

# Chapter 14 - Prohibited and Restricted Purchases

a. Cardholders are presented with requests to buy a wide variety of items and services, and it can be difficult for CHs to determine whether the requested purchase is authorized. This chapter describes the characteristics of an authorized purchase; identifies items and services that are prohibited and restricted from purchase; and the exceptions under which they are allowable.

b. Cardholders must contact their A/OPC or other local authority (e.g., legal advisor, HCA, or resource manager) before making purchases that seem questionable or have the appearance of being inappropriate. When buying questionable items or services, CHs must include approval documentation in the purchase file.

c. All exceptions must be on a per transaction basis after consultation with the A/OPC, legal counsel, HCA, SCO, CCO, or resource manager. Multiple requests for the same exception must be approved by the Level 3 or 4 A/OPC responsible for issuing the GPC accounts. There may be exceptions to the guidance in this section. For example, the armed escort of prisoners may be a legitimate use of the GPC even though "escort services" qualify as a prohibited transaction. CHs must include the results of their consultations and determination to use the GPC in this manner with their transaction supporting data.

**Parent topic:** [APPENDIX - EE DEPARTMENT OF THE ARMY GOVERNMENT PURCHASE CARD OPERATING PROCEDURES](#)

## 14-1. Authorized Purchases

a. **Determining whether a Purchase is Authorized.** An authorized purchase satisfies a current mission-related need at a fair and reasonable price that meets all legal and regulatory requirements. It meets the following five criteria:

1) **Lawful.** Purchase is funded and authorized by law or regulation, and the requested item/service fits the appropriation which is being used. See 48 CFR 13.301(a) and 31 USC 1301(a).

2) **Legitimate Government Need.** Request is for official purposes and not for the personal benefit of a Government employee.

3) **Bona Fide Need (Current Year Appropriation).** Request is for the need of the current year of the appropriation. This rule does not prevent maintaining a legitimate inventory at reasonable and historical levels. See 31 USC 1502.

4) **Minimum Needs of the Government.** Request should not exceed what is truly required. See FAR 11.103(c)(1).

5) **Fair and Reasonable Price.** Price charged is fair to both parties, considering the quality and timeliness of performance and delivery. Micro-purchases may be awarded without seeking competitive quotes if the CH or BO considers the price to be reasonable. Cardholders should obtain multiple quotes if they suspect that the price is not reasonable or if buying a supply/service for which no comparable pricing is readily available. See FAR 13.203(a)(3).

b. **Funding.** Funds must be committed and obligated prior to purchase. BOs must ensure that sufficient funds are obligated within the financial system before providing approval to the CH to make the purchase. CHs must screen the Purchase Request and Approval document to verify the BO has approved the requirement to make the purchase. Purchasing before obligation of funds is a violation of the Anti-Deficiency Act. For CHs who use GFEBs, a purchase request with sufficient funding must have L4 approval before the card is swiped.

c. **Contract Payments.** If a valid procurement requirement has resulted in the award of a Government contract, the GPC may be used as a method of payment against the contract, even if the acquisition would otherwise be for a GPC prohibited item.

## 14-2. Unauthorized Commitments and Ratification

a. An unauthorized commitment (UAC) is defined by FAR 1.602-3(a) as “an agreement that is not binding solely because the Government representative who made it lacked the authority to enter into that agreement on behalf of the Government.” See AFARS 5101.602-3-90. The only individuals who can bind the Government are warranted contracting officers, ordering officials, and cardholders acting within the limits of their delegated authority. The individual making a UAC can be held personally liable to the vendor for the total cost of supplies or services obtained until the extent of the Government’s liability is determined. The primary factor in determining whether a purchase is considered a UAC is contracting authority. CHs have this authority from their appointment letter. When an individual without contracting authority initiates a purchase, it is considered a UAC.

b. GPC purchases must be approved by the BO prior to purchase and initiated by the CH. The designated CH is the only person authorized to make purchases with a GPC. FAR 1.602-3(b) requires agencies to take positive action to preclude the need for ratification actions. Although procedures are available in cases where it is necessary to ratify a UAC, these procedures may not be used in a manner that encourages UACs being made by Government personnel.

c. Payment for goods or services accepted in the absence of a UAC may be made only through the ratification process. Payment cannot be made unless a Contracting Officer has awarded a contract or an authorized GPC holder acting within his or her delegation of authority has ordered the item(s).

