

# The Food Stamp Program

## Training Guide for Retailers



Note to Retailer: Your contact with the Food Stamp Program will be through your local field office of the USDA Food and Nutrition Service. If you do not know the address and phone number of this field office, you can find it by searching the following website:

<http://www.fns.usda.gov/fsp/menu/retail/becoming/fodirtoc.htm>

If you need a new application for authorization to accept food stamps, you can request it by calling the following toll-free number: 1-877-823-4369.

If you become authorized you will receive a letter from your local FNS field office with contact information.



**United States Department of Agriculture  
Food and Nutrition Service**

**FNS-330**

**December 2002**

Federal law and U.S. Department of Agriculture policy prohibit discrimination on the basis of race, color, national origin, sex, age, religion, political beliefs, or disability. Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call 202-720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

# Contents



<b>Introduction</b> .....	5
Criteria for Retailers .....	6
Authorization Permit .....	7
<b>Part 1: Basic Guidelines</b> .....	8
1. Learn and Enforce the Program Rules .....	8
2. Display the “We Accept Food Stamps” Poster .....	8
3. Report Violations to Your Local FNS Field Office .....	9
4. Cooperate With Authorities .....	10
5. Respect Your Food Stamp Customers .....	10
<b>Part 2: What Can Food Stamps Buy?</b> .....	11
Proper Use of Food Stamp Benefits .....	12
Separate Eligible Foods .....	12
Sales Tax .....	12
Credit Accounts .....	12
Bottle Deposits .....	12
Making the Sale .....	12
Giving Change .....	13
Coupons and Trading Stamps .....	13
<b>Part 3: Electronic Benefits Transfer (EBT) Cards and Paper Coupons</b> .....	14
EBT Systems .....	14
EBT Cards .....	15
Point-of-Sale (POS) Equipment .....	15
Food Stamp EBT Purchases .....	15
Other Types of Food Stamp Program EBT Transactions .....	16
Manual (Key Entry) Transactions .....	16
Refunds .....	16
Voiding a Transaction .....	16
Paper EBT Vouchers .....	16
Payment for EBT Transactions .....	17
System End-of-Day .....	17
Payment to Your Bank Account .....	17

# Introduction

---



America's health depends on good nutrition. However, many low-income households still need help to have a healthy diet. Each month millions of low-income Americans — more than half of them children — get that help through the Federal Food Stamp Program. Under the Program, State and local social services agencies give monthly food stamp benefits to households that qualify. These food stamp benefits — in the form of Electronic Benefits Transfer (EBT) debit cards or paper coupons — can be used to buy food at authorized retail food stores.

Every retailer who participates in the Food Stamp Program must follow all Program rules and regulations. This guide will help you learn the Program rules and answer common questions about the Food Stamp Program.

The Food Stamp Program is administered by the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture, through its nationwide network of FNS field offices. FNS field offices authorize qualified retailers to accept food stamp benefits, provide information to retailers, and enforce the Program rules to prevent errors and abuse.

The staff of your local FNS field office is available to answer your questions and give you good advice on Program rules and procedures. Always consult with them if you have a problem or are unsure how to handle a particular situation.

At the end of this publication, we have also included information that will be helpful to anyone wanting to know more about the Program and how to apply for food stamps, in case any of your customers should ask or you wish to tell somebody about the Program.

---

## Criteria for Retailers

Local FNS field offices determine whether retail food stores meet the eligibility criteria to be authorized to accept food stamp benefits. The Food Stamp Program law and regulations require that retail food stores must meet one of these two criteria:

1. Your store must offer for sale, on a continuous basis, a variety of qualifying foods in each of the four categories of staple foods:
  - breads/cereals
  - dairy products
  - fruit and vegetables
  - meat, fish, poultry

Two of these categories must include perishable foods.

2. Your store must have over 50 percent of its total gross sales in staple foods, not counting food items such as coffee, tea, cocoa, carbonated and noncarbonated drinks, candy, condiments, and spices.

Remember that you may be visited at any time to ensure that these criteria continue to be met. In addition, your store will be reauthorized at least once every five years.






## Authorization Permit

You must be authorized to participate. When you are authorized you will receive an authorization number. This number will be one of the ways the local FNS field office will use to identify you and your store.

You will also receive a Food Stamp Authorization Permit (see below). You cannot begin to accept Food Stamp benefits until you have it. You cannot use the permit that belonged to any previous owner of your store. If your store changes ownership, if you move, or if you close your store, your authorization permit is void. You can't transfer it to someone else. You must return your permit to your local FNS field office. If you own more than one store, you must apply for an authorization permit for each store.

