

EBT - Not a magic wand



Presenters: Stan Bien, Mike Perrelli, Santiago Rios, Loren Haughn

EBT – Not a magic wand



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INTRODUCTION

- Background on EBT in Michigan
- Collaboration with OIG and SNAP
- Structure of Presentation

- EBT HAS BEEN A POSITIVE CHANGE IN MICHIGAN (Stan Bien)
 1. For Client
 - a. Replaces checks
 - b. Safer and more secure than carrying checks
 - c. Convenient and easy to use
 - d. Receipt given at end of transaction shows remaining WIC Food Benefit balance
 - e. You Don't have to purchase all benefits at one time
 2. For the Vendor -
 - a. Faster Payment
 - b. Easier to process transactions
 - c. Easier to train employees
 - d. System is designed to prevent inadvertent violations
 - e. Receipt gives detailed description of every WIC transaction
 3. For the Program -
 - a. Faster and easier to process payment
 - b. All transaction data is available for identification of high risk vendors
 - c. Receipt gives detailed description of every WIC transaction
 - d. Expands our view of High Risk Indicators
 - e. Provides reliable evidence to support vendor violations and claims
 - f. Promotes vendor accountability

EBT is a system that provides greater efficiency and safeguards, but EBT is not a magic wand

- 3. Inventory audits
 - Odd hour trans
 - Relational client

EBT Has been a Positive Change in Michigan

Fraud Happens even in EBT - Outline

1. Introduction
 2. Overview of EBT
 3. Common EBT fraud schemes
 4. Detection and prevention
 5. Conclusion

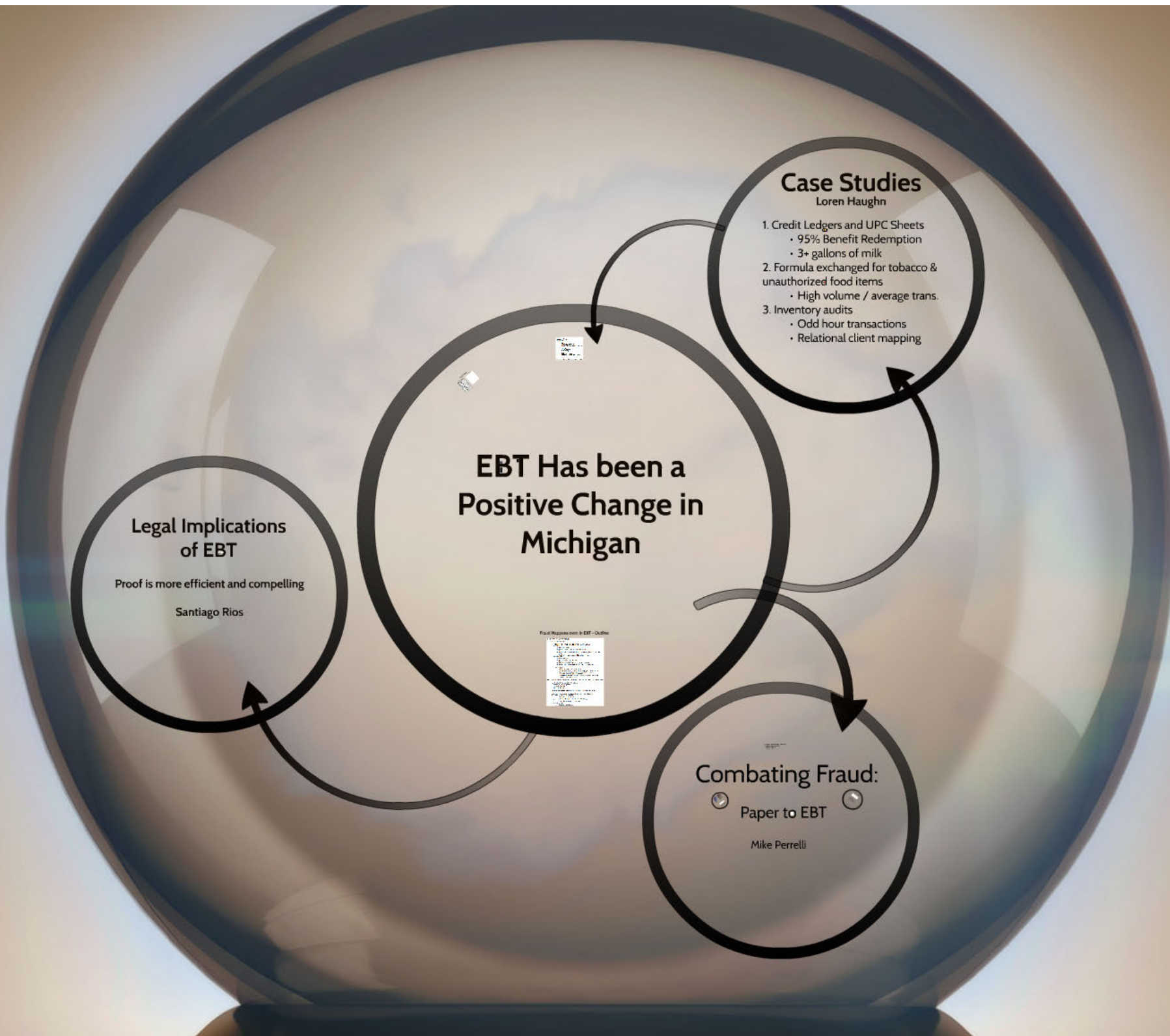
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EBT Has been a Positive Change in Michigan



Case Studies

Loren Haughn

1. Credit Ledgers and UPC Sheets
 - 95% Benefit Redemption
 - 3+ gallons of milk
2. Formula exchanged for tobacco & unauthorized food items
 - High volume / average trans.
3. Inventory audits
 - Odd hour transactions
 - Relational client mapping

Legal Implications of EBT

Proof is more efficient and compelling
Santiago Rios

Combating Fraud: Paper to EBT

Paper to EBT

Mike Perrelli

- **Combating fraud: Paper vs EBT - (Mike Perrelli)**
 1. **Distinction between systems**
 2. **Common violations**
 3. **High risk indicators**

Fraud Happens even in EBT - Outline

- 1. Introduction
- 2. Why EBT is a Target
- 3. Types of Fraud
- 4. Detection and Prevention
- 5. Policy Recommendations
- 6. Conclusion

Combating Fraud:

Paper to EBT

Mike Perrelli

PROGRAM INTEGRITY IN A NEW LANDSCAPE

Vendor Integrity required -	
<ul style="list-style-type: none"> - Regardless of Policies and Procedures - Food Card Enforcement, Cash Value Benefit Enforcement 	
COMMON TYPES OF VIOLATIONS	
PAPER/COUPON	EBT
<ul style="list-style-type: none"> - Overcharging - Sale of Unauthorized items - Trafficking - Other 	<ul style="list-style-type: none"> - UPC violations/sale of unauthorized items - Trafficking - Overcharging - Other
INDICATORS (Michigan)	
<ul style="list-style-type: none"> - New landscape required complete re-evaluation of indicators - EBT gives us more tools for evaluating vendor activity - Indicators that worked with coupons may or may not work with EBT 	
PAPER/COUPON	EBT
<ul style="list-style-type: none"> - Data Analysis usually based on total dollar amount entered onto coupon by vendor. - Michigan process - required vendor to enter 1 total price for entire coupon. - Analysis done by coupon type (foods listed on coupon; multi-food categories and single food categories). <u>100's</u> of coupon types. 	<p>All data is UPC/unit based, thus the dynamics of the analysis are significantly different for most indicators.</p> <p>Based on information recorded during a transaction.</p>
Specific indicators	
Typical Indicators Used	Top 10 Indicators
<ol style="list-style-type: none"> 1. Redemption Volume 2. High Mean 3. Low Variance 	<ul style="list-style-type: none"> - <u>all</u> data is UPC/unit based, thus the dynamics of the analysis are significantly different from coupon indicators.



Overcharging in EBT



- Point Of Sale Device Requires:
- UPC code of authorized product
 - Corresponding shelf price (requested price)
 - POS price must be equal to or less than shelf price

Top Up Customer Account

You have successfully topped up a customer account.

