

Centralized Settlement Paperwork Primer



So you have decided on Centralized Settlement. What does that entail? And what do you need to do to get started?

Let's dive in.

How It Works

With Centralized Settlement, funds not yet redeemed are held in your Central account until the time of redemption. This makes it so that funds for all gift card loads, regardless of location, are moved to the Central bank account during each scheduled settlement. These locations are then simultaneously reimbursed from the Central bank account for all redemptions performed during that period.

TERMINOLOGY

Mandatory Signature

All merchants are first required to sign an updated Heartland Gift & Rewards (Gift) Addendum to agree to new combined Gift and ACH Settlement pricing.

Trustee

The trustee is the appointed decision maker for any participating merchants in this gift card program and the primary point of contact for the chain. Trustee's must indicate the group's decision to include or exclude promotional funds with regard to settlement. They are also responsible for establishing and maintaining the centralized deposit account.

ACH Settlement Date

ACH Settlement currently runs on the 3rd day of each month.

Promotional Value

Promotional value is any value added to a card as a result of an automatic reward.

If promo value is "included", then all transactions are settled in full. If promo value is "excluded", only transactions backed by real money are settled.

COMPLETING THE PAPERWORK

First, fill in the date that the agreement is being signed.

Next, name the person appointed as trustee.

After that, go on to the 4th page which asks for the trustee and merchant's signature, printed name, title, and date. Fill these in before moving on.

The trustee will then be prompted to indicate preference for transactions of promotional value. If no selection is made, the setting will default to "exclude". Indicate which option you choose.

When you get to the 6th page, you will be asked if the trustee is a merchant under the unified gift card program. Select "yes" or "no". If you have selected "no" then you must fill in the following section asking the name of the trustee, the address, SSN, and phone number.

Regardless of whether the Trustee is also a merchant, you will need to fill in banking information.

That's all!

With **Centralized Settlement**, confusion about where and how your money is stored and redeemed has been taken care of. Welcome to your new way of doing things. Running your business just got easier!

**HEARTLAND GIFT CENTRALIZED
MULTI-PARTY ACH SETTLEMENT AGREEMENT**



This Multi-Party ACH Settlement Agreement (“**Agreement**”) is by and between Heartland Payment Systems, Inc. (“**Heartland**”), and the following Merchants listed hereto on Exhibit A (each individually, a “**Merchant**” or collectively, “**the Merchants**”) as of _____, 20__ (“**Effective Date**”). This Agreement supplements and is hereby incorporated into the Heartland Gift Agreement between Heartland and each Merchant, as if set forth expressly therein.

Background

1. Heartland provides electronic transaction processing for promotional, reward, prepaid, gift cards, and/or other related cards approved by Heartland to operate on the Heartland electronic card processing system (“**Gift Cards**”) as well as payment processing of credit and debit transactions.
2. Each Merchant has engaged Heartland to process Gift Card transactions for its business location(s) (“**Gift Card Program**”).
3. The Merchants desire to operate their respective Gift Card Programs as one Gift Card Program (“**Unified Gift Card Program**”), such that a customer may purchase a Gift Card at one Merchant’s business location and redeem that Gift Card at another Merchant’s business location.
4. In order to create the Unified Gift Card Program, the Merchants require a method to settle redeemed Gift Card value amongst themselves, in accordance with the terms herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Merchants and Heartland agree as follows:

1. Settlement of Gift Card Value

- a. The Merchants appoint [_____] as their Trustee (“**Trustee**”). Trustee shall establish and maintain a deposit account (“**Trustee Deposit Account**”), as identified on Trustee’s completed form at Exhibit B, for the transfer of funds received for the purchase of a Gift Card, or for value added to a Gift Card, by a customer at a Merchant business location to the deposit account of the Merchant business location at which a Gift Card is used. Merchants acknowledge and agree that Trustee may also be a Merchant.
 - i. As Gift Cards are purchased or reloaded at a Merchant business location, Heartland and its representatives or agents, as the Trustee’s agent, will cause correlating funds to be transferred on an Automated Clearinghouse (“**ACH**”) basis from Merchant’s account to the account of the Trustee Deposit Account.
 - ii. As Gift Cards are redeemed at a Merchant business location, Heartland and its representatives or agents, as the Trustee’s agent, will cause correlating funds to be transferred on an ACH basis from the Trustee Deposit Account to the deposit account of the Merchant where the Gift Card was redeemed.
- b. Trustee hereby authorizes and appoints Heartland and Heartland’s representatives as its agent to initiate ACH credit or debit entries to and from the Trustee Deposit Account to the Merchants’ deposit accounts (as identified in the debit/credit authorization in each Merchant’s Application for credit and debit card processing) related to the sale or redemption of a Gift Card and to initiate adjustments for any credit or debit entries made in error. Trustee acknowledges and agrees that Heartland shall only be obligated to initiate ACH credit or debit entries to or from the Trustee Deposit Account and the Merchants’ deposit accounts on a periodic basis following the sale or redemption of Gift Cards.
- c. Each Merchant hereby authorizes Trustee, Heartland and Heartland’s representatives to