If your store accepts food stamp coupons and you are ready to deposit them, you must take your authorization permit with you to the bank when you make your first deposit.

### Food Stamp Authorization Permit, FNS-254

	U.S. Department of Agriculture - Food and Nutrition Service
<b>FOOD STAMP PROGRAM PERMIT NUMBER:</b>	
Store Name/Mailing Address	Business Physical Location <i>(If different from mailing address)</i>
Owner(s) Name(s):	SPECIMEN
<p>This permit certifies the owner(s) and business location listed above are hereby granted approval to accept and redeem food stamp benefits on condition that the acceptance and redemption of all coupons/instruments shall be in accordance with the rules and regulations governing the Food Stamp Program.</p> <p style="text-align: center;"><b>THIS PERMIT IS NOT TRANSFERABLE</b></p> <p>Any changes in the ownership, location, name of business, and/or operation void this permit. To prevent illegal use, this permit must be returned to the Food and Nutrition Service (FNS) upon any change/sale/transfer of the business or upon request by the FNS. Failure to report changes immediately to FNS may result in substantial fines and administrative sanctions. IF STORE MOVES, IS SOLD/CLOSED, GIVE A DAYTIME PHONE NUMBER (    ) _____ AND RETURN THIS CARD TO FNS.</p> <p>Issued by FNS Representative: _____ Date of Issue: _____</p> <p style="text-align: center;"><b>THIS PERMIT MUST BE DISPLAYED IN A CONSPICUOUS PLACE</b></p> <p>FORM FNS-254 (3-98) <i>Previous editions obsolete</i></p>	

# Part 1: Basic Guidelines

## 1. Learn and Enforce the Program Rules.

Accepting food stamp benefits can help build your business. If you violate the rules, however, you could lose your authorization, be fined, or both.

Protect your business. Learn the proper way to handle food stamp transactions. You are responsible for the actions of your employees. Train them before they begin ringing sales. Monitor their performance. Conduct refresher courses when necessary. When changes in the Program are announced, make sure everyone knows about them.

## 2. Display the “We Accept Food Stamps” Poster.

Your local FNS field office will give you a “We Accept Food Stamp Benefits” Poster, FNS-132 (see below). Post it in a prominent place, to let your customers know that you participate in the Program.

### “We Accept Food Stamp Benefits” Poster, FNS-132



### 3. Report Violations to Your Local FNS Field Office.

Help us keep the Food Stamp Program honest. If you are unsure of a procedure, or you suspect someone is violating the Program's rules and regulations, contact your local FNS field office. **You can also call the USDA Office of Inspector General Hotline at 1-800-424-9121.**

To encourage people to report fraud and abuse, retail stores must post a sign giving information on how to report Program abuse. When you become an authorized retailer, this poster is provided to you in your authorization package. Display your "Report Abuse of the Food Stamp Program" poster prominently.

USDA Office of Inspector General Hotline  
**1-800-424-9121**

"Report Abuse of the Food Stamp Program" Poster, FNS-240

# Report Abuse of the Food Stamp Program




**Please contact:** USDA Food & Nutrition Service Field Office

*or*

U.S. Department of Agriculture Office of the Inspector General toll free 800-424-9121  
Within the Washington, D.C. metropolitan area, call 202-475-5022

**For information on applying for food stamp benefits, call 1-800-221-5689**



USDA is an equal opportunity provider and employer.  
United States Department of Agriculture • Food and Nutrition Service  
FNS 240 • Revised June 2001



---

#### **4. Cooperate With Authorities.**

From time to time USDA employees or their representatives may visit your store or request information from you. You may also be visited by contractors who work for USDA and they may take pictures of your store, both inside and out. You are required to cooperate and to respond to all requests. If you don't, you may lose your authorization.

---

#### **5. Respect Your Food Stamp Program Customers.**

Finally — and most importantly — treat your food stamp customers as you do your other customers: with courtesy and respect. Serve customers using EBT cards in at least the minimum number of lanes specified by the Program regulations. Accept paper food coupons at all lanes.

#### **DO NOT:**

- restrict food stamp customers to shopping at certain times during store hours, charge them higher prices, or make them use lanes designated “Food Stamp ONLY Checkout.”
- require customers to make minimum purchases, whether they are using coupons or an EBT card.
- handle the customer's coupons. It is the right of each customer to tear the coupons out of the book during the transaction.