Customer phone number: 313 886 2672

Account Balance is: \$8.87

Handwritten Item 1	Handwritten Item 2	Handwritten Item 3	Handwritten Item 4	Handwritten Item 5
Handwritten Item 6	Handwritten Item 7	Handwritten Item 8	Handwritten Item 9	Handwritten Item 10
Handwritten Item 11	Handwritten Item 12	Handwritten Item 13	Handwritten Item 14	Handwritten Item 15
Handwritten Item 16	Handwritten Item 17	Handwritten Item 18	Handwritten Item 19	Handwritten Item 20
Handwritten Item 21	Handwritten Item 22	Handwritten Item 23	Handwritten Item 24	Handwritten Item 25
Handwritten Item 26	Handwritten Item 27	Handwritten Item 28	Handwritten Item 29	Handwritten Item 30
Handwritten Item 31	Handwritten Item 32	Handwritten Item 33	Handwritten Item 34	Handwritten Item 35
Handwritten Item 36	Handwritten Item 37	Handwritten Item 38	Handwritten Item 39	Handwritten Item 40

04/17/2013 11:01

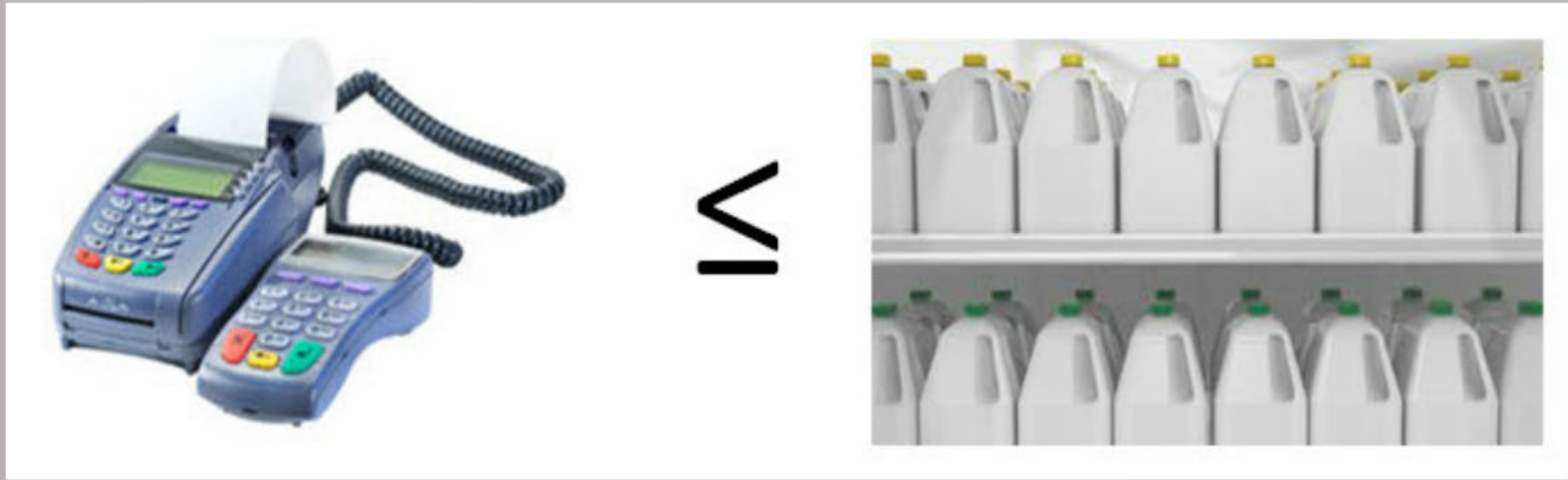
MAXIMUM LOWER CHECK TICKETS HERE

Don't Hit the Trail Hungry!

Made in the USA

04/17/2013 11:00

Overcharging in EBT



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High Risk Indicators

Michigan WIC Program
Compliance Item Results
Period: 08/01/2015 To: 08/31/2015

Vendor No: [REDACTED] Vendor Name: [REDACTED]
 EPO Group: [REDACTED] District: [REDACTED] Transaction No: 205
 County: [REDACTED] Vendor No: [REDACTED] Transaction Date: [REDACTED]

Qty	Sub- Cat	QTY	Net Price	UPC/EPC	Brand Name	Package Size	Package Type	Req'd Dates	Settled Price	Net Price vs Date of Order	
1	00	1	013.20	01301	01301	10	1000000000	08/24	0130	00.00	
8	00	8	000.00	00000	00000	06	0000000000	08/24	0000	00.00	
1	00	1	000.00	00000	00000	06	0000000000	08/24	0000	00.00	
Transaction Total									013.20	013.20	00.00

10 High Risk Indicators

1. Vendor Total Monthly Transaction Volume In The Top % Of Peer Group
2. High % Of WIC Benefits Redeemed In A Single Transaction
3. Occurrence Of "After Hours" WIC Transactions
4. Location Of Redemption Vendor In Comparison To Client Location
5. Multiple Whole Dollar Transactions Occurring Within A Brief Timeframe
6. Client Requests Replacement Of WIC EBT Card On Multiple Occasions
7. All Transactions Redeemed With The Same Vendor For Consecutive Months
8. Vendor Redemptions Meet Or Exceed The NTE Amount Established For The Peer Group On A Consistent Basis
9. Vendor Fails To Connect ECR System To The WIC Program EBT System
10. Vendor Frequently Disputes The Amount Of WIC Reimbursements

Low Variance

PAPER

- Variance based on food items listed & quantity purchased
- For single item (see above)
 - 10 cans purchased should be zero variance
 - 8 can purchased changes variance
- Multiple foods coupon
 - Variance is expected
 - Variance depends on food listed

EBT

- All transactions are by UPC code & unit
- Expected variance is always zero
- Any Variance suggest overcharging

Michigan WIC Program

Compliance Buy Results

Generated Date: 09/16/2015

From : 08/01/2015 To : 09/16/2015

Vendor No: [REDACTED] Vendor Name: [REDACTED]

Peer Group: [REDACTED] Family ID: [REDACTED] Transaction No: 305
 Family Name: [REDACTED] Transaction Date: [REDACTED]
 Card No: [REDACTED] Transaction Time: [REDACTED]pm

Cat	Sub-Cat	Qty	Nbr. Items	UPC/PLU	Brand Name	Package Size	Package Type	Req'd Price	Settled Price	Max Price on Date of Trans.
02	003	1	1	0070253500190	Our Family	LB	Cheddar, Sharp	\$6.29	\$6.29	\$6.29
05	001	24	1	0038000001277	Corn Flakes	OZ	Plain	\$4.49	\$4.49	\$4.49
19	001	3.98	1	4469	Fresh Fruits & Veget		Fresh Fruits & Veget	\$3.98	\$3.98	\$3.98
Transaction Total								\$14.76	\$14.76	\$14.76

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EBT

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Legal Implications of EBT

Proof is more efficient and compelling

Santiago Rios



WIC EBT Transaction by [REDACTED]

[REDACTED] for [REDACTED]

under the name [REDACTED]

[REDACTED]

Dollars paid to [REDACTED] by
WIC: \$ 424.11

WIC Authorized Food Received by
Client: \$ 10.47

Dollars Paid to [REDACTED] by WIC for Product
not Received by WIC
Client: \$ 413.64

DETAILS OF TRANSACTION:



DUPLICATE

WIC Purchase



2	GAL. Milk	
	Item#: 071600003014	
	3 Ea @ 1 GAL/4.49	13.47
1	LB. Cheese	
	Item#: 070163850071	5.99
36	OZ. Cereal	
	Item#: 039000016110	
	3 Ea @ 12 OZ/5.49	16.47
1	CAN. 15-16 oz Can Bean	
	Item#: 039400018108	
	4 Ea @ 0.25 CAN/1.29	5.16
24	OZ. Infant Cereal	
	Item#: 015000007027	
	3 Ea @ 8 OZ/3.29	9.87
8	CAN. 12.6oz Nutr LIPIL LGG	
	Item#: 300871239418	
	8 Ea @ 1 CAN/39.99	319.92
32	JAR. Infant Fruit	
	Item#: 01545.96	
	32 Ea @ 1 JAR. 89	34.88
1	OZ. Milk	
	Item#: 07160000335	2.39
1	LB. LB WH Cream	
	Item#: 024126000221	2.99
1	LB. LB WH Bread	
	Item#: 024126000221	2.99
1	BTL. Juice 64 oz	
	Item#: 028000295059	4.99
1	BTL. Juice 64 oz	
	Item#: 028000295059	4.99

