escort services, dating services (sexually oriented), fetish products, massage parlors (sexually oriented) prostitution, gentleman’s clubs, topless bars and strip clubs, memberships, clubs, subscriptions, any products on internet containing graphic or nude content, any illegal activity (e.g., child pornography, bestiality, etc.) or Video (web-based sexually oriented video) - This definition includes but is not limited to all sexually or nude related products or services includes CDs, DVDs, magazines, toys, strip clubs, escort services, websites, audio or video downloads, phone sex/chats.
- Airlines - Merchants that provide scheduled passenger air service. Payments are normally taken far in advance of the flight. This includes both national, regional and charter airlines. This does not include merchants that offer day trips with limited prepayment (for example, day tour over the Grand Canyon). Does include merchants that offer fractional ownership in corporate jets whereby the cardholder is required to prepay for services.
- Any illegal products/services or providing peripheral support of illegal activity – Any product or service deemed illegal including any product or services that may, in themselves, be legal, but can be used to “aid and abet” illegal activity. For example, merchants that do not accept online gambling transactions but facilitate payments to online gambling websites or merchants that sell products or services or how to books on passing drug tests, evading law enforcement detection, or arrest for growing marijuana plants would fall in this category.
- Bidding fee auctions (a/k/a penny auctions) – Merchants that charge a fee to bid on a product or service. For example, the merchant places an item up for auction. Each time the bidder places a bid, the consumer is charged a fee regardless of whether they are the winning bidder. If the consumer placed ten bids, they are charged ten times.
- Business/investment opportunities operating as get rich quick schemes (e.g. real estate investment with no money down, work from home etc.) - Characteristics include but are not limited to merchants offering one or more of the following: Immediate riches, Unrealistic profits, Promises or guarantees of significant wealth, Large wealth with a limited amount of effort or time, Great wealth requiring limited real skills, “Secret Formulas” for building wealth, Multi-level marketing where the marketing is primarily focused on recruiting additional members of the pyramid and not in actually selling a real product or service. **When it sounds too good to be true it probably is.** That should tip the consumer that the outcome described by the merchant is not realistic.
- Cash gifting – A ponzi scheme similar to chain letters where consumers are encouraged to “gift” a payment to another party and then solicit others to gift funds to them. These schemes are primarily internet based activities.
- Chain letters - A ponzi scheme where consumers are encouraged to “gift” a payment to another party and then solicit others to gift funds to them. These activities and solicitations are primarily mail or face to face activities and solicitations.

