

CREDIT CARD SERVICES

Terms & Conditions

1. GENERAL

The "FTD Credit Card Processing Agreement" consists of these Card Services Terms & Conditions and the FTD Credit Card Processing Agreement and is made by and among Global Payments Direct, Inc. ("Global Direct") Florists' Transworld Delivery, Inc. ("FTD"), and FTD Member Florist ("Merchant") and HSBC Bank USA, NA ("Member Bank"). The provisions in the FTD Credit Card Processing Agreement are applicable to Merchant if Merchant has signed the appropriate space in the FTD Credit Card Processing Agreement, and FTD has executed the Acceptance of such Agreement on the appropriate line evidencing such Acceptance. The Member Bank is a member of Visa USA, Inc. ("Visa") and MasterCard International, Inc. ("MasterCard"). Global Direct and FTD are registered independent sales organizations of Visa USA ("Visa") and member service providers of MasterCard International Inc ("MasterCard"). Under the terms of the FTD Credit Card Processing Agreement, Merchant will be furnished with the services and products described herein and in the FTD Credit Card Processing Agreement and selected by Merchant therein (collectively and individually, as applicable, the "Services"). Any Merchant accepted by FTD and Global Direct for card processing services agrees to be bound by the FTD Clearinghouse rules and the terms of the FTD Credit Card Processing Agreement and these Card Services Terms & Conditions as may be modified or amended in the future. A MERCHANT'S SUBMISSION OF A TRANSACTION TO FTD SHALL BE DEEMED TO SIGNIFY MERCHANT'S ACCEPTANCE OF THE FTD CREDIT CARD PROCESSING AGREEMENT, INCLUDING THE TERMS AND CONDITIONS HEREIN.

As between Global Direct, FTD, and Member Bank, this FTD Credit Card Processing Agreement shall not supersede or replace any previous FTD Credit Card Processing Agreement between FTD and Merchant.

2. SERVICE DESCRIPTIONS

"Services": Global Direct and FTD's credit card processing services consist of authorization and electronic draft capture of credit card transactions; outclearing of such transactions to the appropriate card associations and/or issuers (e.g., Visa, MasterCard, Diners); settlement; dispute resolution with cardholders' banks; and transaction-related reporting, statements and products. From time to time under this FTD Credit Card Processing Agreement, upon Merchant's request, FTD may facilitate the transmission of certain payment card transactions ("Switched Transactions") to the respective card issuers, including but not limited to American Express®, Diners Club® and various fleet, private label and commercial cards. Switched Transactions require FTD's prior written approval and are subject to applicable pricing. Neither FTD nor Global Direct purchases the indebtedness associated with Switched Transactions. Provisions regarding debit card services are set forth in Section 26 below. With respect to Visa and MasterCard products, Merchant may elect to accept credit cards or debit/prepaid cards or both. Merchant shall so elect on the FTD Credit Card Processing Agreement being completed contemporaneously herewith. Merchant agrees to pay and Merchant's account(s) will be charged pursuant to Section 5 of this Agreement for any additional fees incurred as a result of Merchant's subsequent acceptance of transactions with any Visa or MasterCard product that it has elected not to accept.

3. PROCEDURES

Merchant will permit holders of valid cards bearing the symbols of the cards authorized to be accepted by Merchant hereunder to charge purchases or leases of goods and services and the debt resulting therefrom shall be purchased hereunder, provided that the transaction complies with the terms of this FTD Credit Card Processing Agreement. All indebtedness submitted by Merchant for purchase will be evidenced by an approved sales slip. Merchant will not present for purchase any indebtedness that does not arise out of a transaction between a cardholder and Merchant. Merchant agrees to follow the Card Acceptance Guide which is incorporated into and made part of this FTD Credit Card Processing Agreement, and to be bound by the operating regulations and rules of Visa, MasterCard, and any other card association or network organization covered by this FTD Credit Card Processing Agreement, as any of the above referenced documents may be modified and amended from time to time. Without limiting the generality of the foregoing, Merchant agrees to comply with and be bound by the rules and regulations of Visa, MasterCard, and any other card association or network organization related to cardholder and transaction information security, including without limitation Payment Card Industry (PCI) Data Security Standards, Visa's Cardholder Information Security Program, MasterCard's Site Data Protection Program, and Payment Application Best Practices. Merchant also agrees to cooperate at its sole expense with any request for any audit or investigation by Global Direct, Member Bank, FTD, a card association or network organization in connection with cardholder and transaction information security. Without limiting the generality of the foregoing, Merchant agrees that it will use information obtained from a cardholder in connection with a card transaction solely for the purpose of processing a transaction with that cardholder or attempting to re-present a chargeback with respect to such transaction. Merchant will indemnify and hold Global Direct, Member Bank and FTD harmless from any fines and penalties issued by Visa, MasterCard or any card association or network organization and any other fees and costs arising out of or relating to the processing of transactions by Global Direct, Member Bank and FTD at Merchant's location(s) and will reimburse Global Direct, Member Bank and FTD for any losses incurred by such parties with respect to any such fines, penalties, fees and costs.