WIC SUBTOTAL	424.11
WIC TOTAL	424.11
TOTAL REQUES 'D	424.11
ITEMS PURCHASE: 59	

REMAINING WIC BENEFITS:
No Benefits Found

- Summary of Violations

Client Name	Transaction Date	Remaining Benefit Day	Transaction Amount by Receiving Agency	Dollar Amount of WIC Authorized Food Received by Client	Dollars Paid to Market by WIC for Product not Received by WIC Client	WIC Vendor Sanction Policy Violations
	4/2/2013	14 Days	\$424.11	\$10.47	\$413.64	1, 2, 3
	4/12/2013	1 Day	\$230.80	\$13.00	\$217.80	1, 2, 3
	3/12/2013	1 Day	\$246.66	\$129.73	\$116.93	1, 2, 3
	11/28/2012	1 Day	\$287.32	\$13.47	\$273.85	1, 2, 3
	2/11/2013	0 Days	\$132.80	\$0.00	\$132.80	1, 2, 3
	4/10/2013	1 Day	\$228.50	\$108.76	\$119.74	1, 2, 3
	2/11/2013	0 Days	\$11.97	\$0.00	\$11.97	1, 2, 3
	2/24/2013	24 Days	\$690.13	\$499.80	\$190.33	1, 2, 3
	1/19/2013	1 Day	\$481.17	\$413.35	\$67.82	1, 2, 3
	4/3/2013	25 Days	\$175.91	\$0.00	\$175.91	1, 2, 3
	4/8/2013	4 Days	\$76.86	\$0.00	\$76.86	1, 2, 3

1 "Failure to properly process WIC EBT transactions in accordance with the procedures set forth in the most recent publication of the Michigan WIC Program Vendor Guidebook and the Michigan WIC EBT Manual, including any revisions or supplements issued by the Department."

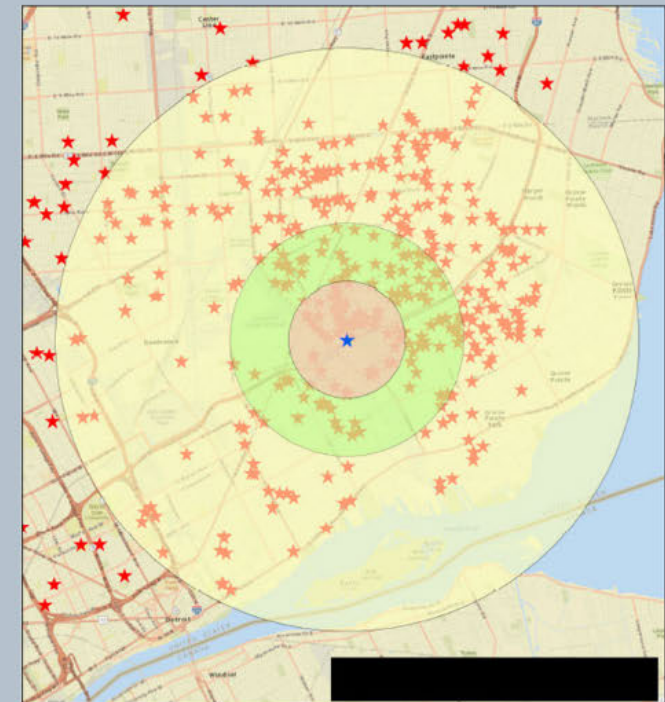
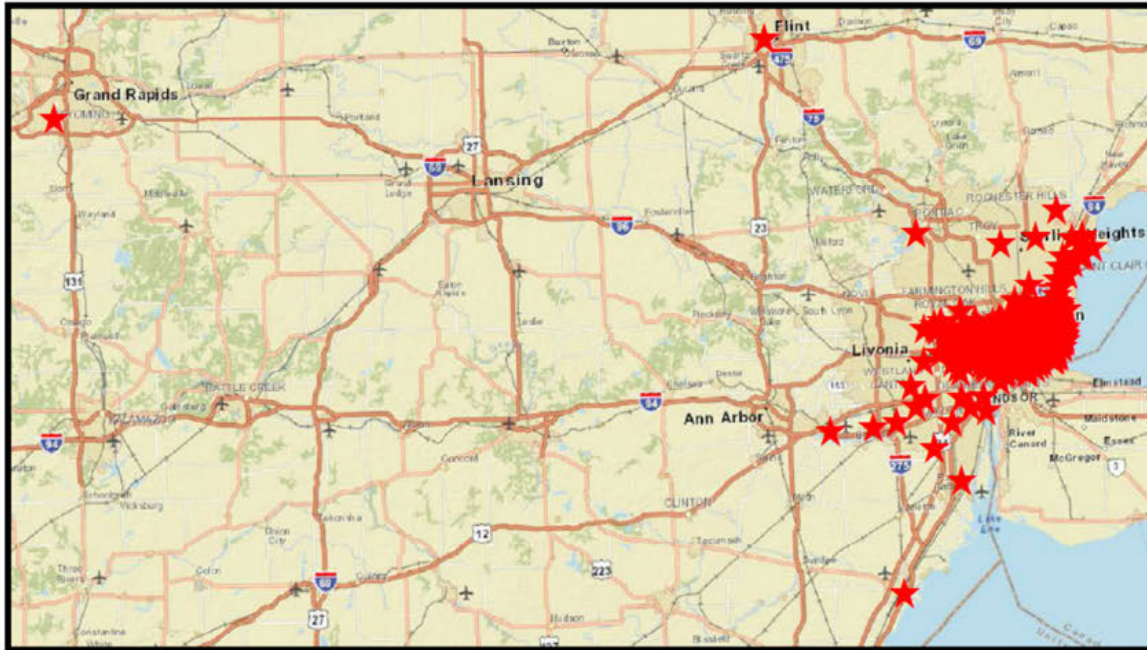
WIC Vendor Sanction Policy, p 2 A.9

2 "Charging the WIC Program for food (by UPC code) not received by the client."

WIC Vendor Sanction Policy, p 6 C.2

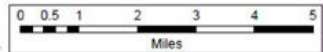
3 "Providing credit or non-food items, other than alcohol, alcoholic beverages, tobacco products cash, firearms, ammunition, explosives or controlled substances as defined in 21USC 802, in exchange for food instruments."

