

THE INFORMER

MESSAGE FROM THE PRESIDENT

INSIDE THIS ISSUE:

<i>Food Stamp Fraud</i>	2
<i>CWFC Committees</i>	2
<i>2015-2016 Board</i>	3
<i>Conference Feedback</i>	3
<i>Bylaw Vote</i>	4
<i>USDA Technology</i>	4
<i>SNAP/EBT</i>	5



Greetings CWFC Members,

I hope you are all enjoying your summer as the days are already getting shorter, inching our way towards another Colorado winter. With that said we just completed the Board's planning session where Officers and Board members volunteered for committee chair assignments. I want all members to know that if you are interested in volunteering your time, you do not have to be a Board member to be on a specific committee. Please contact the Chair of the specific committee you are interested in to see how you can assist them (see page 2).

I hope you all enjoyed this year's joint training conference with SSTABS. We had more than double our usual attendance at 258 attendees. I want to thank both the CWFC and SSTABS Officers and Board members for stepping up and providing the support that is needed in operating such a large conference. I also want to thank everyone that provided training during the conference. Our presenters are top notch and exemplify the team concept in sharing their knowledge with all of those who attended the conference. Our intent is that everyone leaves the conference with some additional knowledge and through the networking abilities has found others within our work that can be valuable resources.



I also want to give a very big thank you to the Director's Association, Heath Care Economic Staff Development Center (SDC) and the Employment and Benefits Division for their financial assistance in putting the conference on. It means a lot to have the support of our Directors and State Program staff when we are putting these conferences together.

Shawn Southard-Nielson, Investigations Supervisor for El Paso County, is the President Elect of CWFC this year and is the Chair of the Conference Committee. Shawn will be the lead person for the Conference in Colorado Springs in 2016.

Thank you all for the work that every one of you do. I know if you are working in

the Program Integrity area you are not always thanked by the recipients we deal with. Your dedication to the work you do is very much appreciated and required to maintain the balance within our programs. Keep up the great work and, as always, if you have questions or concerns for CWFC please contact us at CWFC-board@gmail.com.

Mark Magnuson
Investigations Supervisor,
Weld County and President of
CWFC

The mission of CWFC is to champion and honor the spirit of public assistance programs' rules and regulations as they relate to fraud.

FOOD STAMP FRAUD RING BUSTED IN OHIO

BY: WILLIAM BIGELOW
8/26/2015
BREITBART.COM

On Wednesday, a major bust was made of a multi-million dollar food stamp fraud ring based on the Ohio counties of Butler and Hamilton.

19 search warrants were issued in order to allow federal, state, and local law enforcement agents to investigate homes and businesses at the climax of an 18-month effort by the Southern Ohio Task Force. 12 people were arrested.

U.S. Beef in Fairfield was searched, as well as the home of the company's owners Scott Traum and Joey Lightcap Traum, according to WCPO. Butcher Shop Food Distributors was also searched; its owner is Joseph Gray.

The fraud ring cheated taxpayers out of an excess of \$2 million from the Supplemental Nutritional Assistance Program (SNAP) for low-income residents, 40 percent of the total \$5.3 million that SNAP lost in Ohio in 2014. SNAP has lost \$173 million across the nation.

U.S. Secret Service Special Agent in Charge Mark Porter described the Southern Ohio Task Force as an electronic and financial crimes task force made up of about 60 federal, state, and local law enforcement agencies in Ohio. Agent Harold Torrens, of the Ohio Investigative Unit, explained.

Continued on page 4

CWFC COMMITTEES NEED YOUR HELP!

The board members of CWFC are volunteers dedicated to the mission and goals of CWFC. Each board member participates and chairs a committee, but they can't do it alone. We need your assistance in ensuring CWFC's success.

Please take a look at the various committees and let the committee chair know that you're willing to pitch in! There is no minimum time dedication and you'll find that it can be fun! Board Member contact information can be found on our website at www.cwfc.us



Financial Plan and Budget Committee—

Colette Kreger, Chair

- * *This committee reviews and plans the finances for the upcoming year based on related expenditures in the past and projects/plans for the future. This committee is traditionally chaired by the CWFC Treasurer.*

Membership Committee—Russell Stephens, Chair

- * *This committee solicits involvement from various levels of government agencies and the local populous to become members. Activities include an annual membership drive and providing new members with information about the organization. This committee is chaired by the CWFC Vice President.*
- * *This year the board decided that the former committees of PR/CWFC Awareness and Newsletter/Website will be a part of the Membership Committee.*

By-Laws Committee—Tammy Frey, Chair

- * *This committee received comments from the general membership and reviews the Constitution and by-laws of the CWFC. The committee also makes recommendations and/or proposals for the change based on issue, content and legalities.*

Training Committee—Aleissa Thomas, Chair

- * *This committee was formed to meet the training needs of members throughout the year. The committee is available to meet needs by providing or direction to expertise and arranging onsite training sessions.*

Resource Guide Committee—CWFC Board

- * *This committee is responsible for revisions to the CWFC Resource Guide based on the needs of the membership.*

