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Data breach may cost firm millions

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By SUSAN SALISBURY

Palm Beach Post Staff Writer

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Global Payments, the Atlanta-based credit card processor where a data security breach occurred, will ultimately have to pay millions of dollars in fines, one industry expert predicted.

Visa and MasterCard are investigating the data breach. Global Payments says the data breach may affect fewer than 1.5 million credit cards from various issuers, the Associated Press reported. The company said credit card data may have been stolen, but cardholder names, addresses and Social Security numbers were not obtained.

"Global will have to answer for it. There will be settlements into the millions of dollars," Robert Livingstone, president and founder of Weston-based IdealCost.com, said Monday.

Livingstone, whose firm deals directly with credit card processors on behalf of businesses, previously worked at a processing company. "The best thing to do is to get a new card if you are worried. Anybody with any concerns at all may as well just do it," he said.

Credit card holders are not responsible for more than \$50 in fraudulent purchases made with their cards, but debit cardholders may be responsible for \$500 or more.

Some industry reports have placed the number of cards made vulnerable by the breach as high as 10 million.

"It appears that the first report is that only 876 accounts had fraud committed," Livingstone said.

Visa Inc. said Monday it has dropped the card processor from its registry of providers that meet data security standards.

Global Payments CEO Paul Garcia noted that the company continues to process Visa transactions. He said he expects Global Payments to be reinstated once it has been issued a new report of compliance. But he declined to specify when that might be. He said the situation is "absolutely contained."

Livingstone agreed that being dropped from the list of compliant card processors does not mean that the card companies will stop doing business with Global.

"Visa and MasterCard can't afford to drop Global Payments or their revenues will take a big hit. Assuming Global Payments takes all appropriate measures, they'll very likely be back on that list within 12 months," Livingstone said.

The impact will be huge for Global, Livingstone said. The company will have difficulty bringing in new independent sales organizations, which process the transactions and may lose some direct relationships with banks and may even lose a few large clients.

Heartland Payments Systems paid an estimated \$140 million in fines, settlements and legal fees after a breach that began in 2007 and involved 130 million credit cards.

Global manages dozens of different processors, Livingstone said. It's similar to a franchise system, but the independents do not use the Global name.

The Associated Press contributed to this story.





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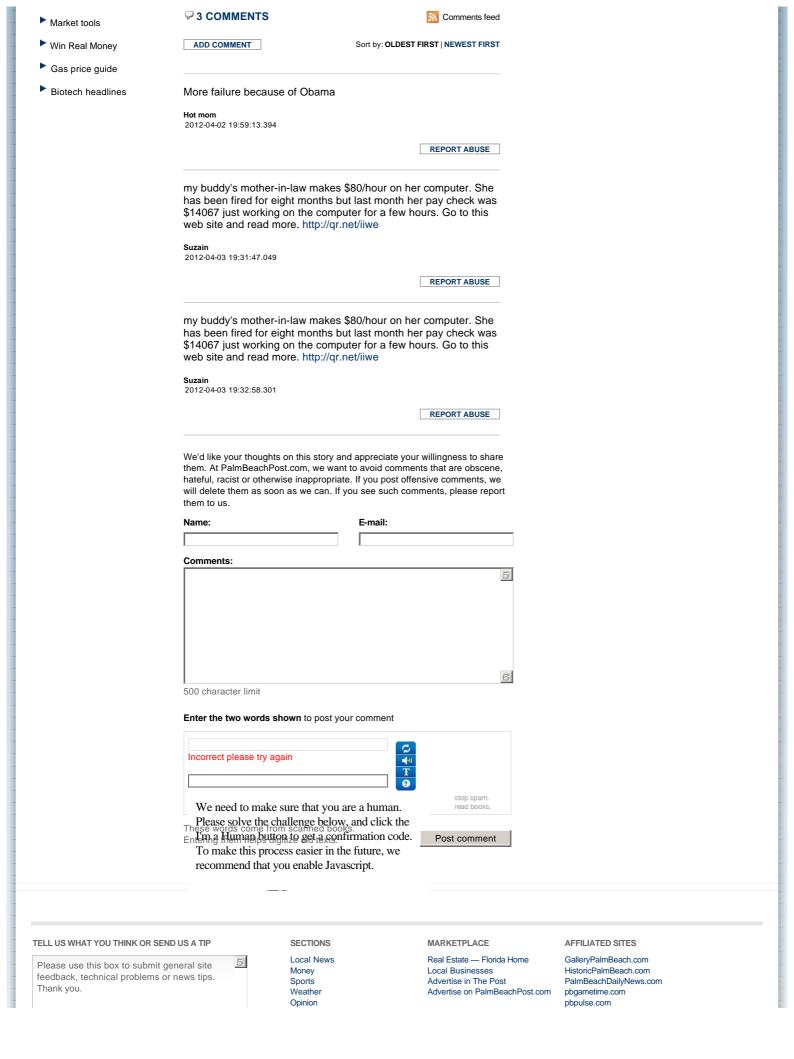
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