

**Michigan WIC Vendor
EBT Compliance
“Revealing Fraud in the Future”**

Michigan WIC Program



EBT Compliance Buy Procedures

- State WIC identifies High Risk vendors by complaints and/or system reports
- Contracted Compliance Investigators performs undercover compliance buys
- Investigators resemble a typical client
- Investigators with WIC EBT shopping list, food card and WIC EBT card buys at least three or four food items, per WIC guidance and interacts with cashier to perform transaction

Compliance Procedures continued

- Takes food items and store receipt a short safe distance away from vendor to complete Compliance Buy Report.
- Takes picture of food items
- Completes report with UPC detail of each item
- Submits report and documents to WIC Office
- Documents and donates food items to charitable groups

Compliance Buys State Procedures

- State WIC staff reviews report and **determines UPC overcharging violation.** WIC EBT Data provides details of each item scanned during the compliance buy.
- As applicable, subsequent buys requested (must have **two** consecutive clean buys to close case)
- Sanction vendor with overcharging violation after three positive overcharges (3 year termination and disqualification)
- Vendor usually requests Administrative Hearing

Investigator Compliance Buy Report and Documents

- Compliance Buy Report (Parts A thru G)
- Picture of Food Items Purchased
- Compliance Buy Results Report
- Customer Store Receipt
- Summary of EBT Compliance Buy

Compliance Buy Report, Parts A and B

Michigan Department of Community Health
WIC Division
REPORT OF EBT WIC COMPLIANCE BUY

A. I, [REDACTED] make the following report knowing that my report may be used as
evidence in an administrative, civil, or criminal court proceeding. On 11-28-09 at 5:15pm
Full Name Date Approx. Time

I entered [REDACTED] Store # [REDACTED]
Vendor Name Vendor Number

located at [REDACTED] SE Grand Rapids MI
Street Address City State

B. I had a Michigan WIC Bridge Card 50771180 [REDACTED] in the name of Fran Ebt
Card Number

[REDACTED] issued by the Michigan Department of Community Health. I had no food items in my
possession when I entered the store.

Compliance Buy Report, Part D

*Continued from the chart on the previous page. If a price was not marked on an item, the shelf, or on a sign, please explain below how the actual price was determined.

D. Description of Cashier

<input checked="" type="checkbox"/> Male	<input type="checkbox"/> Black	<u>25</u> Age (Approximate)	<input type="checkbox"/> Mustache
<input type="checkbox"/> Female	<input checked="" type="checkbox"/> White	<u>5'10"</u> Height	<input type="checkbox"/> Scars
	<input type="checkbox"/> Hispanic	<u>170</u> Weight	<input type="checkbox"/> Glasses
	<input type="checkbox"/> Indian	<u>Blonde</u> Hair Color	<input type="checkbox"/> Beard
	<input type="checkbox"/> Asian		<input type="checkbox"/> Tattoo
	<input type="checkbox"/> Middle Eastern		<input type="checkbox"/> Other (describe)
	<input type="checkbox"/> Native American		
	<input type="checkbox"/> Other (Specify)		

Cashier's Name (if known): _____ Means of Determining Name: _____

- The cashier used a cash register or calculator in this transaction. Yes No (Circle One)
If the answer is no, please explain further in Part E.
- The cashier gave me a receipt. Yes No (Circle One)
If "yes", then please enter the total amount shown on the receipt. \$ 20.14

Compliance Buy Report, Parts E, F, G

E. Additional Comments or Observations

The prices that I observed for the milk, juice, and cereal differ from the prices shown on the receipt. I approached the counter with three items. The milk scanned however when the cereal and juice scanned they both "beeped". Another cashier told my cashier to "scan this". It appeared

F. Photograph I took a photograph of the food items purchased. Yes No (Circle One)
If "no", then please explain below.

to be a box with bar codes. I could not get a good look because it was behind the counter. The cashier just kept scanning bar codes from the box until the items