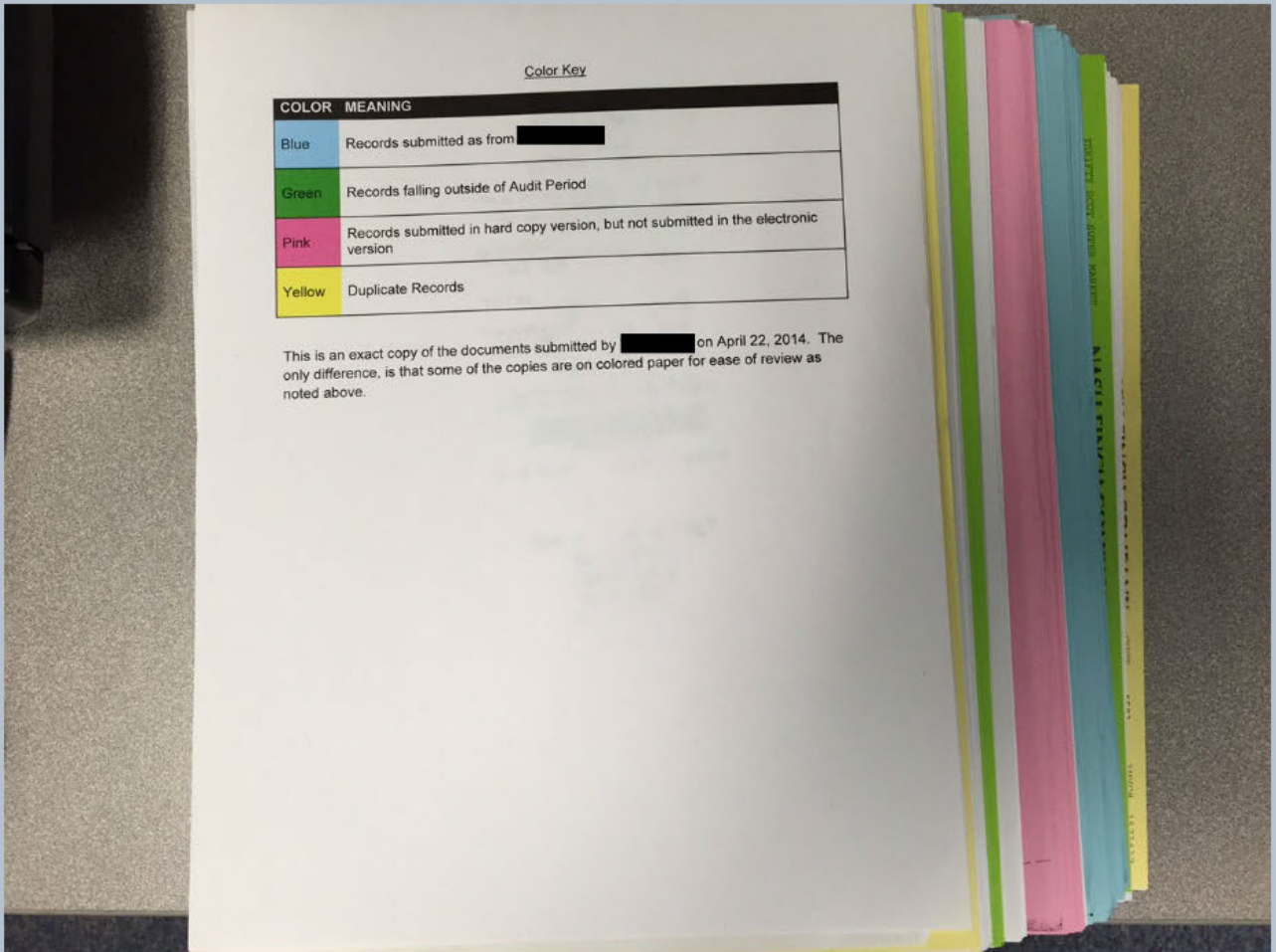
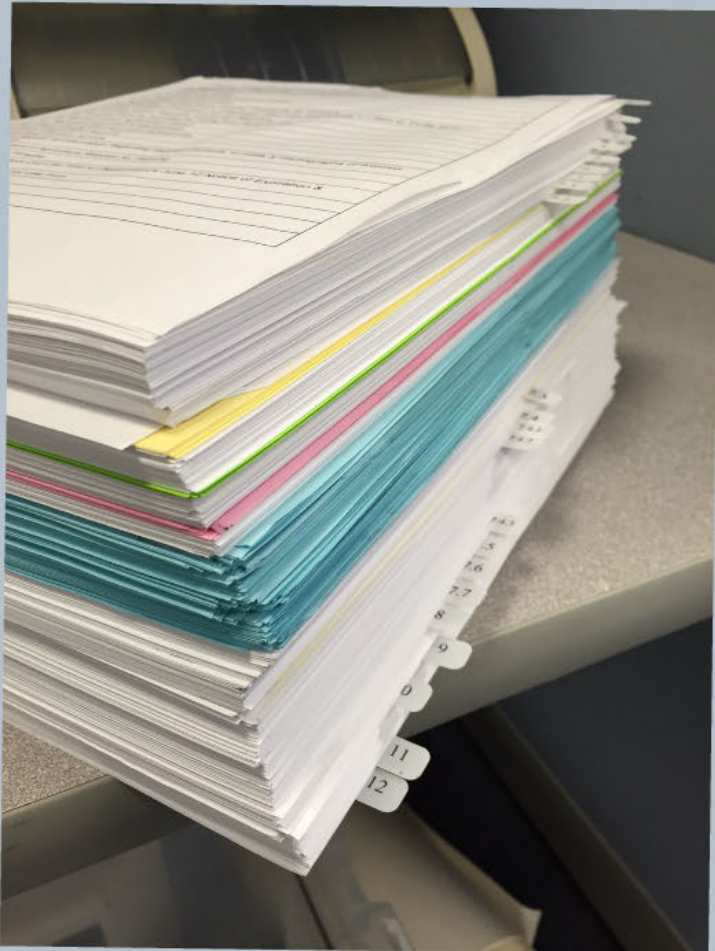
WIC Vendor Sanction Policy, p 7 C.4



As indicated on this map this is to certify that locations listed on this map are within a specific radius of the [redacted] as follows:

1. Red Radius - within one mile
2. Green Radius - within two miles
3. Yellow Radius - within five miles







EBT Positive M

Legal Implications of EBT

Proof is more efficient and compelling

Santiago Rios



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Case Studies

Loren Haughn

1. Credit Ledgers and UPC Sheets
 - 95% Benefit Redemption
 - 3+ gallons of milk
2. Formula exchanged for tobacco & unauthorized food items
 - High volume / average trans.
3. Inventory audits
 - Odd hour transactions
 - Relational client mapping

04/17/2013 11:06

Card No: 4111111111111111
MIC Merchant ID: 41111111
Settlement Date: 04/11

MIC Purchase

- 8 SK. Milk 26.30
- 1 HL. Half Gallon Milk 1.20
- 2 LB. Cheese 17.37
- 1 OIL. Juice 11.37
- 4 OIL. 12.5 oz Pkg Evl Press 59.36
- 8 ST. Milk 4.70
- 1 LB. 18 Oz Bread 14.90
- 22.00 888 OIL. Fresh Fruits & Veg 22.00
- 2 OIL. Juice 64 oz 1.50
- 2 OIL. Juice 64 oz 3.50
- MIC BENEFIT 100.00
- MIC TOTAL 200.00
- REMAINING MIC BENEFITS: 0
- Result: Approved
- Auth #: 8119210
- Trace#: 111993-000401123411029
- www CUSTOMER COPY www

Card No: 4111111111111111
MIC Merchant ID: 41111111
Settlement Date: 04/11

MIC Purchase

- 1 SK. Milk 1.00
- 1 HL. Half Gallon Milk 4.50
- 1 LB. Cheese 2.00
- 1 OIL. Juice 2.00
- MIC BENEFIT 11.00
- MIC TOTAL 11.00
- REMAINING MIC BENEFITS: 0

Card No: 4111111111111111
MIC Merchant ID: 41111111
Settlement Date: 04/11

MIC Purchase

- 1 SK. Milk 11.47
- 1 HL. Half Gallon Milk 1.40
- 1 LB. Cheese 12.47
- 1 OIL. Juice 3.00
- 1 OIL. Juice 2.47
- MIC BENEFIT 2.00
- MIC TOTAL 21.47
- REMAINING MIC BENEFITS: 0

Card No: 4111111111111111
MIC Merchant ID: 41111111
Settlement Date: 04/11

MIC Purchase

- 4 SK. Milk 17.36
- 2 LB. Cheese 11.30
- 1 OIL. Juice 16.47
- 1 OIL. Juice 16.47
- 4.00 888 OIL. Fresh Fruits & Veg 4.00
- 1 OIL. Juice 64 oz 3.30
- 1 OIL. Juice 64 oz 3.30
- MIC BENEFIT 4.00
- MIC TOTAL 67.30
- REMAINING MIC BENEFITS: 0

Card No: 4111111111111111
MIC Merchant ID: 41111111
Settlement Date: 04/11

MIC Purchase

- 1 SK. Milk 11.47
- 1 HL. Half Gallon Milk 1.20
- 1 OIL. Juice 11.37
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- MIC BENEFIT 26.63
- MIC TOTAL 52.04
- REMAINING MIC BENEFITS: 0
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- www CUSTOMER COPY www

