**Introduction** .......................................................... 2
Overview of Standardization Effort .......................................................... 2
Formation of Usability Guidelines.......................................................... 2
Development of the Marketplace Privacy Statement ........................................... 2
   Executive Summary.............................................................................. 2
   Supporting Research............................................................................ 3
Development of Security and Technology Standards ...................................... 5
   Executive Summary.............................................................................. 5
   Supporting Research............................................................................ 5
Development of Customer Service Standards .............................................. 5
   Executive Summary.............................................................................. 5
   References and Resources on Federal Requirements................................. 6
   Review of Peer Institutions................................................................. 6
   Review of Corporate Policies.............................................................. 7
Description of Administrative Roles.......................................................... 8
Development of Statement on Sponsorship and Advertising........................ 8
   Executive Summary.............................................................................. 8
   Relevant Policies from Notre Dame....................................................... 8
   Review of Peer Institutions................................................................. 9
   Additional Observations...................................................................... 9
Merchant Approval Process........................................................................ 10
   Executive Summary............................................................................ 10
   Extant Policy at Notre Dame .............................................................. 10
   Extant Procedure at Notre Dame........................................................ 10
   Extant Forms at Notre Dame.............................................................. 11
   Merchant Approval at Peer Institutions............................................... 11
   Conclusions....................................................................................... 13
Audit Procedures...................................................................................... 13
Specification of Terms and Conditions...................................................... 13
Summary of Additional Findings............................................................. 14
   Copyright........................................................................................... 14
   Federal Trade Commission (FTC) Rules............................................... 14
   Relevant Tax Law.............................................................................. 15
INTRODUCTION

The purpose of this document is to explain the thought process behind the recommendations contained within the documents titled "Marketplace Standards and Protocols" and "Design Principles and Usability Guidelines" and the marketplace application process.

OVERVIEW OF STANDARDIZATION EFFORT

Without a doubt, the Holy Grail of e-commerce in higher education is the attainment of program standardization. The benefits of standardization include increased customer satisfaction (for both internal and external customers), increased sales volumes, decreased fixed and variable costs, and, perhaps most importantly, the ability to employ broadly applicable audit tools and approval mechanisms for detecting and managing risk.

In order to obtain the full benefits of standardization, our findings suggest that a university e-commerce initiative must establish universal standards and protocols governing:

- Usability
- Privacy
- Security/Technology
- Customer Service
- Administrative Roles
- Sponsorship and Advertising
- Merchant Approval
- Audit Procedures

For each of these areas, the recommended program standards are supported by research into the extant policies, procedures, and guidelines of the University of Notre Dame and a sample of peer institutions. This research is summarized herein. The actual recommendations are contained in the documents entitled "Design Principles and Usability Guidelines" and "Marketplace Standards and Protocols," located in sections eight and nine (respectively) of this documentation.

FORMATION OF USABILITY GUIDELINES

Arguably the most important element of any website is its design. Design, in the context of the marketplace, may be defined as: (1) the organization of the textual elements (i.e. "copy" broken into paragraphs, double spaced, "blocked", etc.); (2) the number and quality of images in use; and (3) the significance of the information to be presented (i.e. the "value-add") and its role in the overall site design.

The recommendation for Design Principles and Usability Guidelines is located in the document of that name. The resources compiled to complete that document include:


DEVELOPMENT OF THE MARKETPLACE PRIVACY STATEMENT

EXECUTIVE SUMMARY

The Privacy Statement is applicable to ND Marketplace and ND Marketplace alone. It is meant to address potential liability concerns related to the e-commerce that will be conducted in relation to ND Marketplace. It is not intended to supercede any University policy; but rather, to be compatible with and fully complementary to all University policy.

---

1 E-commerce in this context refers to members of the University community who wish to act as online merchants utilizing credit card payments (and other forms of electronic payment in future phases) as opposed to "e-procurement" (i.e. institutional purchases).
After identifying and reviewing relevant federal legislation and analyzing current policy of several peer institutions, several core principles were identified. The recommended statement reflects those core principles and does not specifically address any federal or state statute. For that matter, no such legislation with regard to privacy yet exists. In any event, the terms are structured so that they allow lenient interpretation while still addressing relevant concerns.