Merchant also agrees that it will comply with all applicable laws, rules and regulations related to the truncation or masking of cardholder numbers and expiration dates on transaction receipts from transactions processed at Merchant's location(s), including without limitation the Fair and Accurate Credit Transactions Act and applicable state laws ("Truncation Laws"). As between Merchant, on the one hand, and Global Direct, Member Bank and FTD, on the other hand, Merchant shall be solely responsible for complying with all Truncation Laws and will indemnify and hold Global Direct, Member Bank and FTD harmless from any claim, loss or damages resulting from a violation of Truncation Laws as a result of transactions processed at Merchant's location(s).

Global Direct or FTD may, from time to time, issue written directions (via mail or Internet) regarding procedures to follow and forms to use to carry out this FTD Credit Card Processing Agreement. These directions and the terms of the forms are binding as soon as they are issued and shall form part of these Card Services Terms & Conditions. Such operating regulations and rules may be reviewed upon appointment at FTD's designated premises.



4. MARKETING

Merchant shall adequately display the card issuer service marks and promotional materials supplied by FTD. Merchant shall cease to use or display such service marks immediately upon notice from FTD or upon termination of this FTD Credit Card Processing Agreement.

5. PAYMENT AND FEES

Fees and charges payable by Merchant shall be as set forth in the Merchant Application. Merchant will be paid for indebtedness purchased under this FTD Credit Card Processing Agreement by credit to Merchant's FTD Clearinghouse account(s) and will be payable according to FTD Clearinghouse rules in effect at the time. Merchant's account(s) will be credited for the gross amount of the indebtedness deposited less the amount of any credit vouchers deposited. Chargebacks and adjustments will be charged to Merchant's account(s) on a daily basis. Merchant agrees to pay and Merchant's account(s) will be charged for the discount, fees, and other charges described in this Card Services Agreement. Merchant also agrees to pay and Merchant's account(s) will be debited for all fees, arbitration fees, fines, penalties, etc. charged by the card associations or network organizations on account of Merchant's processing hereunder. If an error occurs, Merchant's account(s) may be debited or credited therefore. Merchant represents and warrants that no one other than Merchant has any claim against such indebtedness except as authorized in writing by Member Bank, Global Direct, and FTD. Merchant hereby assigns to Member Bank, Global Direct, and FTD all of its right, title, and interest in and to all indebtedness submitted hereunder and agrees that Member Bank, Global Direct, and FTD have the sole right to receive payment on any indebtedness purchased hereunder.

