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SHOPKO

Raising A Red Flag on Identity Theft

The deadline countdown is on: In less than six months, retailers must be in compliance with the Red Flag regulations on identity theft and change-of-address discrepancies issued by the Federal Trade Commission (FTC) and the federal financial institutional regulatory agencies.

The final rules for the development and implementation of written Red Flag Identity Theft programs went into effect on Jan. 1 and the final date for compliance is Nov. 1. The new rules reinforce sections 114 and 315 of the Fair and Accurate Credit Transaction (FACT) Act of 2003.

Under the Red Flag Identity Theft Protection Program, any business that has

consumer accounts that could be susceptible to identity theft is required to institute "reasonable policies and procedures for detecting, preventing and mitigating identity theft." This requirement will be enforced for new as well as for existing accounts.

In addition to identifying patterns that could be "red flag" warnings of potential identity theft, issuers of consumer accounts must be able to confirm the credibility of requests for change of address.

The biggest challenge for compliance, suggested Tim Mohr, director of investigative practice at New York City-based

BDO Consulting, will be to assign responsibility for developing policies and implementing processes throughout all channels of the organization. "You have to identify a person who has expertise in a number of areas, such as physical security, loss prevention and payment cards, and who can put policies into place throughout the organization, from Web-based orders to stores."

In related news, San Diego-based Compliance Coach announced a Web-based software, CompliancePal, that provides a five-step approach to achieve compliance with the FACT Act Identity Theft Red Flags Rule.

Classic Catalog Retailers Merge



Privately held Taylor Corp., based in Colorado Springs, Colo., announced that its subsidiary Current USA would acquire Lillian Vernon Corp. last month. The two retailers, which sell via catalogs and on line, offer complementary products including stationery, home decor, gifts, accessories, personalized items and seasonal merchandise. The company plans to continue operating the acquired business from the Lillian Vernon headquarters facility in Virginia Beach, Va.

Multiple Loyalty Programs on One Card

A new identification technology enables retailers to tie loyalty-marketing programs to consumers' existing credit and debit cards. Portland, Ore.-based Chockstone, provider of the technology, announced that its SingleSwipe solution will allow consumers to register the loyalty-rewards programs they participate in at various retailers with their American Express, Discover, MasterCard or Visa accounts.

On the merchant side, Chockstone said the technology enables tracking of consumer transactions so loyalty marketing can be tailored to each shopper's individual purchase history. Transaction data is processed through the PCI-compliant Chockstone network.

New Partnerships Yield Rewards

Atlanta-based Vesdia Corp. announced the addition of four new merchant and service providers to its merchant-funded, multichannel rewards network. ADT Home Security, DIRECTV, Hard Rock Cafe and Golfsmith joined the Vesdia network, which includes thousands of multichannel retail and restaurant locations.

In other news, San Francisco-based Loyalty Lab entered into a partnership with HSBC Finance Corp. that will enable retailers using HSBC's service for their private-label or co-branded credit cards to take advantage of the customer-retention-marketing (CRM) capabilities offered by Loyalty Lab.

Farm Fresh Expands Payment Options

Farm Fresh Supermarkets, based in Virginia Beach, Va., and a division of the Supervalu grocery network, has expanded its services to the unbanked and under-banked consumer. The retailer, which operates 44 stores in Virginia and one in Elizabeth City, N.C., enhanced its walk-in bill-payment services by adding the full range of services offered



by Brookfield, Wis.-based Check-FreePay. In addition to being able to pay personal bills such as credit-card accounts and utility bills, consumers will also have the option of expediting payment through NextDay or emergency-service options.