

**U.S. Department of Agriculture  
Food and Nutrition Service  
Administrative Review Branch**

**Guimond Farms,**

**Appellant,**

**v.**

**Office of Retailer Operations  
and Compliance,**

**Respondent.**

**Case Number: C0248497**

**FINAL AGENCY DECISION**

It is the decision of the United States Department of Agriculture (USDA), Food and Nutrition Service (FNS), that there is sufficient evidence to support a finding that the Office of Retailer Operations and Compliance (Retailer Operations), properly withdrew the authorization of Guimond Farms (Appellant), to participate as an authorized retail food store in the Supplemental Nutrition Assistance Program (SNAP).

**ISSUE**

The issue accepted for review is whether Retailer Operations took action consistent with 7 CFR § 278.1(b)(1), in its administration of the SNAP when it withdrew the authorization of Appellant to participate as a SNAP retail food store.

**AUTHORITY**

7 U.S.C. § 2023, and the implementing regulations at 7 CFR § 279.1, provide that a food retailer aggrieved by administrative action under § 278.1, § 278.6, or § 278.7, may file a written request for review of the administrative action with FNS.

**CASE CHRONOLOGY**

FNS regulations require that stores be reauthorized on a set schedule. A SNAP reauthorization application was submitted. The store was authorized November 25, 2020, pending a store visit. No determination of eligibility was made at that time. The email clearly states: “If you fail to meet the eligibility criterion, following our contracted store visit, your authorization will be withdrawn.” FNS-contracted personnel conducted an onsite store visit on March 7, 2021, to ascertain Appellant’s continued eligibility to participate in the SNAP. Retailer Operations requested proof of dairy products inventory by letter dated March 9, 2021.

By letter dated July 30, 2021, the authorization of Appellant to participate as a retail food store in the SNAP was withdrawn because the firm did not meet the eligibility criteria for stores as enunciated in the regulations at 7 CFR § 278.1(b)(1). Retailer Operations' letter informed the owners that Appellant failed to meet Criterion A and Criterion B. Appellant's eligibility under the need for access provision was also reviewed. Retailer Operations found that Appellant did not to meet the established criteria.

By letter dated August 8, 2021, one owner requested administrative review. The review was granted by letter dated September 7, 2021. One owner provided additional information by email dated September 28, 2021.

## **STANDARD OF REVIEW**

In an appeal of an adverse action, the Appellant bears the burden of proving by a preponderance of the evidence that the administrative action should be reversed. That means the Appellant has the burden of providing credible, relevant evidence that a reasonable mind, considering the record as a whole, would accept as sufficient to support a conclusion that the argument asserted is more likely to be true than not true.

## **CONTROLLING LAW AND REGULATIONS**

The controlling statute in this matter is contained in Section 14(a)(5) of the Food and Nutrition Act of 2008, as amended, and 7 U.S.C. § 2018. The SNAP regulations at 7 CFR Part 279 have been promulgated pursuant to the Food and Nutrition Act of 2008.

7 CFR § 271.2 states that Retail Food Store means: "An establishment that sells food for home preparation and consumption normally displayed in a public area, and either offers for sale, qualifying staple food items on a continuous basis, evidenced by having no fewer than seven different varieties of food items in each of the four staple food categories with a minimum depth of stock of three stocking units for each qualifying staple variety, including at least one variety of perishable foods in at least three such categories, (Criterion A) as set forth in § 278.1(b)(1) of this chapter, or has more than 50 percent of its total gross retail sales in staple foods (Criterion B) as set forth in § 278.1(b)(1) of this chapter as determined by visual inspection, marketing structure, business licenses, accessibility of food items offered for sale, purchase and sales records, counting of stockkeeping units, or other accounting recordkeeping methods that are customary or reasonable in the retail food industry as set forth in § 278.1(b)(1) of this chapter. Entities that have more than 50 percent of their total gross retail sales in: Food cooked or heated on-site by the retailer before or after purchase; and hot and/or cold prepared foods not intended for home preparation and consumption, including prepared foods that are consumed on the premises or sold for carry-out are not eligible for SNAP participation as retail food stores under 278.1(b)(1) of this chapter. Establishments that include separate businesses that operate under one roof and share the following commonalities: Ownership, sale of similar foods, and shared inventory, are considered to be a single firm when determining eligibility to participate in SNAP as retail food stores." 7 CFR § 278.1(b)(1)(ii)(A) of the SNAP regulations as currently implemented define continuous basis as offering for sale no fewer than three different varieties of food items in each of the four staple food categories with a minimum depth of stock of three stocking units for each qualifying staple variety on any given day of operation.

