

The Retail Review

Serving the retail community since 1968

www.vtretailers.com

June 2005

www.vtstores.com

VRA Annual Meeting Officers Elected

Nancy Foley of The Party Store, Rutland is the Association's new President of the Board of Trustees. She was elected at the June 2, 2005 Annual Meeting held at the VRA office in Essex Junction, VT. Her term lasts through June 2006.


Also elected to one year terms were: Vice President Larry Duffany, Ben Franklin, Middlebury; Secretary Martha Dwyer of The Ginger Tree, Rutland; and Treasurer Sandra Arnold, Sears, So. Burlington.



Immediate Past President Tom Rupp congratulates Nancy Foley on her election.

The following Board members were elected to three-year terms: Arthur Breault, Arthur's Department Store, Morrisville; Martha Dwyer, The Ginger Tree, Rutland; and John Gebbie, St. Jay Hardware, St. Johnsbury.



L to R: Tom Booska, Arthur Breault, Larry Duffany, Nancy Foley, Lynn Miles, Martha Dwyer, Bob Beauchamp, and Tom Rupp. 

New Bad Check Collection Law Effective July 1, 2005

As of July 1, 2005, it will be a little easier for retailers to pursue a bad check collection action in court. At the request of the Vermont Retail Association, Representative Mark Young (R-Orwell) introduced H.491 during the 2005 Legislative Session. The bill was approved by the Legislature and signed into law by Governor Douglas on June 14, 2005.

The bill eases the pre-lawsuit notice requirements facing the recipient of a dishonored check. Current law requires mailing the issuer of a bad check two separate copies of the notice form — one by first-class mail and a second separate copy by certified mail. As of July 1, 2005, there is a new option — sending notice by first class mail only, and then submitting an affidavit to the court (if a collection lawsuit is filed) certifying that proper notice was sent. This amendment to the statute (9 V.S.A. § 2311) allows merchants to avoid the cost and inconvenience of certified mail.

See "Bad Check" page 5

In this issue...

President's Corner

..page 2

Executive Director's Corner

..page 3

Retailers Hone Skills

..page 4

Consumers Celebrate

..page 5

Legislator Profile

..page 7

Avoid Emotional Leakage

..page 9



Nancy Foley

President's Corner

Be Recognized For What You Do

It is my pleasure to serve as the new President of the VRA Board of Trustees. I have served on the Board since 2002 and I believe very strongly in the mission of the Association, and I thank you for your membership and support.

The Executive Director's column this week lists some economic statistics of which Vermont retail business owners can, and should, be proud. But I know there is much more that our members do for Vermont's citizens and communities, and we should recognize and celebrate these efforts.

I am therefore pleased to announce that the Vermont Retail Association will be conducting a survey of its members to find out more about the contributions you make. We will ask you about contributions of your time, services, or money to charitable or civic causes. We will ask about your and your employees' involvement in community events. And when we have gathered enough data, we will select and applaud the first annual Vermont Retail Association Community Leader award.

Our goal is to update this information annually and present an award every year to one of our members. Please look for a survey within the next two months.



Board of Trustees 2005-2006

President – Nancy Foley

The Party Store, Rutland

Vice Pres – Larry Duffany

Ben Franklin, Middlebury

Secretary - Martha Dwyer

The Ginger Tree LTD, Rutland

Treasurer - Sandra Arnold

Sears Roebuck, So. Burlington

Board Members

Robert Beauchamp

Beauchamp & O'Rourke, Rutland

Tom Booska

Pool World Porch & Patio, Burlington

Arthur Breault

Arthur's Dept Store, Morrisville

Christopher Buchanan

*Wal*Mart, Washington, D.C.*

Robert Diaco

*Sign*A*Rama, So. Burlington*

Robert DiPaolo

Abby Lane, So. Burlington

John Gebbie

St. Jay Hardware, St. Johnsbury

Richard Huestis

Huestis Farm Supply, Bridport

Ralph Jensen

The Home Depot, Williston

Warren Kitzmiller

Montpelier Guest Home, Montpelier

Lynn Miles

Samara's Cards & Gifts, Stowe

Thomas Rupp

J.C. Penney, Berlin

Heather Tremblay

University Mall, So. Burlington



**PROTECTING AND PROMOTING
THE RETAIL INDUSTRY IN VERMONT!**



Executive Director's Corner

John Klesch

Retail Works For Vermont

Retail's place in the Vermont economy was often overlooked by some legislators and interest groups during the 2005 Session. Indeed, retail business was sometimes cited as a factor in several of the problems legislators sought to address at the Vermont State House, such as minimum wage and health care.

