

**U.S. Department of Agriculture  
Food and Nutrition Service  
Administrative Review Branch  
Alexandria, VA 22302**

**Buckeye Country Mart LLC,**

**Appellant,**

**v.**

**Retailer Operations Division,**

**Respondent.**

**Case Number: C0195343**

**FINAL AGENCY DECISION**

It is the decision of the U.S. Department of Agriculture (USDA), Food and Nutrition Service (FNS), that the hardship civil money penalty (CMP) in the amount of \$1,596.00 imposed upon Buckeye Country Mart LLC (hereinafter Appellant) by Retailer Operations Division is hereby sustained.

**ISSUE**

The issue accepted for review is whether the Retailer Operations Division took appropriate action, consistent with 7 U.S.C. § 2021, 7 CFR § 278.6(a), 7 CFR § 278.6 (e), (f) and (g) in its administration of the SNAP when it determined that a six-month disqualification against Appellant was warranted, and further determined that SNAP participants in the area would endure a hardship with the implementation of the disqualification. Retailer Operations Division therefore assessed a hardship civil money penalty in the amount of \$1,596.00, in lieu of the disqualification against Appellant.

**AUTHORITY**

7 U.S.C. § 2023 and the implementing regulations at 7 CFR § 279.1 provides that “[A] food retailer or wholesale food concern 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**

The USDA conducted an investigation of the compliance of Appellant with Federal SNAP law and regulations during the period June 12, 2017 through September 7, 2017. The Report of Positive Investigation (hereinafter, "Investigative Report"), number TR38723, dated September 15, 2017, delineated that three (3) unidentified female personnel at Appellant exchanged SNAP benefits for ineligible merchandise with a USDA Investigator on five (5) separate occasions. The items exchanged during the violations were ineligible and included items, best described in regulatory terms as "conspicuous and common ineligible nonfood items" consisting of plastic cutlery, paper towels, bathroom tissue, tobacco and a fidget spinner.

By charge letter dated September 26, 2017, Retailer Operations Division informed Appellant of the agency's intention to disqualify Buckeye Country Mart LLC from participation in the SNAP as an authorized retailer for a period of six-months, in accordance with 7 CFR §278.2(a), based on information contained in the Investigative Report. A copy of the Investigative Report was provided to Appellant as an attachment to the charge letter.

The Retailer Operations Division record indicates that Appellant did not respond to the charge letter. After considering the evidence of the case and the Appellant's non-response to the charge letter dated September 26, 2017. By letter dated October 12, 2017, Retailer Operations Division notified Appellant that there was a finding that the violations cited in the charge letter occurred at your firm and that it has determined that the assessment of a hardship civil money penalty (CMP) of \$1,596.00, in lieu of a six-month period of disqualification, is the appropriate penalty for these violations because your firm is selling a substantial variety of staple food items and the firm's disqualification would cause hardship to SNAP households. This is in accordance with Section 278.6(f)(1) of the SNAP regulations.

In a letter dated October 24, 2017, the Appellant requested an administrative review of the Retailer Operations Division's determination. The appeal was accepted and the implementation of the six-month disqualification was held in abeyance pending completion of this review.

## **STANDARD OF REVIEW**

In appeals of adverse actions, an appellant bears the burden of proving by a preponderance of the evidence, that the administrative actions should be reversed. That means an appellant has the burden of providing relevant evidence which a reasonable mind, considering the record as a whole, might accept as sufficient to support a conclusion that the matter asserted is more likely to be true than not true.

## **CONTROLLING LAW**

The controlling statute in this matter is contained in the Food and Nutrition Act of 2008, as amended, at 7 U.S.C. § 2021 and in Part 278 of Title 7 of the Code of Federal Regulations (CFR). 7 U.S.C. § 2021, Part 278.6(a) and Part 278.6 (e) of the Regulations establish the authority upon which a disqualification, or a civil money penalty in lieu thereof, may be imposed upon a retail food store or wholesale food concern.

7 U.S.C. § 2021 states, *inter alia*: (1) IN GENERAL. An approved retail food store or wholesale food concern that violates a provision of this Act or a regulation under this Act may be: (A) disqualified for a specified period of time from further participation in the supplemental nutrition assistance program; (B) assessed a civil penalty of up to \$100,000 for each violation; or (C) both.

7 CFR § 278.6(a) states, *inter alia*: “FNS may disqualify any authorized retail food store ... if the firm fails to comply with the Food & Nutrition Act of 2008, as amended, or this part. Such disqualification shall result from a finding of a violation on the basis of evidence that may include facts established through on-site investigations, inconsistent redemption data, evidence obtained through a transaction report under an electronic benefit transfer system.”

7 CFR § 278.6(e)(5) prescribes the general period of disqualification for the sale of common ineligible nonfood items and states: “Disqualify the firm for 6 months if it is to be the first sanction for the firm and the evidence shows that personnel of the firm have committed violations such as but not limited to the sale of common nonfood items due to carelessness or poor supervision by the firm’s ownership or management.”

7 CFR § 278.6(f)(1) applies to the criteria for CMPs on the basis of hardship and reads, in part, “FNS may impose a civil money penalty as a sanction in lieu of disqualification when the firm...is selling a substantial variety of staple food items, and the firm’s disqualification would cause hardship to SNAP households because there is no other store in the area selling as large a variety of staple food items... FNS may disqualify a store which meets the criteria for a civil money penalty if the store had previously been assigned a sanction.”