Because of the nature of business that will be conducted in relation to ND Marketplace, the recommended Privacy Statement will divulge:

1) What personal information is being collected
2) The reason that information is being collected
3) What is done with the collected information
4) How long the personal information will be held
5) Explanation that no credit card information will be stored by the University

The final recommendation is located in the document entitled “ND Marketplace Privacy Statement” in the aforementioned binder.

SUPPORTING RESEARCH

NOTRE DAME’S RESPONSIBLE USE POLICY

This policy governs the acceptable use and responsibilities of members of the University community using the University’s computing resources.

• Includes statement of privacy and confidentiality
• Includes statement of security

NATIONAL AND INTERNATIONAL PRIVACY POLICIES

To date there is no U.S. federal privacy policy. The E.U. and Canada do have stated privacy policy already in place. In 2000, there was pressure and concern for legislators to address Internet privacy. However, after 9/11 the focus turned to security and since the FTC has stated that will not pursue a federal privacy policy but instead will enforce current policies.

USA PATRIOT ACT

Part of the Terrorism Act of 2001, to enable the government to track and prevent terrorist activity.

• Has relevant implication for FERPA, which is the fundamental privacy act for students.

• Highlights record retention as area for reconsideration. How long should records be retained? The balancing act is to keep relevant data only as long as it is legitimately needed, and no longer, lest it become a liability

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT

HIPAA, Health Insurance Portability and Accountability Act of 1996, University hospitals will already be intimately familiar with HIPAA, but it is less obvious that it can also affect other campus offices if protected patient data is stored or transmitted. For example, a personnel office may be affected if employees are able to file insurance claims through that office.

---

1 http://www.nd.edu/~doc/G0001.html
2 EU Directive on the Protection of Personal Data and Canadian Personal Information Protection and Electronic Documents Act, foreign laws governing the privacy rights of their citizens
FAMILY EDUCATION RIGHTS AND PRIVACY ACT

FERPA, Family Education Rights and Privacy Act, Protects students’ education records. The law applies to all schools that receive funds under an applicable program of the U.S. Department of Education. FERPA gives parents certain rights with respect to their children’s education records. These rights transfer to the student when he or she reaches the age of 18 or attends a school beyond the high school level. Students to whom the rights have transferred are “eligible students.”

- Parents or eligible students have the right to inspect and review the student’s education records maintained by the school. Schools are not required to provide copies of records unless, for reasons such as great distance, it is impossible for parents of eligible students to review the records.

- Parents or eligible students have the right to request that a school correct records, which they believe to be inaccurate or misleading. If the school decides not to amend the record, the parent or eligible student then has the right to a formal hearing. After the hearing, if the school still decides not to amend the record, the parent or eligible student has the right to place a statement with the record setting forth his or her view about the contested information.

Generally, schools must have written permission from the parent or eligible student in order to release any information from a student’s education record. However, FERPA, allows schools to disclose those records, without consent, to the following or under the following conditions:

- School officials with legitimate educational interest;
- Other schools to which a student is transferring;
- Specified officials for audit or evaluation purposes;
- Appropriate parties in connection with financial aid to a student;
- Organizations conducting certain studies for or on behalf of the school;
- Accrediting organizations;
- To comply with a judicial order or lawfully issued subpoena;
- Appropriate officials in cases of health and safety emergencies; and
- State and local authorities, within a juvenile justice system, pursuant to specific State law.

Schools may disclose, without consent, “directory” information such as a student’s name, address, telephone number, date and place of birth, honors and awards, and dates of attendance. However, schools must tell parents and eligible students about directory information and allow parents and eligible students a reasonable amount of time to request that the school not disclose directory information about them. Schools must notify parents and eligible students annually of their rights under FERPA.

CHILDREN’S ONLINE PRIVACY PROTECTION ACT

COPPA protects children 13 and under from websites that collect their personal information. The FTC established two reasons why this rule could apply to general audience sites:

1) Operators of general audience sites that knowingly collect personal information from children under 13;

2) Operators of general audience sites that have a separate children’s area and that collect personal information from children.

1 http://www.ftc.gov/ogc/coppa1.htm
General audience sites that have actual knowledge that they are collecting information from a child must obtain parental permission before collecting such information.