7 CFR § 278.1(b)(1)(i) imparts program requirements for retail food store participation, which states: “(A) An establishment or house-to-house trade route shall normally be considered to have food business of a nature and extent that will effectuate the purposes of the program if it sells food for home preparation and consumption and meets one of the following criteria: Offer for sale, on a continuous basis, a variety of qualifying foods in each of the four categories of staple foods as defined in § 271.2 of this chapter, including perishable foods in at least three of the categories (Criterion A); or have more than 50 percent of the total gross retail sales of the establishment or route in staple foods (Criterion B).”

7 CFR § 271.2 states: “Staple food, means those food items intended for home preparation and consumption in each of the following four categories: Meat, poultry, or fish; bread or cereals; vegetables or fruits; and dairy products. Hot foods are not eligible for purchase with SNAP benefits and, therefore, do not qualify as staple foods for the purpose of determining eligibility under § 278.1(b)(1) of this chapter.”

7 CFR § 278.1(b)(1)(ii) provides that in order for a retail store to qualify for authorization under Criterion A, firms shall: “(A) Offer for sale and normally display in a public area, qualifying staple food items on a continuous basis, evidenced by having, on any given day of operation, no fewer than seven different varieties of food items in each of the four staple food categories with a minimum depth of stock of three stocking units for each qualifying staple variety and at least one variety of perishable foods in at least three staple food categories. Documentation to determine if a firm stocks a sufficient amount of required staple foods to offer them for sale on a continuous basis may be required in cases where it is not clear that the firm has made reasonable stocking efforts to meet the stocking requirement.” 7 CFR § 278.1(b)(1)(ii)(A) of the SNAP regulations as currently implemented define continuous basis as offering for sale no fewer than three different varieties of food items in each of the four staple food categories with a minimum depth of stock of three stocking units for each qualifying staple variety on any given day of operation.

7 CFR § 278.1(b)(1)(iii) provides that in order for firms to qualify for authorization under Criterion B: “Firms must have more than 50 percent of their total gross retail sales in staple food sales. Total gross retail sales must include all retail sales of a firm, including food and non-food merchandise, as well as services, such as rental fees, professional fees, and entertainment, sports, games income. However, a fee directly connected to the processing of staple foods, such as raw meat, poultry, or fish by the service provider, may be calculated as staple food sales under Criterion B.”

7 CFR § 278.1(b)(6) regarding access states: “FNS will consider whether the applicant firm is located in an area with significantly limited access to food when the applicant firm fails to meet Criterion A per paragraph (b)(1)(ii) or Criterion B per paragraph (b)(1)(iii) of this section so long as the applicant firm meets all other SNAP authorization requirements.”

7 CFR § 278.1(b)(1)(iv) states: “Ineligible firms: Firms that do not meet the eligibility requirements in this section or that do not effectuate the purpose of the SNAP shall not be eligible for program participation. New applicant firms that are found to be ineligible will be denied authorization and authorized firms will be withdrawn from program participation. Ineligible firms under this paragraph include, but are not limited to, stores selling only accessory foods, including spices, candy, soft drinks, tea, or coffee; ice cream vendors selling solely ice

cream; and specialty doughnut shops or bakeries not selling bread. In addition, firms that are considered to be restaurants, that is, firms that have more than 50 percent of their total gross sales in foods cooked or heated on-site by the retailer before or after purchase; and hot and/or cold prepared foods not intended for home preparation or consumption, including prepared foods that are consumed on the premises or sold for carryout, shall not qualify for participation as retail food stores under Criterion A or B. This includes firms that primarily sell prepared foods that are consumed on the premises or sold for carryout.”