However, statistics from Vermont state agencies show that retail is a major, positive contributor to the economic landscape in Vermont. Here are some figures of which Vermont Retail Association members can be proud:

- Of the 252,800 private industry jobs in Vermont, 40,300 (16%) are in retail (second only to health care/social assistance with 41,600) (April 2005)
- The average hourly wage for a Retail Salesperson in Vermont is \$11.91/hr (DET)
- 88% of the 9,100 Retail Salesperson jobs in Vermont are provided by the following types of businesses: Clothing (21%), Sporting Goods, Hobby, Book and Music (13%), Miscellaneous (13%), Building Material and Garden Supplies (11%), General Merchandise (11%), Motor Vehicle and Parts (11%), Furniture and Home Furnishings (5%), and Electronics and Appliances (3%) (DET, 2002)
- These same businesses account for only 23% of the 10,400 Cashier jobs in Vermont (DET, 2002)
- The average hourly wage for a Cashier in Vermont is \$8.37/hr (\$1.37 more per hour than

See "Retail Works" page 4



the signs of a healthier vermont.



When a patient has the knowledge to ask his doctor the right questions...

...when health support and information are just a phone call or click away, these are the signs of a healthier Vermont. Blue Cross and Blue Shield of Vermont's Your Health Program provides subscribers with state-of-the-art tools including a handbook, website and 24-hour, nurse-staffed phone line, to help them make informed decisions about their health. For information about Blue Cross and Blue Shield of Vermont coverage, call 800-255-4550 or visit us at www.bcbsvt.com.



BlueCross BlueShield of Vermont

Blue Cross and Blue Shield of Vermont is an independent licensee of the Blue Cross and Blue Shield Association.

Small Retailers Hone Business Management Skills

Independent retailers must develop long-term strategies, create succession plans that make their businesses better today and step outside their stores for advice on business management.

Ignoring these issues, or relying on others to handle financial matters often dooms retailers to failure in today's highly competitive retail environment, according to the "Challenges of the Future" study that examines the challenges and opportunities for small, independent retailers. The study's goal is to help store owners better understand the barriers that prevent them from running retail stores, and to discern new markets, opportunities, and ways of doing business to remain competitive.

The results of the study show that having a unique product, a solid customer base and great salesmanship are not enough to survive. Independents need to take control of their business management practices if they are to succeed. "Most small retailers do not like numbers," said Jim Baum, a retailer and producer of the study. "Many of the 17 retailers in our case studies don't like the business end either. But one of the constants they have is a commitment to manage their businesses in a professional way. They have a passion to be in the business for the love of retailing. If you don't have that passion, you're probably not going to make it."

Today's retail environment, with more competitors, Internet-powered consumers and fewer old-world vendors, is constantly evolving. Numerous trends, from a growing Hispanic population, to the aging of America, to soaring healthcare costs are all impacting independent retailers. Bobby Ukrop, a second-generation Richmond, VA-based grocery retailer with 28 locations has made adjustments to meet these challenges. He makes sure he's not so busy working on his own business he doesn't see how others run their stores.


Ukrop and his brother have both served on the Coca-Cola Retailing Research Council, enabling them to meet more food retailers all over the world. Idea exchange is a key part of the CCRRC. They also joined another group consisting of large food retailers, and have other friends within the industry who come to visit.

"These share groups visit and critique each other's operations through a different set of eyes. We value their feedback and we all benefit from constructive

criticism. It's been an important part of our ongoing success," Ukrop said.

John Wohlwend, president of a Bloomington, IL jewelry store, hones his management skills by reading business books. He belongs to a book group of seven others who have read more than 400 business books over the last decade. He's done it so long he sometimes finds he already has some strategies in place before reading the books.


Ron Romero, president of a TV and appliance center in Lincoln, NE, said his staff studies strategic planning through the North American Retail Dealers Association's "Vision Program." They meet for several days with other retailers and other facilitators.

"We made the decision to spend time on this because we saw ourselves as going down a dead end if we didn't," Romero said. "In order for us to grow we thought we should go through a disciplined process to take us to the next step." 

