

Credit Card Swipe Fees: A Hot Topic for Alabama Businesses

By Greg Yaghmai

<http://alabamabusinesslitigationattorney.com/>

As reported by the [Birmingham News](#), credit card swipe fees are a hot topic in Alabama right now, often pitting small business against local banks. The use of debit cards continues to grow, accounting for 35 percent of noncash payment transactions.

The Proposal

As part of ongoing financial reform efforts, the federal government has proposed new regulations that will limit the amount of money banks can collect for debit-card transactions.

Currently, swipe fees are about 1 to 2 percent of the transaction. The Federal Reserve, charged with setting a standard for fees that are “reasonable and proportional,” is proposing fees of 7 cents to 12 cents per transaction, which it predicts would reduce swipe fees by 70 percent.

Alabama Banks Oppose the Changes

Banks and credit unions oppose the changes, largely arguing that the reduced fees are not enough to support their debit card programs.

“It’s not a loss of revenue that simply can be absorbed and not be worried about. There has to be mechanisms to replace it and none of them are to the benefit of our members,” said Steve Swofford, president of Alabama Credit Union in Tuscaloosa.

Alabama Businesses Support the Changes

Alabama retailers and other businesses that accept debit cards, on the other hand, are hoping that the regulations are enacted.

“We’re working hard, trying to stabilize costs for merchants,” said Mickey Gee, Executive-In-Residence for the UAB Department of Marketing and Industrial Distribution and a small business owner. “The swipe fee now charged is excessive in our opinion and it costs the consumer a lot of money in the long run.”

The Lawsuit

Last fall, TCF National Bank filed a lawsuit in South Dakota against Federal Reserve Chairman Ben S. Bernanke and the Federal Reserve's Board of Governors claiming the rules, which aren't yet final, are unconstitutional.

Most recently, U.S. District Judge Lawrence L. Piersol denied TCF's request for a preliminary injunction to block the implementation of the rules, while rejecting the defendants' request to throw out the suit. TCF has appealed.

Due to the deluge of comments on the proposed regulations, the Federal Reserve has announced that it will not meet the April 21 deadline for issuing the regulations. However, Ben Bernanke said that he hopes to have them finished by July 21, when the law is supposed to take effect.

To understand how the new regulations may impact your business, it is important to contact an experienced Alabama business attorney.

About Rutledge & Yaghamai

<http://rylaw.net/>

Rutledge & Yaghamai (R & Y) is a full service litigation firm that offers more than fifty-seven years of diverse legal experience. Formed in 2006, Rutledge & Yaghamai concentrates on giving each case individual attention as opposed to carrying a mass a number of cases. That way they are able to develop a lifelong relationship with clients.

William Rutledge

William Eugene Rutledge graduated from the University of Alabama in 1960. He graduated from the University of Alabama Law School 1966. Mr. Rutledge served as a Captain in the Judge Advocate General's Corps, U.S. Army and as Chief of Military Justice at Fort Bliss, Texas. He was trial counsel for the United States where he prosecuted several nationally publicized court marshalls. He was the recipient of the Distinguished Service Medal for his trial work in the Army.

He began the practice of law in Birmingham, AL on August 1, 1966. His early trial practice was a mixture of business litigation and railroad related litigation. He has a strong appellate practice in which he has excelled since the early 1970s and continues that practice till the present time. He has handled over 100 cases in the state appellate system and 80 cases in the federal appellate system.

He specialized through the years of his practice in business formations. He has assisted new entrepreneurs in the formation and strategy of their businesses. Also, he represents companies in business litigation. Cases have ranged from business disputes among members to representing smaller companies against the “larger corporations.”

Practice memberships include the Bar of the Alabama Supreme Court, the United States District Court for the Northern, Middle and Southern Districts, the United States Court of Appeals for the Eleventh Circuit, and the Supreme Court of the United States.

He is married to Sherry Crittenden Rutledge and has four children and six grandchildren.

Greg Yaghmai

Greg graduated with honors from The Citadel where he received his bachelor’s degree in Business Administration. In 1997, he received his law degree from Cumberland School of Law.

For the first four and half of years of his legal career, Greg served as a Deputy District Attorney for the Jefferson County, Alabama District Attorney’s Office. By age 26 he tried his first death penalty case. He went on to try either solo or as lead counsel seven capital murder and six murder cases. He also had the benefit of being the first lawyer in Alabama to be certified by the Alabama State Troopers as a Traffic Homicide investigator. He obtained this after attending a two-week seminar, which required him to live in a closed military base with forty other police officers. He also had the unique experience of being provided alcohol in a controlled setting so he could be utilized by the Jefferson County Sheriff’s training academy in officers learning how to administer field sobriety tests. He is a member of the National College for DUI Defense (NCDD) which is a prestigious organization defending those charged with DUI.

He subsequently left the DA’s office to become a partner in a forty lawyer civil litigation firm. This firm concentrated mostly on civil defense work, but Greg continued to expand his plaintiff and criminal defense practice.

In 2006, he co-founded Rutledge & Yaghmai. One of Greg’s goals was to reduce the number of cases handled to allow for more individual attention to each case. Rutledge & Yaghmai maintains a general litigation practice. Greg focuses on personal injury, business litigation, and criminal defense cases.

Greg has truly handled cases from all sides: criminal prosecution/defense and civil plaintiff/defense. Overall, Greg has tried more than seventy-five jury trials to conclusion. He has significant experience in using visual presentations and present day media applications in presenting cases to jury. His ultimate jury consultant is his wife, Brandi, who he met when she served on the jury of a rape/kidnapping case he tried.

He has recently been asked to teach Trial Techniques for the International Web based site Solo Practice University. There he will share his expertise in trying jury cases.

Greg is licensed in all state and federal courts in Alabama and the 11th Circuit.