7 CFR § 278.1(l)(1) Withdrawing authorization reads: “FNS shall withdraw the authorization of any firm authorized to participate in the program for any of the following reasons. (i) The firm’s continued participation in the program will not further the purposes of the program; (ii) The firm fails to meet the specifications of paragraph (b), (c), (d), (e), (f), (g), (h), or (i) of this section; (iii) The firm fails to meet the requirements for eligibility under Criterion A or B, as specified in paragraph (b)(1)(i) of this section; or, for co-located wholesale/retail firms, the firm fails to meet the requirements of paragraph (b)(1)(vi) of this section, for the time period specified in paragraph (k)(2) of this section.”

7 CFR § 278.1(k)(2) requires that firms withdrawn for failure to meet program eligibility criteria “shall not be eligible to submit a new application for authorization in the program for a minimum period of six months” from the effective date of the withdrawal.

### **APPELLANT’S CONTENTIONS**

All contentions, as presented, and submissions, have been considered in making this decision, whether listed or not.

- On Wed., Nov. 25, 2020, we received an email stating that "due to issues or concerns related to Corona Virus Pandemic, we are authorizing your application before we visit your store to verify your inventory...."
- At that time, our store met the requirements under Criterion A and offered for sale, on a continuous basis, a minimum of three stocking units of three varieties of foods in each of four staple food categories, including three stocking units of one variety of perishable foods in at least two of those categories.
- In Mid-January of 2021, our family business was forced to close for approximately 16 days due to multiple employees getting sick with COVID-19 illness. During that time of closure, many of our dairy products had expired. We reordered these items from our distributors when we reopened and were notified that the items that we carried and stocked were out of stock due to high demands and lack of employment. We continuously tried to reorder and week after week we received the same message.
- On Sunday, March 7, 2021, nearly 4 months after receiving the initial email we had a visit to our store to verify inventory. The visitor spent a considerable amount of time in our store and informed one of my employees that the inspection was over, and everything looks ok.
- Several days later, we receive a notice dated March 9, 2021 requesting invoices/receipts to verify that our store carries at least three stocking units of three different varieties of foods in the staple food categories for: DAIRY PRODUCTS (milk, cheese, butter, yogurt, etc.) and the invoices submitted must be dated no more than 21 calendar days prior to the date of any store visit, and may not be dated on or after the date of the store visit.

- I sent two separate envelopes containing receipts/invoices of what we had available in stock and explained our situation to him. I'm attaching the two USPS priority receipts. I also informed stock and explained our situation to him. I'm attaching the two USPS priority receipts. I also informed him that I was hospitalized with Covid for 8 days and between last March we closed a total of 9 weeks due to this pandemic and it's had a crippling effect on our business. He stated that he completely understands the challenges we all are facing dealing with this COVID -19 pandemic. Especially because, at the time of our call, he was dealing with symptoms himself and was hoping it was not anything serious. He provided me with his supervisors' direct phone number and advised me to contact her regarding our situation. I reached out to her on several occasions and never received a response back.
- I don't hear back from anyone from FNS until nearly 5 months later in an email dated Aug. 5, 2021. The letter notified us that upon additional review, it was determined that our store failed to meet stocking requirements and is no longer eligible to participate as a SNAP Retailer. I understand there are rules and policies in place for retailers to follow under normal conditions. These are not normal conditions. A government agency should understand that we are going through difficult times and should help the retailer comply with the requirements and offer a little more flexibility. Since being authorized as a SNAP Retailer, our sales have increased from month to month which has in turn helped our business get through these challenging times. Today, our store meets the stocking requirements to participate. A named person was allowed nearly 4 months to conduct a store visit due to the Corona Virus pandemic, but Guimond Farms was only allowed 21 calendar days from the visit to verify inventory requirements. To me this does not seem fair.
- I've attached a letter from our distributor, James J. Duffy, stating that they have been experiencing unprecedented out of stocks this entire year. This submission is additional information or evidence to support our request. I hope that the USDA understands the challenging times we are facing and considers allowing our store to continue on the SNAP.