Retail Works (Continued from page 3)

the current minimum wage) (DET)

- Vermont sales tax revenues are projected at \$203.9 million for 2005 (1/14/05 Agency of Admin.)

These purely economic figures do not begin to account for the other positive impacts retailers bring to the State and local communities, such as charitable efforts, tourism, sponsorship of community events, and so on. It is our privilege to represent your businesses before our State government. 

Consumers Celebrating with Red, White and Blue this July 4th

-192.6 Million Americans Plan to Celebrate Independence Day-

Consumers are once again turning to red, white and blue merchandise to help demonstrate their patriotism this 4th of July. According to the *NRF 2005 Independence Day Consumer Intentions and Actions Survey*, conducted by BIGresearch for the National Retail Federation (NRF), more than half of consumers own an American flag (64.8%) and patriotic apparel (51.8%).* The survey also found that consumers have not finished spending, as 24.2 million consumers plan to purchase additional patriotic merchandise this month.

“This year, consumers will be celebrating Independence Day in full force,” said Tracy Mullin, NRF President and CEO. “Not only are Americans scooping up festive items from store shelves, they are also showing their patriotism by displaying American flags, planning outdoor picnics or barbecues and attending parades.”

According to the survey, 87.8 percent of consumers will celebrate the July 4th holiday this year, up from 85 percent in 2004. Popular holiday activities include barbecuing or cooking out (48.8%), watching fireworks (35.4%) and attending a parade (7.9%). In addition, 18.62 million people plan to travel or go on vacation over the holiday, down slightly from 18.98 million last year.

Retailers can expect to see increased traffic over the extended weekend, with more than 50 million consumers planning to take advantage of holiday sales and promotions. Of those shopping, almost half (46.4%) will be heading to discount stores, one-third (32.1%) will visit their favorite department stores and 12.1% will take advantage of holiday sales by shopping online.

By the numbers:

- 124.8 million consumers own an American flag
- 77.7 million Americans will watch fireworks or attend a community celebration to celebrate Independence Day this year
- 17.4 million people will attend a parade

The *NRF 2005 Independence Day Consumer Intentions and Actions Survey* was designed to gauge consumer behavior and shopping trends related to the July 4th holiday. The survey was conducted for NRF by

BIGresearch. The poll of 7,317 consumers was conducted from June 1-8. The consumer poll has a margin of error of plus or minus 1.0 percent.


BIGresearch is a consumer market intelligence firm that provides unique consumer insights that are gathered online utilizing very large sample sizes. BIGresearch’s syndicated *Consumer Intentions and Actions* survey monitors the pulse of more than 7,000 consumers each month to empower its clients with unique insights for identifying opportunities in a fragmented and changing marketplace.

(Courtesy NRF)

*Population estimates include Adults 18+ and may be conservative, since these numbers do not include children.

Bad Check (Continued from page 1)

Sending proper notice remains essential, as proof of notice is required for a bad-check recipient to recover attorney’s fees and damages under 9 V.S.A. § 2311. VRA recommends that you continue to use our bad check notice form to make sure your notice meets required criteria. An updated notice form is available on our website at http://www.vtretailers.com/benefits_list.htm#badcheck, or contact us and we will send you a copy. Also, for large check amounts, it is advisable to send the notice by certified mail, though the new law makes it unnecessary to send a separate first-class-only notice. Please contact us for any other information.

VRA thanks Representative Young, the House Commerce Committee, the Senate Economic Development Committee, the Legislature at large, and Governor Douglas for approving it. 

Corporate Express prepares VRA members for business everyday.

VRA members save up to 80% OFF LIST PRICE!



Corporate Express®

Preparing the world for business

Corporate Express provides VRA members with guaranteed savings on:

- Office Products
- Furniture
- Facilities & Breakroom Supplies
- & Much more...

With an opening order of \$100.00 or greater you'll receive a FREE carton of copy paper

**Contact the VRA today and start saving!
(802) 879-6999**



Are your credit card processing costs spinning out of control?

We can help. VRA's endorsed credit card processing program could save you hundred of dollars a year!