**Electronic Communications Privacy Act**

The Electronic Communications Privacy Act of 1986 sets out the provisions for access, use, disclosure, interception and privacy protections of electronic communications. The law was enacted in 1986 and covers various forms of wire and electronic communications. According to the U.S. Code, electronic communications "means any transfer of signs, signals, writing, images, sounds, data or intelligence of any nature transmitted in whole or in part by a wire, radio, electromagnetic, photo electronic or photo optical system that affects interstate or foreign commerce.” ECPA prohibits unlawful access and certain disclosures of communication contents. Additionally, the law prevents government entities from requiring disclosure of electronic communications from a provider without proper procedure.

**Gramm-Leach-Bliley Act¹**

Gramm-Leach-Bliley Act specifies financial privacy, safeguards, and pretexting, sensitive information collected by financial institutions. (Deemed non-applicable to ND Marketplace.)

**Development of Security and Technology Standards**

**Executive Summary**

The recommended security and technology standards were developed through 1) a series of stakeholder meetings including interviews with Audit and Advisory Services, the Controller’s Group, General Counsel, and members of OIT, 2) the peer benchmarking effort; 3) a software solution benchmarking effort; and 4) a pilot program wherein three technologies were tested. The nature of the preferred solution is described in the recommendation entitled “Security and Technology Requirements” and in the Marketplace-level Risk Assessment provided to Audit and Advisory Services, located in section three of this documentation.

**Supporting Research**

**Responsible Use of Technology Resources at Notre Dame**

The Responsible Use policy contains sections on Appropriate Use and Security that are relevant to this issue.

**Pilot Programs and Candidate Solution Benchmarking**

Several shopping cart solutions and payment gateways were examined and evaluated by the Marketplace Team. Through stakeholder interviews and internal discussion, the Team identified numerous criteria with which the individual solutions were evaluated. For a complete breakdown and summary of the examination and evaluation process, please see the documents entitled "Shopping Cart Solutions - Summary" and "Summary of Payment Gateways,” located in section six of this documentation.

¹ [http://www.ftc.gov/privacy/glbact/index.html](http://www.ftc.gov/privacy/glbact/index.html)
**Development of Customer Service Standards**

**Executive Summary**

Unlike the other policies considered herein, the necessity of a customer service policy was not identified by surveying the higher education environment. In fact, the use of Customer Service policies is not common among institutions of higher education.

In certain cases, i.e. the California Institute of Technology, the school is of such a size ("we're just so small") that administrators do not feel that policy implementation is a necessity. In others, e-commerce activity is simply poorly managed. Consequently, very few schools have customer service standards and policies readily available for view, or possess these policies at all. Current language, moreover, includes broad, difficult to define statements, i.e. "Employees will respond to customer requests in a clear, concise, and timely manner."

Nevertheless, the necessity of forming enforceable standards is dictated by the presence of a number of state and federal regulations with which marketplace participants should be familiar. The recommended Customer Service Standards located in the Marketplace Standards and Protocols accounts for these regulations.

**References and Resources on Federal Requirements**

**Fair Credit Billing Act**

The FCBA requires that businesses which are billing customers for goods or services "acknowledge consumer billing complaints promptly in writing and investigate billing errors." Additionally, FCBA requires merchants or creditors "promptly post payments to the consumer's account, and either refund overpayments or credit them to the consumer's account."

[http://www.ftc.gov/bcp/conline/pubs/credit/fcb.htm](http://www.ftc.gov/bcp/conline/pubs/credit/fcb.htm)

**Mail or Telephone Order Merchandise Rule**

(Applies to e-commerce.) (1) If an order cannot be fulfilled when promised, the vendor must notify the customer of the delay and inform the customer of her/his right to cancel the order. (2) For definite delays of up to 30 days, the vendor must inform the customer of the delay; a customer's silence in response to a vendor's notification of delay may be treated as agreement to the delay. (3) For delays longer than 30 days, second, and subsequent delays in the fulfillment of an order, the vendor must seek and receive a customer's consent; further, the vendor must, without request from the customer, promptly refund all of the money paid by the customer if consent for long, second, or subsequent delays is not obtained.


