



United States Department of Agriculture

Office of the Secretary  
Washington, D.C. 20250

NOV 15 2011

The Honorable Robert Bentley  
Governor of Alabama  
State Capitol  
600 Dexter Avenue  
Montgomery, Alabama 36130-2751

Dear Governor Bentley:

Americans support helping families in need put food on the table, especially when times are tough, but they want to know that taxpayer dollars are being spent wisely. That is why, along with ensuring program access, one of my top priorities for the Supplemental Nutrition Assistance Program (SNAP) is further strengthening the integrity of the program and rooting out waste, fraud and abuse so that Federal dollars are used appropriately.

I have witnessed the positive effects of SNAP (or Food Stamp Program as it is still known in some States) firsthand over more than 30 years administering State health and human services programs. I am convinced that the Program has never been more urgently needed than it is today. That is why I am particularly concerned when this lifeline is threatened or compromised by individuals that abuse the program and why I stand committed to confronting abuse head-on.

I want to thank you for your State's efforts in this area and I ask for your continued support. While it is a State responsibility to investigate recipient fraud and hold bad actors accountable, the Food and Nutrition Service (FNS) is committed to serving as a partner with you in this effort.

A few months ago, I sent a letter to all State Commissioners (enclosed) expressing the need to redouble our efforts in pursuing and preventing violations. We have been active in reaching out to States since that time, but there is still more to do. We are talking to States about barriers that limit their ability to pursue fraud, and re-assessing policies where they may be contributing to those barriers. We want to have policies that support State work in this area and enable you to implement new strategies to prevent and address fraud, while ensuring that needy clients have barrier-free access to benefits and good customer service.

FNS recently issued two policy memoranda to States (enclosed) that are important pieces of this effort. The first, issued on October 4, 2011, states that the *intent* to sell SNAP benefits is an intentional program violation (IPV). For example, those who offer their card for sale online can be charged with an IPV and disqualified from the Program for a period of time.

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The second memorandum, issued on October 14, 2011, reiterated the importance of States using data that FNS shares on retailers disqualified for trafficking to investigate client households suspected of trafficking violations at those same retailers. FNS' data mining system – called ALERT – provides a wealth of information that we routinely share with States. Up until now, not all States have been interested in working with that data. We are moving to change that.

We are not stopping with these policies. We are continuing to provide more and more tools to strengthen integrity. Regulatory changes are coming which build on authorities provided in the last Farm Bill. These include a regulation that defines the purchase and dumping of deposit bottle contents just to get the deposit or the selling of one's food purchased with SNAP benefits as a violation as well as regulations that will implement tougher penalties for violating retailers.


Another way we can help is to assist in the sharing of best practices. Towards that end, FNS has developed a new section on our Partner Web, a secured website managed by FNS and accessible by States, to serve as a central reference point for States on the subject of recipient integrity. This section will include policy memos as well as best practices shared by States. I encourage your State to take advantage of this source of information.

Program fraud, however limited it may be, undermines public confidence in government and jeopardizes the ability of SNAP to serve the tens of millions of struggling families who need it to help purchase a nutritious diet. The balance between program access and integrity is critical to the strength of this important nutrition assistance program. The partnership between USDA and the States is how we keep that balance in place.

Thank you again for your continued support of SNAP and your efforts to ensure that SNAP benefits are used for their intended purpose and that the waste, fraud, and abuse are not tolerated. FNS Regional Administrators have been talking to all State Commissioners looking for ways we can help. We will continue to have these conversations as we move aggressively along this path.

If you have any questions or concerns, please feel free to contact me.

Sincerely,

  
Kevin W. Concannon  
Under Secretary  
Food, Nutrition, and Consumer Services

Enclosures



OCT 04 2011

United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

3101 Park  
Center Drive

Alexandria, VA  
22302-1500

**SUBJECT:** Supplemental Nutrition Assistance Program (SNAP) – Offering to sell SNAP benefits and/or EBT cards publicly or online

**TO:** Regional Directors  
Supplemental Nutrition Assistance Program  
All Regions

The purpose of this memo is to transmit guidance regarding the sale of, or intent to sell, Supplemental Nutrition Assistance Program (SNAP) benefits and/or Electronic Benefit Transfer (EBT) cards in public or online through Web sites and social media such as Craig's List, Facebook, Twitter, eBay, etc. The Food and Nutrition Service (FNS) has reviewed this matter and considers the offer to sell SNAP benefits to be a violation of SNAP regulations, constituting an intentional Program violation (IPV).