### d. **Examples of Unauthorized Commitments.**

1) The Army receives services/supplies in which a properly executed funding document and an authorized procurement method (e.g., contract, BPA, or GPC) was not established prior to the Government ordering the services/supplies.

2) Someone other than the CH contacts a vendor and asks them to provide supplies or perform work, without the CH’s knowledge and without prior approval of the billing official.

3) An individual without contracting authority orders supplies or services.

4) CH orders supplies or services exceeding their procurement authority.

5) A vendor mistakes a request for information as an order, ships the item, the receiver does not realize it is an improper order and accepts the item rather than reject and return the item.

6) A contractor continues to perform a service contract or provide leased/rented equipment after the expiration date of the contract. This situation frequently occurs on yearly

services/maintenance/lease-type contracts for which there is a continuing need.

7) An individual makes a commitment for continuation of services or delivery of supplies under an expired contract, purchase order, or delivery order.

8) An individual makes a commitment which exceeds the call order limit on a blanket purchase agreement.

9) A person who does not have delegated authority makes a commitment under a BPA.

10) An individual makes a commitment which continues contract services over and above the original scope and dollar amount.

**e. Common Reasons for UACs.**

1) Failure to plan procurement needs far enough in advance to utilize normal contracting procedures.

2) Encountering emergency program requirements and not believing there is enough time to go through normal procurement procedures.

3) Failure to expeditiously review, approve, and transmit procurement requests to the Procurement Office.

4) Failure to perform extensive market research before taking an action.

5) Government officials not understanding the parameters of their actual authority or lack thereof.

6) Government official not understanding that agreeing to an option presented by a contractor could be an unauthorized action if it creates more work or expense.

**f. Ratification Process.** AFARS 5101.602-3-90 outlines the Army process for ratifying an unauthorized commitment. Unauthorized commitments may be paid by the Army through ratification. Ratification means the act of approving an unauthorized commitment by an official who has the authority to do so. The ratification process determines whether the Army or the initiator will pay the invoice. The individual who made an unauthorized commitment can be held personally liable to the vendor or the Government for the total cost of supplies or services obtained until the extent of the Government's liability is determined. The Government accepts liability through ratification. When an A/OPC identifies a potential unauthorized commitment, the A/OPC must contact the local contracting office to initiate the ratification process. The ratification authority may be delegated in accordance with agency procedures, but in no case will the authority be delegated below the level of Chief of the Contracting office, or equivalent.

**g. Payment of Properly Ratified Claims.** A contracting officer can only ratify the unauthorized commitment if it would have been proper to enter into a contract before the commitment was made. After the unauthorized commitment is ratified, the payment of the ratified claim may be made through an appropriate contract action (e.g., award of a contract, modification to a contract, purchase order, GPC). After ratification, the GPC may be used to satisfy the commitment if the amount of payment is within the cardholder's authority; if the payment is made in the same fiscal year as the commitment; and if the commitment itself is properly chargeable to the current fiscal year. If prior fiscal year funds are required to satisfy the commitment, a purchase order, or other formal contractual instrument, payable through Government vendor payment channels, will be required. If the outstanding charges have already been paid in error with the GPC prior to the

discovery of the UAC, the UAC is being processed for ratification only and the supporting documentation is loaded in the bank's EAS.

**h. Non-Ratifiable Commitments.** An improper unauthorized commitment is not ratifiable because it involves violation of a substantive legal requirement or because the commitment exceeded the Contracting Officer's authority.