**Electronic Code of Federal Regulations**

[http://www.access.gpo.gov/ecfr/](http://www.access.gpo.gov/ecfr/)

**Review of Peer Institutions**

**Massachusetts Institute of Technology.**

MIT's policies qualifying merchant's for participation are extremely thorough, though not complete for Notre Dame's purposes. Lacking are Marketplace-specific guidelines, such as standards for returns, refunds, exchanges, order fulfillment, and customer service in general.
Texas Tech University

Texas Tech stipulates that, in the University's dealings with any constituent, there are certain guidelines and regulations to which merchants and other representatives of the University must adhere: (1) Customer service and other employees must "respond to customer requests in a clear, concise, and timely manner. Customers will be consulted regularly about the service provided and the results will be reported to agency management"; (2) With regards to Internet sites, the University stipulates that the site "will be user-friendly, easy to navigate, and contain up-to-date information that is useful to the customer."; (3) Important contact names, email addresses, and phone numbers are to be provided in an easily-discernable manner, allowing customers to contact the University with little effort; (4) The site will "clearly identify the date that the information is updated."

Texas Tech's customer service standards are a good start, but will not fully meet the needs of the Marketplace.

http://www.texastech.edu/syustem/compacttexans.html

Review of Corporate Policies

Amazon.com, Inc.

Returns: Amazon will allow its customers to return most of the items sold on its site within 30 days of purchase for a full refund. Additionally, Amazon will pay the return shipping fee if the return is due to Amazon's error. Items excepted from the return policy include any CD, DVD, VHS tape, software, cassette tape, or record which has been removed from its plastic wrap. Refunds: Similar to returns as far as policy is concerned, refunds may be issued on items which are able to be returned and are not excepted from the return policy. Amazon will notify the customer of a refund via email once the item and refund have been processed. Funds transferred in the sale will be returned in the same form which they were issued (i.e. credit card, ACH, money order, etc.).

In order to return a purchased item which qualifies for the service, Amazon requires that you login to the Returns Center of their site and complete paperwork in this manner.

Conclusion: Amazon.com is a trusted and reliable online merchant whose policies are definitely worth emulating.

BarnesandNoble.com, LLC.

Returns: BarnesandNoble.com will accept for return only items which meet the stipulations of the policy. These items include new books, unopened CDs, DVDs, etc. that are returned in their original condition. Items are only eligible for return within 30 days of the delivery date. Refunds: Funds used in the purchase of goods at BarnesandNoble.com will be refunded only if they meet the criteria as outlined above.

Customer must complete the Returns Form that is included on the back of the packing slip that accompanies a BarnesandNoble.com package in order to return an item.

Conclusion: Like Amazon, BarnesandNoble.com is a trusted and reliable merchant, wholly capable of organizing and maintaining a massive, nationwide selling operation. Their policies and procedures are definitely worth emulating in the Marketplace.

BestBuy.com.

Returns: For most items, Best Buy will allow a return within 30 days of the purchase, provided that the item is unopened, and that the item meets the return criteria. CDs, DVDs, software, and other electronic media may be returned to a Best Buy store if they are unopened. Refunds: Most refunds are processed by returning the item to a Best Buy (brick
and mortar) store. If an item must be returned via mail, the funds transferred for that item will be refunded if the item meets the return criteria outlined above. Exchanges: Opened CDs, DVDs, computer software, and other electronic media may be exchanged for the same item due to a defect only.

Conclusion: Best Buy is a widely respected and reputable merchant, one whose policies are definitely worth emulating.

**Apple Computer, Inc.**

Returns: Apple allows its customers, with strict guidelines, to return Apple products to the warehouse. Customers must obtain a Return Material Authorization request within 10 business days of receipt of the product. Refunds: Refunds are offered in certain specific cases only: (1) If a product is deemed "DOA", or dead on arrival, by an Apple Support Technician; or (2) If a product is defective. All other products may only be exchanged, or are subject to Apple's standard product warranty.

Conclusion: While Apple has extensive, easily-understood policies and procedures, they are too restrictive where returns and refunds are concerned, and are therefore not a viable candidate for Marketplace policy emulation.