initiate ACH debit or credit entries to or from Merchant's deposit account (as identified in either the debit/credit authorization in each Merchant's: (1) Merchant Application for credit and debit card processing; or (2) Heartland Gift Application) periodically for any amounts due from, or owed to, that Merchant related to the sale or redemption of a Gift Card and to initiate adjustments for any credit or debit entries made in error. In the event that a Merchant has executed both a Merchant Application for credit and debit card processing and a Heartland Gift Application, each Merchant acknowledges that Heartland will utilize the deposit account identified on the Merchant Application for credit and debit card processing of purpose of settlement under this Agreement.

- d. Merchants and Trustee acknowledge and agree that, subject to any Heartland fees applicable to the Gift Card Program or the Unified Gift Card Program: (i) all funds received for the purchase of a Gift Card by its customer(s) at its business locations shall be deposited by Heartland to the Trustee Deposit Account; (ii) as Gift Cards are redeemed at a Merchant location, correlating funds will be sent via ACH by Heartland or Heartland's representatives or agents from the Trustee Deposit Account to the deposit account of the applicable Merchant; and (iii) each Merchant will maintain sufficient funds in its deposit account for the crediting or debiting of amounts owed through the Unified Gift Card Program. In the event any Merchant does not maintain sufficient funds in its designated deposit account, the Merchant agrees to immediately send Trustee such amounts upon demand to account for the deficiency.
- e. Each Merchant must notify Heartland in writing at Heartland Payment Systems, Inc., One Heartland Way, Jeffersonville, Indiana 47130, Attn: Customer Care, at least thirty (30) days prior to closing its direct deposit account ("DDA"), as designated herein, and provide information for any new DDA. A twenty-five dollar (\$25.00) handling fee will be imposed for changing DDA information and a fee for the lesser of twenty-five dollars (\$25.00) or the maximum allowed by law, will be imposed by Heartland for all ACH items that are returned because of Non-Sufficient Funds ("**NSF**"). Merchant authorizes payment of any NSF fees through direct debit of Merchant's bank account via ACH.
- f. Merchant shall perform its obligations under this Agreement in accordance with all applicable federal and state laws and regulations, including the NACHA Rules and sanctions laws administered by the Office of Foreign Assets Control ("**OFAC**").

2. Pricing. Each Merchant shall pay Heartland the fees, charges and other amounts in accordance with the Fee Schedule set forth in the Heartland Gift Addendum ("Fees"). Merchant authorizes payment of the fees and charges by collection through direct debit of Merchant's bank account via ACH in arrears on a monthly basis.

3. Term and Termination

- a. This Agreement is coterminous with each Merchant's Heartland or TSYS Gift Agreement with Heartland. Any Merchant may terminate its participation in the Unified Gift Card Program by terminating its Heartland Gift Agreement with Heartland. To ensure the continuity of the program to the remaining Merchants, each Merchant may not terminate its participation in the Unified Gift Card Program without terminating its Heartland Gift Agreement with Heartland. In the event a Merchant terminates its Heartland Gift Agreement, this Agreement shall remain in full force and effect as to the other parties.
- b. Heartland may terminate this Agreement in its entirety upon thirty days' written notice to the Trustee at the above address. Trustee shall, in turn, notify all Merchants participating in the Unified Gift Card Program of Heartland's termination. Notwithstanding the foregoing, Heartland may, at its sole discretion, with reasonable suspicion of fraud or other criminal activity, immediately terminate this Agreement and give written notice to Trustee within ten (10) days.

- c. Trustee may terminate this Agreement in its entirety upon thirty days' written notice to Heartland and to the Merchants participating in the Unified Gift Card Program. Upon Trustee termination, Trustee and Merchants shall determine amongst themselves the distribution of funds remaining the Trustee Deposit Account, and Heartland shall have no further obligation to settle funds to or from Trustee or any Merchant.
 - d. The ACH authorization contained herein on behalf of each Merchant shall remain in full force and effect for the term of this Agreement.
4. **Reporting.** Heartland will post a transaction report on its web-based merchant system after each completed settlement processing.