1) Actions prohibited by law or otherwise improper are considered non-ratifiable.

2) The Government is liable for the reasonable value of any goods or services received by the Government. In such cases, the contracting officer should document that although the UAC cannot be ratified, the vendor is entitled to fair and reasonable payment for goods and services accepted (not necessarily the same amount as the UAC). The contracting officer should resolve the UAC in a different manner by contacting the mission area finance office.

3) If it is determined the non-ratifiable commitment should not be paid (e.g., the Government did not receive and accept services) and/or the vendor seeks review of a disallowance (in full or in part), the Contracting Officer should seek legal advice.

4) FAR 1-602-3(d). Non-ratifiable commitments. Cases that are not ratifiable under this subsection may be subject to resolution as recommended by the Government Accountability Office under its claim procedure (GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title 4, Chapter 2), or as authorized by FAR 50.1. Legal advice should be obtained in these cases.

### 14-3. Prohibited Transactions

The following list identifies supplies and services that are prohibited from purchase with the GPC.

a. Aircraft fuel and oil. The Air card is the appropriate procurement method.

b. Auto Insurance for Government-owned vehicles.

c. Bail and Bond Payments.

d. Betting, casino gaming chips, and off-track betting.

e. Cash advances, including money orders and travelers' checks.

f. Court costs, alimony, and child support.

g. Cyber Security Prohibitions. IOD creates DM cases for all transactions with these company names. These prohibitions are for the purposes of public safety, security of Government facilities, physical security surveillance of critical infrastructure, and other national security purposes.

Table 14-1 - Cyber Security Prohibitions Summary

<b>Prohibition</b>	<b>Company</b>	<b>Also Prohibited</b>
Covered Article	Kaspersky Lab	Successor entities

Telecommunications Equipment	Huawei Technologies Co. ZTE Corp.	Subsidiaries or Affiliates
Video surveillance and Telecommunications Equipment	Hytera Communications Corp. Hangzhou Hikvision Digital Technology Co. Dahua Technology Co.	Subsidiaries or Affiliates

**h. Dating and escort services.**

**i. Equal Employment Opportunity (EEO) settlements.**

**j. Fines.** Use of the GPC to settle a commercial or governmental fine is generally prohibited.

**k. Foreign currency.**

**l. Gift Certificates and Gift Cards.** Buying gift certificates and cards is generally prohibited. Exception: Gift certificates and gift cards are considered to be cash advances and must not be purchased with the GPC, even to obtain items from merchants that do not accept the GPC. As with cash and near-cash, gift certificates and gift cards are prohibited because they are easily misappropriated and the award of gift certificates or gift cards requires the submission of 1099 reports in accordance with IRS regulations. The Department is required to file a form 1099-MISC for payments to individuals totaling more than \$600 in a tax year.

**m. Kaspersky Lab.** Prohibits the use of hardware, software, and services of Kaspersky Lab and its related entities by the Federal Government.

**n. Military personnel or civilian employee purchases** (e.g., when Government employees are acting as vendors).

**o. Personal use Purchases.**

**p. Pharmaceuticals.** Pharmaceuticals must be purchased through the DLA supply system.

**q. Repair of leased GSA vehicles.** The fleet card is the appropriate method for these repairs.

**r. Salaries and Wages.**

**s. Savings bonds.**

**t. Taxes** (e.g., personal taxes).

**u. Telecommunication Systems** (e.g., the Federal Telecommunications System or DSN system).

**v. Travel Related Expenses, Advances, or Claims.** Use of the GPC to purchase travel or travel related expenses is prohibited in accordance with the DPC 20 Dec 2018 memorandum titled "Prohibition on Use of Government Purchase Card for Payment of Travel Related Expenses." Only the travel card is to be used for individual official travel-related expenses. All travel-related expenses (e.g., metro, taxi, bus fares, EZ Pass, automated toll tools, parking fees) are processed in accordance with the Joint Travel Regulations (JTR) Chapter 2, Part L. The JTR provides examples with formulas (e.g., ordinary travel miles to permanent duty station, miles to other sites, cost of fares) to determine

whether the Government is responsible for the travel expense.

