

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

Casa Thai Market,

Appellant,

v.

Case Number: C0206311

Retailer Operations Division,

Respondent.

FINAL AGENCY DECISION

It is the decision of the U.S. Department of Agriculture (USDA), Food and Nutrition Service (FNS), that there is sufficient evidence to support a six-month disqualification of Casa Thai Market (hereinafter Appellant), from participation as an authorized retailer in the Supplemental Nutrition Assistance Program (SNAP) as initially imposed by the Retailer Operations Division.

ISSUE

The issue accepted for review is whether the Retailer Operations Division took appropriate action, consistent with Title 7 Code of Federal Regulations (CFR) Part 278 in its administration of the SNAP, when it imposed a six-month 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 Casa Thai Market, with Federal SNAP law and regulations from August 22, 2018 through September 25, 2018. In a letter dated October 3, 2018, Retailer Operations Division charged the Appellant firm with accepting SNAP benefits in exchange for merchandise which included common ineligible non-food items in violation of 7 CFR § 278.2(a). These SNAP violations occurred on three (3) out of three (3) compliance visits. The letter further informed the Appellant that the violations warranted a disqualification period of six months as provided in 7 CFR § 278.6(e)(5).

In an October 9, 2018, telephone conversation, Appellant replied to the charge letter and generally stated that he believes he knows which employee was responsible though he accepts full responsibility of the store. They have had many turnovers with employees, have tried to train them, and has since spoken to all the employees. He believes this was a mistake, as they do not have scanners and must manually enter all items.

After reviewing the evidence and the response from the Appellant, Retailer Operations Division issued a determination letter dated October 17, 2018. The determination letter informed the Appellant it was disqualified from the SNAP for a period of six months in accordance with 7 CFR § 278.6(a) and (e). The determination letter also stated that Retailer Operations Division considered Appellant's eligibility for a hardship CMP under 7 CFR § 278.6(f)(1). Retailer Operations Division determined that the Appellant was not eligible for the hardship CMP in lieu of the six-month disqualification because there were other authorized retail stores in the area selling as large a variety of staple foods at comparable prices.

In a letter dated October 25, 2018, 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, would 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 & Nutrition Act of 2008, as amended, 7 U.S.C. § 2021, and promulgated through regulation under Title 7 CFR Part 278. In particular, 7 CFR § 278.6(a) and (e) establish the authority upon which a period of disqualification may be imposed against a retail food store or wholesale food concern.

7 CFR § 278.2(a) states, inter alia: "Coupons may be accepted by an authorized retail food store only from eligible households.... Only in exchange for eligible food"

7 CFR § 271.2 states, inter alia: "Eligible food means: Any food or food product intended for human consumption except alcoholic beverages, tobacco and hot food and hot food products prepared for immediate consumption"

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 and Nutrition Act of 1977, 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..."

7 CFR § 278.6(e)(5) states, inter alia: “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) states, inter alia: “FNS may impose a civil money penalty as a sanction in lieu of when... the firm’s disqualification would cause hardship to Food Stamp [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.”

APPELLANT’S CONTENTIONS

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

1. All three instances of the SNAP violations reported by the investigator occurred while the same clerk was handling the cash register. This employee is a long-time employee and fully understands the SNAP requirements. My clients have fully discussed this issue with her again.
2. All the ineligible items sold in the investigator’s reports were for plastic utensils, paper plates and aluminum foil which are items used by customers to eat. It is believed that the employee may have felt sorry for the customers that needed to purchase such items to eat the food and thereby let them go.
3. The items sold were part of items needed to assist with consuming foods that were purchased with SNAP so that the recipient could better consume and use the food purchased.
4. Many of the customers serviced by my client’s business use SNAP benefits and a suspension from accepting this benefit would be an extreme detriment to the customers in the surrounding community.