6. EQUIPMENT AND SUPPLIES

Merchant will be provided with a User's Guide from FTD for each terminal that Merchant purchases or rents from either FTD or a terminal manufacturer. Merchant is responsible at his/her own expense for connecting each terminal to a separate telephone access line, and for installing each terminal in accordance with the instructions provided with each terminal. Instructions in the use of the terminal and the credit card/debit processing service are contained in the User's Guide. FTD will provide instructions to assist Merchant in the installation and the initial use of your terminal(s). While using the FTD Credit Card Program for FTD Members as selected by Merchant in the FTD Credit Card Processing Agreement ("FTD CASH-FLO program") and any terminals purchased or rented, Merchant agrees to comply fully at all times with the instructions and procedures set forth in the User's Guide and any other applicable instructions provided, including any subsequent modifications to the FTD User's Guide. Merchant also agrees to comply with any additional rules and regulations of the credit card issuer or issuers that are provided to Merchant by FTD or the issuer from time to time. The use of the FTD CASH-FLO program as a means of initiating settlement for credit card/debit transactions is conditioned upon your timely balancing and transmission of the credit card/debit transaction data processed by Merchant's terminal. The User's Guide provides instructions in the procedures that must be followed to balance electronically and transmit the credit card/debit transaction data processed by Merchant's terminal. Balanced statements of credit card/debit transactions processed by Merchant's terminal will be forwarded to Merchant in accordance with the terms and conditions of FTD's Clearinghouse rules. Merchant must retain and provide to FTD upon request photocopies of all hard-copy credit card/debit sales slips for transactions processed through the FTD CASH-FLO program for seven (7) years following electronic balancing and transmission. Any discrepancies between Merchant's hard-copy credit card/debit transactions sales slips and Merchant's balanced transaction data should be resolved by either a review by Merchant of Merchant's terminal transactions, or by inquiry to FTD's credit card/debit processing service. Neither FTD nor FTD's credit card/debit processing service is obligated to settle any transmission batch that includes a credit card/debit transaction between Merchant and a credit card holder that was initiated more than two (2) days, exclusive of Sundays and holidays, prior to the electronic balancing of data. Each terminal purchased or rented includes a Limited Warranty (summarized below). This Limited Warranty under which FTD has arranged to have the manufacturer or its designer repair or replace defective materials or faulty workmanship, is expressly limited in duration to one (1) year from the date of shipment. Repair of any terminal or terminal components not covered under the Limited Warranty or extended maintenance coverage may be available at your expense from the manufacturer, but shall in no way be the responsibility of FTD (purchase program only). Merchant will be provided with the applicable terms and conditions for extended terminal maintenance coverage. In the event repairs or maintenance are required for Merchant's terminal(s) while under the Limited Warranty or extended terminal Maintenance coverage, Merchant agrees to ship the terminal(s) directly per FTD's instructions at Merchant's expense and risk of loss or damage during shipment. For each such terminal shipped for repairs or maintenance, Merchant may, by promptly notifying FTD, obtain a replacement terminal from FTD. FTD will not be obligated to provide Merchant with replacement terminal if Merchant's terminal is not covered by the manufacturers' Limited Warranty or extended terminal maintenance coverage. All repairs and maintenance to Merchant's terminal(s) must be made by the manufacturer or its authorized representative. Merchant agrees not to modify, alter, repair, attempt to repair, or in any way tamper with the terminal(s) of the credit card/debit processing service without the express written consent from the terminal manufacturer or FTD. In the event of such unauthorized actions or attempted actions, FTD and the terminal manufacturer will be completely released from any liability or obligations (including warranty obligations) that may arise under this contract. You will be liable to FTD and/or the terminal manufacturer for any costs or damages incurred by FTD or the terminal manufacturer caused by such unauthorized actions or attempted actions.

7. FINANCIAL INFORMATION

Merchant authorizes FTD and/or Global Direct to run credit check/reports on the Merchant's business and/or the Guarantors in order to allow FTD to assess the credit risk of Merchant and /or Guarantor (s) at any time while this FTD Credit Card Processing Agreement remains in effect. In the event that FTD deems itself insecure in relation to a Merchant's Cash-Flo account based on a review of the Merchant's credit history and/or credit rating at any time, FTD may hold all funds processed from the credit card transactions of Merchant that cleared by FTD pursuant to the FTD Cash-Flo program each month to pay amounts due and owing by Merchant to FTD as shown on Merchant's monthly Clearinghouse statement. Merchant will be paid monthly any funds owing to Merchant after payment of all charges shown on the monthly Clearinghouse statement. Merchant agrees to retain copies of all paper and electronic sales slips and credit slips submitted to FTD for a period of seven years from submission, or such longer period of time as may be required by the operating rules or regulations of the card associations or network organizations, by law, or by FTD as specifically requested in writing in individual cases.



8. CHANGE IN BUSINESS

Merchant agrees to provide FTD and Global Direct Member Bank 60 days prior written notice of its intent to (a) transfer or sell any substantial part (10% or more) of its total stock, assets and/or to liquidate; or (b) change the basic nature of its business. Upon the occurrence of any such event, the terms of this FTD Credit Card Processing Agreement may be modified to address issues arising therefrom, including but not limited to requirements of applicable card associations or network organizations.

9. TRANSFERABILITY

This FTD Credit Card Processing Agreement is not transferable by Merchant without the written consent of FTD, Global Direct, and Member Bank. Any attempt by Merchant to assign its rights or to delegate its obligations in violation of this paragraph shall be void. Merchant agrees that the rights and obligations of FTD and Global Direct hereunder may be transferred without notice to Merchant. Merchant agrees that the rights and obligations of Member Bank hereunder may be transferred to any other member without notice to Merchant. Merchant acknowledges that the transferable rights of FTD, Global Direct and Member Bank hereunder shall include, but shall not be limited to, the authority and right to debit the Merchant's account(s) as described herein.