w. **Video Surveillance Cameras.** Use of the GPC to purchase video surveillance cameras is prohibited in the DPC 15 August 2018 memorandum titled "Government-Wide Commercial Purchase Card Prohibited Purchases."

x. **Wire transfers.**

## 14-4. Restricted Transactions

The following list identifies supplies and services that are generally prohibited from purchase. Under the following conditions, the below items are allowable to purchase with the GPC.

a. **Advance Payments.** Advance payments are generally prohibited unless authorized by a specific appropriation or other law. See 31 USC 3324. The purpose of this prohibition is to avoid losses to the Government which would result if contractors failed to perform the services or provide the goods which had been paid for. Exceptions include but are not limited to subscriptions or training based on an SF 182, Authorization, Agreement, Certification of Training. *Advance payments* are authorized for Tuition Assistance in accordance with AR 621-5. Limitations on advance payments do not apply to advance payments authorized by law for subscriptions or publications. Advance payment is authorized in [31 USC 3324\(d\)\(2\)](#) for "charges for a publication printed or recorded in any way for the auditory or visual use of the agency." CHs must place subscription orders in the name of an organization or a position title (e.g., Building Manager or Director, XXX Division) rather than in the name of an individual employee. CHs must retain the renewal notice or a statement that reflects the beginning and ending date of the subscription service.

b. **Business Cards.** Commercial printing of business cards is prohibited. Cardholders may use the GPC to order business cards from AbilityOne and National Industries for the Blind.

c. **Bottled Water and Ice.** Bottled water is generally prohibited. Cardholders may use the GPC to buy water when potable drinking water is not available on the premises or when the drinking water currently provided or available on the premises is harmful if consumed. Cardholders must obtain approval from their legal advisor prior to purchase and include approval documentation in the purchase file. (B-247871, B-324781, B-310502, and B-318588)

d. **Coins.** Cardholders may use the GPC to buy coins in accordance with the specified policy in HQDA memo, Policy for the Procurement and Presentation of Coins, dated 14 December 2016.

e. **Commercial Unmanned Aerial Systems.** Use of the GPC to purchase commercial unmanned aerial systems (e.g., "drones") is prohibited in the DPC 15 August 2018 memorandum titled "Government-Wide Commercial Purchase Card Prohibited Purchases." See DPC 1 March 2019 memo titled "Limited Exception to the General Government Wide commercial Purchase Card Unmanned Aerial Systems Purchasing Prohibition."

f. **Conference Registration Fees.**

1) **Local In-person Training Conference.** Cardholders should use the GPC to pay the registration fee. Attendance may require conference approval from chain of command and legal office.

2) **Conference that Requires Official Travel.** Cardholders may use a GPC for a standalone, advanced payment of the registration fee. Attendance may require conference approval from chain

of command and legal office.

3) **Virtual Training Conference.** Cardholders should use a GPC to pay the registration fee. Conference approval is not required per AR 1-50, 1-8.

**g. Equipment, Systems, and Services Using Covered Telecommunications Equipment or Services as a Substantial Component or Critical Technology.** FAR 13.201 prohibits use of the GPC, on or after August 13, 2019, to procure or obtain, or extend or renew a contract to procure or obtain, any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as a critical technology as part of any system, unless an exception applies, or a waiver is granted.

**h. Food, Meals, and Refreshments.** Food is generally prohibited to buy with the GPC, but it may be purchased under the below allowable exceptions. CHs must obtain approval from their legal advisor prior to purchase and include approval documentation in the purchase file. When purchasing food, CHs may use the GPC to buy disposable serving materials (e.g., paper plates and napkins, plastic forks). Use of GPC to rent or purchase fine china, linens, and other luxury materials is prohibited.