CardConnect (WFB)  
Unqualified/Unacceptable Industries Definition

- Charities (without evidence /proof of 501( C ) (3) or equivalent status) – Charities must provide a copy of the 501 (c)(3) tax exempt status form issued by the IRS at the time of application in order to be considered acceptable.. Not all charities have a tax exempt status as evidenced by a 501 (c)(3) exemption and those without such status are considered Unacceptable.
- Collection agencies or firms involved in recovering/collecting past due receivables - Collection agencies or firms that collect past due receivables on behalf of other businesses.
- Companion/escort services - Entities that offer companion services. Generally, these firms will offer their companion services at an hourly or daily rate and typically are of an “adult” nature. This includes entities that primarily offer advertising or forums for companion/escort services. Firms that offer home care services for the elderly or physically challenged or non-sexually oriented dating sites are excluded from this definition.
- Computer software (e.g. anti-virus) sold via inaccurate advertisements - These firms may induce cardholders to purchase software by provide false information regarding the status of their computer or the capabilities of their existing software. For example, the merchant may infer that the cardholder’s computer is infected with a virus and is required to purchase anti-virus software from the merchant to remove the virus. The merchants may also falsely claim to increase the computer’s speed. Furthermore, these merchants may also infer that they are the manufacturer or operating system provider of the cardholder’s computer
- Counterfeit goods/replicas – Business that sell replicas or fake products designed to look like the designer name products. This definition includes merchant that disclose upfront that their product as replicas or fakes.
- Credit card protection or identity theft service – Businesses that offer to assist cardholders in protecting their credit cards from theft/fraud or will assist cardholders in notifying issuers of theft. This definition includes entities that offer to monitor a consumer’s credit bureau, prevent the theft of their identity or assist in the restoration of their identity.
- Credit repair/restoration – Includes but is not limited to merchants that offer services designed to repair a consumer’s credit report, correct or remove negative information on the credit report or assist a consumer in restoring their credit history or score. This includes merchants that offer “How To” guides on this subject.
- Cruise lines - Merchants that provide scheduled passenger service lasting multiple days. Payments are normally taken far in advance of the cruise. This does not include merchants that offer day trips with limited prepayment (for example, day tour of New York Harbor or evening dinner/dance cruises, day fishing charter or ferries).
- Data pass (merchants up-selling or cross-selling products of other merchants and then sharing the cardholder data with the third party or receiving cardholder data from a third party). Merchants engaged in this type of Unqualified/Unacceptable behavior will attempt to have the consumer purchase a product or service provided by another entity. Often this product or service is only displayed at check out or noted in the terms and conditions. Often the consumer is required to uncheck or opt out in order not to be charged. Upon check out the merchant the cardholder visited passes the cardholder data to another entity for processing of the sale. For example, a cardholder may attempt to purchase shoes on a website and upon check out have a subscription to a magazine about shoes appear in the shopping cart – often the consumer must uncheck the magazine subscription in order to avoid purchasing the subscription. The merchant offering the shoes and the merchant offering the magazine subscription are two different entities. The merchant selling the shoes passes the cardholder data to the merchant offering the magazine subscription for processing. The consumer does not easily understand that they have inadvertently purchased a magazine subscription and is unlikely to recognize the entity that processes the magazine subscription. In this example, the merchant with the shoe website as well as the merchant selling the magazine subscription would both be classified as Unqualified. The merchant websites must be carefully reviewed with special attention directed to the checkout process and the (or lack of) terms and conditions. In addition, we must clearly understand how merchants solicit cardholder
- Debt/interest consolidation or reduction services – Business that offer consumers the ability to consolidate or reduce debt and/or reduce their interest rate. These merchants are generally not the lender but rather charge a fee to submit paperwork to, or to advocate for the cardholder with, the cardholder’s lender.
- Decryption and descrambler products including mod chips – Merchants that offer products or software that allow a user to bypass the restrictions set by a manufacturer thereby allowing a user to use the product outside of what the manufacturer allows. For example, the installation of chips or software that allows a user to play video games of one

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manufacturer on another manufacturer's console. Also included in this category are merchants that sell products or software that allows a user to descramble cable or video signals or downloads without the original provider's permission.