10. WARRANTIES AND REPRESENTATIONS

Merchant warrants and represents to FTD, Global Direct, and Member Bank: (a) that each sales transaction delivered hereunder will represent a bona fide sale to a cardholder by Merchant for the amount shown on the sales slip as the total sale and constitutes the binding obligation of the cardholder, free from any claim, demand, defense, setoff or other adverse claim whatsoever; (b) that each sales slip or other evidence of indebtedness will accurately describe the goods and services which have been sold and delivered to the cardholder or in accordance with his instructions; (c) that Merchant will comply fully with all federal, state and local laws, rules and regulations applicable to its business; (d) that Merchant will fulfill completely all of its obligations to the cardholder and will resolve any customer dispute or complaint directly with the cardholder; (e) that the signature on the sales slip will be genuine and authorized by cardholder and not forged or unauthorized; (f) that the sales transaction shall have been consummated and the sales slip prepared in full compliance with the provisions of the Card Acceptance Guide and the operating regulations and rules of the applicable card association or network organization, as amended from time to time; (g) that none of the sales transactions submitted hereunder for purchase represent sales to any principal, partner, proprietor, or owner of Merchant; (h) that, without limiting the generality of the foregoing, each sales transaction submitted hereunder, and the handling, retention, and storage of information related thereto, will comply with the rules and regulations of Visa, MasterCard, and any other card association or network organization related to cardholder and transaction information security, including without limitation Payment Card Industry (PCI) Data Security Standards, Visa's Cardholder Information Security Program, MasterCard's Site Data Protection Program, and Payment Application Best Practices; and (i) that all of the information contained in this FTD Credit Card Processing Agreement (including the Merchant Application) is true and correct. In the event that any of the foregoing warranties or representations is breached, the affected sales slips or other indebtedness may be refused, or prior acceptance revoked and charged back to the Merchant. Furthermore, if Merchant submits for purchase hereunder a sales transaction that is not the result of a sale of Merchant's goods or services offered to the general public or if Merchant submits any sales transactions for purchase hereunder which represents a sale to any principal, partner, proprietor, or owner of Merchant, such sales transaction may be refused or charged back, and Merchant hereby agrees to pay (and Merchant's account(s) will be debited therefore) an additional fee of \$100 for each such transaction. Merchant must notify FTD and Global Direct if Merchant elects to use the terminal service of American Express, Novus, or any other third-party provider. If Merchant elects to use a third-party terminal provider, that provider becomes Merchant's agent for the delivery of card transactions to FTD via the applicable card-processing network. Merchant agrees to assume full responsibility and liability for any failure of such agent to comply with the operating regulations and rules of the applicable card association or network organization, including without limitation any violation, which results in a chargeback to the Merchant.

NEITHER MEMBER BANK, NOR FTD, NOR GLOBAL DIRECT NOR ANY SUPPLIER MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ANY TERMINAL, ANY EQUIPMENT FURNISHED IN CONNECTION THEREWITH, OR ANY OF THE SERVICES FURNISHED HEREUNDER.

11. INDEMNITY

Merchant agrees to satisfy directly with the cardholder any claim or complaint arising in connection with the card sale, regardless of whether such claim or complaint is brought by the cardholder, FTD, Global Direct, or another party. Merchant agrees to indemnify and hold FTD, Global Direct, and Member Bank harmless from and against any and all liabilities, losses, claims, damages, disputes, offsets, claims or counterclaims arising out of or relating to the card sale, including without limitation claims and complaints made by a cardholder or any other person or entity with regard to indebtedness sold by Merchant hereunder or any other Service provided hereunder.

12. LIMITATION OF LIABILITY

Neither Member Bank nor FTD nor Global Direct shall be liable for failure to provide the Services if such failure is due to any cause or condition beyond such party's reasonable control. Such causes or conditions shall include, but shall not be limited to, acts of God or of the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, shortages of labor or materials, freight embargoes, unusually severe weather, breakdowns, operational failures, electrical power failures, communication failures, unavoidable delays, the errors or failures of third party systems, or other similar causes beyond such party's control. The liability of FTD, Global Direct, and Member Bank for any loss arising out of or relating in any way to this FTD Credit Card Processing Agreement, including but not limited to damages arising out of any malfunction of the equipment or the failure of the equipment to operate, the unavailability or malfunction of the Services, personal injury, or property damage, shall, in the aggregate, be limited to actual, direct, and general money damages in an amount not to exceed one (1) month's average charge paid by Merchant hereunder (exclusive of interchange fees, assessments, and any other fees or costs that are imposed by a third party in connection with Merchant's payment processing) for Services during the previous twelve (12) months or such lesser number of months as shall have elapsed subsequent to the effective date of this FTD Credit Card Processing Agreement. This shall be the extent of FTD's, Global Direct's, and Member Bank's liability arising out of or relating in any way to this FTD Credit Card Processing Agreement, including alleged acts



