

# Concerns about Merchant Account Processing: Should I Have Only One Merchant Account?

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This is a question for a MLM startup or existing company as opposed to a MLM consultant. For distributors who drive customers to their replicated websites, the company has in place credit card processing capability.

For a MLM company, it is imperative to have multiple solutions in place as a company grows. In fact, fast growth of a network marketing company often triggers major concern for the credit card processor because of the exponential potential liability in the event of

charge backs or failure to deliver on the part of the network marketing business. Thus, fast growth may cause a merchant account processor to demand, in exchange for what it perceives as higher risk, larger reserves, higher rates and even hold backs on distribution of funds to the MLM company. Of course, failure to access funds will prove devastating for a MLM company that must pay commissions and pay its own vendors. Pleas by the MLM company often go unanswered by merchant processors and many companies have either faced collapse or actually collapsed as a result.

The short answer is for any startup or existing MLM company is to make sure that it secures multiple processing accounts from different processors and banks. In addition, it should be in touch with a reputable consulting firm that represents companies in the search of back-up merchant account vendors. The time to search is not during the crisis, but before the crisis occurs.

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**Jeffrey Babener**  
On Assignment

On any given day you can catch [Jeffrey Babener](#) lecturing on Network Marketing at the University of Texas or the University of Illinois, addressing thousands of distributors in Los Angeles, Bangkok, Tokyo and Russia, or writing a new book on Network Marketing, an article for Entrepreneur Magazine or a chapter for a University textbook. Over two decades he has served as marketing and legal advisor to some of the world's largest direct selling companies, the likes of Avon, Nikken, Melaleuca, Discovery Toys, NuSkin, and he has provided counsel to the most successful telecom network marketing companies...Excel, ACN, World Connect, ITI, AOL Select and Network 2000. An active spokesperson for the industry, he has assisted in new legislation and served on the Lawyer's Council, Government Relations Committee and

Internet Task Force of the Direct Selling Association (DSA) as well as serving as General Counsel for the Multilevel Marketing International Association. He is an MLM attorney supplier member of the DSA and has served as legal counsel and MLM consultant on MLM law issues for many DSA companies.

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