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MERCHANT ACCOUNTS

# 4 EASY STEPS TO AVOID MERCHANT ACCOUNT COLLAPSE

BY BRAD WEIMERT, *CEO OF EASY PAY DIRECT*



RESOURCES:  
[EasyPayDirect.com/MerchantAccountLibrary](http://EasyPayDirect.com/MerchantAccountLibrary)

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## ARE YOU “HIGH RISK”?

Look it's not a bad thing. I personally view it as “you're better at creative marketing”. But yes, you are in a “high risk” business. Any time the card isn't present, you're higher risk than the other people out there to the processor. Anytime your clients are more likely to dispute a sale than they are to dispute a meal at McDonalds, you're higher risk to the processor. If you want the nitty gritty, you can download the full blown manifesto: [The EPD Roadmap to High Risk Merchant Accounts](#). It answers almost every question you can imagine about High Risk Merchant Accounts or you can just call us. We're here to make things easier :) 800.805.4949 But for now, embrace the terminology and listen up! I'm going to break down 4 simple steps to navigate through the treacherous waters of “high risk” merchant accounts.



### #1: GET SOLID UNDERWRITING

Let's clear something up really quick though: PayPal and Square do not provide merchant accounts. They essentially allow you to *use their* merchant accounts. They are what are called Merchant account *Aggregators*. They don't know anything about you, your company, what you sell, how you sell it, how you deliver it, *IF* you deliver it, etc. They bank on the idea that if someone is committing fraud, they can simply shut the account down. That's their *Model*. They approve quickly and simply close accounts if they ever suspect an issue. Not great when you're in the middle of launching a new product or service, right?

Merchant account providers (that are not aggregators) all do some form of underwriting in theory, they want to get to know your business on the front end so they can control their risk and the possibility of “needing” to close your account later. The problem: Most merchant account providers operate from the same mentality as the aggregators; “me want moonney!!”. That's to say that they would rather get your account on the books now and start making money and then close you when they get scared than never board your account or get any money in the first place.



**UNDERWRITERS**



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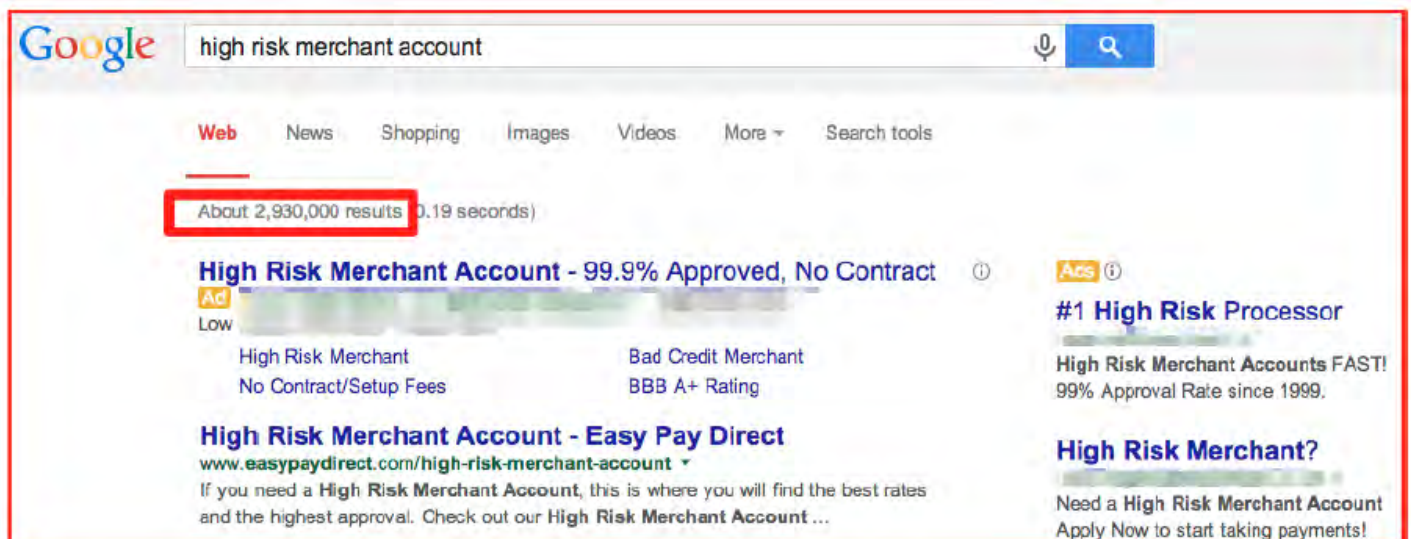
## WHAT IS SOLID UNDERWRITING:

Solid underwriting doesn't mean you can't get an account setup quickly but *the RIGHT* companies aren't going to set you up in record speed. The biggest trick to having a stable merchant account is finding the provider who REALLY knows your business AND really wants it. If they do their due diligence on the front end and really understand what you're doing, they will understand their own liability more (the chance of a lot of your clients disputing or "charging back" your sales). If they understand this, they won't have reason to close your account. Make sense? Of course it's a double edged sword because there's *always* such thing as "too much information" and some guidance here certainly helps.

## THE HOW-TO

### #1: GET SOLID UNDERWRITING

You work with the *right* providers. The challenge is that if you google "high risk merchant account" you get nearly 3 million people telling you that THEY are good at "high risk".



The screenshot shows a Google search for "high risk merchant account". The search bar contains the text "high risk merchant account" and the search button is visible. Below the search bar, the results are categorized by "Web", "News", "Shopping", "Images", "Videos", and "More". The search results section shows "About 2,930,000 results (0.19 seconds)". The first result is an advertisement for "High Risk Merchant Account - 99.9% Approved, No Contract" with a "Low" rating. The second result is "High Risk Merchant Account - Easy Pay Direct" with the URL "www.easypaydirect.com/high-risk-merchant-account". On the right side, there is an "Ads" section with "#1 High Risk Processor" and "High Risk Merchant Accounts FAST! 99% Approval Rate since 1999." Below that is another ad titled "High Risk Merchant?" with the text "Need a High Risk Merchant Account Apply Now to start taking payments!".

**Get a referral.** That's the single best thing you can do. Find someone you trust that has a "high risk" business and see if they have any experience in the space... but make sure you read the rest of these bullets first.

If you don't know anyone in your space join a facebook group or a linkedin group and post to the group... but seriously, read the rest of this first. You'll know more than 98% of the people out there after this.



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**Stay away from review sites** - 99% of those sites are “pay to play” sites... meaning that everyone listed is paying to be listed. What ever happened to quality control?? Garbage I know.

### KNOW THE PROCESS!!

Basically—if you feel like the underwriter or your account rep is trying to understand your business model, you’re moving in a good direction... but here are some specifics: If you’re asked for the following (at a minimum), you’ll know you’re working with a company that is *less* likely to shutdown your account:

- Personal info (Address, Birthday, SSN) required on all merchant accounts
- Business Info (EIN, Articles or Organization, Void Check) required on all merchant accounts
- Business Model Info (**this is the one low risk providers skip**)
  - How are you taking orders (swiped or key entered and WHERE)
  - How are you delivering your product? Digital delivery, UPS, live events, etc
  - Do you create your own product or repurpose someone elses?
  - How long after the sale is the product delivered?
  - What is your guarantee?
  - Do you have any recurring payments?
- Access to your product / logins for your membership site There are many other questions along that vein but you get the point.

**\*\*Good high risk providers want to understand your business model\*\***

### WAIT... WHY DO YOU CARE?

Because you don’t want to have your account shutdown, frozen, suspended, etc... EVER.  
Good underwriting=Solid Understanding=Not shutting down accounts=Happy Entrepreneur



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## #2 SETUP MULTIPLE ACCOUNTS WITH DIFFERENT MEMBER BANKS

You want to diversify your merchant account volume across multiple merchant accounts.