**Description of Administrative Roles**

The description of administrative roles encompasses the roles of both the ND Marketplace Administrator and the Storefront Managers. These descriptions necessarily are fluid and must be adapted as the marketplace evolves.

**Development of Statement on Sponsorship and Advertising**

**Executive Summary**

A Statement on Sponsorship and Advertising is necessity given the tax implications for marketplace participants (see below).

Appended are current ND policies and standards pertinent to sponsorship and advertisement. Additionally, the policies and standards for of peer institutions governing sponsorship and advertising are summarized and/or hyperlinked.

It is likely that approval for site sponsorship will be obtained during the merchant approval process. The Marketplace Administrator will get sign-off from tax for purposes of determining whether the sponsorship is a tax-exempt, qualified sponsorship or an advertisement.

Student groups must be reminded that the solicitation of advertising or sponsorships is subject to the Solicitation section of the Student Activities Policy.

Our recommendation largely follows MIT’s example (below). The recommendation largely paraphrases MIT’s statement and quotes the IRS’ guidelines for differentiating qualified sponsorship from advertising.

**Relevant Policies from Notre Dame**

Solicitation of Advertising or Sponsorship by student groups is subject to the Solicitation section of the Student Activities Policy. The following are the relevant excerpts:

**Soliciting Advertising**

“Permission from the vice president for student affairs or his or her delegate is required in order for any student or student organization to solicit advertising or to accept paid
advertisements for any purpose. Student publications and other groups soliciting advertising must conform to federal, state and municipal regulations.”

**SOLICITING CORPORATE SPONSORSHIP**

“Any student wishing to solicit corporate sponsorship for any purpose or project affiliated in any way with the University must obtain permission in advance. A written proposal should be submitted through the director of student activities to the vice president for student affairs or the vice president’s delegate. The proposal will be reviewed and forwarded to the University Committee on Marketing and Licensing for a decision regarding approval.”

**REVIEW OF PEER INSTITUTIONS**

**MIT**

The following is an excerpt from the *Executive Summary*\(^5\) of MIT’s discovery process that preceded their e-commerce initiative:

“According to IRS regulations, ‘qualified sponsorship payments’ received by a tax-exempt organization are not subject to unrelated business income tax.

“A qualified sponsorship payment is defined as one made by a person engaged in a trade or business for which the person does not receive a substantial return benefit other than (i) goods, services, or other benefits that are of insubstantial value...or (ii) the use or acknowledgment of the payor’s name, logo or product lines in connection with the organization’s activities.’ The following are allowed:

“Logos and slogans that do not include qualitative or comparative descriptions of products or services,

- A list of the payor company’s location, telephone number, and Internet address,
- Value-neutral descriptions of the company’s products or services, and
- The company’s brand or trade names and product service listings.

“On the other hand, advertising will be treated as a substantial return benefit. A posting will be considered as taxable advertising if it contains:

- qualitative or comparative language
- price information or other indications of sale or value
- an endorsement
- an inducement to buy a product or service

“Some forms of advertising are not taxable. For an advertisement to be nontaxable there needs to be an educational component. For instance, most of the advertising in the student newspaper, The Tech, is not taxable because in the process of creating the newspaper students are learning to be reporters, learning to market, etc. That is to say, the putting together of the paper is an educational process. The publishing of a journal by faculty members, however, is not regarded as having an educational component and therefore advertising appearing in such journals would be taxable.”

**ADDITIONAL OBSERVATIONS**

Given the tax implications, 3rd party advertising should probably be proscribed in the marketplace. However, considering the growing importance and prevalence of e-commerce, it is conceivable that the management of an online storefront could become an educational exercise, at which point the issue of advertising may need to be revisited.
From the ND Student Activities Policy: ‘All student media [print or broadcast] should carry a prominent statement that the opinions expressed are not necessarily those of the college, University or student body.’

**MERCHANT APPROVAL PROCESS**

**Executive Summary**

Herein are collected relevant current policies, procedures, and forms guiding the establishment of vending privileges at the University of Notre Dame. Additionally, the policies and procedures of peer institutions for establishing e-Commerce privileges are summarized and/or hyperlinked.

