

February 1, 2012

Program(s) Affected: Supplemental Nutrition Assistance Program (SNAP)

Title of Rule: Immediate Payment Withdrawal for Fraudulent Retailer Activity

Stage of Rulemaking: Currently being drafted.

Is the Rule Currently Open for Public Comment? There will be a 60 day comment period once published.

Rule Summary:

This is a proposed rule to implement Section 4132 of the Food, Conservation and Energy Act of 2008.

Fraudulent retail food store and wholesale food concern activity in the SNAP is a primary program integrity concern. This proposed rule will authorize the Department to withdraw the payment of redeemed program benefits to a suspected retail food store or wholesale food concern pending administrative action to disqualify the firm for fraudulent activity. The suspension of benefits will apply only in situations involving particularly egregious circumstances and not to firms identified and pursued through routine investigations.

The parameters for the suspension of benefits will be determined by FNS in consultation with the Department's OIG. The affected firm will also be suspended from accepting future benefits until a final determination is made by FNS. Existing procedures will be followed by FNS for charging the firm and notifying it of its final determination.

Outside of the value of the actual transactions themselves, no interest or credit (for any transactions estimated to have been subsequently lost due to the suspension) will be paid to the firm if it is ultimately determined that these transactions were not violative. In addition, credit will be provided for time served equal to the amount of time suspended if the firm is found to have committed a lesser infraction (rather than trafficking) and the resultant penalty is a less-than-permanent disqualification.