Each of these practices violates the law or regulations. Moreover, they are poor business practices and will encourage your customers to go elsewhere.

# Part 2:

# What Can Food Stamps Buy?



The goal of the Food Stamp Program is to help low-income households have healthy diets.

## Households CAN use food stamp benefits to buy:

- all food intended to be eaten at home. This includes the four staple food categories mentioned above as well as nonalcoholic beverages, snack foods, soft drinks, candy, and ice.
- seeds and plants intended to grow food (but not for growing flowers or feeding to birds).

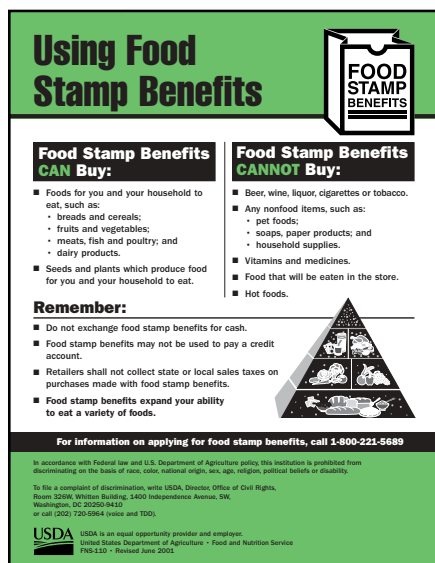
## Households CANNOT use food stamp benefits to buy:

- beer, wine, liquor, tobacco, or cigarettes
- foods that are hot at the point of sale
- food to be eaten in the store
- vitamins or medicines
- pet foods
- nonfood items, such as tissues, soaps, cosmetics, or other household goods.

These rules apply to all food stamp benefit purchases, whether the customer uses an EBT card or paper coupons. If you have questions about specific food items, contact your local FNS field office.

A poster describing what can and can't be bought with food stamps will be provided to you (see illustration at left).

“Using Food Stamp Benefits”  
Poster, FNS-110



---

## Proper Use of Food Stamp Benefits

Customers should present food stamp benefits (either EBT card or coupons) BEFORE they pay for food.

### ● Separate Eligible Foods

If your customers separate their eligible and ineligible items — or if you do it — it will make it easier to total the food items that qualify for food stamp benefits. If your store has electronic registers or scanners that automatically identify eligible items, separating items is not necessary. Equipment should be periodically checked for proper programming, to avoid errors that might cost you your authorization.

### ● Sales Tax

You may not charge State or local sales taxes on eligible items purchased with food stamp benefits. You may not include the sales tax in the purchase price as a hidden cost. (Keeping eligible and ineligible items separate will also prevent you from accidentally charging sales tax on eligible items.) If you have questions about your State's sales tax laws, you should contact your State tax department.

### ● Credit Accounts

Food stamp customers must pay for their purchases at the time of sale. **You may not accept food stamp benefits as payments on credit accounts.** You may not hold your customers' food stamp EBT cards at your store for future use.

### ● Bottle Deposits

Food stamp benefits can cover the entire cost of items such as eligible drinks in returnable bottles, where the price includes a specific bottle deposit. This is true even if the deposit is not included in the shelf price.

### ● Making the Sale

If a customer does not have enough food stamp benefits to pay for all their eligible items, give him or her the option of paying for the remaining items with cash or not buying them. The client can pay the difference with a second card swipe to debit the cash account on their EBT card, or with cash. Remember: you cannot extend credit to be paid with food stamp benefits at a later date.





- **Giving Change**

If a customer pays for a purchase with paper food stamp coupons instead of an EBT card, you may give cash change for up to 99 cents and \$1 food stamp coupons. You can never give cash change in an EBT transaction.

Example: A customer hands you a \$10 food stamp coupon to pay for \$2.25 worth of eligible food. The customer should receive seven unendorsed \$1 food stamp coupons and 75 cents in cash.

**You may never give cash in exchange for food stamp benefits. This practice is known as “trafficking.”**

- **Coupons and Trading Stamps**

If you accept in-store coupons from cash customers, you must also accept them from food stamp customers. If your store gives trading stamps, you must also give them to food stamp customers.

# Part 3: Electronic Benefits Transfer (EBT) Cards and Paper Coupons

The primary form of benefit issuance is the EBT card. One of the biggest advantages of the electronic system is that it automatically deducts the exact amount of the purchase from the customer's EBT account and deposits it in your store's bank account.

Paper food stamp benefit coupons are like cash. But to redeem coupons, you must follow particular procedures. Contact your bank or your local FNS field office for details.