of negligence, breach of contract, or otherwise and regardless of the form in which any legal or equitable action may be brought against FTD, Global Direct, or Member Bank, whether contract, tort, or otherwise, and the foregoing shall constitute Merchant's exclusive remedy. Under no circumstances shall FTD, Global Direct, or Member Bank be liable for any lost profits, lost interest, or for special, consequential, punitive or exemplary damages arising out of or relating in any way to this Card Services Agreement, including but not limited to, damages arising out of placement of a Merchant's name on any terminated merchant list for any reason, even if FTD, Global Direct, or Member Bank has been advised of the possibility of such damages. Under no circumstances shall FTD, Global Direct, or Member Bank be liable for any settlement amounts pertaining to Switched Transactions; Merchant's recourse therefore shall be to the applicable card issuer. It is agreed that in no event will FTD, Global Direct, or Member Bank be liable for any claim, loss, billing error, damage, or expense arising out of or relating in any way to this FTD Credit Card Processing Agreement which is not reported in writing to FTD or Global Direct by Merchant within 30 days of such failure to perform or, in the event of a billing error, within 60 days of the date of the invoice or applicable statement. Merchant expressly waives any such claim that is not brought within the time periods stated herein.

13. TERM AND TERMINATION

This Agreement shall remain in full force and effect for an initial term of one (1) year and shall be automatically extended for successive one (1) year periods on the same terms and conditions expressed herein, or as may be amended, unless Merchant gives written notice of termination as to the entire FTD Credit Card Processing Agreement or a portion thereof at least 60 days prior to the expiration of the initial term or any extension or renewals thereof. Notwithstanding anything to the contrary set forth herein, in the event Merchant terminates this Card Services Agreement in breach of this Section 13, all monthly fees assessed to Merchant under this FTD Credit Card Processing Agreement and due to FTD for the remainder of the then existing term of the FTD Credit Card Processing Agreement, including all minimum monthly fee commitments, shall be immediately due and payable to FTD, and Merchant hereby authorizes FTD to accelerate the payment of all such monthly fees and to deduct the total amount from Merchant's account referenced in Section 5, or to otherwise withhold the total amount from amounts due to Merchant from FTD, immediately on or after the effective date of termination. If the Merchant's account does not contain sufficient funds for the debit or the amount cannot be withheld by FTD from amounts due to Merchant, Merchant shall pay FTD the amount due within ten (10) days of the date of FTD's invoice for same. The payment of accelerated monthly fees as described here is not a penalty, but rather is hereby agreed by the parties to be a reasonable amount of liquidated damages to compensate FTD for its termination expenses and all other damages under the circumstances in which such amounts would be payable. Such amounts shall not be in lieu of but in addition to any payment obligations for Services already provided hereunder (or that FTD may continue to provide), which shall be an additional cost, and any and all other damages to which FTD may be entitled hereunder. Notwithstanding the foregoing, either FTD or Global Direct may terminate this FTD Credit Card Processing Agreement or any portion thereof upon written notice to Merchant. Furthermore, FTD or Global Direct may terminate this FTD Credit Card Processing Agreement at any time without notice upon Merchant's default in performing under any provision of this FTD Credit Card Processing Agreement, upon any failure to follow the Card Acceptance Guide or any operating regulation or rule of a card association or network organization, upon any misrepresentation by Merchant, upon commencement of bankruptcy or insolvency proceedings by or against the Merchant, or in the event FTD or Global Direct reasonably deems itself insecure in continuing this FTD Credit Card Processing Agreement. In the event that FTD, Global Direct, and Member Bank breach the terms and conditions hereof, the Merchant may, at its option, give written notice to FTD, Global Direct, and Member Bank of its intention to terminate this FTD Credit Card Processing Agreement unless such breach is remedied within 30 days of such notice. Failure to remedy such a breach shall make this FTD Credit Card Processing Agreement terminable, at the option of the Merchant, at the end of such 30 day period unless notification is withdrawn. Any Merchant deposit of sales or credit slips that is accepted by FTD and Member Bank or by a designated depository after the effective date of termination will be returned to Merchant and will not be credited (or debited) to merchant's account(s). If the deposit has already been posted to Merchant's account(s), said posting will be reversed and the deposit returned to Merchant. Termination of this Card Services Agreement shall not affect Merchant's obligations which have accrued prior to termination or which relate to any indebtedness purchased hereunder prior to termination, including but not limited to chargebacks even if such chargebacks come in after termination. In the event of termination, all equipment leased from FTD (but not from any other leasing agent), including but not limited to imprinters, terminals, and printers; all supplies; Card Acceptance Guides; and operating instructions must be returned immediately to FTD or Global Direct, as applicable, at Merchant's expense.