5. **General**

- a. The origination of ACH transactions from Trustee Deposit Account to each Merchant's deposit account shall comply with the provisions of applicable law and the NACHA Rules.
- b. All disputes relating to the amount of settlement shall be settled between the Merchants and Trustee. Heartland shall not be obligated to initiate an ACH transaction to nor from any Merchant's deposit account or the Trustee Deposit Account, except as authorized in writing by Trustee. Heartland shall not have any liability for Trustee's failure to maintain sufficient funds in the Trustee Deposit Account to settle amounts owed under the Unified Gift Card Program to the Merchants.
- c. Each Merchant must execute this Agreement before participating in the Unified Gift Card Program. The Merchants acknowledge and agree that additional Merchants may execute this Agreement at a future time to participate in the Unified Gift Card Program, without notice to any existing Merchant to this Agreement.
- d. Merchants and Trustee acknowledge and agree that Heartland's provision of ACH services hereunder may be interrupted from time to time and that Heartland shall have no liability whatsoever as a result of such an interruption or delay. Without limiting the generality of the foregoing provisions, Heartland shall be excused from failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission or communication facilities, loss of power, equipment or software error or malfunction, war, terrorist actions, acts of God, earthquakes, flood, embargo, riot, sabotage, labor shortage or dispute, emergency conditions or circumstances beyond Heartland's control. From time to time Heartland may need to temporarily suspend processing of a transaction (particularly an international ACH transaction) for greater scrutiny or verification, including, but not limited to, suspending processing to review for OFAC compliance in accordance with applicable OFAC guidance, and Heartland shall be excused if this action causes delay in the settlement and/or availability of the transaction while review is in process. In addition, Heartland shall be excused, while review is in process, from failing to transmit or delay in transmitting an Entry if such transmittal would result, in Heartland's reasonable judgment, in violation of any rule or regulation of any U.S. governmental regulatory authority or NACHA Rule.
- e. **TRUSTEE AND EACH MERCHANT SHALL INDEMNIFY, DEFEND AND HOLD HEARTLAND HARMLESS FROM AND AGAINST ANY AND ALL THIRD PARTY CLAIMS, COSTS AND/OR LIABILITIES, INCLUDING ANY ATTORNEYS' FEES AND COSTS ("DAMAGES") INCURRED BY HEARTLAND AND ARISING OUT OF THE UNIFIED GIFT CARD PROGRAM OR THE SETTLEMENT OF REDEEMED GIFT CARD FUNDS, EXCEPT TO THE EXTENT SUCH DAMAGES ARISE EXCLUSIVELY FROM HEARTLAND'S GROSS NEGLIGENCE OR WILFULL MISCONDUCT.**

f. HEARTLAND'S CUMULATIVE LIABILITY TO THE MERCHANTS, INCLUDING THE TRUSTEE, COLLECTIVELY, FOR DAMAGES ARISING FROM ANY CAUSE, WHATSOEVER, REGARDLESS OF THE FORM OF ACTION OR LEGAL THEORY, SHALL NOT EXCEED THE AMOUNT OF FEES HEARTLAND CHARGED THE MERCHANTS (INCLUDING TRUSTEE), CUMULATIVELY, FOR THE SERVICES PERFORMED UNDER THIS AGREEMENT IN THE THREE MONTHS IMMEDIATELY PRECEDING THE FIRST OF ANY SUCH CLAIM.

g. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or scanned pages shall be effective as delivery of a manually executed counterpart to this Agreement.

IN WITNESS WHEREOF, Merchant and/or Trustee certify their acceptance of the terms of this Agreement as of the Effective Date.

Trustee:

Signature: _____

Printed Name: _____

Title: _____

Date: _____

Merchant:

Signature: _____

Printed Name: _____

Title: _____

Date: _____

TRUSTEE: Please indicate preference for transactions of promotional value. If **no** selection is made, setting will default to "**EXCLUDE.**"

Choose one: **EXCLUDE** **INCLUDE**

**EXHIBIT A
MERCHANTS**

Merchant Name	Signer Name	MID Number
1.		
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**EXHIBIT B
APPLICATION AND ACH FORM FOR TRUSTEE**

Is the Trustee a Merchant under the Unified Gift Card Program?

Choose one: YES NO

If no, please complete the following section:

Trustee Name: _____

Street Address: _____

City: _____

State: _____ Zip: _____

SSN: _____

Phone Number: _____ Work Home Cell

Trustee authorizes Heartland, any credit bureau or reporting agency employed by Heartland, or any agents thereof, to investigate Trustee and Trustee's statements herein for purpose of performing ACH settlement services under this Agreement.

Regardless of whether the Trustee is also a merchant, please complete the following section:

BANKING INFORMATION	
Bank Name:	
Branch Address:	
Branch City/State:	
Account Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
Routing No.:	
Account No.:	

TRUSTEE MUST ATTACH ONE (1) VOIDED CHECK FOR THE ACCOUNT LISTED ABOVE. THIS WILL BE USED FOR THE SOLE PURPOSE OF OBTAINING DATA NECESSARY TO FULFILL THE FEDERAL RESERVE BANK REQUIREMENT TO PROCESS AN ACH TRANSACTION.