## ● EBT Systems

EBT systems operate like debit systems. An electronic message goes to a computer for approval. If the purchase is approved, the customer's EBT account gets an immediate debit and your account gets an immediate credit. At the end of the business day, transactions are totaled and funds are moved. You should usually receive money from an EBT transaction within two banking days.

If your store is in a State that has an EBT system, the State's EBT contractor will contact you soon after you are authorized to accept food stamps. They will help you determine if you need EBT equipment. If the contractor supplies you with EBT equipment, they will also provide training on how to use it. You will receive a manual with information on how to use the system.

At this time, two States, Wyoming and Ohio, operate what is called an EBT smartcard off-line system. Off-line systems operate very differently from the majority of EBT systems nationwide. As a result, the off-line EBT cards can only be used at stores within the State. If you have an off-line system your State EBT contractor will let you know during training.





### ● **EBT Cards**

Each state has its own EBT card design. The EBT cards are plastic and look like commercial debit and credit cards. Almost all cards have embossed numbers on the front and a magnetic stripe and a signature line on the back. Often, the toll-free numbers for Customer Service are on the back of the card. The law requires EBT systems to have food stamp EBT cards that can work in any State by October 2002, with some exceptions. States that have off-line systems, like Wyoming and Ohio, do not have to meet this requirement. Most State EBT cards for on-line systems can already be used nationwide at all authorized retailer locations.

### ● **Point-of-Sale (POS) Equipment**

All authorized retailers will be able to process EBT food stamp benefit transactions. States may supply POS equipment or vouchers, or you may choose to use commercial equipment provided to you by a Third Party Processor. This equipment can also be used to process credit and debit transactions. The State will contact you and connect your commercial equipment to its EBT system. This service is provided at a cost that you negotiate with the Third Party Processor. Commercial equipment is usually integrated, meaning that the POS terminal, cash register, and scanning device are all connected together in order to speed transactions and eliminate errors.

### ● **Food Stamp EBT Purchases**

Although EBT equipment set-up varies from State to State, the cashier should follow these general steps for a food stamp EBT purchase:

- Separate eligible foods from nonfood items. Total the food amount on cash register. This step may not be necessary depending on the type of equipment you have in your store.
- Press “Food Stamp Purchase” key and swipe the EBT card through the POS card reader.
- Enter purchase amount into the POS terminal (if separate equipment from cash register.)



- Customer enters secret PIN and hits the enter key. Only the customer may do this.
- “Approved” message will appear on POS terminal and receipt is printed.
- Give the customer a receipt that shows the EBT balance.

---

## Other types of Food Stamp Program EBT Transactions

### ● Manual (Key Entry) Transactions

Sometimes the magnetic stripe on the card is damaged. Swiping the card will not work. If this happens, you may enter the card number typing in the numbers on the key pad. **You may not keep the card numbers on file, or enter them manually unless the card is present.** The customer must still enter the PIN.

Cards are hard to damage. If your POS terminal frequently does not accept EBT cards, it may need servicing. Tell customers to replace their cards if the magnetic stripe is damaged.

### ● Refunds

You can make refunds into the EBT account if the customer returns food bought with food stamp benefits. **Do not refund cash.** Learn to use the Food Stamp Program Refund Transaction. This may require a supervisor’s or manager’s approval as part of the transaction. Your EBT retailer manual will have details.

### ● Voiding a Transaction

If you enter the wrong amount into the POS terminal and it is approved, some systems allow you to immediately void that transaction. This may have to be at that same POS terminal and may require a manager’s password. You may then re-do the transaction correctly.

### ● Paper EBT Vouchers

**Paper vouchers are used only when the EBT transaction cannot be done electronically.** This may happen if your POS terminal fails, telecommunications fail, or the host computer is down. **You must complete the voucher, have your customer sign it, and call Customer Service at the time of the purchase to get an approval for the purchase.** This guarantees that the funds will be held for the purchase.



Always keep your copy of the voucher in case of disputes. You must clear the voucher or send in the voucher by a set expiration date in order to be paid for the transaction. Some stores do not qualify for equipment. For these stores, the paper voucher is the only way to take EBT cards. See your EBT retailer manual for details.

---

## Payment for EBT Transactions

### ● System End-of-Day

EBT systems have an end-of-day or cutover time when all the transactions for the day are totaled and the transfer of funds for settlement of accounts begins. Find out when your State's EBT system's day ends.