- Drug paraphernalia of any form - Merchant selling any items used in the illicit growth, manufacture, distribution or consumption of illegal drugs. For example: crack pipes, roaches, bongs, ingredients/precursors, or where the equipment offered encourages individuals to engage in the illicit growth, manufacture, distribution or consumption of illegal drugs.
- Embassy, foreign consulate, or other foreign government - Merchant accounts owned by foreign governments including their embassies and consulates is prohibited.
- Essay mills/paper mills - These are entities that sell term papers, book reports or essays.
- Extended warranty companies – Companies that offer warranties designed to repair, service or replace improperly operating products and the warranty extends for a period of one year of greater. In general, these entities will charge an upfront or monthly fee but may also incorporate the price into the purchase price of the original product or service.
- Fake references and other services/products that foster deception (including fake IDs and government documents) – This includes but is not limited to such products or services as fake diplomas, unofficial or official identification cards, fabricated social media “likes” or “followers”. Also included in this category are merchants offering business or personal credit references designed primarily to increase the user's credit score or profile or merchant offering any service designed to assist a user in fostering deception.
- File sharing services/cyberlockers - These merchants allow users to store, transfer or share computer files, videos, music and other software via the merchant's own servers. While file sharing services/cyberlockers may be operating for legitimate purposes, these merchants often inadvertently allow illicit activities such as the sharing of pirated movies, pirated songs or child pornography to occur due to their inability to ensure any content that is stored, transferred or shared among its users does not involve illicit content or illegal activity.
- Firearms, ammunition and gun parts (internet/MOTO) - Any entity that sells guns, firearms or any gun parts or ammunition whereby the credit card transaction occurs in a non-face to face (non-swiped) environment.
- Foreclosure protection/guarantees services and/or instructional guides/books. – These merchants assist the consumer in preventing or stopping foreclosures and charge a fee to file paperwork or advocate on behalf of the consumer. Also included in this definition are merchants that do not provide the foreclosure protection/guarantee service but rather provide “How To” guides instructing consumers and how to complete these services themselves.
- Funds/loss recovery - These businesses offer to help a cardholder recovery abandoned/escheated property or assist in recovering losses incurred due to bad investments, timeshares sales, or the pursuit of claims against other entities that deceived the cardholder. This includes merchants that sell “Hot To” books, videos, seminars, CDs or website access regarding this topic.
- Gambling Internet and other card not present gambling – Any merchant processing an illegal gambling transaction including illegal gambling via the Internet or mail order telephone order. This definition includes the loading of value to an account for later use in an illegal gambling transaction. This definition includes card not present pari-mutuel betting and state lotteries.
- Government grants– These merchant charge a fee to assist in obtaining government grants or provide access to information detailing how to obtain government grants.
- Herbal smoking blends and herbal incense – Companies that sell incense or herbal smoking products. Often these merchants will indicate the products cannot be sold to minors, are not for human consumption, or are for research purposes only. Often, these products are marketed as providing a legal high or mood relaxer

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- “How To” books, newsletters, subscriptions or on-line access for any industry shown on the Unqualified List - Any merchant providing information regarding any industry on this unqualified list. This information may be accessed online, over the phone, or via books, newspaper or guides. For example, a merchant offering a guide on online gambling or how to sell illegal drugs is considered Unqualified.
- IT services help desks –These companies offer IT support over the phone. This includes assisting consumers with fixing issues with their computer, operating systems or various third party software, removing malware or installing or de-installing software.
- Jammers or devices that designed to block, jam or interfere with cellular and personal communication devices/signals – Jammers are radio frequency transmitting devices that are designed to block, jam or otherwise interfere with cellular and personal communication services, police radar, global positioning systems (GPS), and wireless networking services (WI-FI). Jammers are also commonly called signal blockers, GPS jammers, cell phone jammers, or text blockers.
- Lifetime subscriptions or membership (any product or service) – These merchants promise lifetime subscriptions or membership to cardholders. For example, lifetime access to a website or consultations.
- Lottery clubs – Includes entities that will purchase lottery tickets on behalf of others or pools funds to gamble on behalf of the members.
- Mail order spouses and international match-making services - Services designed to allow users to find a spouse. Often the would-be spouse is located overseas. The merchant may also offer travel services and visa/immigration services to meet the spouse.
- Marijuana, marijuana products, marijuana services, and marijuana related businesses - These merchants sell or offer access to marijuana. This includes entities that provide services to obtain marijuana as well as entities that provide instructions, products or services designed to plant, cultivate, distribute or profit from the use or sale of marijuana.
- Medical benefits packages (including discount medical cards) – These entities provide a discount card that purports to offer discounts on various medical services. They are not health insurance. In generally, monthly fees are charged to be a member.
- Merchants engaged in activity prohibited by the Card Brands – Any entity conducting an activity prohibited by any Card Brand rules or operating regulations.
- Merchants or principals listed on MATCH - Any merchant or individual listed on MasterCard’s MATCH file.
- Merchants, principals or related entities previously identified by any Card Brand for deceptive practices or any violation of Card Brand rules – Merchant, individual or related parties that were previously identified by any Card Brand for deceptive practices or any violation of Card Brand Rules are considered unacceptable.
- Merchants physically located outside the United States (offshore acquiring) - Card brand rules do not allow us to sign merchants located outside of the 50 U.S. states. U.S. territories such as Puerto Rico, Guam, US Virgin Island are not considered part of the U.S. Merchants must have real operations occurring in the United States. Incorporation, a mail box and a U.S. bank account are not sufficient.
- Merchants in any Card Brand excessive chargeback or fraud program or merchants with chargeback or fraud rates over 1% - Merchant with excessive chargeback rate or fraud rate of over 1% or any merchant in any Card Brand excessive chargeback or fraud program.
- Merchants that use tactics to evade any Card Brand excessive chargeback or fraud monitoring programs – Merchants using tactics designed to avoid or evade detection for excessive chargebacks or fraud. This includes, but is not limited to, merchants splitting transactions, charging a low dollar transaction, creating multiple descriptors/outlets etc.
- Merchants splitting the sale across multiple transactions - Merchants will attempt to split the true value of the product or service by charging the cardholder over a short period of time (often measured in days or weeks). The product or service is often available to the cardholder upon the initial purchase but the cardholder is not charged in full upon