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- 1 HL. Half Gallon Milk 1.20
- 1 ST. Milk 2.00
- 2 OIL. Juice 11.37
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- MIC TOTAL 45.20
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- 1 OIL. Juice 2.00
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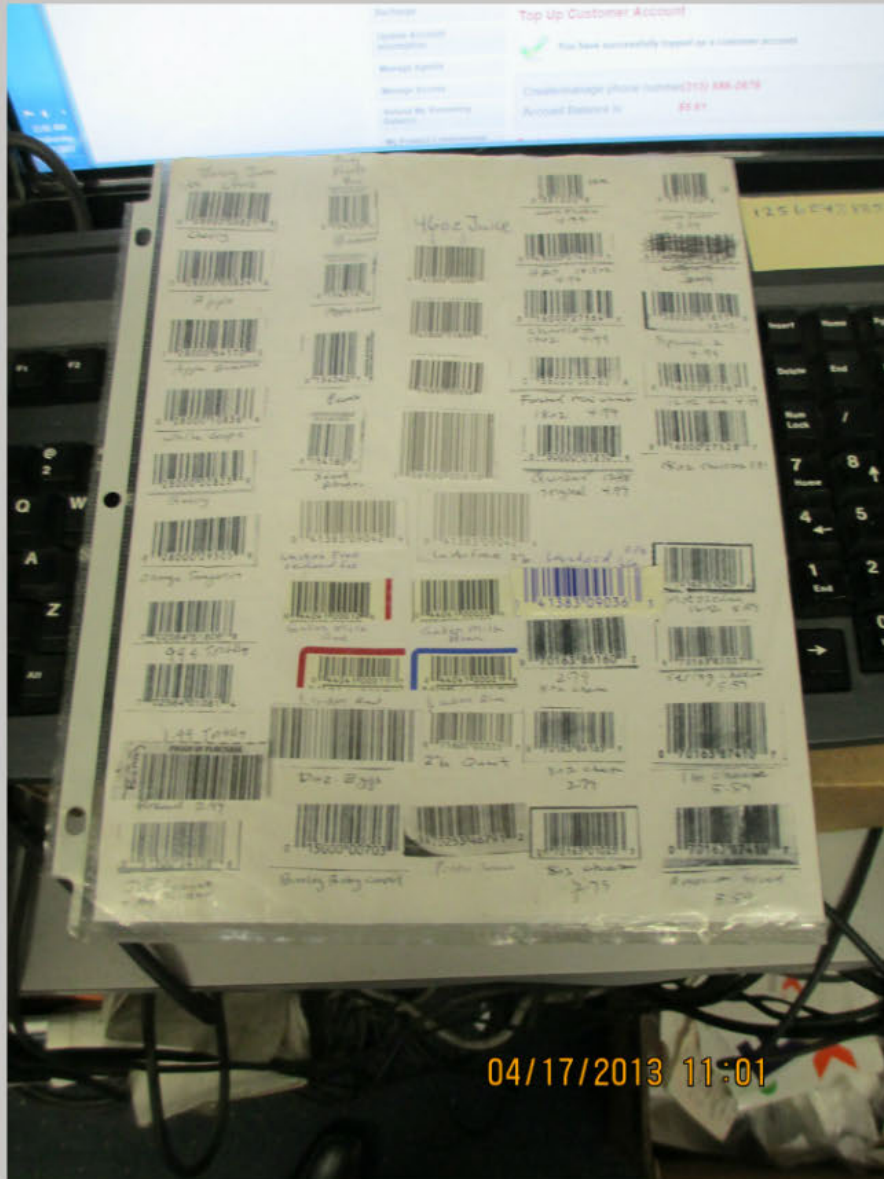
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Loren Haughn

Credit Ledgers and UPC Sheets

- 95% Benefit Redemption

- 3+ gallons of milk

Formula exchanged for tobacco

authorized food items

- High volume / average tra

Listings of Families that redeemed > 95% in one day between 01/JAN/2013 and 17/APR/2013

Transaction Date	Benefit End Date	Family	AP First Name	AP Last Name	Requested Price	Settled Price	Redeemed > 95%
4/9/2013	4/19/2013				\$ 67.93	\$ 67.93	100
2/12/2013	2/19/2013				\$ 47.97	\$ 47.97	100
4/12/2013	4/13/2013				\$ 304.43	\$ 304.43	97.35
3/13/2013	3/15/2013				\$ 144.18	\$ 144.18	100
3/13/2013	3/15/2013				\$ 87.68	\$ 87.68	100
3/13/2013	3/15/2013				\$ 6.00	\$ 6.00	98.98
1/12/2013	1/29/2013				\$ 287.61	\$ 287.61	100
3/13/2013	3/29/2013				\$ 130.88	\$ 130.86	100
2/11/2013	2/11/2013				\$ 172.22	\$ 172.22	100
1/11/2013	1/11/2013				\$ 163.24	\$ 163.24	98.35
2/9/2013	3/7/2013				\$ 292.44	\$ 292.44	100
4/10/2013	5/7/2013				\$ 292.44	\$ 292.44	100
3/8/2013	4/7/2013				\$ 292.27	\$ 292.27	100
3/17/2013	3/17/2013				\$ 76.81	\$ 76.77	97.17
2/25/2013	2/25/2013				\$ 89.70	\$ 89.68	96.23
2/25/2013	2/25/2013				\$ 46.81	\$ 46.81	98.33
2/24/2013	3/20/2013				\$ 690.13	\$ 690.13	99.45
1/16/2013	1/20/2013				\$ 224.91	\$ 224.91	100
2/14/2013	2/20/2013				\$ 224.91	\$ 224.91	100
4/3/2013	4/28/2013				\$ 116.52	\$ 116.52	100
4/3/2013	4/28/2013				\$ 101.80	\$ 101.80	100
1/28/2013	2/6/2013				\$ 83.53	\$ 83.49	100
2/24/2013	3/6/2013				\$ 81.21	\$ 81.20	100
4/2/2013	4/6/2013				\$ 70.54	\$ 70.54	100

Loren Haughn

credit Ledgers and UPC Sheets

- 95% Benefit Redemption
- 3+ gallons of milk

Formula exchanged for tobacco &

authorized food items

- High volume / average trans

Count by Vendor showing count of times 3 or more gallons of milk were sold in one transaction

			Count of transactions of 3 or more gallons	
Count of QUANTITY	VENDOR_N	VENDOR_NAME	LONG_DESCR	Total
			Milk	274
				274
1				274
			Milk	207
				207
4				207
			Milk	198
				198
7				198
			Milk	190
				190
7				190
			Milk	175
				175
7				175
			Milk	160
				160

1. Credit Ledgers and UPC Sheets

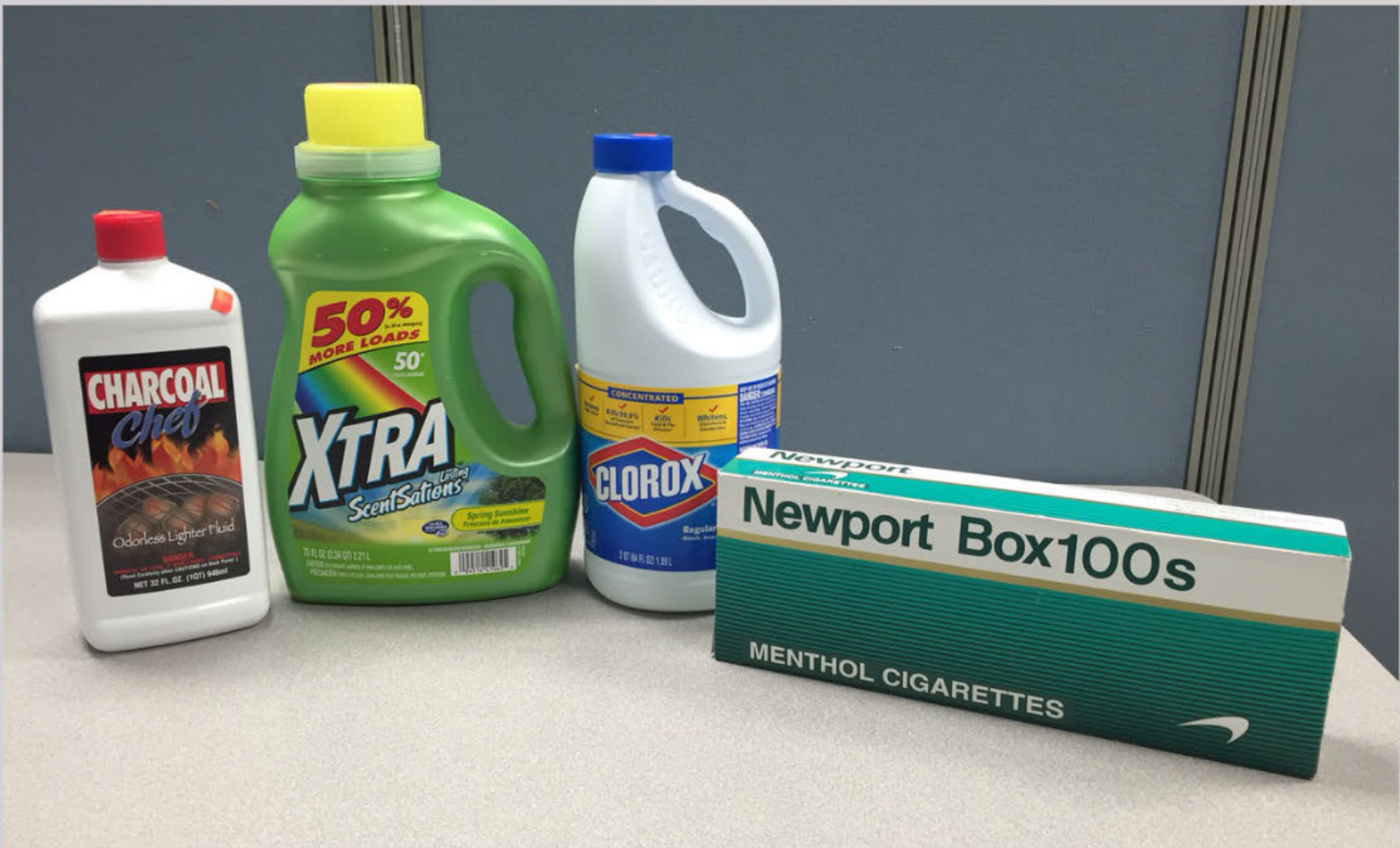
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2. Formula exchanged for tobacco & unauthorized food items

- High volume / average trans.