### Why?

If one merchant account gets shut down, you have others up and running.

If one merchant account provider holds your money, they won't have ALL of your money

### But here's the catch...

Each merchant account provider is tied to what's called a "member bank". The member bank is the entity that is directly tied to Visa / MC (also referred to as "the associations").

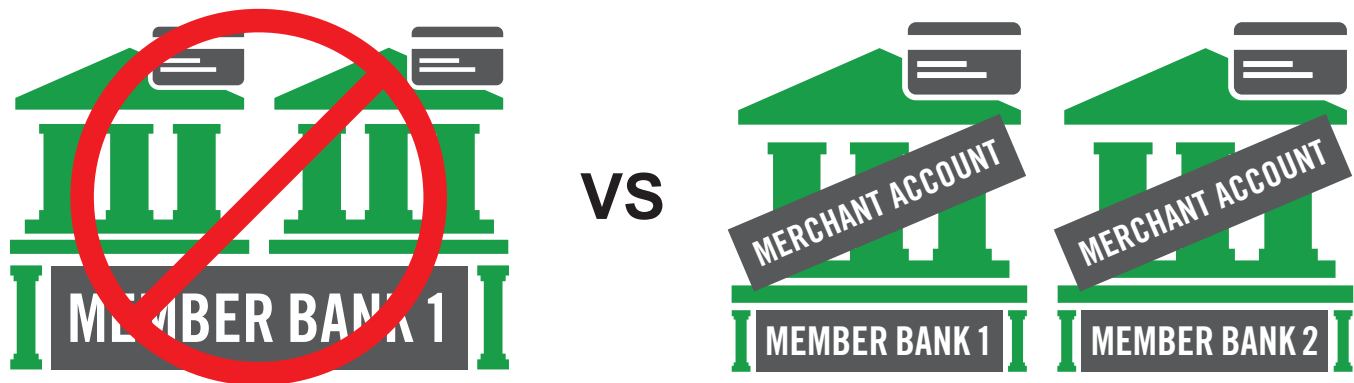
If you have three merchant accounts that all have the same member bank, when one account is closed, they're all likely to get closed.

So—

Even though you may have three merchant accounts that each have their own brand, name, identity, marketing, staff, etc... they may all use the same member bank. And that's no bueno!

You want to have Multiple Merchant Accounts with DIFFERENT Member Banks.

A simple way to look at it:



### THE HOW-TO

## #2 SETUP MULTIPLE ACCOUNTS WITH DIFFERENT MEMBER BANKS

This one is tricky. I'm not going to lie you really want to work with someone that understands the industry. That's the best approach because the curve here is steep.

**The good news:** The good brokers in the industry are all paid on the back end, so you're never paying any more to work with a broker (with the good ones) but you get their expertise.

**The bad news:** There are very few good brokers in the space.



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Processors and brokers get a bigger split of the revenue if we feed all of our business to one bank... so most companies do that... but it's not in YOUR best interest to be pushed towards one provider... that creates a round hole, square peg situation make sense?

If you want to go about this alone just consistently ask merchant account providers what member bank they're using. That's not a bad way to spot check your existing structure either but because it doesn't cost anything to use a broker... just use a broker. It's easier that way :)

### Wait... why do you care?

Because you don't want to have your account shutdown, frozen, suspended, etc... EVER. If you have one merchant account, or you have multiple with the same member bank, you have a HUGE risk of losing your entire business if a merchant account is closed, suspended, frozen or you "only" have a percentage of your money held from you *without notice* (a reserve).

## #3: USE LOAD BALANCING

You can have multiple accounts, with multiple member banks, but you can't just use one account and keep the other around "just in case". Unfortunately, that's not how it works. If an account is dormant for more than a few months, it's very common for processors (aka merchant account providers) to close the account.

Beyond that, you don't have the same protection. If all of your volume goes through one account and the merchant account provider decides to hold your money, or a portion of it... that hurts! There are a couple other reason, but I don't want to jump ahead... (see more on "seasoning" below).

