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# Congress of the United States

## House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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WASHINGTON, DC 20515-6143

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February 6, 2012

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STAFF DIRECTOR

The Honorable Tom Vilsack  
Secretary  
U.S. Department of Agriculture  
1400 Independence Avenue, SW  
Washington, D.C. 20250

Dear Mr. Secretary:

The Committee on Oversight and Government Reform is conducting an investigation of the Supplemental Nutrition Assistance Program (SNAP), administered by the U.S. Department of Agriculture (USDA). As part of this investigation, we are writing to request documents and information relating to persistent issues of fraud in the SNAP program.

Despite an increased focus by President Obama on combating food stamp fraud, allegations have come to the attention of the Committee regarding mismanagement of SNAP in various states, as well as abuse of food stamps by SNAP recipients. The abuse of food stamps includes such behavior as trading in food stamps for cash,<sup>1</sup> using food stamps to buy non-food products such as alcohol and cigarettes,<sup>2</sup> and using food stamps for non-approved items such as Starbucks Frappuccinos.<sup>3</sup>

Ensuring the integrity of SNAP is critical because of both the important purpose the program serves – helping “low-income people eat a more nutritious diet by supplementing their food budget”<sup>4</sup> – and the enormous size of the program. In fiscal year 2009, taxpayers spent

<sup>1</sup> The Associated Press, “Texas grocer gets prison over food stamp fraud.” January 18, 2012. *Available at:* <http://www.statesman.com/news/texas/texas-grocer-gets-prison-over-food-stamp-fraud-2108642.html>.

<sup>2</sup> Jeff Weiner, “Stores took SNAP funds for cigarettes, alcohol, police say,” *Orlando Sentinel*, January 24, 2012. *Available at:* [http://articles.orlandosentinel.com/2012-01-24/news/os-snap-ebt-card-scheme-daytona-20120124\\_1\\_ebt-cards-informant-three-face-charges](http://articles.orlandosentinel.com/2012-01-24/news/os-snap-ebt-card-scheme-daytona-20120124_1_ebt-cards-informant-three-face-charges).

<sup>3</sup> “Food Stamps Used for Starbucks Frappuccinos,” FoxNews, December 2, 2011. *Available at:* <http://www.foxnews.com/us/2011/12/02/food-stamps-used-for-starbucks-frappuccinos/>.

<sup>4</sup> U.S. Department of Agriculture, Basics/SNAP Name Change, viewed January 18, 2012. *Available at:* [http://www.fns.usda.gov/snap/outreach/pdfs/toolkit/2011/State/Basics/SNAP\\_Name.pdf#xml=http://65.216.150.153/taxis/search/pdfhi.txt?query=SNAP&pr=FNS&prox=page&rorder=500&rprox=500&rdfreq=500&rwfreq=500&rlead=500&rdepth=0&sufs=0&order=r&cq=&id=4ea8940011](http://www.fns.usda.gov/snap/outreach/pdfs/toolkit/2011/State/Basics/SNAP_Name.pdf#xml=http://65.216.150.153/taxis/search/pdfhi.txt?query=SNAP&pr=FNS&prox=page&rorder=500&rprox=500&rdfreq=500&rwfreq=500&rlead=500&rdepth=0&sufs=0&order=r&cq=&id=4ea8940011).

nearly \$50 billion on the program.<sup>5</sup> Any credible allegation of taxpayer dollars wasted or defrauded as a result of mismanagement by USDA – or as a result of state failures in their SNAP partnership with the federal government – must be resolved immediately.

According to documents provided to the Committee, in the aftermath of Tropical Storm Irene, the Connecticut Department of Social Services (DSS) received \$12.4 million to assist approximately 22,000 residents. A dozen Connecticut State employees are currently being investigated for allegedly committing fraud in obtaining SNAP benefits from DSS. The documents provided to the Committee include the following allegations:

- “DSS workers (some brought in from Child Support to assist in the overwhelming response) spending as little as 35 seconds to 3 minutes in processing D-SNAP applications”;<sup>6</sup>
- “DSS workers telling applicants that even if they had money in the bank, the applicant could qualify if ‘they had bills to pay’”;<sup>7</sup>
- “DSS workers were able to give out D-SNAP benefits to illegal undocumented immigrants who presented expired identifications cards”;<sup>8</sup>
- “DSS workers were told that it was not necessary to verify social security numbers such that applicants could apply multiple times at different offices and not be denied benefits”;<sup>9</sup>
- “DSS workers accepting applications on which children named ‘Wall’ and ‘Chimney’ were listed.”<sup>10</sup>

Connecticut has a history of SNAP-related waste and fraud. In February 2011, James Arena-DeRose, Northeast Regional Administrator of the USDA Food and Nutrition Service, testified before the Connecticut legislature that Connecticut was the second worst in the entire country in SNAP administration.<sup>11</sup> Mr. Arena-DeRose expounded by stating that 26% of

