DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
US ARMY CONTRACTING AGENCY
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SFCA-PC

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY
(ACQUISTION, LOGISTICS AND TECHNOLOGY)
ASSISTANT SECRETARY OF THE NAVY (RESEARCH,
DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE AIR FORCE
(ACQUISITION)
DIRECTORS, DEFENSE AGENCIES

SUBJECT: Use of Third Party Payments

Questions have been raised regarding the use of a third party merchant (e.g., Paypal) to purchase goods and/or services using the purchase card. It has also been stated that the cardholder may not know that a third party merchant has been used until the cardholder statement is received.

It is the Department's policy that the use of the purchase card through a third party merchant is not allowed under any circumstances. Although this may limit the Department's access to a particular merchant, we believe the risks associated with the use of a third party merchant far outweigh any benefits to be gained. First, it masks what is bought with the card and thereby circumvents MCC blocking (both Department-wide and cardholder-specific blocking). It also hinders oversight and data mining capabilities. In most cases, the cardholder statement will first list the third party merchant's name and then the seller's name making it very difficult to data mine the transaction – short of selecting all of these transactions for detailed review.

In the future, in those instances where it is identified that the purchase will be processed via a third party merchant, the cardholder should choose another merchant with whom to procure the goods and/or services.

for LeAntha D. Sumpter
Director, Purchase Card Joint
Program Management Office