



**FOR IMMEDIATE RELEASE**  
**Marin County, California**

**Local Heroes International to begin launch of a real-time community based loyalty program to strengthen locally owned businesses and instantly direct donations to local non-profit organizations**

**"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.

Marin County has a combined population base of approximately 300,000 people. The County is organized into well defined communities and residents already have a strong sense of community. More than 80% of the businesses maintain local ownership. Once the test market is completed Local Heroes will be launched in 11 similar markets in Northern and Southern California.

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.

## LOCAL HEROES COMMUNITY MODEL

Local Heroes was specifically developed to assist locally owned businesses and provide opportunities to strengthen the bonds between small business and surrounding communities. Local Heroes is available only to locally owned businesses, a franchise can participate as long as it maintains local ownership.

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 outspend 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. In one way or another, a high percentage of the revenues end up at corporate headquarters. Local businesses tend to re-invest in themselves and in the process more dollars remain in the community. The time has come to provide small merchants access to the same technologies as their larger counterparts and finally begin to level the playing field in what has become a very competitive marketplace.

The Local Heroes model has been engineered to leave very little for the merchant to think about except selecting which applications to engage, and at what time, to best suit their individual marketing and promotional needs. This allows the small business owner the opportunity to create personalized electronic loyalty, stored value, VIP and gift card programs with the ability to monitor precise results. Thus, merchants have the flexibility to dynamically change these programs, remaining competitive as seasonal business cycles will dictate throughout the year.

Cardholder recruitment and enrollment will be obtained through local banks and community organizations including schools, churches, social networks and qualified local charities. Besides these distribution channels, any consumer who patronizes a participating merchant can, on the spot, enroll in the program, activate his or her Local Heroes card and immediately benefit from the use the program. Strategic kiosk locations will be setup and staffed to provide community relations and assist in consumer awareness.

The Local Heroes software is compatible with most next generation merchant terminals and can be remotely downloaded in minutes to any of these devices. Most of the initial targeted merchants already have compatible terminals in use. In the case of merchants who have electronic cash registers systems (ECR's) that include payment, the Local Heroes "trigger module" is integrated into the operating system. The integration process takes about 15 days and once completed the resulting software can be downloaded to any terminal that runs on the same operating system. There are only 5 major ECR systems that will need to be integrated to cover 80% of the targeted merchants. Plans have already begun to complete this integration with the top three manufacturers.

## **SAMPLE TRANSACTION FLOW**

A cardholder presents their Local Heroes Membership Card at a participating merchant either in person, by phone or on-line. Assuming a merchant offers a 10% benefit to a cardholder and he or she purchases a \$100 dollars in merchandise, he or she receives an instant \$10 reward. Merchants have complete discretion over how much of a benefit they wish to set. During the enrollment process the cardholder selects a minimum of 25% of their benefit to be automatically transferred (at the point of sale) to their designated charity. Several charities can be designated in rotation. Merchants will also select a charity to support and can decide what percentage of the gross transaction to give automatically. These cardholder and merchant donations are cleared instantly and are deposited to the charities bank account by the following business day. All benefits provided by merchant qualify as a charitable donation/promotion and are 100% tax deductible. Cardholders can also deduct the portion of their benefit that they designate to their charity.

## **ABOUT LOCAL HEROES INTERNATIONAL (LHI)**

**Local Heroes International** in the business of providing card-based consumer and merchant loyalty, payroll and CRM programs. Program transactions are mostly triggered by a magnetically encoded or chip-based credit, debit, payroll, gift, stored value or private label membership card to permit the real-time interaction of transactions between a cardholder or program beneficiary and a participating merchant.

Local Heroes and its technology partners have completed development and licensing of the GeN "X-1" global platform and are in final stages of development of its second release, "GeN "X-2". The Platform operates in a variety of databases environments and supports virtually any communication protocols. As well, LHI has developed proprietary web-based software interfaces and trigger modules that support multiple message formats and transaction devices. The Platform's was designed to offer small to mid-size businesses turnkey CRM programs that can be tailored to meet individual marketing requirements and can be easily adapted to fluctuating business cycles throughout the year. Local Heroes has developed software applications to implement programs such as coalition, closed loop, gift card, stored value, marketing partner, cross sell and employer/employee payroll programs.

## **GEN "X-1" & "X-2" VALUE-ADDED APPLICATIONS INCLUDE:**

- Standard Real-time Loyalty Point Accrual and Redemption Processing
- PlusCount Model- allows merchants the ability to add value, in any currency, to any membership card that can in turn can be spent anywhere that accepts Visa or MasterCard or used at any ATM worldwide
- Batch-Based Transaction Processing and Tracking
- Issuance of Private Label GlobalDebit Cards---pin based or signature capture
- Full Service Credit/Debit Card Processing, incl. ACH Engine-Transaction Central
- Enhanced Club Card Programs and Applications for Retail Food Industry
- Dual Program Decision Support on a Single Transaction (i.e. Points or Discounts and Mileage)
- Electronic Gift - preset values or re-loadable
- Full Maestro Debit Payroll and Procurement cards for small business that include full insurance benefits and micro loans to employees. Cards are provided at no cost to merchants
- Private Branded Stored Value Cards--Loadable/Re-loadable at any POS Terminal
- Instant Messaging at Point of Sale
- Real-time Mileage Programs
- Customized, Auditable Instant POS Coupons
- Instant Win Promotions
- Instant POS Discount or instant redemption of points
- Professional Services--- including Program Design and evaluation of existing programs
- Program Management—Reporting Engine for Marketing/Accounting and Program Tracking
- Secure Web-based Cardholder and Merchant User Interfaces with customized Reporting Engine