3. Inventory audits

- Odd hour transactions
- Relational client mapping



Term#: T0000001 04/30/15
 Clerk: 2006 3:48:55pm

WIC Purchase

Card Num: XXXXXXXXXXXXX9796
 WIC Merchant ID: [REDACTED]
 Settlement Date: 05/01

9	CAN, 12.9oz PHD Enfamil AR	
	Item#: 300870201423	
	9 Ea @ 1 CAN/28.49	256.41
	WIC SUBTOTAL	256.41
	WIC TOTAL	256.41
	TOTAL REQUESTED	256.41
	ITEMS PURCHASED: 9	

REMAINING WIC BENEFITS:

- 3 GAL WHOLE MILK
- 9 GAL Skim, 1/2 or 1 Milk
- 4 LB CHEESE (\$8.00 MAX PER LB.)
- 4 DOZ EGGS
- 9 OZ CEREAL
- 3 JAR 16-18oz PnutBtr, lb Dry, 15-16oz Cn
- 7 LB WHOLE GRAINS
- 27.01 \$\$\$ FRUITS AND VEGETABLES
- 7 BTL 64 OZ JUICE

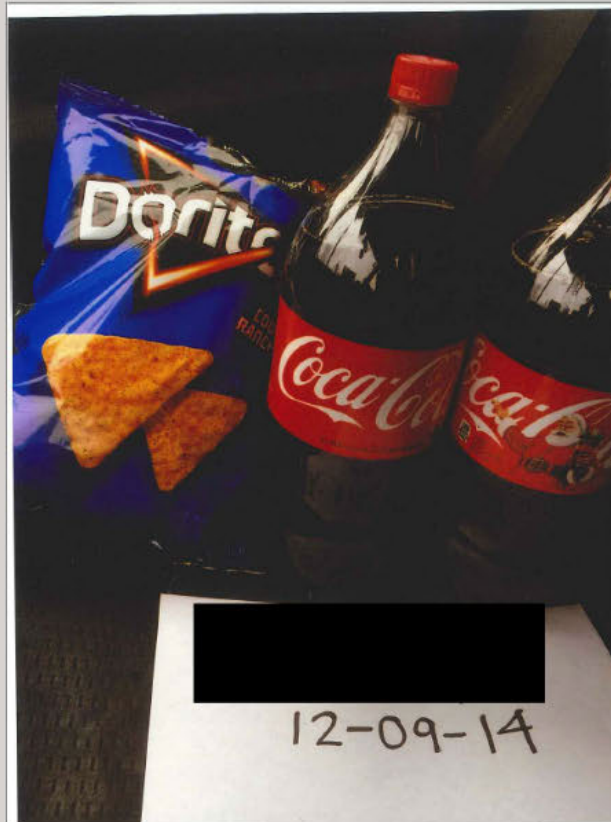
USE YOUR WIC BENEFITS BY:
 05/26/15

Result: Approved
 Auth #: 401723
 Trace#: 187326-000001722401723

DISPENSE GOODS

V3.02 043 765 990 027 627 431 014 196

*** CUSTOMER COPY ***



1. Credit Ledgers and UPC Sheets

- 95% Benefit Redemption
- 3+ gallons of milk

2. Formula exchanged for tobacco & unauthorized food items

- High volume / average trans.

3. Inventory audits

- Odd hour transactions
- Relational client mapping

Michigan WIC Program
Quarterly Dollar Volume Of Sales
01/01/2015 to 03/31/2015

Generated Date: 04/01/2015

32 DETROIT - 1 OR 2 REGISTERS

Vendor Name	Vendor No	LA Code	Transactions	Total Dollars	Avg. per Trans
	000-	90	504	\$76,907.44	\$152.59
	000-	90	962	\$76,677.42	\$79.71
	000-	90	1054	\$66,674.95	\$63.26
	000-	90	1629	\$59,461.40	\$36.50
	000-	90	1508	\$57,082.79	\$37.85
	000-	82	904	\$56,598.63	\$62.61
	000-	90	1147	\$54,724.07	\$47.71
	000-	90	494	\$47,325.27	\$95.80
	000-	90	799	\$46,442.87	\$58.13
	000-	90	1106	\$46,240.28	\$41.81
	000-	90	1108	\$42,726.91	\$38.56

2. Formula exchanged for tobacco
unauthorized food items

- High volume / average tra

3. Inventory audits

- Odd hour transactions
- Relational client mapping

Monetary Claim Based on Inventory Discrepancies for [REDACTED]
 Period: January 1, 2014 through December 30, 2014

Category Description	Size	Redeemed Quantity		Inventory Purchases		Number of Units not Substantiated by Inventory Records		Amount Charged to WIC Program Per Unit		WIC Monetary Claim
Enfamil Premium Powder (lipil)	12.5 oz	18,414	-	4,964	=	13,450	x	\$21.99	=	\$295,765.50
Enfamil Gentlease	12.4 oz	1,762	-	816	=	946	x	\$21.99	=	\$20,802.54
Enfamil Prosobee	12.9 oz	563	-	234	=	329	x	\$22.99	=	\$7,563.71
Similac Expert Care - Neosure	13.1 oz	246	-	0	=	246	x	\$22.99	=	\$5,655.54
Pediasure	8 oz	1,986	-	342	=	1,644	x	\$2.79	=	\$4,586.76
Nutramigen with Enflora LGG	12.6oz	118	-	0	=	118	x	\$37.99	=	\$4,482.82
Enfamil AR	12.9 oz	258	-	180	=	78	x	\$22.99	=	\$1,793.22
Similac Expert Care - Allimentum	16 oz	52	-	6	=	46	x	\$34.99	=	\$1,609.54
Boost Kids Essentials 1.5 cal**	8oz	636	-	540	=	96	x	\$4.49	=	\$431.04
Pwd Progestimil	16 oz	20	-	4	=	16	x	\$36.99	=	\$591.84
Enfacare Lipil	12.8 oz	6	-	0	=	6	x	\$22.99	=	\$137.94

Cost of Formula Exceeding Vendor's Inventory: **\$343,420.45**

See attached **Monetary Claim Methodology** – [REDACTED] for further explanation.



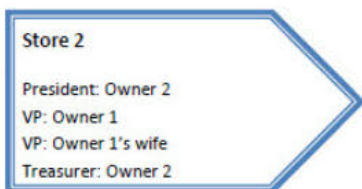
Submitted invoices for 15,174 units

Legitimate invoices* identified for 1,734 units

Charged WIC Program for 6180 units

4446 units totaling \$110,371.84 charged to the WIC Program in excess of documented inventory

0 Units available from Store 1 for re-sale to Store 2



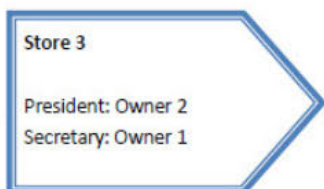
Submitted invoices for 1,335 units

Legitimate Invoices* identified for 29 units

Charged WIC Program for 902 units

873 units totaling \$21,843.27 charged to the WIC Program in excess of documented inventory

0 Units available from Store 1 for re-sale to Store 3



Submitted invoices for 1,628 units

No legitimate invoices* identified

Charged WIC Program for 752 units

752 units totaling \$19,748.48 charged to the WIC Program in excess of documented inventory

