

Fighting Food Stamp Fraud in the EBT Era

The panel members of this workshop were: Darrel Hartman, Special Operations Director, Office of Inspector General, Texas Dept. of Human Services and Tim English, Food and Nutrition Service, Chicago

EBT gives a lot of data but how do you best utilize it? EBT transactions are analyzed to identify potential trafficking by clients and retailers. Darrel said that Texas has actively pursued trafficking for four years. Texas has 12,000 retailers and 512,000 households receiving benefits and processes 157,000 transactions a day. The Food and Nutrition Service estimates that nationwide trafficking accounts for 3.5% of all benefits redeemed. In Texas, Darrel said that their initial client trafficking goal was to identify at least 1,000 client cases.

- In 1998, they had 2,953 cases that trafficked at \$1.44 million;
- In 1999, they had 2,680 cases that trafficked at \$1.24 million;
- In 2000, they had 488 cases that trafficked at \$172 thousand;
- In 2001, they had 745 cases that trafficked at \$203 thousand.
- Darrel believes the current trafficking rate in Texas is now less than 1%.

Texas has their own data servers and software programs to look for trafficking. Darrel highly recommended that states not rely only on referrals from the FNS and to archive their transaction data for later use in investigations. The software program is called the Electronic Benefit Transfer Retailer Activity Report System (ERATS). It includes the ability to set various parameters for identifying trends including searches by amount, region, zip code and more.

The second presenter was Tim English from the FNS office in Chicago. Tim reviewed the basics of the Anti-Theft Locator using Electronic Benefit Transfer Retailer Transactions (ALERT) system. The system is primarily used to identify stores where trafficking is taking place. The names of the most egregious offenders are then passed on to the states and counties for investigation.

Some of the ways to identify trafficking from transaction history reports include: even dollar transactions, same cent transactions, large dollar transactions, redemption of entire benefit and excessive manual entries.