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<sup>5</sup>Recovery.gov, “The Stimulus Package & SNAP: How the American Recovery and Reinvestment Act Affects SNAP Benefits and Policies,” viewed January 18, 2012. *Available at:* [http://www.fns.usda.gov/fns/recovery/ARRA\\_Powerpoint.pdf](http://www.fns.usda.gov/fns/recovery/ARRA_Powerpoint.pdf)

<sup>6</sup> Documents produced to Committee, December 19, 2011.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> U.S. Department of Agriculture, Testimony of James Arena-DeRosa Northeast Regional Administrator USDA – Food and Nutrition Services before the Connecticut General Assembly, Appropriations & Human Services Joint Briefing on the Supplemental Nutrition Assistance Program, February 22, 2011. *Available at*

Connecticut cases in which food stamps were denied or cut off were a result of errors, and that fewer than 60% of applications were processed in a timely manner.<sup>12</sup>

Widespread SNAP-related waste and fraud is not limited to Connecticut. Nationwide, SNAP defrauders use both traditional and high tech methods to abuse the system. A *Milwaukee Journal Sentinel* investigation of the food stamp program in Wisconsin revealed various ways that people can violate SNAP rules to receive additional benefits or convert benefits to cash. SNAP recipients can convert their benefits into cash either by buying food and selling the food for cash or by selling their food stamps benefits card for cash.<sup>13</sup> The *Journal Sentinel* report also uncovered SNAP recipients who claimed that they have lost their benefit cards and received replacement cards over twenty times in one year; Wisconsin officials “rarely” asked questions before issuing a replacement card.<sup>14</sup> In addition to these more traditional methods, SNAP recipients are utilizing social media to commit fraud. SNAP recipients now use Facebook and Twitter to sell SNAP benefits for cash.<sup>15</sup>

All of these examples of fraud are troubling, especially considering that in certain jurisdictions, funding for SNAP oversight has declined significantly.<sup>16</sup> With a \$50 billion annual investment in the SNAP program, taxpayers cannot afford this pervasive mismanagement. To better understand how USDA is addressing waste, fraud, abuse and mismanagement in SNAP, please provide the following requests in electronic format:

1. All USDA monitoring and auditing reports referring or related to waste and fraud in SNAP conducted in 2010 and 2011;
2. All state monitoring and auditing reports submitted to USDA referring or related to waste and fraud in SNAP conducted in 2010 and 2011;
3. USDA’s estimate for the dollar amount of SNAP funds lost to waste and fraud or abuse for the past ten years; and
4. A written explanation for the steps that USDA is taking to combat SNAP waste and fraud committed using social media sites such as Facebook, Twitter, and Craigslist.

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<http://www.cga.ct.gov/2011/APPdata/OD/2011ZZ-00000-R000222-USDA%20-%20Northeast%20Office%20-%20SNAP%20Presentation%20-%20Northeast%20Regional%20Administrator%20James%20Arena-DeRosa-TMY.PDF>.

<sup>12</sup> *Id.*

<sup>13</sup> Raquel Rutledge and Jason Stein, “Fraud taints state’s FoodShare program,” *Milwaukee Journal Sentinel*, April 23, 2011. Available at: <http://www.jsonline.com/watchdog/watchdogreports/120550974.html>.

<sup>14</sup> *Id.*

<sup>15</sup> Jason Stein and Raquel Rutledge, “Buyers, sellers of food stamps use Facebook to connect,” *Milwaukee Journal Sentinel*, June 4, 2011. Available at: <http://www.jsonline.com/watchdog/watchdogreports/123172423.html>.

<sup>16</sup> “Fraud taints state’s FoodShare program.”

The Honorable Tom Vilsack  
February 6, 2012  
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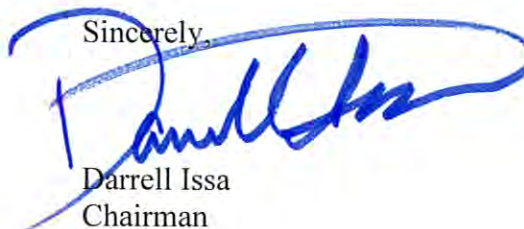
In addition, the Committee requests that you designate officials within the Department to provide a briefing to the Committee staff on or before February 16, 2011.

The Committee on Oversight and Government Reform is the principal oversight committee of the House of Representatives and may at "any time" investigate "any matter" as set forth in House Rule X.

We request that you provide the requested documents and information as soon as possible but no later than 5:00 p.m. on Tuesday, February 21, 2012. When producing documents to the Committee, please deliver production sets to the Majority Staff in Room 2157 of the Rayburn House Office Building and the Minority Staff in Room 2471 of the Rayburn House Office Building. The Committee prefers, if possible, to receive all documents in electronic format.

Thank you for your cooperation in this matter. If you have any questions regarding this request, please contact Sery Kim or Mike Whatley of the Oversight and Government Reform Committee staff at (202) 225-5074.

Sincerely,

A handwritten signature in blue ink, appearing to read "Darrell Issa", is written over the word "Sincerely,". The signature is fluid and cursive, with a large initial "D".

Darrell Issa  
Chairman

cc: The Honorable Elijah Cummings, Ranking Minority Member  
Committee on Oversight and Government Reform