1) **Non-Government Sponsored Meeting or Conference.** Cardholders may use GPC to pay for food if the cost of food is a non-separable portion of a registration or attendance fee that covers attendance and meals. CH may also use the GPC if food is necessary to obtain full benefit of the meeting or conference. (B-233807, Aug. 27, 1990)

2) **Agency Paying for Food for an Employee Attending a Government-Sponsored Conference.** Cardholders may use the GPC if food is necessary to obtain full benefit of the conference and the conference involves matters of topical interest to multiple agencies and/or nongovernmental participants. Also, without statutory authority to charge a fee and retain the proceeds, the host agency may not charge a registration or other fee to defray the costs of providing food. (B-198471, May 1, 1980 and B-288266, Jan. 27, 2003)

3) **Agency Hosting a Formal Conference.** Cardholders may use the GPC if the conference includes registration, published substantive agenda, and scheduled speakers; the food is a legitimate conference expense; and the conference involves matters of topical interest to multiple agencies and/or nongovernmental participants. Also, without statutory authority to charge a fee and retain the proceeds, the host agency may not charge a registration or other fee to defray the costs of providing food. (B-300826, March 3, 2005)

4) **Light Refreshments at Government-sponsored Conferences.** The agency sponsoring the conference may use the GPC to provide light refreshments on breaks at Government-sponsored conferences only for Government employees on travel orders (TDY status). Use of GPC to buy refreshments for non-Government employees or for Government employees not on travel orders is prohibited.

5) **Agency Hosting a Focus Group.** Cardholders may use the GPC if the focus group advances a specific statutory mission; the participants are federal employees; and the expenditure contributes materially to the achievement of the specific statutory function. (B-304718, Nov. 9, 2005)

6) **Routine Agency Meeting Held to Discuss the Internal Day-to-Day Operations of the Government.** Cardholders may use GPC if the meeting is held at an outside facility, and the cost of food is included, at no extra charge, in the fee for the conference space. (B-281063, Dec. 1, 1999)

7) **Training.** Cardholders may use GPC if participation in the meal is necessary to obtain the full benefit of the training. (39 Comp. Gen. 119 (1959)) Sponsoring agency may serve refreshments/meals at training where the food is necessary to achieve the objectives of the training program. The food must be incidental to the training, and the event must meet the definition of training in 5 USC 4101(4). Attendees would fail to complete the training if they missed the meal.

8) **Award Ceremony.** Cardholders may use GPC if the recipients will be publicly recognized, and the authorized agency official has determined that food advances the recognition of the awardee. Sponsoring agency may serve light refreshments at award ceremonies honoring individuals recognized under a Civilian Employee Incentive Award Program. Use of GPC to pay for refreshments at the following types of ceremonies is prohibited: retirement, promotion, graduation, recurring quarterly recognition, commanders' call, PCS, and longevity. (65 Comp. Gen. 738 (1986))

9) **Cultural Awareness Ceremony.** Cardholders may use GPC if the food is part of a formal program intended to advance EEO objectives and make the audience aware of the cultural or ethnic history being celebrated. The food must be a sample of the food of the culture, and be offered as part of the larger program to serve an educational function. (B-301184, Jan. 15, 2004)

10) **Official Representational Funds (ORF).** Cardholders may use the GPC to extend official courtesies, including meals and refreshments, to authorized guests in accordance with AR 37-47 or appropriate agency regulations. The GPC must be dedicated solely for use of ORF expenditures.

11) **NAF/Chaplains.** Cardholders may use the GPC to buy food in support of chaplain-led programs to assist members of the Armed Forces and their immediate family members in building and maintaining strong family structures. Allowable expenses include the cost of transportation, food, lodging, supplies, fees, childcare, and training materials for members of the Armed Forces and their immediate family members while participating in such programs, including participation at retreats and training conferences (10 USC 1789(b) and AR 165-1).