0 Units available from Store 3 for re-sale to Store 4



Submitted invoices for 582 units

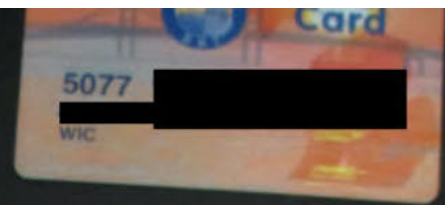
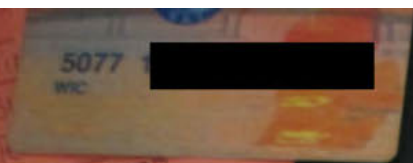
No legitimate invoices* Identified

Charged WIC Program for 363 units

363 units totaling \$9,214.37 charged to the WIC Program in excess of documented inventory

*Legitimate invoices are invoices that meet the minimum requirements for acceptability of purchase and inventory records as set forth in the WIC Vendor Contract requirements





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2. Formula exchanged for tobacco & unauthorized food items

- High volume / average trans

3. Inventory audits

- Odd hour transactions
- Relational client mapping

Client Transactions after 12 am for [REDACTED]
 Period: July 31, 2013 – March 31, 2014

FamilyID	AuthPerson FirstName	AuthPerson LastName	Street Address1	City	ZipCode	Phone	TransDate	HH:MM:SS	Settled Price
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Hamtramck	48212	[REDACTED]	7/31/2013	00:40:24	\$ 104.65
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Detroit	48212	[REDACTED]	7/31/2013	01:14:41	\$ 7.98
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Hamtramck	48212	[REDACTED]	8/1/2013	00:40:56	\$ 43.98
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Hamtramck	48212	[REDACTED]	8/3/2013	00:27:49	\$ 306.24
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Warren	48092	[REDACTED]	8/3/2013	00:08:15	\$ 138.72
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Warren	48092	[REDACTED]	8/3/2013	00:09:36	\$ 10.58
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Detroit	48212	[REDACTED]	8/4/2013	00:01:55	\$ 77.27
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Detroit	48212	[REDACTED]	8/4/2013	00:03:11	\$ 4.00
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Detroit	48212	[REDACTED]	8/6/2013	00:08:20	\$ 148.29
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Detroit	48212	[REDACTED]	8/7/2013	00:32:20	\$ 3.99
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Hamtramck	48212	[REDACTED]	8/10/2013	00:04:36	\$ 386.06
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Hamtramck	48212	[REDACTED]	8/10/2013	00:06:18	\$ 5.98
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Detroit	48212	[REDACTED]	8/10/2013	00:56:14	\$ 136.06
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Troy	48085	[REDACTED]	8/18/2013	00:52:36	\$ 67.63
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Detroit	48212	[REDACTED]	8/27/2013	00:13:53	\$ 327.83
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Hamtramck	48212	[REDACTED]	9/2/2013	01:15:09	\$ 68.03
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Hamtramck	48212	[REDACTED]	9/10/2013	00:24:46	\$ 3.99
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Warren	48091	[REDACTED]	9/10/2013	00:51:40	\$ 136.06
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Detroit	48212	[REDACTED]	9/13/2013	00:31:54	\$ 9.87
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Hamtramck	48212	[REDACTED]	9/15/2013	00:23:09	\$ 392.04
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Warren	48091	[REDACTED]	9/15/2013	00:33:35	\$ 51.26
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Detroit	48212	[REDACTED]	9/22/2013	00:15:15	\$ 68.03
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Hamtramck	48212	[REDACTED]	9/22/2013	00:00:59	\$ 138.72
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Hamtramck	48212	[REDACTED]	9/22/2013	00:05:03	\$ 10.58

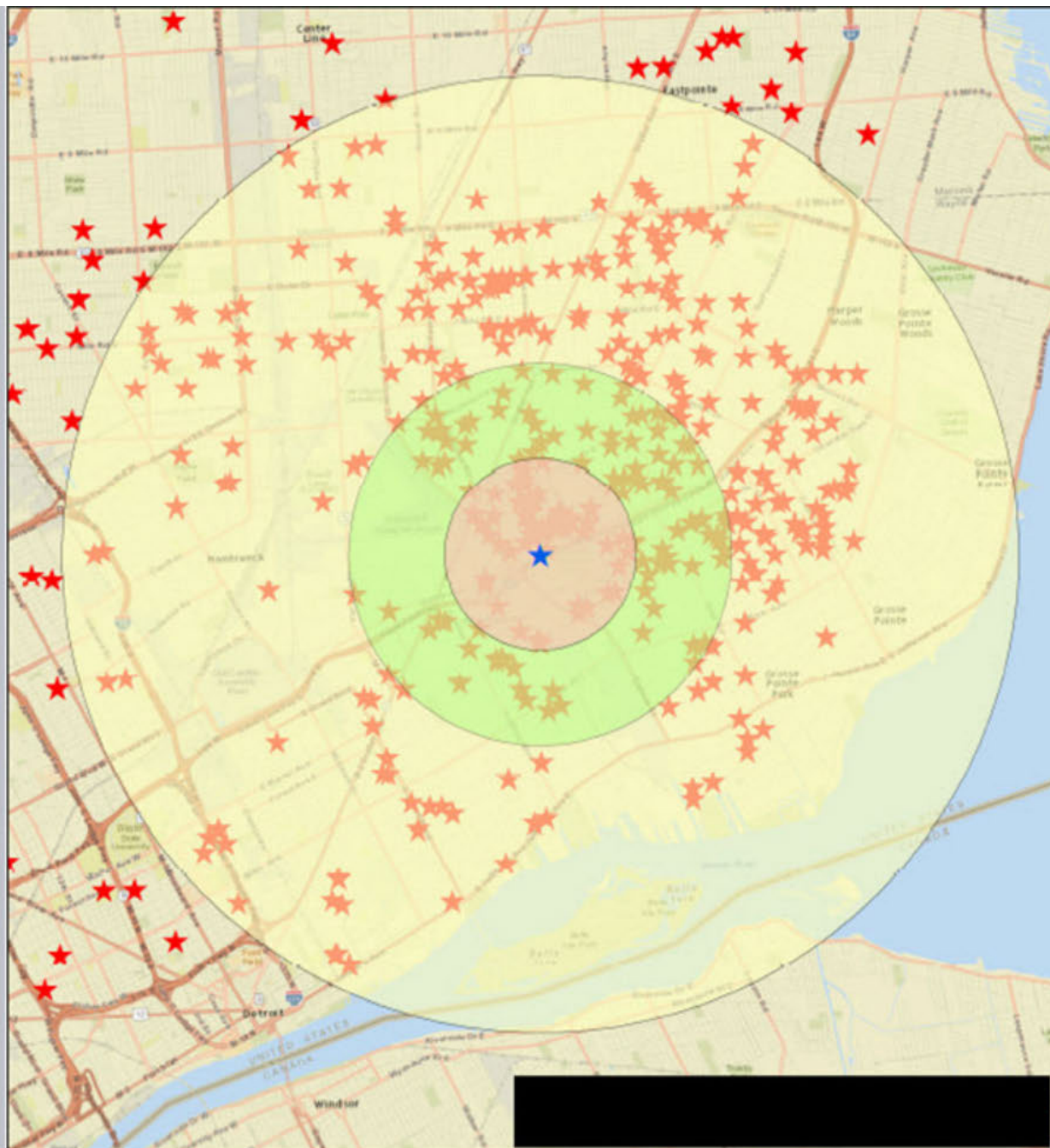
- 5+ gallons of milk

2. Formula exchanged for tobacco & unauthorized food items

- High volume / average trans.