If you have a State POS system, you can use it to produce totals for your store. This will help you keep your accounts in order. You will get an EBT retailer manual that explains this.

If you have your own equipment, your system may have a different cutover time from the EBT system. Ask your processor for more information.

### ● Payment to Your Bank Account

If you have State equipment, the State contractor will need your bank account information to make payments to your account. If you change your bank or your account you must tell the contractor so that the payment will go to your new account. Payment will arrive in your account within two banking days. If you have your own POS equipment and processor, payment will go from the State EBT contractor to your processor within two days. Your processor will then pay your account according to your agreement.

Banks cannot charge retailers to deposit Food Stamp Program EBT payments.

---

## Remember

- **Watch POS Response**

Always watch the messages on the POS display. They indicate the transaction type and the results. Your store will be paid only when purchases are approved. Be sure you press the purchase key and not the refund key. Be sure the purchase is approved. Be sure your POS is not in training mode.

- **Other Payment for “Denied” Transactions**

If the purchase is denied because there are insufficient funds in the Food Stamp Program account, the customer may pay in cash. Some customers may have an EBT cash account in addition to a food stamp account. If so, you may run another transaction and use the cash account to pay the balance of the transaction.

- **Never Keep the PIN or the Card**

Never ask your customer for the PIN and don't watch the PIN being entered. Do not enter the PIN for the customer. Store cashiers may have to swipe EBT cards for the customer, depending on where the POS is located. Give the card back immediately. Never keep the card or the card number.



- **Customer ID**

When using POS equipment, the PIN identifies the customer. No other identification is needed. Most States no longer issue food stamp ID cards to EBT customers.

- **Balances**

Customers can check the balance in their EBT food stamp account in three ways. At most POS terminals the customer can do a transaction called a balance inquiry that will provide the balance. The customer can also call a toll-free number to get the balance over the phone. Finally, after each EBT purchase transaction the POS receipt shows the remaining food stamp account balance.

You may not charge a customer to do a balance inquiry.

- **No Cash Change**

No cash change is given back in EBT transactions because the exact amount of the purchase is entered and debited. When EBT cards are used, it is illegal for you to give cash change back. EBT systems allow for returns and refunds to be processed using the card.

- **Customer Signatures**

You do not need the customer's signature when the EBT transaction is done with a PIN. You do not need a signature for purchase or refund transactions.

---

## Questions About EBT

- **Q. Who does what in EBT?**

**A.** FNS authorizes the stores. FNS sets general EBT rules. **Each State manages its own EBT system, and hires contractors to process EBT transactions, issues EBT cards, and furnishes POS equipment.**

- **Q. What is a third party processor?**

**A.** FNS calls stores that do their own processing by the name third party processor. We also use the name third party processor for any transaction processing provider hired by a store. This distinguishes third party processors from the State's contractor hired to provide or arrange transaction processing for stores that do not have their own POS equipment.

- **Q. How does the customer know how much money is in his or her account?**

**A.** Food stamp customers are trained to keep their EBT receipts, which have the account balance. This is why you must always provide the receipt. **Customers may also call a toll-free number or do a balance inquiry on the POS terminal in the store.**

- **Q. What happens if the customer lost the card?**

**A.** You may NOT do the transaction without the card. Refer the client to the toll-free Customer Service Help Line that they were given during EBT training.

- **Q. What if the customer forgot the PIN?**

**A.** You may NOT do the transaction without the PIN. Refer the client to the toll-free Customer Service Help Line that they were given during EBT training to get a new card and PIN.

- **Q. What will EBT cost you?**

**A.** If you have State equipment, EBT costs nothing. If you use your own equipment, you will work out costs with your own transaction processing provider.

● **Q. What if a customer presents paper food stamp coupons rather than an EBT card?**

**A.** You must accept them and redeem them through a bank. If you have questions, contact your local FNS field office.

● **Q. Is there a risk in accepting paper EBT vouchers when system problems occur?**

**A.** Only if you fail to make the call to Customer Service for an approval number or if you fail to follow the voucher instructions in the EBT retailer manual.

● **Q. What if I sell my store?**

**A.** The new owner is NOT authorized to accept food stamp benefits. You cannot transfer Food Stamp Program authorization. If you have State equipment, tell the State EBT contractor by calling the Retailer Customer Service number before you hand over the store.

**Read the retailer instructions you get with your state POS machine or materials provided by your own processor.**





---

## Paper Food Stamp Coupons

Food stamp coupons come in three denominations: brown \$1 coupons, purple \$5 coupons, and green \$10 coupons. Coupons are issued in books with various combinations, depending on the client's allotment.