## **ANALYSIS AND FINDINGS**

This review is to validate or to invalidate the determination by Retailer Operations; as such it is limited to consideration of the relevant facts at the time of the decision. The authorization of a store to participate in the SNAP must be in accord with the Act and the regulations, as amended; those requirements of law cannot be waived. The onsite review of Appellant's food inventory revealed insufficient varieties and stocking units in the dairy products staple food category. The SNAP regulations at Section 278.1(b)(1)(ii)(A) under Criterion A, as currently implemented, require a firm shall offer for sale and normally display in a public area, no fewer than three different varieties of food items in each of the four staple food categories with a minimum depth of stock of three stocking units for each qualifying staple variety on any given day of operation, and at least one variety of perishable foods in at least three staple food categories. The evidence supports that Appellant did not meet Criterion A at the time of the determination. The firm responded with receipts, but none of the documentation supported that the firm qualified in the dairy products staple food category. On review, insufficient evidence was advanced to support that Appellant met Criterion A at the time the determination was rendered. The letter from the distributor did not address the lack of variety and/or stocking units in the dairy staple food category.

Based on Appellant's own reauthorization application, Retailer Operations determined that Appellant was also ineligible for authorization under Criterion B per 7 CFR § 278.1 (b)(1)(iii). The owner estimated the firm's retail sales from staple foods was 13% of its total retail sales. The owner provided no evidence to support that Appellant met Criterion B at the time of the withdrawal. Retailer Operations also properly reviewed the firm for need for access as per the regulations at 7 CFR § 278.1(b)(6), and found it did not qualify.

SNAP authorization is dependent solely upon whether a firm meets the eligibility requirements for participation at the time of reauthorization. The preponderance of evidence supports that Appellant did not meet the regulatory requirements of Criterion A or Criterion B at the time the withdrawal decision was made. SNAP authorization is an administrative privilege granted upon evidence of eligibility and continued compliance with the governing laws and regulations. If a firm does not conform to the applicable statutes and regulations, the same provide for the firm's removal from the SNAP.

### **CONCLUSION**

Based on a review of the evidence, the determination by Retailer Operations to withdraw the authorization of Appellant to participate as a SNAP retailer is sustained. The firm did not meet the requirements of a retail food store as set forth in Section 278.1(b)(1) of the SNAP regulations when it was withdrawn. In accordance with 7 CFR § 278.1(k)(2), the owners will not be eligible to reapply for participation as a retail food store in the SNAP for a minimum period of six (6) months from the effective date of the withdrawal. This decision will take effect thirty (30) days after the date of delivery to the firm. General questions regarding the SNAP application process may be directed to 877-823-4369.

### **RIGHTS AND REMEDIES**

Your attention is called to Section 14 of the Food and Nutrition Act of 2008, and to the regulations at 7 CFR § 279.7 with respect to the applicable right to judicial review of this decision. Please note that if a judicial review is desired, the Complaint, naming the United States as the defendant, must be filed in the U.S. District Court for the district in which Appellant's owners reside or are engaged in business, or in any court of record of the State having competent jurisdiction.

If any Complaint is filed, it must be filed within thirty (30) days of delivery of this Decision. Under the Freedom of Information Act, we are releasing this information in a redacted format as appropriate. FNS will protect, to the extent provided by law, personal information that could constitute an unwarranted invasion of privacy.

M. Viens  
ADMINISTRATIVE REVIEW OFFICER

September 29, 2021