The legal basis that an individual who offers to sell their benefits by either making their offer in a public way or posting their EBT card for sale online has committed an IPV is contained in the following regulations and statutory provisions:

- 7 CFR 273.16(c)(2) defines IPV to “consist of having intentionally committed any act that constitutes a violation of the Food Stamp Act, the Food Stamp Program Regulations, or any State statute for the purpose of using, presenting, transferring, acquiring, receiving, possessing or trafficking of coupons, authorization cards or reusable documents used as part of an automated benefit delivery system (access device).” See Section 6(b) of the Food and Nutrition Act (the Act) for the statutory basis.
- 7 CFR 273.16(e)(6) states that “the hearing authority shall base the determination of intentional Program violation on clear and convincing evidence which demonstrates that the household member(s) committed, and intended to commit, intentional Program violation as defined in paragraph (c) of this section.”
- 7 CFR 274.7(a) requires that SNAP benefits be used only by household members to purchase eligible food for the household: “Program benefits may be used only by the household, or other persons the household selects, to purchase food for the household, which includes, for certain households, the purchase of prepared meals, and for other households residing in certain designated areas of Alaska, the purchase of hunting and fishing equipment with benefits.” See Section 7(b) of the Act for the statutory basis.

Section 7(b) of the Act and 7 CFR 274.7(a) lay out exactly how SNAP benefits must be used and that using SNAP benefits in any other way (e.g., posting your EBT card for sale online) would violate SNAP regulations and would constitute an IPV under 7 CFR 273.16(c)(2). The verbal offer of sale to another individual or the posting of an EBT card for sale online is evidence that the household member committed an IPV.

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Please share this information with your States. If you have any questions about this policy, please contact Christine Daffan at 703-305-2473.

Sincerely,

A handwritten signature in cursive script, appearing to read "Laura Griffin", with a long horizontal flourish extending to the right.

Laura Griffin  
Acting Director  
Program Accountability and Administration Division



OCT 14 2011

United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

3101 Park  
Center Drive

Alexandria, VA  
22302-1500

**SUBJECT:** Supplemental Nutrition Assistance Program (SNAP) – The use of FNS provided data on retailer disqualifications to investigate suspicious recipient transactions

**TO:** Regional Directors  
Supplemental Nutrition Assistance Program  
All Regions

The purpose of this memo is to transmit guidance regarding the use of data that the Food and Nutrition Service (FNS) provides to States documenting retailer disqualifications as a potent source of evidence in recipient trafficking cases. FNS shares information with States regarding retail stores found guilty of trafficking Supplemental Nutrition Assistance Program (SNAP) benefits and therefore permanently disqualified from participation in the SNAP.

FNS provides the States copies of letters notifying retailers of their disqualification from SNAP and the data/evidence supporting the disqualification. The data and other information FNS shares with States contain household transactions that FNS has determined meet patterns indicative of trafficking.

State agencies, as outlined in 7 CFR 273.16(a)(1), are responsible for investigating any case of alleged intentional Program violation (IPV) and ensuring that appropriate cases are acted upon either through administrative disqualification hearings or referral to a court of appropriate jurisdiction. FNS believes that the information provided on household transactions that meet established trafficking patterns, constitute an alleged IPV and should be further investigated by the State. Using the retailer disqualification data, States can identify client households with suspicious transaction patterns to investigate and pursue for trafficking violations based on the amount of evidence gathered.

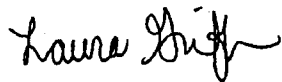
FNS understands that these data alone may not provide enough information to disqualify a client but expects States to use it to begin their investigations. We do believe these household transaction patterns, made further suspect when redeemed at disqualified stores, serve as a way for States to more efficiently focus their time and efforts investigating recipients suspected of trafficking.

On a case-by-case basis, FNS may have additional store-specific information available that can be provided to assist States in making cases against individuals believed to be involved in the trafficking of SNAP benefits. Longer term, FNS will work towards developing standardized processes for data sharing that can replace the need to operate on a case-by-case basis. In the near future, FNS intends to request Regional assistance in surveying States to obtain information that will help inform how to structure these processes.

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Sincerely,

A handwritten signature in cursive script that reads "Laura Griffin".

Laura Griffin  
Acting Director  
Program Accountability and Administration Division