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purchase. Unscrupulous merchants will initiate the multiple charges (instead of one charge) in an attempt to circumvent Card Brands excessive chargeback or fraud programs. For example, a cardholder will purchase, and have immediate access to, a “how to” guide and be charged an immediate fee of \$1.99 followed by a subsequent charge of \$35.99 seven days later and another \$35.99 seven days after that.

- Merchants offering rebates or special incentives (e.g., free gift, prize, sweepstakes or the winning of a contest as an inducement to purchase a product/service). - Any entity that induces consumers to purchase its products or service by offering a significant rebate or opportunity to win a prize. For example, a merchant sells a toaster for \$500 but allows consumers to send in a request for a rebate of \$450. Another example, the consumer is enrolled in a contest or sweepstake upon the purchase of an item. Also, included in this definition are merchants that charge an entrance or membership fee that allows the purchaser to receive a cash prize. Merchants that offer a nominal rebate on their products are excluded from this definition.
- Merchants that have ransom-like or extortion-like basis for their business model (e.g. mugshot removal) – These companies have business practices that are ransom like in nature. This includes but is not limited to merchants that require a cardholder to pay a fee to remove/delete information from the internet regarding a cardholder.
- Merchants engaged in any form of deceptive marketing practices including but not limited to hidden disclosures, bogus claims & endorsements, pre-checked opt in boxes, refund/cancellation avoidance and poorly disclosed negative options. Merchant with marketing practices designed to deceive card holders are Unqualified. This includes merchants with confusing, contradictory or difficult to find terms and conditions; Terms and conditions with small font; options that are already pre-checked and require the consumer to opt out; Product or service claims that cannot be independently validated; the use of celebrities or third parties without their knowledge or approval; Merchants that make it difficult for a cardholder to cancel or request a refund; Failing to issue refunds in a timely manner; Giving cardholders a very short period to cancel or request a refund; lack of customer service phone numbers allowing for cancellation, poorly staffed customer service call centers.
- Merchants primarily engaged in the sale of stored value cards in a card not present environment - Business primarily engaged in the card not present sale of stored value cards such as coupons gift cards, gift certificates or prepaid debit cards in a card not present environments are Unqualified. This excludes card not present merchants where stored value cards are a minor portion of their sales or merchants that sell stored value cards via point of sale/swiped sales. Gift sales excluded from this definition.
- Money Services Businesses – Business engaged in the following activities
  - Provider or seller or prepaid access/stored value, including both open-loop and closed loop whereby the value of the card exceeds \$2,000 on a day. Closed loop prepaid includes giftcards, phone cards, subway cards, college campus cards, game cards and other limited use prepaid access devices. Merchants that offer store value cards that allow more than \$2,000 in value to exist on the card in one day. For example, a card that allows the following scenario would be considered Unqualified/Unacceptable: a card has an initial value of \$1,500. On the same day, the user reduces the balance to \$1,000 and then latter in the day adds/deposits \$600 on to the card. The cumulative value on the card during that day totaled \$2,100 (\$1,500 initial balance plus \$600 deposit and is therefore above the \$2,000 maximum). Note that regardless of the amount, merchants would still be considered Unqualified/Unacceptable if more than 50% of their transactions are for sale of stored value in a card not present environment.
  - Money transmitters/wire transfer - Entities that allow money to be moved from one party to another. This includes entities that control the money transfer network as well as any retail establishment where one of its primary service offerings to its clients is the transfer of funds.
  - Quasi cash – Merchants that sells stored value or script that can be used to purchase items from other merchants. For example, merchant x sells “ABC points” that can be used to shop at merchant y. The consumer pays merchant y with the “ABC points” instead of a credit/debit card.
  - Currency exchange or dealer - Any establishment where one of its primary service offerings to its clients include the purchase of foreign currency or the payment for the conversion of one currency for another.
  - Cash advances (except regulated financial institutions which are acceptable) – Merchants that allow cardholders to obtain a cash advance on their credit card. Regulated (e.g. FDIC insured banks, S&Ls & Credit Unions) financial institutions are allowed but do require registration of cash advance activity with both MasterCard and Visa prior to boarding.
  - Check cashing establishments - Any establishment where the primary service offerings to its clients include check cashing services. These merchants are unqualified even if credit or debit cards are not being used for check cashing (e.g. selling prepaid cards, stamps etc.)
  - Issuer/seller/redeemer or money orders or travelers checks – Any company that issues, sells, or cashes money orders or travelers checks