The VRA has joined forces with the Retail Council of New York State's subsidiary, Retail Council Services Corp. ("RCSC") to offer an innovative credit card processing program. As a result VRA members will benefit from improved customer service and lower processing costs - and all VRA members can save BIG on processing equipment. If you are not yet enrolled in the VRA bankcard program, I urge you to learn more about the advantages in cost and service which are now available to VRA members like you. You can contact the RCSC team directly at [866-350-2652](tel:866-350-2652) (please identify yourself as a VRA member). You are entitled to a free-of-charge analysis of potential savings available to you through this program, so call today.

**Executive Director
Vermont Retail Association**

Discount Rate	Variable
Credit Transaction Fee	\$0.10
Check Card Transaction Fee	\$0.15
Debit Card Transaction Fee	\$0.25*
Monthly Service Fee	\$4**
Application Fee	\$45
Equipment Reprogramming Fee	\$25
Annual Fee	FREE
Training Fee	FREE
Chargeback Fee	FREE
Voice Authorization Fee	FREE
Paper Supplies Fee	FREE
Settlement/ Batch Fee	FREE
Postage Fee	FREE

*Plus acquirer's fees **Covers all locations



Program Administered by
Retail Council Services Corp.



Legislator Profile: Representative Kathy Keenan

After a bumpy 75-minute commute (if there is no snow) down I-89, Representative Kathy Keenan's typical day at the State House starts before 9 a.m. The St. Albans City Democrat's schedule is filled with meetings, committee hearings, and floor debates and votes, usually winding-down well after 6pm. At the end of the Legislative workday on Friday, Rep. Keenan drives back to St. Albans but she does not go home.

Instead, she goes right back to work – this time at her job in the Northwestern Medical Center Emergency Department, where she works as a registered nurse. During the Session, she works Fridays from whenever she can get there until 11pm, followed by 12-hour shifts on Saturday, Sunday and Monday. Between her two jobs, she typically works over 75 hours per week.

“I love my [nursing] job,” says Keenan, noting differences in her two roles. “I get to help people in both jobs, but at the hospital the results are more immediate.” In fact, she is thankful to the Hospital for accommodating her legislative schedule. She is not alone in having a very long work week, noting that most of her colleagues on the House Commerce Committee also work at their regular jobs during the Session.

Rep. Keenan was appointed to the Legislature in 1989 to fill the seat of her father, Roland Keenan, who passed away mid-Session. She had never considered running for elected office when Ralph Wright, then House Speaker, asked her to occupy her father's vacant seat. She recalls thinking it over while driving through Vermont on a trip to bring her daughter to college sixteen years ago. “It was Spring, and I was looking around as things were beginning to grow and it made me think about how much the environment meant to my Dad. I thought if I could do anything to protect that legacy that I had to do it.” She has been reelected by St. Albans voters eight times since.

As Chair of the House Commerce Committee, Keenan was busy in 2005 with a variety of issues affecting Vermont retailers. For example, her committee passed H.198 which regulates gift certificates and gift cards in Vermont. The Commerce Committee generally agreed with VRA's concerns on the bill and passed an amended version that balances consumer protection with needs of retailers. At VRA's request, the Committee also approved a bill, which

has been signed into law, that makes it a little easier for merchants to collect on a bad check.

Reflecting her concern for the well-being of both business and the environment in Vermont, Keenan sponsored a bill that would have created a sales tax holiday in Vermont on energy efficient appliances and light bulbs. That bill also passed her Committee but was rejected by the House Ways & Means Committee and thus did not advance to a vote by the full House. In 2005, the Commerce Committee also passed bills covering other subjects such as attracting major film production to the State, brown field remediation incentives, tax advantages for development in downtowns and village centers, expanding employee ownership of businesses, and improvements to the Human Resource Investment Council and Vermont Economic Progress Council. These initiatives also did not advance to the full House, but they could be revisited when the Session reconvenes in 2006.

A subject sure to be featured when the Session continues is health care — a very difficult issue, according to Keenan. “A solution at the federal level might be the right approach because of resource shortages at the state level.” She notes that several years ago the House passed a bill that would have covered a portion of Vermont's uninsured population with state funding, with phased-in personal and employer responsibility for premium costs. That bill failed in the Senate.

