



Millions commit food stamp fraud every year

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- Kristin Volk

BALTIMORE (WMAR) - Food stamps represent one of the fastest growing federal programs in the U.S., 46 million Americans now receive assistance, but, it's a program ripe for abuse.

Although the feds bust hundreds of retailers each year for food stamp fraud, some disqualified store owners still accept food stamps.

Cases of beer, cartons of cigarettes, even cold hard cash to buy big-ticket items, is how hundreds of your tax dollars are spent each year in a slick food stamp scheme.

"Sometimes it's the good themselves that are contraband," says Michael Tanner with the CATO Institute. "Sometimes you get cash back."

Tanner studies the governments' food stamp program for the CATO Institute, a Washington think tank. Tanner says it's easy to use food stamps illegally and the federal government knows it.

Each year, the government has about 1,000 retailers nationwide for fraud. In the Baltimore area alone, agents have permanently disqualified 39 store owners since 2006.

"The food stamp program has always had one of the highest rates of waste, fraud and abuse," said Tanner.

An ABC 2 News investigation has revealed that some of the same vendors who were busted are wrongly readmitted to the program as many as four times. We found nearly a third of the disbarred sites were approved to trade in food stamps again.

We confronted Ijaz Hussein, who owns a food mart in Remington. A co-owner of the store was busted last year and banned from the program. Less than one year later, our partners at the Scripps Howard News Service confirmed the store was accepting food stamps and alerted the U.S. Department of Agriculture.

"That store has been notified and that store is going to be taken out of the program," said Kevin Concannon with the Department of Agriculture.

Concannon, heads the USDA's food stamp program, and says the agency has cracked down considerable on fraud in recent years.

When we returned to the food mart last month, store employees said they no longer accept food stamps.

"Back in the era of paper coupons, the fraud of trafficking rate ran in the 4% range. Since we've gone to the electronic cards, it runs more in the 1% range," said Concannon.

The Electronic Benefit Transfer Cards (EBT) are replenished monthly with taxpayer dollars and are supposed to track purchases so recipients can't buy banned items.

With help from store employees, customers can easily game the system. A clerk would ring up a case of beer as a box of cereal or charge \$50 on the card and give the customer \$25 in return.

The exchange rate favors the store and could bring in a whopping \$50,000 extra per month, according to a 2009 federal indictment involving food stamp fraud.

If caught, store owners are forever barred from participating in the program, but we cross-referenced public documents to find that merchants skirted the ban by using various aliases.

Analysts say it can be easier for the government to let the scams continue.

Tanner says that "In many cases it's more cost, effort, political pain and potential blow back in the community than it is worth to solve the problem."

As a result of our investigation, Congressman Darrell Issa, Chairman of the House Committee on Oversight and Government Reform, says he will direct congress to crack down on the issue.

"Thanks for uncovering this," said Congressman Issa. "This makes a difference when we have watchdogs who have done their homework and allow us to do the rest of the job for you."

Congressman Issa says he will hold hearings next week on the alleged abuses. He also sent a letter asking USDA officials to explain how they will prevent banned food stamp merchants from reentering the program.