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- Mortgage or loan modification services - These merchants target cardholders having difficulty with their mortgage or loan and offer, for a large upfront fee, to represent the consumer to get the bank to “modify” the mortgage/loan terms (e.g. monthly payment, maturity date, interest rate, loan size etc.). These merchants may also offer to assist the cardholder in getting the bank to agree to a “short sell” whereby the bank is willing to accept payment in full for an amount less than the full outstanding balance, thereby allowing the consumer to sell their home. Also included in this definition are merchants that do not provide the actual mortgage/loan modification or short sell service but rather provide “How To” guides instructing consumers and how to complete these services themselves.
- Mortgage/credit/debt reduction/consulting services - These merchants attempt to reduce the consumer’s loan/line balance or reduce the total interest paid during the life of the loan. This includes business that attempt to restructure a cardholder’s loans/lines or assist the cardholder in reducing the total interest paid by accepting more frequent repayments.
- Multi-level marketing / pyramid schemes where the primary objective is the solicitation of new distributors and not the sale of products/services - These merchant’s solicit independent distributors to market the product and services. The marketing material/websites often is primarily focused on the growth of the pyramid and not the actual products and services. The leaders of the multi-level marketing organizations often obtain a large percentage of their revenue for the solicitation of next distributors and not necessarily the sale of the products
- Negative renewal option following a free or low cost purchase (including but not limited to payment for shipping only model, free or discounted trial periods etc.) where any of the following apply:
  - The term and conditions pertaining to the free trial and/or recurring charges do not contain clear disclosure to billing practices
  - Contain cancellation obstacles
  - Do not provide reminders prior to billing
  - Pre-checked opt- in boxes

This applies to any merchant in any industry selling these products via negative renewals following a free or low cost offer. Merchant will attempt to entice cardholders by offering a product or service for free, at reduced cost or only the cost of shipping & handling. However, as part of that purchase, the consumer will be required to provide their credit card and the card will be subsequently be charged for additional quantities of the product or services unless the consumer cancels. Often the notice of the automated recurring charges is not easily or clearly disclosed to the consumer. In addition, a short time period may be allowed to cancel prior to incurring additional charges. Finally, the consumer often experience difficulty in cancelling the recurring transactions.