CDHS/HCPF Committee—Danielle Dunaway and Colette Kreger, Co-Chairs

- * *This committee is responsible for obtaining answers on CBMS and policy issues related to Program Integrity.*

Historian—Kristina Gonzalez, Chair

- * *This position creates and assists in the preservation of the CWFC archives.*

Conference Agenda Committee—Shawn Southard-Nielsen, Chair

- * *This committee plans the agenda for the annual training conference. This includes, but is not limited to: workshops, social activities, demonstrations and meals, along with a variety of duties pertaining to the training conference.*
- * *This year the board decided that the former committees of Poster and Awards will be a part of the Conference Agenda Committee.*

Legislative Committee—Rogelio Segura, Chair

- * *This committee works with various legislative bodies to sponsor or propose changes in fraud related statutes.*

Officer/Board Nominations Committee—Sonia Salas, Chair

- * *This committee seeks out those persons interested and committed to being an officer or board member. The individuals nominated for officers are presented to the general membership by ballot for voting purposes.*

2015-2016 CWFC BOARD

Here are your officers and board members for this year's session. The officers and board members are not compensated for their time serving on the board.

Officers:

President:

Mark Magnuson
Weld County DHS
magnusma@co.weld.co.us

President-Elect:

Shawn Southard-Nielsen
El Paso County DHS
shawnsouthard@elpasoco.com

Vice-President:

Russell Stephens
Garfield County DHS
rstephens@garfield-county.com

Treasurer:

Colette Kreger
CDHS Audit Division
colette.kreger@state.co.us

Secretary:

Sonia Salas
Larimer County DHS
Ssalas@larimer.org



Board Members:

Aleissa Thomas
Weld County DHS
thomaska@weldgov.com

Brenda Valasek
Weld County DHS
valasebs@weldgov.com

Melissa Ingalls
Douglas County DHS
mingalls@douglas.co.us

Danielle Dunaway
CDHS
danielle.dunaway@state.co.us

Rogelio Segura
Morgan County
rogelio.segura@state.co.us

Tammy Frey
Clear Creek County DHS
tammy.frey@state.co.us

Kristina Gonzalez
Boulder County HHS
kgonzalez@bouldercounty.org

Jenn Parrilli-Cole
Boulder County HHS
jparrilli-cole@bouldercounty.org

Alternate Board Member:

Sam Burney
Office of the District Attorney
4th Judicial District

2015-2016 Board

Meetings

8/21/2015

Garfield County

9/18/2015

Weld County

10/16/2015

Fort Logan

11/20/2015

Douglas County

1/15/2016

Larimer County

2/19/2016

CDHS

3/18/2016

Boulder County

4/15/2016

El Paso County

CONFERENCE FEEDBACK

Did you present at the conference this year? Did you receive feedback? If you would like to receive feedback please contact Mark Magnuson at [mag-nusma@co.weld.co.us](mailto:magnusma@co.weld.co.us). Receiving feedback can serve as a positive way to inform your supervisor of how well you

did, as well as give you some pointers on things you can improve on in the future. We appreciate your continued support of CWFC, and we look forward to seeing you at the 2016 conference!



Fraud Ring...Continued from page 2

"We've had food stamp fraud happening with meat truck drivers that have been exchanging food stamp SNAP benefits for cash, drugs. This investigation has netted over approximately \$2 million worth of fraud over the last 18 months."

The method used in the scam involved the companies' drivers selling meat and fish products door-to-door, while accepting SNAP cards for payment. But the amount registered on the SNAP card would exceed the value of the product, allowing the drivers to convert the excess funds into cash. According to WCPO, "Cards were commonly exchanged for '50 cents on the dollar' and for drugs, including oxycodone and marijuana."

The drivers would then run the cards through old carbon copy receipt machines, and the fraud perpetrators would "reload" the cards every month, continuing the scam. Data revealed to WCPO showed U.S. Beef employees made roughly 8,145 SNAP EBT transactions worth \$1,124,108.08 between December of 2011 and May of 2015. WXIX reported \$906,420 redeemed to accounts associated with U.S. Beef employees. Investigations for food stamp fraud using the SNAP cards have triggered 8,259 prosecutions in the U.S. and 404 in Ohio.

BYLAWS VOTE COMING SOON

The board has proposed two bylaw changes, which will be coming out soon to the membership for a vote. The bylaws currently allow electronic voting for changes concerning the bylaws. The board will be utilizing Survey Monkey to ensure an accurate tally of votes. Survey Monkey does not pass on individual responses, so please be assured that your vote will remain confidential.

Be on the lookout this month for an email from the CWFC board. The email will contain the proposals, pros and cons of each one, and a link to the survey.

Be sure to vote!



USDA ANNOUNCES NEW TECHNOLOGY GRANTS TO COMBAT SNAP RECIPIENT TRAFFICKING

WASHINGTON, May 18, 2015

– Food, Nutrition and Consumer Services Under Secretary Kevin Concannon today announced that up to \$7.5 million in technology grants is available to combat recipient benefit abuse and trafficking in the U.S. Department of Agriculture's (USDA) Supplemental Nutrition Assistance Program (SNAP). The final date to apply for this funding, which was made possible by the Agricultural Act of 2014 (i.e., the "Farm Bill"), is July 18, 2015.