Unlike some committee rooms around the State House, a casual visitor to the House Commerce Committee would probably have a hard time telling Republicans from Democrats. Rep. Keenan said, “I asked them to leave their politics outside their door. We may not always agree, but we all are in there working together to make things better for all of the people of Vermont. I rely on the strengths of people on my Committee.” While Keenan believes her Committee will continue to be productive and non-partisan in 2006, she is sometimes frustrated by the legislative process which can isolate issues. “We have to balance the interests of both business and individuals, which means we have to take into consideration the whole scheme of things” the Legislature is considering.

Rep. Keenan's public service in the Legislature means spending less time than she would like with her eight children and thirteen grandchildren. Her grandchildren sometimes complain about it, but a few of them have run into her at the Statehouse during school field trips. When they, along with teachers and classmates, get to see their grandmother in action, “that makes them feel pretty good.”



SCHOOLS • OFFICES • RESTAURANTS • HOSPITALS • MANUFACTURING • STORES

Sometimes the best way to reduce overhead is to reduce what's over head.



Lighting technology has come a long way since Thomas Edison invented the light bulb back in 1879. We can show you energy efficient lighting that will lower your operating costs while providing a more productive and comfortable work environment. We're Efficiency Vermont, created to help Vermonters use less energy. We offer financial incentives and technical assistance to help you buy energy-saving equipment, renovate existing structures, build more efficiently or simply change a few light bulbs. Call today to see how we can help you.

Efficiency Vermont

1-888-921-5990 • www.encyvermont.com

your resource for energy savings



VERMONT RETAIL ASSOCIATION
SERVING VERMONT RETAILERS SINCE 1968

VRA STAFF

John H. Klesch, Esq.
Executive Director

Paul G. Smith, CPA
Chief Financial Officer

Ceil Stryminski
Membership Coordinator

Donna Audette
Legislative Sec. & Insurance Administrator

Kate Kinney
Bookkeeper

(802) 879-6999 1-800-649-1698

FAX (802) 879-6419

EMail: mail@vtretailers.com

www.vtretailers.com www.vtstores.com



*Our business
is
selling
businesses*

*Call for a confidential discussion and
evaluation of your business. Even if you
are not thinking of selling now, being
ready to sell is an important element of
one's business strategy.*

MICHAEL HENRY
BUSINESS BROKERS, INC

*P. O. Box 1018, Rutland, VT 05701
(802) 775-4337*

Avoiding Emotional Leakage

(Getting Mad at Peter and Taking it Out on Paul)

By Nancy Friedman

We've all seen it happen. A coworker comes into work storming angry; mouth turned down in a frown; walks through the office without saying hello to anyone; sits down at his desk and starts barking orders to his coworkers; doesn't come out of his office; and when his phone rings he picks it up and bellows out: "Yeah?" Sad isn't it? Something must have happened before he got to work and he carried it right inside the building. Telephone Doctor calls this "Emotional Leakage" and we cure it all the time.

Hey, it's no fun to get up on the wrong side of the bed in the morning. And it's sure not fun to get a flat tire on the way to work or to argue with someone before breakfast. It's unfortunate that some people aren't able to shake it off and move on about their business.

Emotional leakage is getting mad at Peter and taking it out on Paul. Not right, not fair, not fun. Taking a negative emotion out on someone who wasn't involved?

How RUDE can you get?

If emotionally leaking on coworkers certainly isn't fair, then emotionally leaking on customers is even worse than not fair. The customer or coworker, in most cases, wasn't involved with whatever put you in a bad mood, so why take it out on them? Few things are more unfair and damaging to a relationship than emotional leaking a negative experience on someone who wasn't involved. And yet, unfortunately it happens every day. At home, in the office, on the streets, in the stores. Sad isn't it?

While shopping the other day, the person helping me was obviously not in a good mood at all. In fact, I think if she smiled her face would have cracked. She gave me one-word answers and kept turning her head to see who was coming or going. (I wasn't sure.) Normally, I walk out on that type of service. It's just not worth my time to be treated like that. But this time, I was in a hurry and needed the product. So I did something I don't normally do...I asked her if every thing was alright? Was she OK? I tried to make it sound as though I was interested...even though I wasn't. But I sure didn't want her negative emotions leaking on me any longer.

With a big sigh, and a sad face, she told me she and her boyfriend had a big fight the night before and she was hoping he'd come by and apologize. "Excuse me," I said, "was I with you?" Believe it or not she smiled and said, "Of course not." Then I nicely told her, "If I wasn't there, I don't want to be part of that argument."