- Nutraceuticals (e.g. acai berry, health related teas, herbal remedies or drinks, etc.), Internet/MOTO – These merchants sell products not approved by the FDA that are designed to improve health and well-being in a card not present environment.
- Payday loans and unsecured loan/lines originating from non FDIC insured banks – Payday loans (also called payday advance) is a small dollar, high interest loan that is generally due on the borrower’s next payday. Merchants offering payday loans as well as any unsecured loan or line originated from a non FDIC insured bank are Unqualified.
- Payment facilitators/third party payment processors/aggregators/payment services companies (e.g., bill pay services, crowd funding, peer-to-peer payments, digital wallets, commissary accounts) failing outside of MC/Visa and FDMS approved program guidelines - Aggregators/third party payment processors are entities that facilitate payment between buyers and sellers. The entity itself does not provide the product or service to the buyer but rather will debit the cardholder’s credit card or debit card, and then transfer the payment, less fees, to the actual seller’s bank account who in turn provide the goods or services.
- Prescription drug sales (Internet/MOTO) – Entities that sell prescription drugs in a card not present/non swiped environment.
- Products/services that promote hate, violence, harassment or abuse - This includes but is not limited to newsletters, books, website access or membership fees

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- Pseudo-pharmaceuticals (e.g. weight-loss, diet pills, anti-aging, anti-wrinkle creams, teeth whitening products, muscle building, sexual stimulant supplements, male enhancement products, colon cleansers, detox products, glucose strips, hCG, HGH-like substances etc.), Internet/MOTO - These merchants sell products not approved by the FDA that are designed to improve health and well-being in a card not present environment
- Social media “click farms” (e.g., the sale of clicks/likes/reviews/endorsements on social media sites) - These merchant sell “likes” or “followers” for a fee
- Substances designed to mimic illegal drugs and/or other psychoactive products (e.g., K2, salvia divinorum, nitrate inhalers, bath salts, synthetic cannabis, kratom, herbal smoking blends & herbal incense) – This includes products that may not be specifically banned but provide similar results as banned products. This includes poppers and video head cleaners
- Telemarketing (outbound) merchants (MCC 5966) - Companies that solicit orders primarily with outbound telephone calls, facsimile or email. Includes “Up-Sellers.”
- Telemarketing (inbound) merchants (MCC 5967) - Audiotext or videotext that customers access via phone, fax or internet.
- Telemarketing (outbound) merchants– Travel related (MCC 5962) -including discount travel clubs, membership or subscriptions to travel services or newsletters where subscribers may select prepackaged trips. - These merchants solicit clients via outbound telephone calls and sell travel related services.
- Timeshare resellers – These merchants may advertise that they will assist cardholders in selling their timeshare or may agree to buy timeshare from the cardholders
- Tobacco products or other smoking products (including e-cigarettes/smokeless cigarettes), Internet/MOTO - Any merchant that sells tobacco products including cigarettes, cigars, snuff, unpackaged tobacco in a non-face to face/non swiped transaction. This definition includes merchants that sell cigarettes often referred to a “smokeless” or “electronic cigarette” or vapes that do not contain tobacco.
- Travel clubs - Companies that charge a membership fee that in turn allows the cardholder to purchase travel products or services.
- Virtual Currency (that can be monetized, resold, converted, traded into physical/digital goods and services outside the virtual world) - These merchants are primarily located on the internet and allow cardholders to purchase an electronic, virtual, stored value currency. This currency can then be monetized for actual value. For example, an online merchant may allow users to purchase “points” that can be traded with other players and allow the recipient of the virtual currency to cash out, convert to real currency or purchase actual goods and services. This definition does not include merchants that sell currency for use only within the merchant’s website and that can never be exchanged, converted or monetized for actual cash or other products and services.
- Webhosting companies, Internet/MOTO – Any web hosting company with card not present transactions is considered Unqualified/Unacceptable.