G. Certification didn't "beep" anymore. The bar codes for the cereal and juice do not match my items. In addition, the

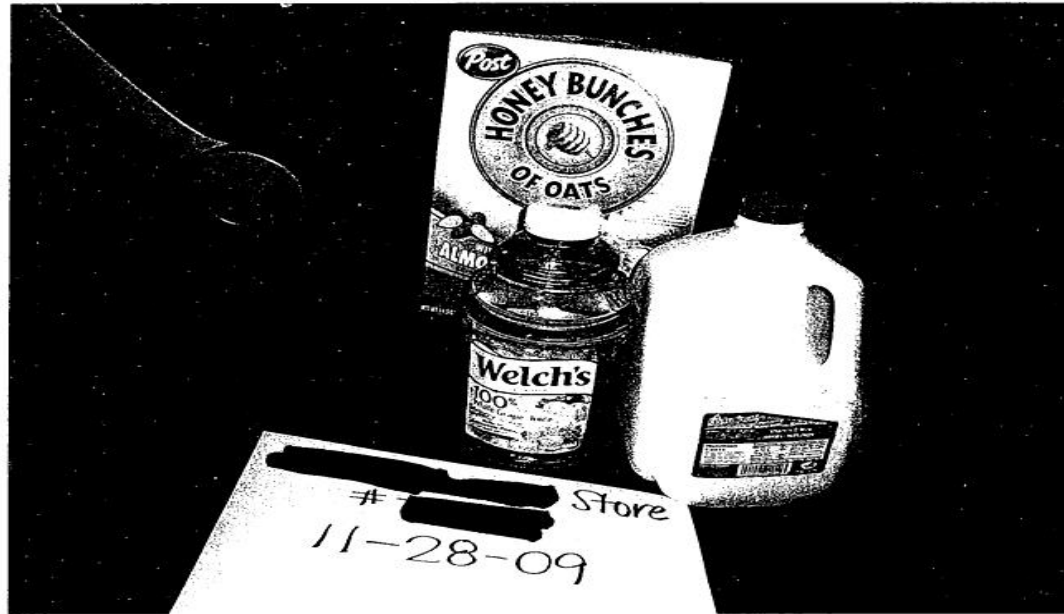
I, the undersigned, certify that the statements contained in this report are true and correct to the best of my knowledge and belief, and I would be willing to testify to them in an administrative hearing or in a court of law. cashier charged me for two boxes of cereal.

Signature Date Title

Full Name (please print) _____

Employer Name (please print) _____ Investigative Services, Inc.

Picture of Foods Items Purchased



Compliance Buy Results Report

Michigan WIC Program

Page 6 of 7

Compliance Buy Results

From : 11/29/2009 To: 11/29/2009

Generated Date: 04/09/2010

Vendor No: [REDACTED] Vendor Name: [REDACTED] Store

Peer Group 42

Family Id 2 [REDACTED]

Transaction No: 305

Family Name Ebt Todd. Fran

Transaction Date: 11/28/2009

Card No 50771180 [REDACTED]

Transaction Time: 05:19 37 pm

Cat	Sub-Cat	Qty	Nbr.	UPC/PLU	Brand Name	Package Size	Package Type	Req'd Price	Settled Price	Avg Settle Price/ Unit	Max Price
05	001	24	(*) 2	0016000275676 (*)	Kix (*)	OZ	Plain	(*) \$10.58	\$10.58	\$5.29	\$5.46
01	001	1	1	0044041900103	Cedar Crest	GAL	Whole	\$4.49	\$4.27	\$4.27	\$4.00
54	001	1	1	0028000008208 (*)	Juicy Juice (*)		Punch	(*) \$5.29	\$5.29	\$5.29	\$5.30
Transaction Total								\$20.36	\$20.14	\$14.85	\$14.76

ISSUES: (*)

Customer Store Receipt

██████████-STORE
██████████ SE
GRAND RAPIDS, MI 49507
Ph: ██████████
Proch: ██████████
Term#: T0000001 11/28/09
Clerk: 1999 5:19:39pm

WIC Purchase

Card Num: XXXXXXXXXXXX ██████████
WIC Merchant ID: ██████████
Settlement Date: 11/29