Finally, a merchant approval process for the ND Marketplace is recommended including the identification of decision makers; a process outline; drafts of relevant forms; and a recommendation for establishment of formal usability standards by the ND Marketplace Administrator.¹

**Extant Policy at Notre Dame**

Student group merchandising is subject to the Merchandising and Fund Raising section of the [Student Activities Policy](#), which describes the approval process, directs students to complete the [Goods & Services Application](#) form, and delineates student merchandising proscriptions.

The University requires that all merchant card activity conducted in the course of university affiliated business be serviced through the university. Merchants must set up their accounts through the Controller’s Group by acquiring account and Merchant ID numbers utilizing the procedures and forms provided hereafter.

Other University practices regarding the authorization of University affiliated entities to conduct business were explored in consultation with Audit and Advisory Services, the Tax Department, General Counsel, the Controller’s Group, Licensing, and Student Affairs.

**Extant Procedure at Notre Dame**

The Controller’s Group requires that merchants set up their accounts through the offices by acquiring account and Merchant ID numbers.

Business Operations::Licensing describes their procedure for merchant/merchandise approval at [License Application Procedure](#). The procedure is as follows:

**National License**

For national sales, a telephone call to the Director of Licensing at (574) 631-9327, will initiate the national license application process. Depending on the product and where that product will be sold, the Director will explain the parameters of applying for a Notre Dame license. The Licensing Committee comprises representatives from different departments and meets monthly to review license applications and related subjects.

**Campus License**

Should a potential licensee wish to sell to campus venues only, an official agreement for product purchase by a campus store will initiate a campus license.

---

¹ Recommendations are meant to aid in establishing business processes—legal implications are considered here."
Varsity Shop:
Jim Fraleigh
Joyce Center
University of Notre Dame
Notre Dame, Indiana 46556
Telephone: 574-631-8103

The Hammes Bookstore:
Jim Davis
The Hammes Bookstore
University of Notre Dame
Notre Dame, Indiana 46556
Telephone: 574-631-9708

UNIVERSITY/STUDENT VENDOR LICENSE

Student vendor agreements for student fund-raising events are initiated in the Student Activities Office at (574) 631-7308.

University vendor agreements covering the sale of products bearing Notre Dame's trademarks (but not for resale) will be negotiated with vendors through the specific department purchasing the product.

ALUMNI LICENSE

Alumni agreements are initiated by the Alumni Office and cover items bearing Notre Dame's trademarks for specific events or fund-raising.

EXTANT FORMS AT NOTRE DAME

The Controller's Group has created a Merchant Account Survey to collect necessary information from new merchants. This draft form is meant to serve as a basis for the form to be utilized in the ND Marketplace merchant approval process.

Business Operations::Licensing uses a form entitled Departmental Request to Produce, Distribute, or Sell Merchandise.

“If your organization/team desires to produce, distribute or sell merchandise bearing the Notre Dame name and/or logos, approval must be obtained by completing this form and submitting it to [the Director of Monogram Club]. This form needs to be completed even if your product(s) is being given away at no charge.”

MERCHANT APPROVAL AT PEER INSTITUTIONS

IOWA STATE UNIVERSITY

http://www.public.iastate.edu/~ecommerce/homepage.html

A. General policies: To establish a merchant site, each merchant must:
A.1. Complete an Application to Process Internet Payments, and a Merchant Agreement.
A.2. Create and maintain its own site. Resources are available at AIT Web Services.
A.3. Comply with the University web policies as found at the ISU Web Guide.
A.4. Pay all web development costs, all fees from the bank, the 3rd party transaction processing fees, and internal costs.
A.5. Pass ECRC review (E-commerce Review Committee). This review will include verifying that all standards have been met.
A.6. Adhere to the ISU Customer Data Privacy Statement and post on merchant site. Amendments must be approved by ECRC.
A.7. Assume responsibility and liability for the security of all transactions and data, including any monetary loss suffered by the University due to theft or improper use of payment card numbers and associated information.

A.8. Comply with the Board of Regents Policy on Competition with the Private Sector.

**University of Minnesota**

The University of Minnesota has separate policies governing External Sales and Internal Sales.