You want to distribute your sales across multiple merchant accounts automatically. It doesn't necessarily have to be distributed evenly, the goal is simply to have it happening in the background automatically.



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### THE HOW-TO #3 USE LOAD BALANCING

There are a couple companies that allow some form of “rotating” through merchant accounts but the Easy Pay Direct Gateway has a patent pending feature called “Load Balancing”. It was designed *specifically* to address the challenge “high risk” business owners have: keeping money in *their own* bank accounts—instead of their processors’.

Load balancing is *by far* the easiest way to divide your transactions across multiple accounts. You can allocate a specific percentage of your sales to each of your merchant accounts.

#### OR

You can have the first XXX amount of dollars go to one merchant account, then sent the rest to the next merchant account.

The gateway does all sorts of other awesome stuff fraud scrubbing, IP blocking, tokenization, email invoicing, seamless quickbooks integration, etc, etc... but this isn’t intended to be a pitch, so let’s focus on what’s important: **You need an easy way to send your sales volume to each of your different merchant accounts** (who each have their own member banks... right?).

### WAIT... WHY DO YOU CARE?

Business is about automation. The more systems and processes you have in place, the less you have to do personally, the less your staff has to do and the less errors are made. Load balancing sets things up for you so you don’t have to manually switch from one merchant account to the next.

### #4: “SEASON” ACCOUNTS

So here’s the story: The longer you have an account *as long as it’s with a good processor*, the more stable your account is. Underwriters put more weight on your history than any other single thing.



One of things that generally terrifies underwriters: large spikes in volume on a brand new account. Again if you’re working with the right providers, the likelihood of an issue decreases dramatically, but this little report is about ways to avoid merchant account collapse... so let’s focus on what usually causes problems and how to fix that.

Even if you have history with a previous provider, it’s never ideal to take an account from zero to a million in a month.



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## THE HOW-TO

### #4: MAKE SURE TO “SEASON” ACCOUNTS

Add volume to several merchant accounts (instead of one) and increase it over time.

For example, if you're a brand new company and you think you're going to process 100,000 your first month; instead of setting up one account with a 100,000 limit, you should setup three accounts and put 33,000 through each of them. Going from zero to 33k is not as big a deal as going from zero to 100k. You're effectively cutting the merchant account provider's liability down to ***only 33% of what it would have been.*** WinWin.

Your goal here is to create some sort of stable growth on your accounts for several months in a row. Obviously every business model is different but that's your goal. Once your accounts have been up and running for several months or a years, your merchant account providers will be much less sensitive to any kind of change in your account whether it be a spike in volume, a new product offering, a new marketing model or an increase in chargebacks.

### DO YOU KNOW WHY YOU CARE YET?

One of the most common problems high risk business owners have is having accounts shut down from a spike in volume. This happens when accounts are brand new and when people do product launches.

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The world of merchant accounts can seem like a minefield for “high risk” business owners. If you haven't had that experience yet, I'm sure you know people that have. There's a lot to know far deeper than I could cover in this report. The good news is, I built my company to make this process easy and even enjoyable. We're a phone call away and we're happy to help any way we can. We're here to make things easier :)

**800.805.4949**

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## BRAD WEIMERT BIO

He grew up with a strong foundation in sales; at the age of 20 he ranked as the #1 sales rep in the world for a global company with a sales force of 20,000.

During that time, he rolled his money into Real Estate investments and subsequently started an education company to teach others to invest in real estate. Through online lead generation, membership sites and seminars, the company brought in \$2-3 Million a year; enough to say he probably has a good grip on marketing. Seeing significant problems with online payments and merchant accounts for online business, Brad Weimert founded Easy Pay Direct.

Easy Pay Direct was designed to help creative entrepreneurs (of all types) accept credit cards as well as electronic checks. Today Easy Pay Direct is one of the largest credit card processing brokerages in the world and has a patent pending gateway to centralize mobile, retail and online sales.