"Safeguarding the integrity of SNAP is a top priority for USDA," Concannon said. "That commitment includes ensuring that state government agencies administering SNAP are able to employ the most modern technology to track and root out benefit abuse by recipients."

SNAP law and regulations require state and local agencies administering the program to maintain fraud prevention efforts and investigate program violations by SNAP recipients. While it oc-

curs relatively infrequently, USDA recognizes that program fraud undermines public confidence in government and jeopardizes the ability of SNAP to serve the tens of millions of struggling families who need it the most, Concannon said.

Competitive grants announced today are designed to deploy new technology, or modernize existing technology that monitors and tracks investigation outcomes of individuals suspected of intentional program violations – with an emphasis on trafficking, the sale of benefits for cash.

These grants will build on prior USDA initiatives to support on-the-ground efforts to improve outcomes in the prevention, detection, and prosecution of recipient trafficking. USDA awarded just over \$5 million in grants to seven states on September 30, 2014 to improve the effectiveness of integrity monitoring efforts and increase the number of investigations of recipients suspected of traf-

ficking SNAP benefits.

SNAP administering agencies in the 50 states, the District of Columbia, Guam, and the Virgin Islands are eligible to apply for the grants, which are not to exceed three years. USDA expects to award three grants under this Request for Application by Sept. 30, 2015.

For further information, please visit: <http://www.fns.usda.gov/snap/snap-program-improvement>

USDA's Food and Nutrition Service administers 15 nutrition assistance programs. In addition to the [Supplemental Nutrition Assistance Program](#), these programs include Special Supplemental Nutrition Program for [Women, Infants and Children](#), the [National School Lunch Program](#), and the [Summer Food Service Program](#) which together comprise America's nutrition safety net. For more information, visit www.fns.usda.gov.

FOOD STAMPS HAVE A PROCUREMENT PROBLEM

By J.B. Wogan
7/14/2015
governing.com

Soon, only two companies will make the cards that people get government benefits with. Here's why that matters.

In late June, the federal agency in charge of food stamps put out a distress call of sorts. The U.S. Department of Agriculture wanted to know why so few businesses compete to administer prepaid cards for government food assistance. As it stands, three companies make the cards for the majority of states, but one of them, JP Morgan Chase, announced last year that it is leaving the marketplace.

Understandably, federal officials are worried. At least 22.3 million households that received federal benefits through the Supplemental Nutrition Assistance Program (SNAP) use prepaid cards to buy food. But the total number of active Electronic Benefit Transfer (EBT) cards is actually higher because some states also provide other kinds of government benefits, such as Temporary Assistance for Needy Families, through the cards. In 2013, the Federal Reserve Board of Governors estimated that government offices across the country distributed about \$142 billion through prepaid cards, almost half of which came from SNAP.

With so much money flowing through these card programs, why is JP Morgan Chase getting out of the business? When the firm won new EBT contracts in 2008 and 2009, it proudly proclaimed itself "the national leader in bringing electronic benefit and banking solutions for low-income households." In

2012, the company's managing director of treasury services told *Bloomberg News* that the SNAP EBT card business was not only important "in terms of its size and scale" but also "in the sense that we are delivering a very useful social function here. We are a key part of this benefit delivery mechanism."

But recent media coverage hasn't presented the contracts as social work by firms like Chase. In fact, it's just the opposite. After the recession, a wave of stories revealed that large financial corporation profited when unemployment and poverty grew. That's led to pushback from state lawmakers. Washington state, for example, passed a law in 2011 requiring JP Morgan Chase to waive welfare recipients that withdrawing cash benefits from an ATM would result in a 85-cent transaction fee. The following year, the state's department of Social and Health Services negotiated with Chase to eliminate the fee altogether.

As states have pushed vendors to reduce fees that generate revenue, they have also sought additional features to prevent fraud. Some states, for example, now require photo identification on EBT cards. But those kinds of security features increase the cost of producing the cards. Between efforts to waive fees and add new antifraud measures, said Kurt Helwig, president and CEO of the nonprofit Electronic Funds Transfer Association, "I don't know that a number of companies see a compelling business case."

As a result, federal officials are worried that a lack of competition between the remaining card companies will lead to more expensive contracts. In fact, that may be a best-case scenario: Some smaller states might not even get responses when they ask for bids for prepaid card contracts. That could become a big problem as dozens of state agencies are scheduled

to hire vendors in the next five years to provide card services.

States that work with JP Morgan Chase will certainly need to find a replacement when their contracts expire. Currently, 16 states and U.S. territories use JP Morgan Chase for SNAP's EBT cards.

The implications go beyond DNAP though. Between now and 2020, all 90 state and local agencies that administer SNAP for Women, Infants, and Children (WIC) are also required by federal law to provide these services through prepaid cards. For most of the country, WIC benefits still come in the form of a paper voucher with a prescriptive list of groceries people can buy. So far, 14 agencies have made the transition to prepaid cards for WIC and about a dozen have contracts with private vendors to roll out cards in the next few years. Most states have yet to award their WIC EBT card contracts.