### ● Serial Numbers

All the coupons in the book have the same serial number. The purple \$5 coupons and the green \$10 coupons must be presented along with the book cover which bears the same serial number as the coupons, except for starred coupons. The coupons may be loose as long as the customer has the cover, with the same serial number as the coupons, and the coupons have not been cancelled or endorsed by another retailer. Brown \$1 coupons may be accepted without the book cover because they are used to make change for customers.

When a food coupon or a food coupon book cover is accidentally damaged during the manufacturing process, it is removed and replaced with a coupon or a cover that has a serial number that begins with a star (\*). This is the only time when the number(s) on the cover and/or on some or all of the coupons will not be the same. If a customer presents a coupon book and coupons whose numbers do not match, and there is no star (\*) at the beginning of the serial number, do not accept these food coupons in payment. If you do accept these and it is determined that they are counterfeits, you will not be reimbursed for them. If you have any questions, contact your local FNS Field Office.





### ● **Change Manipulation**

Occasionally a customer may attempt to make a series of small transactions to accumulate cash change. This is against the rules. You should refuse to allow customers to make multiple small purchases when you believe they are doing it to accumulate cash.

### ● **When You Don't Have Enough Coupons**

You should always have some \$1 coupons on hand to make change. If you don't:

1. Ask your customer if he or she has any \$1 coupons to pay.
2. Ask your customer if he or she wants to buy additional items up to the amount of change you have available.
3. Ask your customer to pay cash for part or all of the purchase.
4. If none of these options work, refuse the sale.
5. Contact your local FNS field office for assistance if you are continually out of \$1 coupons.

### ● **How to Deposit Food Stamp Coupons**

To get paid for the food stamp coupons you have taken in at your store, you must deposit those coupons at your bank. Not all banks will accept food stamp deposits. Some banks will charge you if they are not bundled properly. Check with your bank ahead of time.

To deposit food coupons you must use one of these methods:

1. You may rubber stamp or mark each food coupon on the back with your store's name and/or its authorization number.
2. Your bank may ask you to cancel the coupons. Instead of marking or stamping the reverse side of the food coupon, cancel the face of each coupon using a rubber stamp that contains:
  - a. your food stamp authorization number;
  - b. the word "paid" or "canceled"; and
  - c. your bank's American Bank Association (ABA) transit number.

Ask your bank what type of endorsement it wants you to use. Rubber stamps may be supplied by the bank. USDA does not provide cancellation stamps.

● **Redemption Certificates**

If you are approved, you will receive food stamp coupon redemption certificates in the mail. Check the printing of your business name, address, and authorization number on the form to make sure they are correct. If any corrections are needed or if you have any questions, contact your local FNS field office for assistance.

A redemption certificate is like a bank deposit slip. You must use a separate redemption certificate each time you present food coupons to a bank for deposit. Instructions for completing the certificate are on the inside front cover of each redemption certificate booklet. It is important that the total you enter in the box for “FIRM’S TOTAL” is exactly the same as your total deposit, and that you sign and date the redemption certificate.

An additional supply will automatically be mailed to you before you run out. If they do not come or if you receive too many, call your local FNS field office.

**Sample of Food Stamp Redemption Certificate**

DO NOT BORROW, LEND OR MAKE DUPLICATES OF REDEMPTION CERTIFICATE FORM APPROVED OMB NO. 0584-0085 FORM FNS-278B (11-01), USDA-FNS	<b>FOOD STAMP REDEMPTION CERTIFICATE</b> NON-TRANSFERABLE		<table border="1"> <thead> <tr> <th>COUPONS</th> <th>VALUE</th> </tr> </thead> <tbody> <tr> <td>\$ 1.00</td> <td>\$ .00</td> </tr> <tr> <td>\$ 5.00</td> <td>\$ .00</td> </tr> <tr> <td>\$ .00</td> <td>\$ .00</td> </tr> <tr> <td><b>FIRM'S TOTAL</b></td> <td>\$ .00</td> </tr> <tr> <td><b>BANK'S VERIFIED TOTAL</b></td> <td>\$ .00</td> </tr> </tbody> </table>	COUPONS	VALUE	\$ 1.00	\$ .00	\$ 5.00	\$ .00	\$ .00	\$ .00	<b>FIRM'S TOTAL</b>	\$ .00	<b>BANK'S VERIFIED TOTAL</b>	\$ .00
	COUPONS	VALUE													
	\$ 1.00	\$ .00													
	\$ 5.00	\$ .00													
	\$ .00	\$ .00													
	<b>FIRM'S TOTAL</b>	\$ .00													
<b>BANK'S VERIFIED TOTAL</b>	\$ .00														
J. DEDRICK, OWNER															
PO BOX 135 MINNEAPOLIS MN 55440-0135 41435 B DCG															
Signature of Firm's Representative _____ Title _____															
BANK MUST CERTIFY ON REVERSE I certify that the firm's total is accurate, and the accompanying food coupons were accepted, and are being redeemed in accordance with Food Stamp Program regulations. I further certify that the firm's owner (or a representative) is CURRENTLY APPROVED by FNS to accept and redeem food coupons.															
⑆00000⑆1009⑆ 4143558⑈															