For external sales, the procedure is as follows:

- Prepare a Business Plan and Review with your Unit (see policy for details).
- Obtain Appropriate Approval – Any department, college, or administrative unit planning to sell goods or services to external customers must obtain appropriate approval. The required signatures for approval are: applicant, Department Head (or Director), Dean and Associate Vice President for Budget and Finance or their designee.

For internal sales, the procedure is as follows:

- Complete the University of Minnesota Sales Approval Questionnaire (including the signature of the appropriate RRC, Dean and Provost).
- Send the completed questionnaire and a business plan to the University Controller for approval. Retain a copy of both documents.

Departments will be notified whether authorization has been granted or denied. If authorization is denied, a memo will be sent to the department within 30 days with an explanation; sooner if General Counsel approval is NOT required.

Authorization Criteria: Requests to approve the following sales activities will NOT be accepted by the University Controller.

- Activities that are illegal or that violate University policy.
- Activities that are predominantly unrelated to the University’s mission.
- Activities that do not provide competitive rates and service.

**Auburn University**

**Business Review of Proposed E-Commerce Applications:**

A committee comprised of representatives of Treasury Services, Bursar, Business & Finance and Controller, and the Office of Information Technology will review all proposed business applications which propose to use the Internet for online payment of sales of products and services.

Prior to development of any E-Commerce application, including those to be developed by outside contractors, each Auburn University department without exception must submit a proposal to the Office of Treasury Services. Treasury Services will initiate a committee review. Each proposal should include the following information:

- The products or services to be sold
- The intended customer base
- Anticipated transaction volume
- Any outside advertising to be included on the pages
- Name of a departmental representative for the E-Commerce Review Committee and Office of Information Technology to contact regarding technical or procedural questions that may arise during the review and approval process of the application.

If the application is approved, Treasury Services will notify the department, determine the income account to be credited, and obtain a new merchant ID, if necessary.
Additionally, this review committee shall be responsible for:

- Consideration and approval for changing "transaction processors" or adding additional processors as appropriate.
- Reviewing all campus Web applications for policy compliance.
- Establishing deadlines for bringing all existing payment applications into full compliance with this policy.

MIT

The complete MIT Guidelines outline a process for merchant application and specify user interface (UI) and business standards. One unique element is their provision for non-university accounts: "All revenues received must be collected and reported according to standard MIT financial procedures. Revenues must be deposited in an MIT bank account. For more information, contact merchantservices@mit.edu or call 253-2764. Student groups may choose to use an outside bank account, in which case requirements outlined in the Office of Residential Life and Student Life Programs' (RLSLP) procedures and policy for Obtaining and Maintaining Outside Bank Accounts must be followed."

Drafts of MIT’s merchant applications (web forms to be completed online) are available at http://web.mit.edu/is/discovery/ecommerce/ASPCC_Report_10jan/reg_form.htm and http://web.mit.edu/is/discovery/ecommerce/reg_form.htm.

CONCLUSIONS

ND’s National License likely will apply to most online store fronts. Those wishing to sell only to on-campus parties can be accommodated if the Marketplace solution provides an optional NetID login to close a sale, therefore the Campus License may also be valid for online sales.

Some student organizations may have external bank accounts. Depending upon the design of the final solution, these students may or may not be accommodated by the system.

ADDITIONAL RESOURCES

http://www.indiana.edu/~iutreas/merchantagreement.html

OTHER OBSERVATIONS

Online vending policy communication and enforcement guidelines – In the Administrative Roles recommendation, responsibility for communication and enforcement of online vending standards must be assigned.

AUDIT PROCEDURES

Appropriate control structures such as risk assessments, surveys, site reviews, catalogue inspections, analysis of monthly exception reporting, etc. is to be conducted at regular intervals by the ND Marketplace Administrator. The exact nature of these requirements necessarily will evolve as the marketplace unfolds and should be developed in cooperation with Business Operations and OIT to capture all relevant concerns.

SPECIFICATION OF TERMS AND CONDITIONS

The recommended Terms are not materially different from that of commercial web sites and are, in fact, virtually word-for-word reproductions from Barnes and Noble.com, LLC.
**Summary of Additional Findings**

**Copyright**

**Digital Millennium Copyright Act**

Latest copyright law (2000), relevant specifically to copyrighted media.