14. RETURNED ITEMS/CHARGEBACKS

If a cardholder disputes any transaction, if a transaction is charged back for any reason by the card issuing institution, or if FTD or Member Bank has any reason to believe an indebtedness previously purchased is questionable, not genuine, or is otherwise unacceptable, the amount of such indebtedness may be charged back and deducted from any payment due to Merchant or may be charged against any of Merchant's accounts or the Reserve Account (as defined below). Merchant acknowledges and agrees that it is bound by the rules of the card associations and network organization with respect to any chargeback. Merchant further acknowledges that it is solely responsible for providing Global Direct, Member Bank and FTD with any available information to re-present a chargeback and that, regardless of any information it provides or does not provide Global Direct, Member Bank and FTD in connection with a chargeback, or any other reason, Merchant shall be solely responsible for the liability related to such chargeback. A list of some common reasons for chargebacks is contained in the Card Acceptance Guide provided, however, that such list is not exclusive and does not limit the generality of the foregoing. If any such amount is uncollectible through withholding from any payments due hereunder or through charging Merchant's accounts or the Reserve Account, Merchant shall, upon demand by FTD, pay FTD the full amount of the chargeback. Merchant understands that obtaining an authorization for any sale shall not constitute a guarantee of payment, and such sales slips can be returned or charged back to Merchant like any other item hereunder.

15. RESERVE ACCOUNT

At any time, FTD and Member Bank may, at their option, establish a reserve account to secure the performance of Merchant's obligations under this FTD Credit Card Processing Agreement to such party ("Reserve Account"). The Reserve Account may be funded through any or all of the following: (a) Direct payment by Merchant -- At the request of FTD and Member Bank, Merchant will deposit funds in the Reserve Account;



(b) The proceeds of indebtedness presented for purchase; or (c) The transfer by FTD and Member Bank into the Reserve Account of funds withdrawn from any of the accounts referred to in Section 5 or any other accounts, including certificates of deposit, maintained by Merchant or Merchant's guarantor, if any, with any designated depository or other financial institution. Merchant and Merchant's guarantor hereby grants Member Bank a security interest in all said accounts and authorizes FTD (to the extent authorized by Member Bank) or Member Bank to make such withdrawals at such times and in such amounts as it may deem necessary hereunder. Merchant and Merchant's guarantor hereby instruct said financial institutions to honor any requests made by FTD and Member Bank under the terms of this provision. Merchant and Merchant's guarantor will hold harmless the financial institutions and indemnify them for any claims or losses they may suffer as a result of honoring withdrawal requests from FTD and Member Bank. Merchant hereby agrees that FTD and Member Bank may deduct from this Reserve Account any amount owed to such party in accordance with this FTD Credit Card Processing Agreement. Any funds in the Reserve Account may be held until the later of (a) the expiration of any potentially applicable chargeback rights in respect of purchased indebtedness under the rules and regulations of the card associations or network organizations and (b) the period necessary to secure the performance of Merchant's obligations under this FTD Credit Card Processing Agreement, which holding period may extend beyond termination of this FTD Credit Card Processing Agreement. The Merchant will not receive any interest on funds being held in a Reserve Account. Without limiting the generality of the foregoing, Merchant shall, upon termination of this Card Services Agreement, maintain the sum of at least five percent (5%) of gross sales for the 90 day period prior to termination to be held in a Reserve Account in accordance with the terms of this FTD Credit Card Processing Agreement. FTD may, at its discretion upon termination of this Agreement, require that the Merchant maintain more than five percent (5%) of gross sales for the 90 day period prior to termination in a Reserve Account.

