Omni Technologies, Inc. **CANNABIS PIN-DEBIT FAQ**

Updated October 2021

How is this legal?

- Legal counsel for FP and FFB has carefully reviewed all compliance aspects and if buyer/seller transact in the sale and purchase of Cannabis where it is deemed legal, it is compliant. At the present, only point of purchase pin debit insures such a transaction, since pin debit requires card present and pin number entry.

- Unlike Point of Banking systems, in Point of Purchase, the dispensary is properly underwritten with full KYC being performed and verification of MRB license is current, with periodic reviews. No masking of merchant true business to our clearing bank unlike Point of Banking systems.

- We require that dispensaries have all applicable cannabis license(s), that the licenses are active and that the merchant business is in good standing with their local jurisdictions, and that they are compliant with all applicable laws and regulations. Since federal marijuana laws still technically deem marijuana illegal, these laws exist in obvious contradiction to state and local legislation. Our legal counsel has advised that, assuming merchants are compliant with state and local laws and regulations, our underwriting criteria and ongoing monitoring programs should, in addition to other legal compliance topics, focus on the eight federal "enforcement priorities" as outlined in the Cole Memo released in August 2013, which are namely the following:
  - "Preventing the distribution of marijuana to minors;
  - Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; Preventing the diversion of
  - marijuana from states where it is legal under state law in some form to other states;
    Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other
  - illegal activity;
    Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
  - Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
  - Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and Preventing marijuana possession or use on federal property."
  - **What does the receipt look like?**
  - The receipt looks like a typical payment receipt containing the merchant's name and address, telephone number, terminal number, transaction date, final amount charged to the card, the last four of the card charged, among other data points.

What does the customer's bank descriptor look like?

- Merchants typically opt to use their DBA/Trade name as the descriptor. However, merchants have the option to choose whether they want their DBA or legal name as the descriptor.

What is the funding time frame?

- Funding time frame is typically next business day. For example, if a merchant submits a batch on Monday evening, the merchant can expect funds to deposit to their bank account on Tuesday evening/early Wednesday morning, depending on time zone.

Who is the bank?

- The sole acquiring bank for FP Omni's PIN-debit solution is First Federal Bank of Florida. General bank info available at www.ffbf.com.

Has the Bank been audited?

- Yes—the bank undergoes periodic audits from all of the card brands as a registered member of each card network.

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How long does it take to get setup?

- Typical application-to-approval times are around 2-4 business days for correct and completed packages.

How long is the contract?

- Standard contract is subject to a 36-month term.

Why is an Attestation letter required by the merchant?

- The Attestation Letter serves as an acknowledgement to our bank that the merchant has made their banking partner aware that it is a cannabis-related business. This protects upstream partners from certain liabilities as they relate to regulated industry risks.

What is the difference between debit and credit cards?

- A debit card is directly linked to a cardholder's checking or similar type of cash account. When a cardholder pays for something using a debit card, funds are immediately debited from the cardholder's account.

- A credit card is linked to a line of credit issued to a particular cardholder based on a financial institution's evaluation of the cardholder's creditworthiness. The cardholder pays for goods by charging against the line of available credit. The cardholder is not immediately responsible for the payment/transfer of funds—instead, the credit card network assumes the risk and the cardholder pays off any balance owed at a later date.

Why can't I accept credit cards?

- Credit cards, essentially a line of credit, are subject to different laws and card brand rules than debit/"check" cards. All of the major credit cards have issued specific statements stating that they will not support any cannabisrelated activity on the credit networks, in addition to legislation forbidding certain financial activities.

How is this different from the wallet solution?

- A wallet solution is a type of tokenized transaction, where the cardholder pays the wallet, which disperses funds to participating program members. Cash will be debited from cardholder's credit or bank account for having "paid" the wallet service, not the merchant. The wallet solution platform then pays registered merchants via ACH for any sales that "wallet holders" submitted to said merchants.

- FP's PIN-debit solution charges the cardholder directly and immediately—no tokenized transactions or intermediate cash-holding partners. The cardholder is charged at the time of sale for the exact value of the transaction.

Does it integrate into my POS?

- We can integrate with many of the most popular POS platforms through IBM's DataCap software or Dejavoo's SPIN platform, for supported devices. ISO's are generally responsible for frontend integration processes.FP provides a VAR sheet to the ISO.

What kind of hardware does it require?