Relevant to current Copyright Compliance. Additionally relevant to e-commerce and vendors who wish to use copyright material of other organizations.

- Therefore include in business processes as part of training/instruction to administrators that proper copyright compliance is expected and will be enforced.

**Notre Dame's Copyright Compliance Policy**

University members are expected to adhere to U.S. Copyright law. ([http://www.nd.edu/copyright/index.shtml](http://www.nd.edu/copyright/index.shtml))

**Notre Dame's Web Disclaimer**

[http://www.nd.edu/copyright/disclaimer.shtml](http://www.nd.edu/copyright/disclaimer.shtml). The University is not liable for all the content on the web pages within, nor do those web pages represent the University.

**Notre Dame’s Policy Governing the Use of Marks**

[http://www.nd.edu/copyright/marks.shtml](http://www.nd.edu/copyright/marks.shtml). Prohibits unregistered and unlawful use of trademarks, symbols, emblems, logos, sites, mascots, logos etc.

**Federal Trade Commission (FTC) Rules**

**Advertising and Marketing**

In advertising on the Internet, remember that many of the same rules that apply to other forms of advertising apply to electronic marketing.

- Representation, omission or practice is deceptive if it is likely to:
  Mislead consumers and
  Affect consumers’ behavior or decisions about the product or service.

- An act or practice is unfair if the injury it causes, or is likely to cause, is:
  Substantial
  Not outweighed by other benefits and
  Not reasonably avoidable

- The FTC Act prohibits unfair or deceptive advertising in any medium. That is, advertising must tell the truth and not mislead consumers.

- In addition, claims must be substantiated, especially when they concern health, safety or performance.

- Sellers are responsible for claims they make about their products and services.

- Website designers are responsible for reviewing the information used to substantiate ad claims.

- In determining whether an ad agency should be held liable, the FTC looks at the extent of the agency’s participation in the preparation of the challenged ad, and whether the agency knew or should have known that the ad included false or deceptive claims.

- Disclaimers and disclosures must be clear and conspicuous.

- Demonstrations must show how the product will perform under normal use.

- Refunds must be made to dissatisfied consumers – if one promised to make them.

**Fair Credit Billing Act**

Important if you are a creditor billing customers for goods or services. The Act requires you to acknowledge consumer-billing complaints promptly in writing and to investigate billing
errors. The Act also requires that creditors promptly post payments to the consumer’s account, and either refund overpayments or credit them to the consumer’s account.

**Electronic Fund Transfer Act**

The Act establishes the rights, liabilities and responsibilities of participants in electronic fund transfer systems. The EFTA requires participants to adopt certain practices when they deal with transaction accounting and preauthorized transfers and error resolution, and sets liability limits for losses caused by unauthorized transfers.

**Mail or Telephone Order Merchandise Rule**

Also applies to Internet sales, you must have a reasonable basis for stating or implying that a product can be shipped within a certain time. If your ad doesn’t include a shipping statement, you must have a reasonable basis to believe you can ship within 30 days.

- If you can’t ship when promised, you must notify the customer of the delay and the right to cancel.
- For definite delays of up to 30 days, you may treat the customer’s silence as agreement to the delay.
- For longer and indefinite delays, and second and subsequent delays, you must get the customer’s consent. If you don’t, you must promptly refund all the money the customer paid you without being asked.
- You can give updated shipping information over the phone if your Internet ad prompts customers to call to place an order. This information may differ from what you said or implied about the shipping time in your ad. The updated phone information supersedes any shipping representation made in your ad, but you still must have a reasonable basis for the update.

**Guarantees**

If your ad uses phrases like “satisfaction guaranteed” or “money-back guarantee,” you must be willing to give full refunds for any reason. You also must tell the consumer the terms of the offer.

**Uniform Electronic Transaction Act (UETA)**

The Act supports electronic contracts by presuming the validity of “electronic records” and “electronic signatures."

**Uniform Computer Transaction Act (UCITA)**

UCITA applies to “point and click” transactions involving computer information and transaction for goods whose “primary purpose” is the license of a computer program.

**Relevant Tax Law**

**UBIT, Unrelated Business Income Tax**

**ITFA, Internet Tax Freedom Act**