16. DEFAULT/SECURITY INTEREST

Upon failure by Merchant to meet any of its obligations under this FTD Credit Card Processing Agreement (including funding the Reserve Account), any of the accounts referred to in Section 5 or any other accounts belonging to Merchant or Merchant's guarantor held by any designated depository (or by any other financial institution) may be debited without notice to Merchant, and Merchant and Merchant's guarantor gives Member Bank and FTD a security interest in all such accounts for these purposes. The scope of the security interest, and Merchant's and Merchant's guarantor's instructions to its financial institutions to accept withdrawal requests from FTD and Member Bank, and Merchant's agreement to hold such institutions harmless and to indemnify them are described above in Section 15(c). Merchant also agrees that, in the event of a default by Merchant, Member Bank has a right of setoff and may apply any of Merchant's balances or any other monies due Merchant from Member Bank towards the payment of amounts due from Merchant under the terms of this FTD Credit Card Processing Agreement. The rights stated herein are in addition to any other rights FTD and Member Bank may have under applicable law.

17. CHOICE OF LAW/ATTORNEY'S FEES/VENUE

Should it be necessary for FTD, Global Direct, or Member Bank to defend or enforce any of its rights under this Agreement in any collection or legal action, Merchant agrees to reimburse FTD, Global Direct, and/or Member Bank, as applicable, for all costs and expenses, including reasonable attorney's fees, as a result of such collection or legal action. Merchant waives trial by jury and the right to interpose any setoffs of any kind with respect to any litigation arising out of or relating to this FTD Credit Card Processing Agreement. FTD, Global Direct, Member Bank, and Merchant agree that all disputes arising out of or relating to this FTD Credit Card Processing Agreement shall be governed by the laws of the State of Illinois, notwithstanding any conflicts of laws rules. FTD, Member Bank, and Merchant agree that all actions arising out of or relating to this FTD Credit Card Processing Agreement shall be brought in the courts of the State of Illinois sitting in DuPage County and expressly agree to the exclusive jurisdiction of such courts.

18. AMENDMENTS

This FTD Credit Card Processing Agreement may be amended only in writing signed by FTD, Global Direct, Member Bank, and Merchant, except that (a) the Card Acceptance Guide, fees, charges, and/or discounts may be changed immediately, or (b) FTD or Global Direct may mail Merchant either a notice describing amendments to this FTD Credit Card Processing Agreement or an entirely new agreement, which amendments or new agreement will be binding upon Merchant if it deposits sales or credit slips after the effective date of such amendment or new agreement set forth in FTD's or Global Direct's notice.

19. WAIVER

No provision of this FTD Credit Card Processing Agreement shall be deemed waived by any party unless such waiver is in writing and signed by the party against whom enforcement is sought. No failure to exercise, and no delay in exercising on the part of any party hereto, any right, power or privilege under this FTD Credit Card Processing Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege under this FTD Credit Card Processing Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or privilege.

20. EXCHANGE OF INFORMATION

Merchant authorizes FTD, Member Bank, and Global Direct to each have the right at all times during this agreement to order a credit report on Merchant or any owner, officer, shareholder, partner, proprietor, managing agent or guarantor of Merchant. Merchant hereby authorizes Member Bank or any depository institution to release any financial information concerning Merchant or its accounts to FTD and/or Global Direct. Subsequent credit reports may be ordered in connection with updating, renewing or continuing this FTD Credit Card Processing Agreement. Upon the written request of any individual who is the subject of a consumer credit report, FTD, Member Bank, or Global Direct will provide the name and address of the consumer credit reporting agency furnishing such report, if any. FTD, Member Bank, or Global Direct may exchange information about Merchant, Merchant's owners, principals, partners, proprietors, officers, shareholders, managing agents and guarantors with each other, other financial institutions and credit card associations, network organizations and any other party. Merchant hereby authorizes FTD, Member Bank, and Global Direct to disclose information concerning Merchant's activity to any card association, network organizations, or any of their member financial institutions, or any other party without any liability whatsoever to Merchant.



If any provision of this FTD Credit Card Processing Agreement or portion thereof is held to be unenforceable, such a determination will not affect the remainder of this FTD Credit Card Processing Agreement. Paragraph headings are included for convenience only and are not to be used in interpreting this FTD Credit Card Processing Agreement.

22. NOTICES

All notices required by this FTD Credit Card Processing Agreement shall be in writing and shall be sent by telefax, by overnight carrier, or by regular or certified mail. All notices sent to Global Direct shall be effective upon actual receipt by the Corporate Secretary of Global Payments Direct, Inc., 10 Glenlake Parkway North Tower, Atlanta, Georgia 30328; all notices sent to Member Bank shall be effective upon actual receipt by Member Bank at HSBC Bank USA, NA, Merchant Support Group, P.O. Box 4563, Buffalo, New York 14240; all notices sent to FTD shall be effective upon actual receipt by the General Counsel of Florists' Transworld Delivery, Inc., 3113 Woodcreek Drive, Downers Grove, Illinois 60515. Any notices sent to Merchant shall be effective upon the earlier of actual receipt or upon sending such notice to the address provided by Merchant in the Merchant Application or to any other e-mail or physical address to which notices, statements and/or other communications are sent to the Merchant hereunder. The parties hereto may change the name and address of the person to whom notices or other documents required under this FTD Credit Card Processing Agreement must be sent at any time by giving written notice to the other party.

