

# NATIONAL REVIEW

## The Food-Stamp-Fraud Top Ten

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The Biden–GOP debt deal adjusted work requirements in the Supplemental Nutrition Assistance Program but did not cut the program’s spending. But cuts are needed because SNAP outlays have exploded from \$63 billion in 2019 to an estimated \$145 billion in 2023. Congress will have another chance at reform later this year when the program is reauthorized as part of the farm bill.

One chronic failing of SNAP is that billions of dollars are lost through fraud and abuse. Individuals, businesses, and organized gangs steal benefits. The switch from paper food stamps to electronic benefits transfer (EBT) cards two decades ago created new avenues for abuse.

News stories and auditor reports reveal ten types of fraud and abuse in SNAP.

1. **Selling benefits to retailers.** Individuals swipe their EBT cards at corrupt retailers and receive part of the value in cash, typically 50 cents on the dollar. In Baltimore, a dozen store owners were found to have illegally gained \$16 million in SNAP benefits. In Cincinnati, owners of a meat market were convicted of \$3.4 million in illegal SNAP transactions, and just last month in Fresno, a bakery owner was charged with \$5 million in illegal SNAP transactions.
2. **Selling benefits to individuals.** Individuals sell their EBT benefits to others at a fraction of the value for cash. Some people put their own food stamps for sale online, while others traffic online in stolen EBT card numbers and PINs.
3. **Reselling food.** Individuals buy food with their EBT cards and then resell it to other retailers for cash at a fraction of the value. In New York, a government worker and her associates pocketed \$1.8 million partly by buying energy drinks with EBT cards and reselling them to corner stores. In Brownsville, Texas, a pair of thieves gained \$1.2 million from SNAP transactions partly by buying food with fraudulent EBT cards and then reselling it in Mexico.

4. **Card skimming.** In recent years, EBT benefit theft through card skimmers has soared across the nation at retailers from corner stores to Walmart. EBT numbers and PINs are a great target for theft because the cards do not have chips.
5. **Phishing.** Phishing and other sorts of EBT data hacks are on the rise. With phishing, thieves posing as government caseworkers use text messages to SNAP recipients to gain card numbers and PINs.
6. **Falsifying eligibility.** To gain SNAP benefits illegally, people falsify their income, assets, employment status, number of children, allowable deductions, and other personal details.
7. **Multiple applications.** In Florida, a couple used stolen identities from nearly 700 individuals to apply online for EBT cards, and 100 of the applications were approved. The couple pocketed nearly \$200,000 by swapping the cards for cash at a corrupt retailer. Another strategy is to claim benefits in multiple states.
8. **Retailer-application fraud.** Retailers ineligible for SNAP falsify their applications to get approved, and retailers disqualified from SNAP for trafficking reapply under different names. The government has greatly expanded the number of SNAP-approved corner stores, which have higher trafficking rates than major grocery chains.
9. **State-agency fraud.** State governments are supposed to tackle SNAP recipient fraud. The federal government provides bonuses and penalties for the states based on their payment-error rates, but this system has induced some states to falsify their records.
10. **Government-worker theft.** Crooked state administrators pocket SNAP benefits. In one recent case in North Carolina, a SNAP caseworker altered food-stamp account information and sent EBT cards to her home address, which she then used to pocket \$234,000 of benefits and cash.

SNAP spending is soaring, and fraud and abuse appear to be rising. Card-skimming has become a particularly severe problem. SNAP is difficult to police because it includes 250,000 retailers and 42 million recipients, who have changing income levels, jobs statuses, and other factors that affect eligibility and benefit levels.

Haywood Talcove, the head of LexisNexis Risk Solutions, has tracked the rise of SNAP abuse. He says that we are seeing an “alarming attack on the food-stamp program,” which could cost \$20 billion a year. And he argues, “What happened during the pandemic was a seismic shift in benefit fraud in government programs. The criminals learned that government is really easy to steal from because they don’t have technology.”

Because the federal government funds SNAP benefits, state administrators have little reason to minimize the fraud and abuse. The solution is to get the feds out of food stamps and let the states fund their own food programs. State lawmakers must balance their budgets, and so they have strong incentives to minimize all types of waste when funding their own programs.

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