#### i. **Fuel.**

1) **Fuel for Special Purpose Vehicles.** Cardholders may use GPC for fuel for special purpose vehicles such as a forklift, tractor, lawn mower.

2) **Fuel for Rental Vehicles.** Cardholders may use GPC for fuel for vehicles rented 30 days or less for official purposes, when not in a TDY status. If in TDY status and need to purchase fuel for the rental vehicle, requester must use a Travel card.

3) **Fuel for Army NAF-owned Vehicles.** Cardholders may use GPC for NAF vehicle refueling in accordance with NAF vehicle refueling policy requirements in the JTR and DFAS 4200.2-1.

4) **Fuel for Personally owned Vehicles.** GPC is prohibited. Requester must use travel card.

5) **Fuel for GSA Fleet vehicles.** GPC is prohibited. Requester must use the GSA Fleet card.

6) **Fuel for Vehicles owned or leased by DoD.** Requester should use the DoD Fleet card.

7) **Bulk Fuel.** Requester should use the Logistics Fuel Card (LOGFUEL). The fuel may also be purchased via contract.

j. **Gift Funds** in support of Army donor program where nonappropriated funds are permitted.

k. **Long-term Lease of Land and Buildings.**



1) Lease of real property (i.e., land and/or buildings) for a term longer than 30 days is prohibited.

2) Lease of real property for a term shorter than 30 days is permitted.

l. **Professional Credentials.** Per 5 USC 5757, an agency may use appropriated funds or funds otherwise available to the agency to pay for expenses for employees to obtain professional credentials, including expenses for professional accreditation, state-imposed and professional licenses, and professional certification; and examinations to obtain such credentials. The authority under subsection (a) may not be exercised on behalf of any employee occupying or seeking to qualify for appointment to any position that is excepted from the competitive service because of the confidential, policy-determining, policy-making, or policy-advocating character of the position.

m. **Subscriptions.** Advance payment is authorized in 31 USC 3324(d)(2) for “charges for a publication printed or recorded in any way for the auditory or visual use of the agency.” Cardholders must retain the renewal notice or a statement that reflects the beginning and ending date of the subscription service. Cardholders must purchase mission-related subscriptions to magazines, journals, and technical data in the name of the agency only rather than in the name of an individual employee. Advance payments are authorized for subscriptions to prevent disruptions in service. Subscriptions must not have an automatic renewal at the end of the subscription period. Before leaving their role, CHs should notify their BO and A/OPC so that the subscription may be cancelled or transferred to another account as appropriate.

n. **Tires.** Cardholders may use [FedMall’s Global Tires Program](#) contract.

o. **Vehicle-related expenses.** These expenses are generally paid with the travel or fleet cards. CHs may use GPC if paying with travel or fleet card is inappropriate, e.g., NAF and Air Force vehicles.

p. **Weapons, Ammunition, and Explosives.** Use of the GPC for purchases of these items is generally prohibited. As controlled DoD commodities, weapons, ammunition, and explosives are assigned to the Army (see DFARS 208.70), which has contracting responsibility to supply all DoD Components with weapons, ammunition, explosives, and other commodities listed in DFARS PGI 208.7006. DoD Components are to submit their commodity requirements via MIPR to the assigned Component in accordance with DFARS 208.7002 and DFARS PGI 208.7002-1. See Chapter 16 for exceptions to policy.

## 14-5. Split Purchases

a. A split purchase is the intentional breaking down of a known requirement to stay within a CH’s single purchase limit or the MPT to avoid other procurement methods or competition requirements. Split purchases are prohibited with the GPC (FAR 13.003(c)(2)). Requirements exceeding the MPT should be directed to the contracting office. Cardholders and A/OPCs should check with their legal advisor if unsure whether a proposed purchase would be considered split.

b. The requirement is the total quantity and price known at the time of purchase. If a CH purchases as they become aware of a requirement, the requirement is each purchase. If a CH consolidates purchases and buys once a day, the requirement becomes what was received during that day.

c. Examples of split purchases include, but are not limited to, the following:

1) A single CH making multiple purchases from the same merchant on the same day, the total of

which exceeds the single purchase limit, and the total requirement was known at the time of the first purchase.

