

## USDA TAKES AGGRESSIVE ACTION TO FIGHT TRAFFICKING

**The sale or exchange of SNAP benefits for anything other than food sold by an authorized retailer is illegal – and is neither accepted nor tolerated by USDA.** USDA uses all available resources – from state-of-the-art technology to undercover investigations – to reduce and prevent trafficking and we prosecute abuses to the fullest extent of the law.

The illegal sale of SNAP benefits for cash diverts about 1 cent for every benefit dollar issued. The trafficking rate has fallen significantly over the last two decades, from about 4 cents on the dollar in 1993 to about 1 cent in 2006-08.

While this is a relatively limited problem, no level of trafficking or other crime is acceptable. USDA is using all available resources to reduce and prevent trafficking and other program abuses:

- **SNAP electronic benefits transfer (EBT) has given USDA new tools to identify, track, and take action against trafficking. We use the electronic “audit trail” from EBT transactions to identify trafficking and other suspicious activity.** The *Anti-Fraud Locator using EBT Retailer Transactions (ALERT)* system monitors electronic transaction activity and identifies suspicious stores for analysis and investigation – a process sometimes known as data mining.
  - Of the 234,000 retailers on the program during FY 2010, over 14,000 were put on a watch list for further review by FNS compliance staff.
  - FNS is enhancing ALERT with more advanced technology and analytical tools. The new system will allow FNS to quickly implement improved fraud detection scans as new schemes are identified and help focus investigative resources on the highest priority cases. State-of-the-art enhancements will include:
    - *Geospatial analysis* to aid compliance staff in visualizing complex store location data;
    - *Link and social network analysis and predictive models* to identify retailers who are most likely to engage in trafficking; and
    - *Trend analysis* to quickly identify retailers with unusual spikes in SNAP redemptions.
- **FNS has a dedicated team of over 100 analysts and investigators across the country dedicated to SNAP retailer compliance.** They analyze retailer data, conduct undercover investigations, and process cases – including fines and administrative disqualifications – against violating retailers.
  - In 2010, FNS investigators conducted over 5,000 investigations of stores suspected of trafficking or other program violations.
  - In 2010, 931 retailers were permanently disqualified from SNAP for trafficking and another 907 retailers were sanctioned for lesser violations.

- FNS also works with State law enforcement authorities to provide them with SNAP benefits that are used in sting operations, supporting anti-trafficking actions at the local level.
- **USDA’s Office of the Inspector General also conducts extensive criminal investigations – many resulting from FNS administrative oversight findings and referrals – to prosecute traffickers.**
  - In FY 2010, OIG’s SNAP investigations resulted in 195 convictions, including a number of multi-year prison terms for the most serious offenses, and approximately \$36 million in monetary results.
  - In FY 2011, OIG devotes nearly half (48 percent) of its investigative resources to reduce nutrition assistance program vulnerabilities and strengthen program integrity in delivering benefits to individuals.
  - USDA is in discussion with the Treasury Department’s Financial Crimes Enforcement Network to use more extensive data matching to better target networks of SNAP fraud.
  - OIG maintains a telephone and e-mail hotline – 1-800-424-9121; [usda\\_hotline@oig.usda.gov](mailto:usda_hotline@oig.usda.gov) – to allow citizens that observe trafficking or other illegal activity related to USDA programs to report them for action.