## Part 4:

# What Happens if You Break the Rules?

The Federal government spends about \$19 billion dollars a year to support the Food Stamp Program. This is a tremendous investment by American taxpayers. USDA protects that investment by vigorously enforcing the Program's rules and regulations and aggressively prosecuting violators.

Thousands of dishonest — or simply careless — retailers have discovered the penalties for violations can be severe. As a store owner or operator, you are legally responsible not only for your own actions but for those of everyone who works in your store, whether or not they are paid. If you, your staff, or your employees or relatives redeem more food stamp benefits than your total food sales; sell ineligible items; accept food stamp benefits in payment for food sold to a food stamp household on credit; or buy or sell food stamp benefits, you will be disqualified from the Program and/or assessed a monetary penalty and could face criminal prosecution.

You can be fined up to \$10,000 for each illegal transaction, plus three times the dollar value of the transaction, and you can be put in prison.

In addition, violators may be referred to the Internal Revenue Service for more extensive investigation, and may lose their State lottery licenses and alcohol beverage sales licenses.

The most common penalty is being disqualified from the Food Stamp Program.

If you are disqualified from the Food Stamp Program you could also be disqualified from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Even a temporary disqualification can blemish your business' reputation and its standing in the community.

Know and follow the rules and regulations, train your employees carefully, and monitor their performance. If a situation arises that you are not sure how to handle, always call the local FNS field office first.



## Penalties

The following Federal penalties apply to retailers operating under both the electronic and paper coupon systems.

**Trafficking** — Purchase of food stamp benefits, benefit instruments, or authorization cards will result in permanent disqualification, forfeiture of property, and/or a penalty of up to \$20,000 for each violation and will not exceed \$40,000 for all violations occurring during a single investigation.

**Sale of Firearms, Ammunition, Explosives, or Controlled Substances** — Sale of firearms, ammunition, explosives, or controlled substances for food stamp benefits will result in permanent disqualification or a penalty of up to \$20,000 for each violation and will not exceed \$40,000 for all violations occurring during a single investigation.

**Sale of Cigarettes, Tobacco, and Alcohol** — Sale of cigarettes, tobacco, alcohol, or expensive nonfood items for food stamp benefits may result in a 3- to 5-year disqualification period or equivalent civil money penalty. A claim may also be assessed.

“Penalties for Violation of the Food Stamp Program,” FNS-136

# Penalties for Violation of the Food Stamp Program



## Penalties Include:

- Permanent disqualification** when the owner or employees purchase or traffic in food stamp benefits, or for a third sanction.
- Three to five year disqualification** for the sale of non-food items, such as alcoholic beverages or tobacco.
- One year disqualification** for accepting food stamp benefits for payment of credit accounts.
- Six month to three year disqualification** for the sale of non-food items, such as, but not limited to: soap, paper products, medicines, etc.



The Food Stamp Program is available to all eligible persons regardless of race, color, religion, sex, national origin, age, political beliefs or disability.

United States Department of Agriculture • Food and Nutrition Service  
FNS 136 • Revised March 2002



# Appendix: Food Stamp Information for Customers

As a retailer in the Food Stamp Program, you might like to know how the Program works from the customer's point of view. You might also wish to have some information in case a customer is interested in knowing more about the Program.

The following questions and answers are from a booklet called "Food Stamp Program," Publication No. FNS-313 (also available in Spanish, FNS-313-S). Your customer can ask for a copy by calling toll free 1-800-221-5689. He or she can also find out the toll-free number in your State, which can tell the customer the location and phone number of the nearest food stamp office.

There is also more information about the Program on the following web site:

<http://www.fns.usda.gov/fsp>

## ● How do I get food stamps?

Look in the government section (blue pages) of your phone book. You can find food stamps under "social services department" or "welfare department."