She started to apologize, as well she should. Then I thought about a vase I had once. I dropped it. It broke into several pieces. My husband, Dick, and I talked about whether we should bring it somewhere and have a professional put it back together. Dick said, "We can do that if you'd like, but it will never be the same. You'll always feel the cracks."

And so it is with our coworkers and customers. You can be in a bad mood...be it an argument, a flat tire or breaking your favorite item. And you can apologize, but people still remember how you treated them. How you made them feel. And they will – for a long time, too.

So how do we cure emotional leakage? It's a quick 4-step process. Stop what you're doing. Take a deep breath. Put on a phony smile (yes, you can). Regain your professional composure. And then talk with the person – in person or on the phone. Emotionally leaking on someone is NEVER right.

And, of course, there are times when we'll get emotionally leaked on by others. Think how you feel when that happens to you...and then remember to never emotionally leak on others.

Reprinted with permission ©Telephone Doctor, Inc. Telephone Doctor© is a twenty-year old training company that has helped over 18,000 organizations improve the way they communicate with customers. For information on America's favorite series of classroom training tools or on-site workshops, please visit www.telephonedoctor.com.



Credit Card Security Lapses Cause Worries For Retailers

MERCHANTS FEAR BEING LEFT TO ABSORB COST OF FRAUDS

By Tricia Bishop and Dan Thanh Dang, Sun Staff

Retailers are concerned that they might bear the brunt of lapses in credit and computer security, including the breach that led to hundreds of thousands, and perhaps millions, of credit card numbers being stolen from a credit processing center that was disclosed last week.

American business suffers roughly \$50 billion in annual losses from credit card fraud, including identity theft, Federal Trade Commission Chairman Deborah Platt Majoras told a Senate panel last week. Consumers can't be held responsible for more than \$50 of fake charges, according to federal law, and many credit companies absolve them of that - choosing to hold the merchant responsible.

"The system assumes that somehow the retailer is at fault for the fraud happening in their stores," Elizabeth Oesterle, the National Retail Foundation's government relations counsel, said in an interview yesterday.

The issue flared last week after the credit processor, Atlanta-based CardSystems Solutions Inc., was found to have compromised as many as 40 million credit card numbers when a hacker apparently broke into its system at an Arizona facility last month.

At least 200,000 numbers are confirmed stolen from CardSystems, which processes credit transactions for small and mid-sized businesses. About 68,000 of them came from MasterCard International Inc., which said it discovered the breach through its security monitoring system.

It's unclear how many numbers have been fraudulently used. The Federal Bureau of Investigation is examining the case. Reports began surfacing worldwide yesterday, outlining the effects on other countries, including Japan and Israel.

MasterCard said CardSystems Solutions shouldn't have been storing data at all, according to its policies. It was the latest lapse in the pipeline that funnels vast flows of personal data around the clock between cash registers and financial institutions.

Among them were the losses last month of personal information for 3.9 million Citigroup Inc. customers when UPS misplaced computer tapes and payroll information stolen from the car of an employee of SafeNet Inc., a Harford County information security company.

Store owners - particularly small to mid-sized merchants who don't know how to fight the system - frequently end up paying for fraudulent charges made in their establishments, Oesterle said.

Harold Smith, a manager at Acoustix Clothing in Baltimore, said his small business had to pay \$1,300 when a stolen card was used there during the past year. The credit card companies "take their money right off the top," Smith said.

The National Retail Federation is asking credit companies to beef up security by adding PINs to their cards to help avoid fraud altogether.

"We did not create these cards. It's their system," said Mallory Duncan, the group's chief counsel, referring to the credit card providers. "When a thief takes advantage of the flaws in the system, the first burden should be on them rather than the retailer."

MasterCard was quick to point out that the "breach happened at CardSystems Solutions. It's not a breach of MasterCard security, that's very important," said spokeswoman Jessica Antle.

"It is the processor that had the situation," echoed Judy Tenzer of American Express, although few merchants use CardSystems Solutions for American Express transactions.

The affected credit card companies, which included Discover Financial Services and Visa USA, seemed to have had little time to sort out the details. Though they were quick to say they wouldn't hold consumers liable - they all have "zero liability" policies when it comes to fraudulent charges - they couldn't yet outline their next steps.