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

FNS initially authorized Casa Thai Market as a convenience store on November 22, 1995. During an investigation from August 22, 2018 through September 25, 2018, the USDA conducted three (3) compliance visits at Appellant’s store. A report of the investigation was provided to the Appellant as an attachment to the charge letter dated October 3, 2018. The investigation report included Exhibits A through C, which provide full details on the results of each compliance visit. The investigation report documents that SNAP violations were committed during three (3) of the three (3) compliance visits and involved the sale of one 40 count package of Parade 9-inch paper plates, one 25 count package of plastic cups (no brand), two 50 count packages of Western Family 6-inch paper plates, one 15 count package of Chinnet

10 3/8 inch compartment plates, two 40 count packages of Solo 9 ounce clear cups, one 100 count package of Shoppers Value 6-inch paper plates and one box of 37.5 sq. ft. of Parade heavy duty aluminum foil. The clerk refused the exchange of an undisclosed amount of SNAP benefits for cash in exhibit C.

With regard to Appellant's contentions, through counsel, it is important to note that as owner of the store, Appellant is liable for all violative transactions handled by either paid or unpaid store personnel. Regardless of whom the ownership of a store may utilize to handle store business, ownership is accountable for the proper handling of SNAP benefit transactions. To allow store ownership to disclaim accountability for the acts of persons whom the ownership chooses to utilize to handle store business would render virtually meaningless the enforcement provisions of the Food Stamp Act and the enforcement efforts of the USDA. Additionally, a record of participation in SNAP with no previously documented instance of violations does not constitute valid grounds for dismissal of the current charges of violations or for mitigating the impact of those charges.

Moreover, it is important to clarify for the record that the purpose of this review is to determine if the earlier decision of the Retailer Operations Division, to disqualify Appellant from participation in the SNAP for a period of six months, was in fact a correct one. It is not within the scope of this review to consider what subsequent actions Appellant may have taken so that its store may begin to comply with program requirements.

Appellant, through counsel, contends that items sold were part of items needed to assist with consuming foods that were purchased with SNAP. With regard to this contention, it is important to note that, although the ineligible items assist in consuming food, they, themselves, cannot be consumed and therefore are ineligible for purchase with SNAP benefits. SNAP benefits are to be used for eligible food purchases only.

Based on a review of the evidence in this case, there is no question that program violations did occur. A clerk working at Appellant sold common ineligible items to an FNS investigator on three separate investigative visits. The investigative record is specific and accurate with regard to the dates of the violations, the exchange of SNAP benefits for ineligible items, and in all other critically pertinent detail. As such, the contentions presented do not constitute valid grounds for dismissal of the current charges of violations, or for mitigating the impact of those charges. Similarly, the regulations do not provide for consideration of relativity of the violations to the gross sales amounts or transactions or, consideration of whether or not a business would remain profitable without a SNAP authorization. Based on a review of the evidence in this case, it appears that the SNAP violations at issue did, in fact, occur as charged.

CIVIL MONEY PENALTY

Retailer Operations Division considered Appellant's eligibility for a hardship CMP under 7 CFR §278.6(f)(1). The Retailer Operations Division determined that the Appellant was not eligible for the hardship CMP in lieu of the six-month disqualification because there were at least 76 other SNAP authorized retail stores, within one mile from Appellant's store. These retailers include small grocery store, medium grocery stores, large grocery stores, supermarkets,

superstores and other convenience and combination stores selling as large a variety of staple foods at comparable prices.

CONCLUSION

The documentation presented by Retailer Operations Division provides through a preponderance of the evidence that the violations as reported occurred at the Appellant firm. 7 CFR § 278.6(e)(5) specifies that 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, the sale of common nonfood items due to carelessness or poor supervision by the firm’s ownership or management.

The violations were determined by Retailer Operations Division to represent the first sanction for the firm and evidence carelessness and poor supervision. Therefore, the imposition of a six-month disqualification, the least severe penalty allowed by regulation, is appropriate.

It is therefore established that the violations as described in the letter of charges did in fact occur at the Appellant firm warranting a disqualification of six months in accordance with 7 CFR § 278.6(e)(5). Based on the discussion herein, the decision to impose a six-month disqualification against Casa Thai Market is appropriate and the action is sustained.

In accordance with the Act and regulations, the six-month period of disqualification shall become effective thirty (30) days after receipt of this letter. The Appellant may submit a new application for SNAP participation ten (10) days prior to the expiration of the six-month 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

February 7, 2019