
**FOOD AND NUTRITION SERVICES CERTIFICATION
CLAIMS
EBT Recipient and Retailer Fraud**

FS 830 EBT Recipient and Retailer Fraud

**Change #3-2016
October 1, 2016**

830.01 GENERAL POLICY

Trafficking is the buying or selling of food stamp benefits for cash or consideration other than eligible food; or the exchange of benefits for firearms, ammunition, explosives or controlled substances; or the attempt to buy or sell FNS benefits online and in public. Establish a claim against a recipient for trafficking or attempted trafficking of their food stamp benefits. This may or may not be connected to a retailer that has been disqualified by USDA, Food and Nutrition Service. Use policy in Section 820, Intentional Program Violation (IPV) Claims, to establish recipient trafficking claims as IPV if there is clear and convincing evidence of the IPV. Misuse of benefits is allowing someone outside the authorized FSU to use food stamp benefits and the FSU does not benefit in return. Do not establish a claim for misuse. Use policy in Section 825, Intentional Program Violation (IPV) Disqualifications, to establish a disqualification against the person who misused benefits if there is clear and convincing evidence of the IPV.

830.02 REFERRING SUSPECTED RETAILER FRAUD

County Program Integrity staff identifies suspected retailer fraud based on complaints from sources other than USDA. Contact the NC Division of Social Services, Program Integrity Consultant prior to conducting a confrontational interview in a case that involves more than one recipient. Refer to the NC Division of Social Services, Program Integrity Consultant any indications of suspicious retailer behavior in Electronic Benefits Transfer (EBT) records or complaints concerning retailers, received from the public or recipients.

830.03 PROCEDURES FOR REFERRING SUSPECTED RETAILER FRAUD TO FNS

- A. Identify suspected retailer fraud based on complaints other than USDA Charge Letters. These referrals may be reports from the public or discovered during the course of investigating a suspected recipient fraud case.
- B. Refer any observations of suspicious retailer behavior as indicated by a review of EBT records or complaints received from the public to NC Division of Social Services as stated below. Do not conduct retailer investigations.
- C. **Send reports via email to Kathie.Chapuis@dhhs.nc.gov**. If the person who issues the complaint agrees, include their name and phone number. USDA investigators may want to contact them for more information. If you have a written statement regarding the retailer, include that information in your email, but do not forward it until requested. Also, do not send EBT records unless requested.

830.04 FNS PROCEDURES FOR REFERRING ALLEGED EBT RECIPIENT FRAUD TO N. C. COUNTIES

- A. USDA completes administrative action on violating stores and notifies North Carolina Division of Social Services. The NC DSS sends the referral to the Director of the County DSS, Attention: Program Integrity Staff/Supervisor.
- B. The referral includes a copy of the FNS charge letter to the store when the alleged fraud is proven administratively by FNS and the store is disqualified due to the violation. FNS has documentation that it considers adequate to verify a retail violation with these cases. The referral lists the transaction, including the date, time, amount, and a partial case number. Cases proven based on undercover investigations, may or may not be referred, depending on the extent to which the violations are identified involving recipients. Included is documentation of the full case number, and a recent store certification. This certification

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contains information regarding the amount of eligible food, the number of cash registers, the number of point of sale machines, etc.

- C. **Enter all trafficking referrals from a charge letter with a referral type "T" and a referral source "41"**. Complete an investigation and, when appropriate, take administrative and/or criminal action to disqualify the violating individual. The amount of the overissuance is the amount of the benefits trafficked. Trafficking claims may be determined by the individual's admission, adjudication, or documentation that demonstrates trafficking. Documentation may include the "charge letter" from FNS and the EBT transaction history. The charge letter is considered as evidence in an ADH or court action. Do not base a trafficking claim solely on the FNS charge letter.

Follow the same investigative procedures as other referrals. When a referral is received, print the EBT recipient information in the administrative terminal or efunds. Data is maintained on-line for three months. After three months, archived information can be obtained through Data Warehouse. Use corporate document "EBT Data" to retrieve this information. Enter referrals, claims, and disqualifications resulting from a retailer's disqualification in EPICS.