”We retailers very much hope that the card issuers will do the right thing. It’s in their power to do that,” Duncan said.

In typical credit card fraud, such as the stolen wallet kind, the burden of proof is on the store in which an illegal transaction occurred. Merchants have to prove they followed security procedures, such as checking a card for a signature, or they must pay.

This time, Duncan said, the credit companies know the numbers that were stolen and could spare merchants from having to jump through hoops.

Still, the credit giants were reluctant to comment.

Who would pay “depends on the nature of the fraud,” said Leslie Sutton, a spokeswoman for Discover. “It’s determined on a case-by-case basis. ... Until the investigation is completed, I really wouldn’t know.”

Most credit card companies have security systems in place to fight fraud.

For example, Visa USA introduced a new technology this month called Advanced Authorization. It purports to stop card fraud at the checkout line by analyzing a purchase immediately to see whether it fits the cardholder’s prior spending patterns and stopping suspect transactions before they occur.

Visa estimates the system will save about \$164 million in fraud losses over the next five years.

”We have been working on anti-fraud measures for years now and currently spend hundreds of millions of dollars on fraud a year,” said Jean Bruesewitz, senior vice president of processing and emerging products at Visa USA.

”In the past, fraud detection service took place about 20 minutes behind the time of the actual transaction. It was too late.

”If a card was stolen, you could purchase something at one store, take 10 or 15 minutes to walk to the next store and by then, the fraud might be detected and denied.”

Visa can’t control the security at a third party, however. CardSystems Solutions did not return calls

yesterday, but according to a statement on its Web site, it has evaluated its security system and installed additional safety measures since detecting the security breach May 22.


”We understand and fully appreciate the seriousness of the situation. Our customers and their customers are our lifeblood,” the statement reads. “We are sparing no effort to get to the bottom of this matter.”

That might not be enough to keep MasterCard as a customer, though. CardSystems provides payment processing for small to medium-sized businesses, handling \$15 billion in credit card transactions annually at more than 115,000 locations. It is supposed to discard the information immediately afterward. Its chief executive officer told The New York Times that CardSystems Solutions had been storing numbers for research purposes.

”CardSystems was in violation of our rules,” MasterCard’s Antle said. “We have given them a limited amount of time to demonstrate compliance.”

Simon Khalaf, chief executive of California-based Vernier Networks, said his network security firm has been inundated with calls from businesses now worried about protecting their computer systems from security breaches.

”Companies need to start thinking of how to secure the data, not how to react once it’s stolen,” Khalaf said, highlighting another danger for merchants. They also store personal data and credit numbers, not just the big companies.

Said Khalaf, “They could be next.” 
© 2005, *The Baltimore Sun*. Used by permission.

New Law Regarding Employees’ Wage Disclosure

Under a new law effective July 1, 2005 (2005 Act No. 10), it is illegal for Vermont employers to do any of the following:

- (i) Require that an employee refrain from disclosing the amount of his or her wages.
- (ii) Require an employee to sign an agreement not to disclose the amount of his or her wages.
- (iii) Discharge, formally discipline, or otherwise discriminate against an employee who discloses the amount of his or her wages.

New Local & Long Distance Services

WOW! CHECK OUT THESE RATES

The Vermont Retail Association has now endorsed *Norcom* for local and long distance services. We've been using the service, and it's *great!* Compare these features with your current carrier:

- 3.9¢/minute out of state (continental US)*
- 4.9¢/minute in state
- same rate for toll-free (800) numbers
- 10¢/minute to Canada
- low International rates (6¢/minute to UK, 7¢/minute to Germany, 8¢/minute to France)
- dedicated Internet service available
- low Calling Card rates
- low Conference Call rates
- 6 second billing increments after 30 second minimum
- 10%, or more, discount on local service/Verizon business and 5% residential lines

**Rates may be even lower (such as 2.9¢/minute interstate) based on an analysis of the customer's needs and usage.*

Available for all Verizon service areas. (Non-Verizon service areas, rates vary and no local service discount applies). For more information, call the VRA at (802) 879-6999 or 1-800-649-1698.

VRA VERMONT RETAIL
ASSOCIATION
P.O. BOX 688, ESSEX JUNCTION,
VT 05453-0688

PRSR STD
U.S. POSTAGE
PAID
Essex Jct, VT 05453
Permit #42