2) A single CH purchasing the same/similar item(s) from multiple merchants on the same day, the total of which exceeds the single purchase limit, and the total was known at the time of the first purchase.

3) A single CH making multiple purchases of similar items from the same or multiple merchants over a period of time when the total requirement was known at time of the first purchase and the value exceeds the single purchase limit.

4) Multiple CHs under the same supervision or BO purchasing the same/similar item(s) the same day or in a compressed timeframe when the total requirement is known at a given time and exceeds the single purchase limit.

5) Requirements exceeding the MPT (e.g., requirements for monthly recurring services, in which the monthly payment is less than the applicable services MPT, but the known yearly total exceeds the MPT).

d. **What is not a Split Purchase.** Sometimes transactions appear like a split purchase, but they do not meet the definition and are allowable to purchase with the GPC. See common examples below:

1) Multiple purchases to the same vendor which do not exceed the single purchase limit or MPT.

**Example.** A CH makes two separate \$100 purchases from the same vendor on the same day. This situation is not a split purchase because the combined total of \$200 is below the MPT.

2) Multiple purchases to the same vendor when the CH purchases as requirements are received.

(a) **Example.** A CH receives a \$4,000 purchase request in the morning. He obtains funding and approval and places the order. In the afternoon, the CH receives an \$8,000 purchase request to buy items from the same vendor. He obtains funding and approval and places a second order to the same vendor. This situation is not a split purchase, because the CH was unaware of the second request when he made the initial purchase. Even though the total cost of both purchases exceeded the \$10,000 MPT, the total known requirement at the time of each purchase was below the MPT.

(b) **Example.** A CH receives a \$6,000 purchase request on Monday. He obtains funding and approval and places the order. On Wednesday, the CH receives a purchase request from the same customer to buy additional items from the same vendor for \$5,000. He obtains funding and approval and places a second order to the same vendor. This situation is not a split purchase, because the CH was unaware of the second request when he made the initial purchase.

## 14-6. Merchant Authorization Controls (MAC)

a. The servicing bank provides Merchant Authorization Controls (MAC) in the form of Merchant Category Codes (MCC) and Merchant Category Code Groups (MCCG). MCCs and MCCGs categorize merchants by the goods and services they provide. They are used within the servicing bank's card processing system to authorize or decline purchase transactions based on controls established for each GPC account. An MCC is a four-character numeric code with a corresponding description that reflects the merchant's primary business. An MCCG is a logical grouping of MCCs.

b. **Merchant Category Code (MCC).** A code assigned by the merchant's bank to categorize each

merchant according to the type of business in which the merchant is engaged and the kinds of supplies or services provided. These codes are used as authorized transaction codes on a card/account to identify the types of businesses providing authorized supplies or services. DPC maintains the list of DoD-wide blocked MCC codes. The servicing bank uses MasterCard's Merchant Category Codes (MCCs) to categorize merchants based on the types of goods or services they provide. When an A/OPC adds MCCs to a Cardholder or Managing Account profile, it enables that specific account to make purchases from vendors categorized under that MCC.

c. **Tier 1 MCCs.** The servicing bank has placed a hard block on merchants with Tier 1 (Very High Risk) MCCs. The bank will decline all attempted transactions from vendors with these MCCs. Tier 1 MCCs may be unblocked upon approval by the Level 2 A/OPC, on a case-by-case basis. All purchases from merchants associated with Tier 1 MCCs will generate a data mining case in IOD.