23. MERGER

This FTD Credit Card Processing Agreement, including these Card Services Terms & Conditions, FTD Clearinghouse Rules, and the application by Merchant to FTD before FTD acceptance, constitutes the entire agreement between Merchant, FTD, Global Direct, and Member Bank and supersedes all prior memoranda or agreements relating thereto, whether oral or in writing.

24. EFFECTIVE DATE

This FTD Credit Card Processing Agreement shall become effective only upon acceptance by FTD, Global Direct, and Member Bank, or upon delivery of indebtedness at such locations as designated by FTD for purchase, whichever event shall first occur.

25. FINANCIAL ACCOMMODATION

The acquisition and processing of sales slips hereunder is a financial accommodation and, as such, in the event Merchant becomes a debtor in bankruptcy, this FTD Credit Card Processing Agreement cannot be assumed or enforced, and FTD, Global Direct, and Member Bank shall be excused from performance hereunder.

26. DEBIT / ATM PROCESSING SERVICES: ADDITIONAL TERMS AND CONDITIONS

Debit Sponsor shall act as Merchant's sponsor with respect to the participation of point-of-sale terminals owned, controlled, and/or operated by Merchant (the "Covered Terminals") in each of the following debit card networks ("Networks"): Accel, AFFN, Alaska Option, CU24, Interlink, Maestro, NYCE, Pulse, Shazam, Star, and Tyme, which Networks may be changed from time-to-time by Debit Sponsor or Global Direct without notice. Merchant may also have access to other debit networks that do not require a sponsor. Global Direct will provide Merchant with the ability to access the Networks at the Covered Terminals for the purpose of authorizing debit card transactions from cards issued by the members of the respective Networks. Global Direct will provide connection to such Networks, terminal applications, settlement, and reporting activities. Merchant will comply with all federal, state, and local laws, rules, regulations, and ordinances ("Applicable Laws") and with all by-laws, regulations, rules, and operating guidelines of the Networks ("Network Rules"). Merchant will execute and deliver any application, participation, or membership agreement or other document necessary to enable Debit Sponsor to act as sponsor for Merchant in each Network. Merchant agrees to utilize the debit card Services in accordance with the Card Services Agreement, its exhibits or attachments, and Global Direct's instructions and specifications (including but not limited to the Card Acceptance Guide which is incorporated into and made a part of this Card Services Agreement), and to provide Global Direct with the necessary data in the proper format to enable Global Direct to properly furnish the Services. Copies of the relevant agreements or operating regulations shall be made available to Merchant upon request. Merchant shall not in any way indicate that Debit Sponsor endorses Merchant's activities, products, or services. Debit Sponsor and Merchant are and shall remain independent contractors of one another, and neither they, nor their respective individual employees, shall have or hold themselves out as having any power to bind the other to any third party. Nothing contained in this Section shall be construed to create or constitute a partnership, joint venture, employer-employee, or agency relationship between Debit Sponsor and Merchant. In the event that Debit Sponsor's sponsorship of Merchant in any Network is terminated prior to the termination of the Card Services Agreement, Global Direct may assign Debit Sponsor's rights and obligations hereunder to a third party. All provisions in this Section necessary to enforce the rights and obligations of the parties contained in this Section shall survive the termination of Debit Sponsor's debit sponsorship of Merchant under the Card Services Agreement. Debit Sponsor may assign this Agreement to any parent, subsidiary, affiliate, or successor-in-interest.

**All questions regarding Card Services should be referred to Florists' Transworld Delivery, Inc.,
Attn: Credit Card Department, 3113 Woodcreek Drive, Downers Grove, Illinois, 60515, or call: 800-788-9000.
Note: Billing disputes must be forwarded, in writing, to Credit Card Department within 60 days of the date of
the statement and/or notice.**

For Member Bank contact:

HSBC Bank USA, NA
Merchant Support Group
P.O. Box 4563
Buffalo, NY 14240
Ph (716) 841-6360

For Debit Sponsor contact:

Concord EFS National Bank
2525 Horizon Lake Drive, Suite 120
Memphis, TN 38133

