
**FOOD STAMP CERTIFICATION
CLAIMS
EBT Recipient and Retailer Fraud**

**FS 870 EBT Recipient and Retailer Fraud
Change #9-2001
September 1, 2001**

870.01 REFERRING SUSPECTED RETAILER FRAUD

County Program Integrity staff identifies suspected retailer fraud based on complaints from sources other than Food and Nutrition Service (FNS).

The county Program Integrity Unit contacts the State FNS Office in Raleigh prior to conducting a confrontational interview in a case that involves more than one recipient.

Any indications of suspicious retailer behavior in Electronic Benefits Transfer (EBT) records or complaints concerning retailers, received from the public or recipients, should be referred to FNS.

870.02 PROCEDURES FOR REFERRING SUSPECTED RETAILER FRAUD TO FNS

- A. County department of social services (DSS) Program Integrity staff will identify suspected retailer fraud based on complaints other than complaints from FNS. These referrals may be reports from the public or discovered during the course of investigating a suspected recipient fraud case.
- B. When conducting a client investigation based on referrals other than ones referred by FNS, contact the FNS Office in Raleigh prior to conducting a client interview in a case which involves more than one recipient at the same retailer. The contact between the county and FNS will provide coordination of recipient and retailer investigations.
- C. Refer any observations of suspicious retailer behavior as indicated by a review of EBT records or complaints received from the public to FNS. County staff must not conduct retailer investigations.
- D. Referrals can be made in writing or by phone with a written follow-up to:

United States Department of Agriculture
Food and Nutrition Service
3109 Poplarwood Court, Suite 102
Raleigh, North Carolina 27604
Phone: (919) 790-2927
Fax: (919) 790-2930

870.03 REFERRING ALLEGED EBT RECIPIENT FRAUD

The FNS (Raleigh location) completes administrative action on a violating store and refers for action directly to the Director of the County DSS, Attention: Program Integrity Staff/Supervisor. A copy of the referral is forwarded to the Office of Inspector General, North Carolina Department of Justice (OIG, NCDOJ).

When alleged fraud is proven through documentation by FNS and the store is disqualified due to the violation, the referral includes the "charge letter" to the store. The charge letter outlines the transactions that are the basis of the store being charged a penalty.

The county completes an investigation and, when appropriate, takes administrative and/or criminal action to disqualify the violating recipient. The investigation follows the same procedures as other referrals.

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

- A. The USDA/FNS Raleigh Office completes administrative action on violating stores and refers directly to the Director of the County DSS, Attention: Program Integrity Staff/Supervisor. A copy of the referral is forwarded to the OIG, NCDOJ.
- B. For EBT cases where alleged fraud is proven administratively by FNS and the store is disqualified due to the violation, the referral includes the FNS charge letter to the store. 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 recipient (or EBT card) number. Cases, which are proven, based on undercover investigations, may or may not be referred, depending on the extent to which the violations are identified to specific recipients.
- C. The county DSS completes an investigation and, when appropriate, take administrative and/or criminal action to disqualify the violating individual. **For trafficking claims, 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 forms the basis for the trafficking determination, such as the "charge letter" from USDA-FNS or the EBT transaction history. The charge letter is considered as evidence in an ADH or court action.**

The investigation will follow the same procedures as other referrals. When a referral is received, **print the EBT recipient information in the administrative terminal since data is kept on-line for three months.** After three months, archived information can be obtained by contacting the Economic Independence Automation Staff at (919) 733-8938. When an investigation is complete, the "Report of EBT Activity" (See [Figure 870-1](#)) should be completed and forwarded to:

Office of Inspector General
North Carolina Department of Justice
Post Office Box 629
Raleigh, North Carolina 27602

and

United States Department of Agriculture
Food and Nutrition Service
3109 Poplarwood Court, Suite 102
Raleigh, North Carolina 27604

- C. FNS forwards information on recipient records that appear to warrant attention in addition to referring information on specific recipients involved in violating retail stores,. These referrals are sent with a recognizably different referral letter that requires mor work to establish a case and is be tracked and reported on the "Report of EBT Activity" as referrals received from other sources. A copy is sent to OIG, NCDOJ.
- D. During the course of conducting a store investigation, county Program Integrity staff may be asked by FNS Compliance Branch, USDA, or the OIG, NCDOJ to obtain corroborating evidence from recipients. The OIG, NCDOJ is informed of these requests. County investigators must **not** conduct retailer investigations.

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870.05 REPORTING REQUIREMENT FOR TRACKING EBT FRAUD

The county completes the Report of EBT Activity form (See [Figure 870-1](#)) monthly for tracking EBT referral activity and Intentional Program Violation activity as a result of the referrals. Submit copies of the report by the tenth day of the month **only if you have activities to report**. Mail report to:

Office of Inspector General
North Carolina Department of Justice
Post Office Box 629
Raleigh, North Carolina 27602

The N. C. Division of Social Services does not stock the report form. Counties need to make copies for use.