

BUILDING YOUR BUSINESS THROUGH INNOVATIVE LOYALTY MANAGEMENT PROGRAMS

LOCAL HEROES COMMUNITY MODEL

"Small business embodies so much of what America is all about. Self-reliance, hard work, innovation, and the courage to take risks for future growth; these are values that have served our Nation well since its very beginning. They are values to be passed on from generation to generation. We must ensure that our small businesses continue to thrive and prosper, not just for their own sake, but as well, for the impact they have on communities in every corner of our world."



It is based on these core principles that Local Heroes is now poised to embark on a determined acquisition project that will involve locally owned businesses in Northern California. The first program will be concentrated in Marin County and specific neighborhoods in San Francisco. These locations diversity provide optimal conditions within their local communities to showcase the Local Heroes model.

Local Heroes will represent the first program of its kind that offers communities of any demographic make up or size, a coalition loyalty program that simultaneously rewards consumer behavior while instantly directing donations to local nonprofit organizations. Donations are routed through an ACH transaction, similar to a merchant receiving payment for his previous day's credit and debit card sales. Deposits are made daily to the bank account of the charity in the community where the original transaction took place. The charities are elected to participate and then are designated by both participating Local Heroes merchants and cardholders.

Local Heroes and its GeN "X-1" & "X-2" global platforms provide the loyalty industry with a combination of technologies that for the first time can provide small to mid-size merchant's access to literally hundreds of custom CRM programs. Most of the applications are turn-key and can operate with minimal requirements or software development to current POS systems.

Transactions are tracked in real-time utilizing the MasterCard, Visa and Maestro Networks. Participating cardholders are issued a Local Heroes signature or pin-based Visa or MasterCard that, among other methods, are distributed free of charge to the employees of participating merchants. In some cases a private label membership card is issued that cardholders can use in combination with any form of payment. Private label cards can be co-branded with charity organizations and are supported by a stored value engine that allows cardholders the ability to make payment at any participating merchant, including online transactions. Private label cards may also contain a Visa or MasterCard bin-range that is encoded on the cards magnetic stripe to allow Local Heroes the ability to track cards in real-time through any merchant device that accepts Visa or MasterCard worldwide.



Participating merchants simply download their existing countertop terminal, most of which are already compatible with the Local Heroes software. Program transactions can also be tracked on existing point of sale equipment utilizing the MasterCard, VISA or Debit/Maestro networks. Virtually any countertop terminal or electronic cash register that accepts MasterCard or Visa can participate in routing a program transaction. Local Heroes merchants will also have the option to switch their terminal device which include high speed, wireless and portable models that provide access to a variety of value-added applications and CRM programs. Previous to Local Heroes, these types of applications have not been widely available to small and mid-size merchants.



The GeN "X-1" & "X-2" technology will serve to greatly enhance marketing and promotional efforts year-round and provide merchants turnkey access to the tools necessary to compete in communities that more and more are facing greater competition from an influx of large corporations and multi-national chains. For years these corporations and large chains have been able to out spend local businesses with advertising campaigns and electronic marketing programs supported by an unending supply of resources.

Several major retail studies have provided unimpeachable evidence, (Santa Fe Independent Business Report, Angelou Economics), that chain merchants take at least four times more money out of the community where a consumer transaction takes place, than when performed at a locally owned business.