## **APPELLANT’S CONTENTIONS**

The Appellant made the following summarized contentions in its request for administrative review, in relevant part:

- The determination would cause extreme hardship for our store.
- We had the store for over 11 years. If you could remove or reduce the fine it would be greatly appreciated.

The preceding may represent only a brief summary of the Appellant's contentions presented in this matter. Please be assured, however, in reaching a decision, full attention was given to all contentions presented, including any not specifically recapitulated or specifically referenced herein.

## **ANALYSIS AND FINDINGS**

With regards to Appellant's contentions, the regulations stipulate "FNS shall disqualify the firm for six months if it is to be the first sanction for the firm and the evidence shows that personnel of the firm have committed violations such as but not limited to as the sale of common nonfood items, due to carelessness and poor supervision by the firm's ownership or management." The regulations further stipulate "FNS may impose a civil money penalty as a sanction in lieu of disqualification when the firm subject to a disqualification is selling a substantial variety of staple food items, and the firm's disqualification would cause hardship to food stamp households because there is no other authorized retail food store in the area selling as large a variety of staple food items at comparable prices."

It should be added that a six-month disqualification, or a civil money penalty in lieu thereof, is the least severe disqualification period allowed by regulation. Beyond the assessment of a civil money penalty in lieu of a six-month disqualification, there is no appropriate lesser sanction contemplated by the statute, the regulations or agency policy. The purpose of this review is to ascertain whether Retailer Operations Division has arrived at a correct decision; accordingly, the review officer is not extended the latitude to alter or modify decisions correctly made on the basis of requests for leniency.

## **CIVIL MONEY PENALTY**

The Retailer Operations Division determined that the Appellant was eligible for a hardship CMP under 7 CFR § 278.6(f)(1). That regulation reads, in part, "FNS may impose a civil money penalty as a sanction in lieu of disqualification when...the firm's disqualification would case hardship to SNAP households because there is no other authorized retail food store in the area selling as large a variety of staple food items at comparable prices."

The Appellant contends that the hardship CMP of \$1,596.00 is excessive and requests that the CMP be lowered or removed. However, the Appellant's request cannot be granted because neither the Retailer Operations Division nor this administrative review has the authority to modify the hardship CMP formula mandated by SNAP regulations at 7 CFR § 278.6(g).

Under SNAP regulations, a hardship CMP is calculated on the basis of the SNAP redemption volume of the store during the 12-month period prior to the firm being charged with the SNAP violations. The Appellant firm was charged with SNAP violations in the letter dated September 26, 2017. During the preceding 12-month period of September 2016 through August 2017, the Appellant firm redeemed a total of 5 U.S.C. § 552 (b)(6) & (b)(7)(C) in SNAP benefits. The

following is a recalculation of the CMP assessed against the Appellant using the mandatory formula described in 7 CFR § 278.6(g).

**5 U.S.C. § 552 (b)(7)(E)**

Under the formula mandated by 7 CFR § 278.6(g), the initial CMP calculation equals \$1,596.00 which is under the maximum allowable CMP of \$55,000.00. Because the SNAP regulations provide no discretion to the agency in the calculation of this formula, modification to the CMP amount may occur only when there is an error in calculation or the amount exceeds the statutory limit. The case record documents that the Retailer Operations Division correctly calculated the hardship CMP for Buckeye Country Mart LLC at \$1,596.00.

**CONCLUSION**

As noted herein, the charges of violations are based on the findings of a formal USDA investigation. The transactions cited in the letter of charges were conducted by a USDA investigator and are thoroughly documented. A complete review of this documentation has yielded no error or discrepancy. The Investigative Report is specific and thorough with regard to the dates of the violations, the specific facts related thereto, and is supported by documentation that confirms specific details of the transactions.

A review of the evidence in this case indicates that the Appellant firm, Buckeye Country Mart LLC, exchanged SNAP benefits for common ineligible items on five different compliance visits. However, Retailer Operations Division determined that a six-month disqualification of Buckeye Country Mart LLC would create a hardship for SNAP households as there is no other authorized retail food store in the area selling a substantial variety of staple food items at comparable prices.

It is therefore the decision of this review that a CMP is appropriate and fully in accord with 7 CFR §278.6(f). A review of the calculations shows that the amount of the CMP was correct and proper and the decision in this case is hereby sustained and will become effective upon the 30th day following your firm's receipt of this document. In the event a six-month disqualification is imposed for failure to pay the civil money penalty, or some lesser disqualification period reflecting the unpaid portion of the civil money penalty, Appellant may reapply for authorization to participate in the SNAP up to 10 days prior to the end of the disqualification period.

## **RIGHTS AND REMEDIES**

Your attention is called to Section 14 of the Food and Nutrition Act of 2008, as amended, (7 U.S.C. § 2023) and to Title 7, Code of Federal Regulations, Part 279.7 (7 CFR § 279.7) with respect to your right to a judicial review of this determination. 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 you 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 receipt of this Decision.

Under the Freedom of Information Act (FOIA), 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.

Monique Brooks  
Administrative Review Officer

January 10, 2018