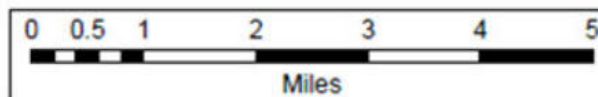
3. Inventory audits

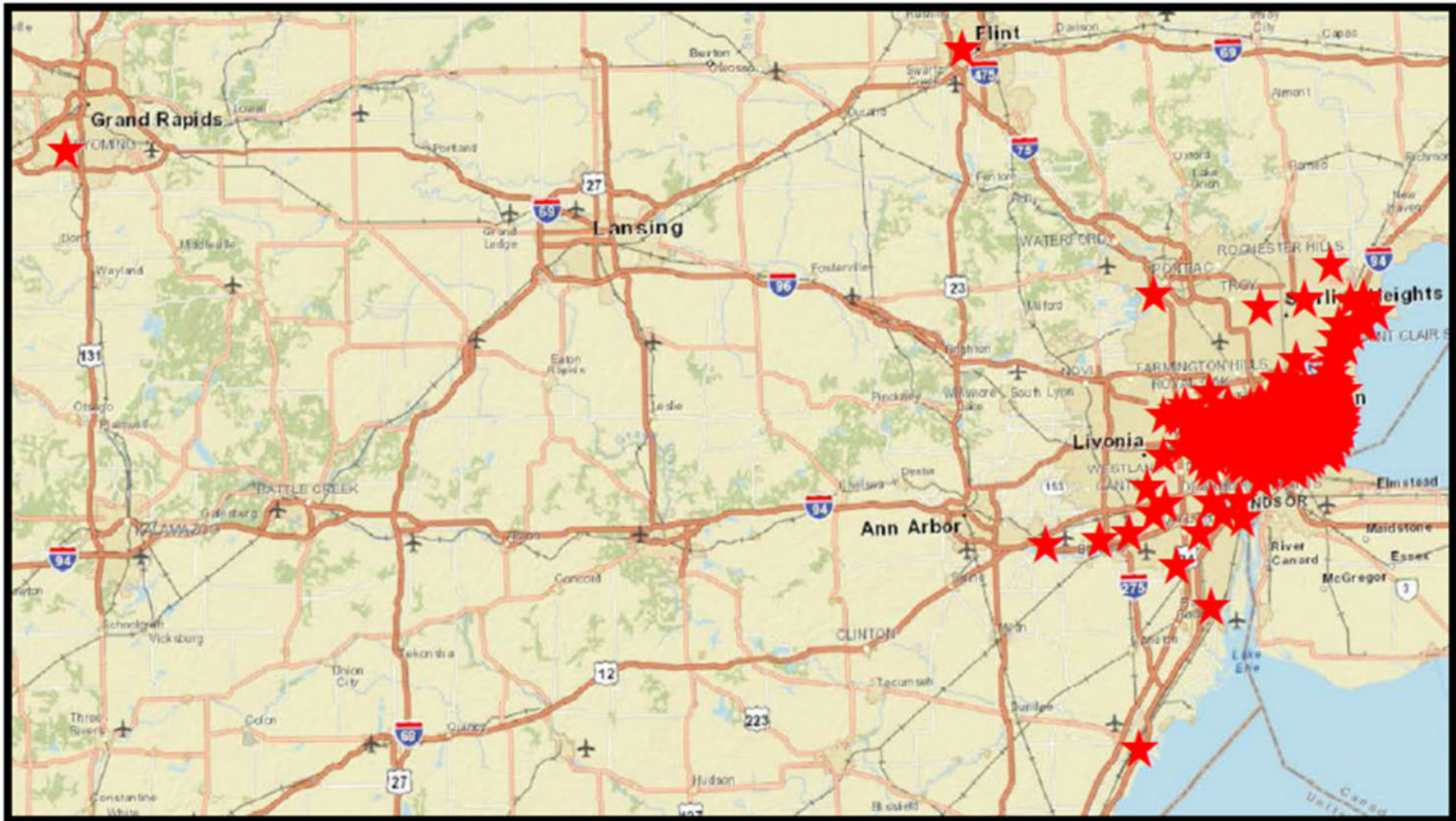
- Odd hour transactions
- Relational client mapping



As indicated on this map this is to certify that locations listed on this map are within a specific radius of the [redacted] as follows:

1. Red Radius - within one mile
2. Green Radius - within two miles
3. Yellow Radius - within five miles





Case Studies

Loren Haughn

1. Credit Ledgers and UPC Sheets
 - 95% Benefit Redemption
 - 3+ gallons of milk
2. Formula exchanged for tobacco & unauthorized food items
 - High volume / average trans.
3. Inventory audits
 - Odd hour transactions
 - Relational client mapping

EBT Has been a Positive Change in Michigan

Fraud Happens even in EBT - Outline

1. Introduction
2. Overview of EBT
3. Types of Fraud
4. Detection and Prevention
5. Conclusion

- High volume / average
- 3. Inventory audits
- Odd hour transactions
- Relational client management

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Track Record

Non Audit Compliance Activity

Vendor	Current Status	Year
Vendor 1	Terminated	2013
Vendor 2	Terminated	2013
Vendor 3	Terminated	2013
Vendor 4	Terminated	2013
Vendor 5	Terminated	2013
Vendor 6	Terminated	2013
Vendor 7	Terminated	2013
Vendor 8	Terminated	2013
Vendor 9	Terminated	2013
Vendor 10	Terminated	2013
Vendor 11	Terminated	2013
Vendor 12	Terminated	2013
Vendor 13	Terminated	2014
Vendor 14	Terminated	2014
Vendor 15	Terminated	2014
Vendor 16	Terminated	2014
Vendor 17	Terminated	2014
Vendor 18	Terminated	2014
Vendor 19	Terminated	2015
Vendor 20	Terminated	2015
Vendor 21	Terminated	2015
Vendor 22	Terminated	2015
Vendor 23	Terminated	2015
Vendor 24	Terminated	2015
Vendor 25	Terminated	2015
Vendor 26	Terminated	2015

Inventory Audits

Vendor	Current Status	Monetary Claim	Year
Vendor 1	Terminated	\$ 160,133.50	2006
Vendor 2	Terminated	\$ 338,326.40	2013
Vendor 3	Terminated	\$ 28,193.87	2013
Vendor 4	Terminated	\$ 28,193.87	2013
Vendor 5	Terminated	\$ 28,193.87	2013
Vendor 6	Terminated	\$ 285,304.84	2014
Vendor 7	CMP	\$ 56,122.50	2014
Vendor 8	Terminated	\$ 208,974.31	2014
Vendor 9	Terminated	\$ 35,012.21	2014
Vendor 10	Terminated	\$ 10,941.31	2014
Vendor 11	Terminated	\$ 109,476.55	2015
Vendor 12	Terminated	\$ 171,146.00	2015
Vendor 13	Terminated	\$ 6,088.00	2015
Vendor 14	Terminated	\$ 2,214.87	2015
Vendor 15	Terminated	\$ 10,000.00	2015
Vendor 16	Terminated	\$ 6,978.28	2015
Vendor 17	Authorized	\$ -	2014
Vendor 18	Authorized	\$ -	2014
Vendor 19	Authorized	\$ -	2014
Vendor 20	Authorized	\$ -	2015
Vendor 21	Terminated	\$ -	2015
Vendor 22	Authorized	\$ -	2015
Total:		\$ 1,485,300.38	

EBT – Not a magic wand



Presenters: Stan Bien, Mike Perrelli, Santiago Rios, Loren Haugh

Fraud Happens even in EBT - Outline

- Background on EBT in Michigan
- Collaboration with OIG and SNAP
- Structure of Presentation
- EBT HAS BEEN A POSITIVE CHANGE IN MICHIGAN (Stan Bien)
 1. For Client
 - a. Replaces checks
 - b. Safer and more secure than carrying checks
 - c. Convenient and easy to use
 - d. Receipt given at end of transaction shows remaining WIC Food Benefit balance
 - e. You Don't have to purchase all benefits at one time
 2. For the Vendor -
 - a. Faster Payment
 - b. Easier to process transactions
 - c. Easier to train employees
 - d. System is designed to prevent inadvertent violations
 - e. Receipt gives detailed description of every WIC transaction
 3. For the Program -
 - a. Faster and easier to process payment
 - b. All transaction data is available for identification of high risk vendors
 - c. Receipt gives detailed description of every WIC transaction
 - d. Expands our view of High Risk Indicators
 - e. Provides reliable evidence to support vendor violations and claims
 - f. Promotes vendor accountability

EBT is a system that provides greater efficiency and safeguards, but EBT is not a magic wand

- Combating fraud: Paper to EBT - (Mike Perrelli)
 1. Distinction between systems
 2. Common violations
 3. High risk indicators
- Legal implication of EBT - Proof is more efficient and compelling (Santiago Rios)
- Case studies utilizing data to identify suspicious activity (Loren Haughn)
 1. Credit Ledgers and UPC Sheets
 - a. 95% Benefit Redemption
 - b. 3 or more gallons of milk in one transaction
 2. Formula Exchanged for Tobacco & Unauthorized Food Items
 - a. High Volume / Average Transactions
 3. Inventory audits
 - a. Odd hour transactions
 - b. Relational client mapping

EBT – Not a magic wand



Presenters: Stan Bien, Mike Perrelli, Santiago Rios, Loren Haugh