



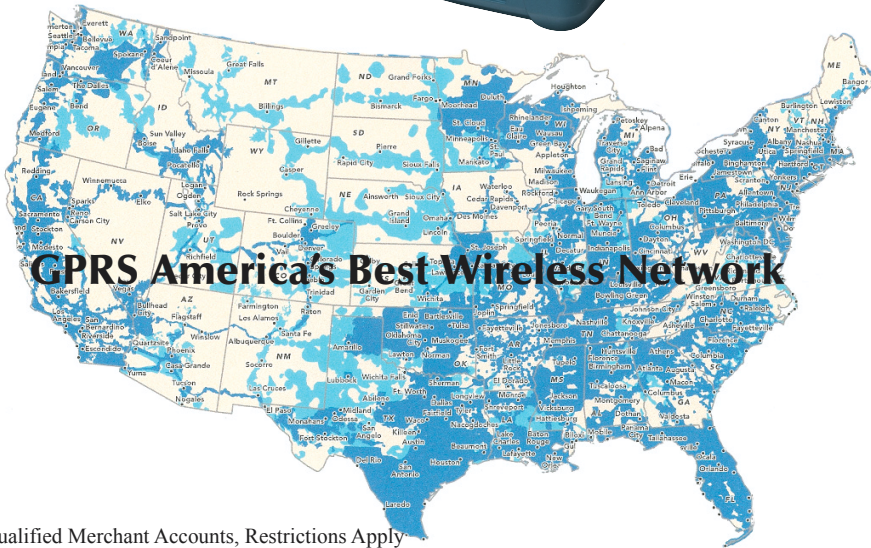
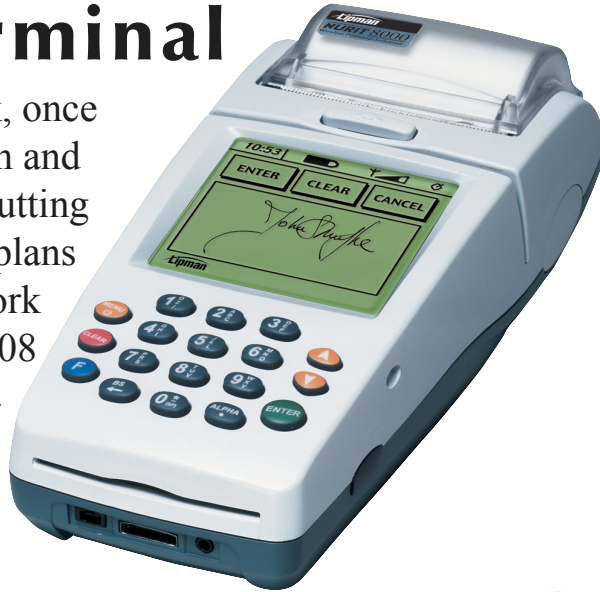
MOBILE ARTISANS AND CRAFTERS NATIONAL CO-OP

Your # 1 Source for Service and Support

Get a Free Nurit 8000 GPRS Terminal

The Mobitex Network, once operated by Bell South and Cingular is already shutting down towers and has plans to shut down its network at the beginning of 2008. Nurit 2070s, 2090s, & 3010s will then be obsolete terminals.

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* For Qualified Merchant Accounts, Restrictions Apply

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MOBILE ARTISANS AND CRAFTERS NATIONAL CO-OP Spring/Summer 2007

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Service Center Newsletter

Mobitex Network Shutting Down

The Mobitex Network AKA Ram Mobile Data, once the only secure wireless packet data network in the U. S. may soon shut down. Over the past several years ownership has passed through several hands. First, Ram Mobile Data sold Mobitex to Bell South. Then Bell South sold it to Cingular, who sold it a couple of years ago to Velocita Wireless Services. Nextel bought Velocita and Spint recently bought Nextel. While all this was happening, two competitors, The Motient Network and the CDPD Network shut down and thousands of artisans were left with obsolete equipment. No one expected that the Mobitex Network would encounter a competitor to threaten its existence until AT&T brought its GPRS Network to the United States two years ago. Since then, wireless terminals are no longer being built on the Mobitex Network because the GPRS Network is so far superior that it now threatens the survival of any competitor. Nobody knows for sure how long the Mobitex Network can survive. Velocita announced that it was shutting down the Mobitex Network by the end of 2006. But they received so many complaints from their existing customer base that they decided to wait until the first quarter of 2008. In anticipation of the Mobitex Network shutting down, the

Mobile Artisans and Crafters National Co-Op wasted no time in establishing a **Free Wireless Terminal Replacement Program** with Nurit 8000's on the GPRS Network for mobile artisans. After the CDPD and Motient Networks shut down, the staff at MACNC was overwhelmed with artisans from other processors from around the country who would not replace their obsolete wireless terminals. To prevent this enormous surge of artisans looking for another processor and replacement equipment, MACNC is now offering an Assurance Program with a Free Nurit GPRS 8000 Wireless Terminal

Reward Cards Cost More

Recent court decisions have allowed Visa and MasterCard to compete more directly with American Express and Discover and issue bank cards that give consumers merchandise points or cash back. These are the new Visa Rewards, Signature and MasterCard World Cards that are difficult to distinguish from regular credit cards. At the expense of the merchant who must pay higher rates to process these cards, consumers are reaping the benefits from these products. Depending on the type, these cards downgrade and process, at the expense of the artisan at Mid-Qualified and Non-Qualified rates instead of the lower Qualified rates even though the transactions are swiped.