- FP's solution can integrate with very basic hardware setups such as standalone terminal units, to more sophisticated tech-forward and integrated applications like comprehensive POS solutions that monitor sales data, are integrated to the merchant's website, interface with customer databases, inform inventory levels, etc.

Do you have a demo video?

- FP does not currently have a demo video.

What terminals are accepted?

- Our main terminal support options center around Dejavoo, PAX, and Nexgo.

Can you reprogram my terminal?

- Yes. We can remotely program supported terminals through a remote file download (internet connection required). Alternatively, merchants can send their terminals to FP Omni's Modesto office. (Note: Merchant is responsible for all shipping costs and reprogramming fees.)

Can I use this with other solutions?

- It is up to the ISO to determine integration implementation structure.

What Debit Networks are accepted?

- FP's current debit network partnerships include Pulse, NYCE, STAR, AFFN, Accel, Shazam, Maestro and CU24/CULIANCE.

What is the MCC Code?

- 5399 – Miscellaneous General Merchandise. Disclaimer – the federal government determines Merchant Classification Codes (MCC). As of this date, the Feds have not registered a MCC for Cannabis nor CBD.

Who is the OCC?

- Office of the Comptroller of the Currency. The OCC supervises national banks, federal savings associations, and federal branches and associations of foreign banks.

How is this different from a Point-of-Banking/Cashless ATM solution?

- Cashless ATMs are designed to make transactions appear like cash withdrawals at ATM machines.This is an obvious means of working around certain Card Brand rules, which may result in account termination at any time. Moreover, transactions are typically denominated in $5 or $10 increments, which creates an awkward customer experience due to the "illegitimate" feeling of the transaction. This is not the trajectory of cannabis payments.

- FP's true Point-of-Purchase solution is based on online, true PIN-Debit environment, where a cardholder is required to enter their PIN in order for the transaction to be processed. This is also in contrast to "offline" debit transactions which may be processed at a later time over credit card networks despite being a "debit" transaction. PIN-Debit transactions are processed immediately and are true point-of-sale/purchase transactions.

Can I charge a Convenience fee to help cover the cost?

- Yes, merchants can choose between a fixed-dollar fee or a flat percentage rate up to 4.0%.

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What platform does it use?

- FP Omni Technologies is a full-service processor using the TSYS front end platforms – Sierra and Summit. The platforms direct card traffic to the debit rails.

- The convenience fee is programmed at the terminal level. All convenience fees are added to the total transaction amount and cannot be distinguished outside of the terminal-level reporting environment. In other words, the processor keeps no record of goods-sale value apart from the convenience fee—everything is processed together as one value.

How can I accept a debit card with a Visa or Mastercard logo on it?

- Debit cards are different from credit cards. Issuing banks (the debit cardholder's bank/financial institution) partner with a debit card network to "issue" cards programmed to be processed according to a certain network's debit transaction routing protocols.

- However, this is only part of the picture, as secondary and sometimes tertiary debit networks (typically "regional" networks like STAR, NYCE, etc.) are also supported. For example, if a Chase customer attempts to charge their Visa-branded debit card—and Visa's in-house debit network, Interlink, is not supported—the debit card will seek an authorization through another network such as Maestro, STAR, etc.—whichever the issuing bank has partnered with as an alternative network.

- It is possible that a bank like Chase, Bank of America, Wells Fargo, etc. has partnered with both Visa and Mastercard's debit networks to allow a cardholder access to both of these debit networks, Interlink and Maestro, respectively, giving the "front-of-the-card" brand/network the "first" position, while giving the other brand the second position (e.g., if Brand #1 is declined, then run Brand #2, etc.)

- Federal law (see Section 1075 of the Dodd-Frank Act, also known as the "Durbin Amendment") requires that "[an issuing bank] or payment card network shall not…restrict the number of payment card networks on which electronic debit transactions may be processed to (i) 1 such network; or (ii) 2 or more such networks which are owned by (I) affiliated persons; or (II) networks affiliates with such issuer."

- Debit network prioritization is also subject to the particular card processor's BIN-level hierarchy. For example, if a processor hierarchy is set to prioritize NYCE over Interlink, and the card is NYCE-enabled, the debit card will route to the NYCE debit network first, even though the primary card network may be Interlink.

Have More Questions?

- Ask your ISO partner or email your question to info@fpomnitech.com.