Table 14-2: Tier 1 Hard Block Merchant Category Codes

<b>Code</b>	<b>Description</b>
4829	Money/Wire Transfer - Money Orders
5960	Direct Marketing Insurance Services
5962	Direct Marketing - Travel Related Services
6010	Financial Instructions - Manual Cash Disbursements
6011	Financial Instructions - Automated Cash Disbursements
6012	Merchandise and Service - Custom Financial Institution
6051	Quasi Cash - Merchant
6211	Securities - Broker and Dealers
6532	Payment Service Provider - Member Financial Inst. - Payment Trans. (M/C Only)
6533	Payment Service Provider - Merchant - Payment Transaction (M/C Only)
7012	Timeshares
7273	Dating Services
7276	Services - Tax Preparation

<b>Code</b>	<b>Description</b>
7297	Massage Parlors
7800	Government-Owned Lotteries
7801	Government-Licensed On-Line Casinos (On-Line Gambling)
7802	Government-Licensed Horse/Dog Racing
7995	Gambling Transactions
8651	Political Organizations
8661	Religious Organizations
9211	Court Cost Including Alimony and Child Support
9222	Fines
9223	Bail and Bond Payments
9311	Tax Payments
9401	I-Purchasing Pilot
9406	Government Owned Lottery (Specific Countries)
9700	Automated Referral Service

c. **Tier 2 MCCs.** Tier 2 MCCs are considered high risk, and their blocking can be customized within the servicing bank. Level 3 A/OPCs may authorize purchase from vendors with Tier 2 MCCs on a case-by-case basis. Purchases from merchants associated with these MCCs will not automatically generate a case in IOD. A complete list of Tier 1 and 2 MCCs are located at [DoD Tier 1 and 2 MCC Codes](#).

d. **MCC Blocking.** MCC blocking is a designation attached to an account, which prevents a specified MCC group from being charged (e.g., casinos, pawn shops). The blocking is established by attaching a merchant authorization control to a cardholder and/or managing account. If authorized MCCs are attached and set to approve, then non-authorized MCCs are effectively blocked. If non-authorized MCCs are attached and set to decline, then those MCCs are blocked and all other MCCs are effectively authorized.

e. **Requests to Override an MCC Block.** When requesting to override an MCC block, the CH or BO must provide the following information to the A/OPC.

- 1) Merchant name and address
- 2) Item/service description
- 3) Exact dollar amount of the transaction
- 4) Estimated date of the purchase
- 5) CH name and last four digits of the card account number
- 6) Justification for the purchase
- 7) Description of efforts to locate a source other than the merchant with the blocked MCC
- 8) Blocked MCC, if known

The Level 4 A/OPC will forward the request to the appropriate higher-level A/OPC for approval. Upon approval, the Level 4 A/OPC will update the merchant authorization control in the CH account to allow the transaction to process. The CH asks the vendor to resubmit the charge. After the transaction has processed, the Level 4 A/OPC will reapply the merchant authorization control to the CH account.

f. **Erroneous MCCs.** When a GPC transaction is declined due to an erroneously identified code, the CH must contact the servicing bank to determine what code is necessary to complete the transaction with the declining merchant. The BO and CH should contact the A/OPC to discuss a change to the CH's merchant authorization controls. Appropriate authorization is required when Tier 1 or Tier 2 MCC is the concern.

## **14-7. Detainees and Obligations under the Geneva Convention**

The GPC is an authorized tool to procure items in support of detainee operations with the consultation of their A/OPC and legal office. Under the articles of the Geneva Convention, the US is obligated to provide certain standards of care to persons in the custody of the U.S. Armed Forces, often referred to as detainees. Personal items purchased in support of detainee operations is thereby authorized in accordance with the Geneva Convention. These items may include but are not limited to the following:

- 1) Personal clothing items/footwear
- 2) Medical care
- 3) Quarters
- 4) Food/food preparation
- 5) Items in support of religious, social, recreational, educational and intellectual activities

Prior to purchasing these items, the cardholder must consult with their legal and A/OPC. To obtain more information on detainee operation please refer to AR 190-8 and Articles 89, 90 91, 93 and 94 of the Geneva Convention IV.