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Are Mobile Artisans Retail or MOTO?

Merchant accounts are classified in two major classifications; "Qualified Retail" and "Non-Qualified MOTO" (Mail Order/Telephone Order). Merchants that swipe their transactions are classified as "Retail". Merchants that key their transactions are classified as "MOTO". So what's the big deal? Being classified as a Mail Order Telephone Order merchant results in a higher processing rate and encounters a greater risk for surveillance and chargebacks. Swiped transactions are assumed "Qualified Retail" because the transaction is processed at the time of sale proving the customer and merchant were face to face to approve the sale with the card present. On the other hand, keyed transactions processed long after the sale are assumed to be by mail, by phone or over the Internet with neither the card nor the customer present. Processors have historically classified Mobile Artisans that key transactions as MOTO even though the artisan is face to face with their customer. MACNC has been educating processors about the true nature of mobile artisan merchants and promotes an effort to qualify them as retail merchants because they adhere to secure processing practices to prove that both the card and customer were present. Over the past 15 years MACNC has developed a track record with the Mobile Artisans to qualify them for a unique hybrid retail classification. By instructing our artisan friends to always imprint their customers' card, obtain the customer's signature and CVV2 code to prove the sale was face to face, will

qualify your delayed keyed transactions for a "Mid-Qualified" classification. This results in rates that are much lower than MOTO but slightly higher than "Qualified Retail" transaction rates.

Keyed Mid-Qualified Rates Eliminated

In 2006 VISA/MasterCard eliminated the mid-qualified rates for keyed transactions for new merchants. However, existing and even new members of the Mobile Artisans and Crafters National Co-Op will still continue to receive the lower rate benefit of mid-qualified rates. To receive this lower rate benefit, in addition to imprinting the customer's card and obtaining a signature, the Address Verification System must be used. The AVS Program requires the Artisan to key in:

1. The zip code of the billing address for the customer,
2. The house number for the customer,
3. The 3 digit CVV2 Code printed on back of the credit card and
4. An invoice number, the last 4 digits on the bankcard sales slip.

New Seasonal Rules

Some seasonal or part time artisans only process sales occasionally. Many processors are deactivating merchant accounts that are inactive for six months or more. MACNC cannot alter this policy and recommends that artisans process at least one transaction each month, even if it's only \$1, to avoid the unnecessary time, expense and effort required to reactivate your merchant account.

Debit Card Processing

In the United States almost all debit cards are "Bank Check Debit Cards" issued by banks with a VISA or MasterCard logo. "True Debit Cards" are extremely rare and for all intents and purposes do not exist in the U.S. **True Debit Cards** can only be processed if your terminal is encrypted and you subscribe to a separate monthly subscription and transaction fee or subscribe to an additional percentage rate and transaction fee. **Bank Check Debit Cards** do not require a terminal encryption and therefore does not require your customer to key in a pin number. Bank check debit cards will automatically deduct the purchase amount from your customer's bank account instead of showing up as a credit card sale on their credit card statements even though a pin number was not required. **Encrypted Terminals** will prompt your terminal for a pin number when a true debit card is swiped. When a bank check debit card is swiped, your terminal will prompt "debit or credit". Enter credit and your terminal will process the transaction without a pin number and print a receipt for the customer to sign. Enter debit and the terminal will prompt for a pin number. In both instances the sale amount will be deducted from the customer's checking account. You can assure your customer that although you were not required to key a pin number with bank check debit cards either with or without an encrypted terminal, the customer will still get the convenience of having the sale amount deducted from their bank account. We program the Nurit 8000's to accept bank check debit cards and process at a qualified rate lower than credit cards. We do not encrypt terminals unnecessarily for true debit cards unless the merchant specifically asks and pays an additional fee for the encryption program.

Benefits of Start Up Rental Programs

New artisans or first time bankcard merchants whose sales volume does not warrant the added costs of wireless program fees should consider MACNC's month to month short term rental as a cost effective alternative providing economy and flexibility. In addition, it prevents new merchants from being locked into long term leases or prematurely buying inappropriate equipment. This program also features Voice Authorization for increased security. However, if you have a large volume of small ticket sales, you should consider a time saving Portable Program. MACNC's Portable Program eliminates the need for imprinting the customer's card and eliminates the time necessary to key all the information from the sale transactions. When your business has significant sales volume and is ready for the added advantage of instant approval and reduced bankcard rates, you can upgrade at any time to our Wireless Programs. From wireless networks to terminals and software downloading, your fellow artisans at MACNC have years of "hands on, in the field experience" to know what combinations of equipment and networks work well and those less reliable. We know the landscape so you don't get lost in the maze of equipment and processing options.