Call the food stamp office to set up a meeting with a worker. Ask what papers you need to bring. The worker will need to see your pay stubs, rent or mortgage payments, utility bills, child- or elder-care bills, and child-support orders (the court order and canceled checks).

At the food stamp office you will talk with a worker, answer some questions, and sign some papers. If you can't go to the food stamp office, you may send a relative or a friend to talk with the worker. Or you may be able to talk with a worker on the phone.





● **Can I get food stamps just for myself if I live with my family or with others?**

People who live together and buy food and prepare meals together are grouped as a “household.” Husbands and wives and most children under age 22 must be one household.

● **Will I have to get a social security number?**

Yes, you must have or will have to get a social security number for each household member.

● **Can legal noncitizens get food stamps?**

You might be able to get food stamps. Talk with a food stamp worker about this. Even if you can’t get food stamps, family members born in this country can. Getting food stamps won’t hurt you if you want to become a citizen.

● **Can I get help if I’m not working?**

If you’re able to work, you must look for work, take a job offer, or go to training.

● **How much income and resources can we have?**

The food stamp office will tell you if your income and resources are low enough to get food stamps. It depends on the number of persons in your household and also changes slightly every year. The food stamp office will also tell you if any of your expenses can be deducted from your income to help you qualify for food stamps.

● **If my household is eligible, how much will we get?**

The food stamp office will tell you how much you will get. It will depend on your income and on the number of people in your household.

● **Are food stamps cash?**

No. Food stamp benefits come on a plastic card that you use just like a bank card. You can use them only for food. In some areas, food stamps are paper coupons. Most food stores take food stamps.

● **What if I have more questions?**

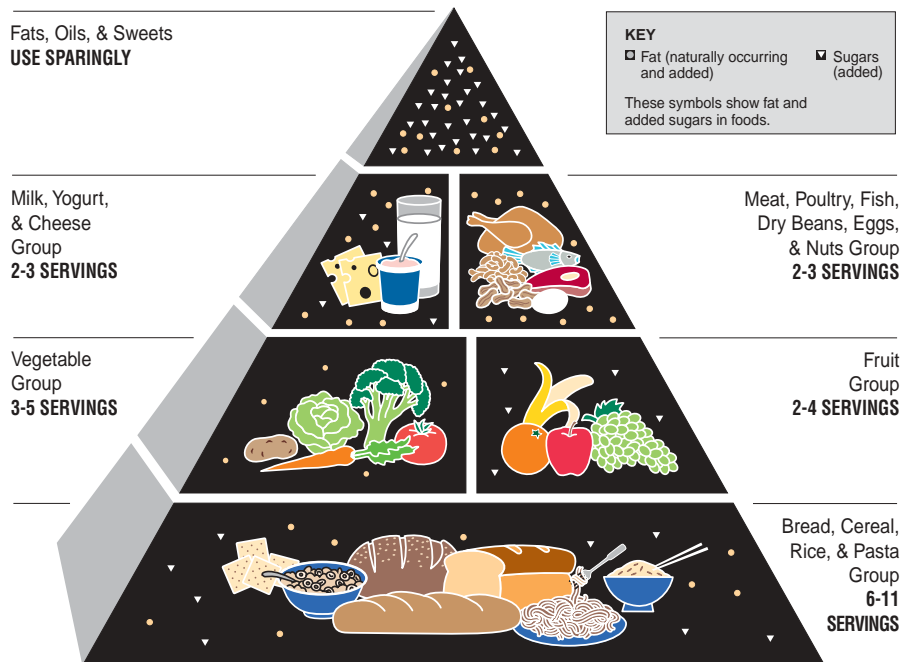
You should call your local food stamp office. Our toll-free number, 1-800-221-5689, can direct you to your State’s toll-free number.

For more information about this Program and other Federal food assistance programs, please visit our web site at <http://www.fns.usda.gov>.

Choose foods to promote a healthy future at every stage of life.

- Food stamps expand your ability to eat a variety of foods.
- Let the Pyramid guide your food choices.
  - Aim for a healthy weight.
  - Be physically active each day — at least 30 minutes a day for adults and 60 minutes for children.
  - Choose a variety of grains (especially whole grains), fruits, and vegetables daily.

## Food Guide Pyramid A Guide to Daily Food Choices



Source: U.S. Department of Agriculture/U.S. Department of Health and Human Services





United States Department of Agriculture  
Food and Nutrition Service