	1	GAL. Milk		
		Item#: 044041900103		4.27*
X	12	OZ. Cereal		
		Item#: 016000275676		5.29
X	12	OZ. Cereal		
		Item#: 016000275676		5.29
X	1	BTL. Juice 64 oz		
		Item#: 028000008208		5.29
		WIC SUBTOTAL		20.14
		WIC TOTAL		20.14*
		TOTAL REQUESTED		20.36
		ITEMS PURCHASED: 4		

REMAINING WIC BENEFITS:

1	GALLON WHOLE MILK
9	GALLON MILK
1	HALF GALLON WHOLE MILK
5	HALF GALLON MILK
3.5	POUND CHEESE (\$8.00 MAX PER LB.)
5	DOZEN EGGS
60.7	OUNCES CEREAL
2	18oz Pnut Btr, 1b Dry, 15-16oz Cn Bean
8	LB WHOLE GRAIN BREAD OR TORTILLAS
29.01	\$\$\$ FRUITS AND VEGETABLES
3	BTL 64 OZ JUICE

USE YOUR WIC BENEFITS BY:

12/26/2009

Result: Approved
Auth #: ██████████
Trace#: ██████████

DISPENSE GOODS

V3.02 049 535 027 000 788 007 000 000

=====

*** CUSTOMER COPY ***

State Compliance Summary of Buy

SUMMARY OF EBT COMPLIANCE BUY

Vendor Name & Number: ~~XXXXXXXXXX~~ **Store** ~~XXXXXXXXXX~~

Buy Number: ~~XXXXXXXXXX~~ 2

Date of Compliance Buy: 11-28-09

Total Amount Paid to Vendor: \$ 20.14

Total Actual Price of Food from Buy Report: \$ 14.84

Difference: \$ 5.30 Higher

Overcharge No Overcharge

Billed for Different UPC Items: Yes No

L. Goodman
Signature

12-9-09
Date

Compliance Buy Issues

- UPCs from report for cereal and juice do not match Customer Receipt
- Client selected Honey Bunches of Oats but Cashier charged for Kix
- Client selected Welch's but Cashier charged for Juicy Juice
- WIC Program charged for two boxes of Kix while only one box of cereal given to Cashier
- **Note:** Milk was paid at the Max Price (*) UPC level, less than requested, no overcharging

EBT Activity with SNAP (Food Stamps)



February 23, 2010

United States
Department of
Agriculture

Food and Nutrition
Service

Office

Phone:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Dear [REDACTED], Owner;

The United States Department of Agriculture Food and Nutrition Service (FNS) has compiled evidence that your firm has violated the Supplemental Nutrition Assistance Program (SNAP) regulations (enclosed). Analysis of the records reveal Electronic Benefit Transfer (EBT) transactions that establish clear and repetitive patterns of unusual, irregular, and inexplicable activity for your type of firm. A listing of such transactions is enclosed.

Based on this information, we are charging your firm with trafficking, as defined in Section 271.2 of the enclosed SNAP regulations. As provided by Section 278.6(e)(1) of the SNAP regulations, the sanction for trafficking is permanent disqualification. These transactions occurred during the months of June, July, August, September, October and November 2009.

1. In a series of Supplemental Nutrition Assistance Program EBT transactions, multiple transactions were made from individual benefit accounts in unusually short time frames. These transactions are listed in Attachment 1.
2. In a series of Supplemental Nutrition Assistance Program EBT transactions, excessively large purchase transactions were made from recipient accounts. These transactions are listed in Attachment 2.

If it is determined that your firm committed the trafficking violations noted above, it will be permanently disqualified from the Supplemental Nutrition Assistance Program as provided by Section 278.6(e)(1). Civil or criminal action may also be taken against you by the United States Attorney. In addition, a fiscal claim may be assessed to recover the monetary losses to the Federal Government resulting from trafficking violations.

Other EBT Compliance Considerations

- UPC data provides violation confirmation
- Vendor cashiers no longer the gatekeeper
- Clients able to purchase desired items rather than possibly lose multiple items on coupon
- EBT/UPC data documentation can be used more accurately on Inventory Audits
- Easier to confirm Vendor food invoices to state UPC data

Data For Investigations and Audits

- You have details of each transaction-time/date/UPC's
- Can look at what types of items sold
- Have data to share with OIG on what is the volume
- Starting to look at new indicators

Questions & Comments

Thank you!