

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

Maricopa Pizza V LLC dba Pizza Patron 0035,)
)
 Appellant,)
)
 v.)
)
 Retailer Operations Division,)
)
 Respondent.)
 _____)

Case Number: C0194906

FINAL AGENCY DECISION

The U.S. Department of Agriculture, Food and Nutrition Service (FNS), finds that there is sufficient evidence to support the decision by the Retailer Operations Division to withdraw the authorization of Maricopa Pizza V LLC dba Pizza Patron 0035 (hereinafter Appellant) to participate in the Supplemental Nutrition Assistance Program (SNAP) as a meal services provider.

ISSUE

The issue accepted for review is whether the Retailer Operations Division took appropriate action, consistent with 7 CFR § 278.1(l)(1)(iii), in its administration of the SNAP, when it withdrew the authorization of Appellant to participate in SNAP by letter dated October 11, 2016.

AUTHORITY

7 U.S.C. § 2023 and its implementing regulations at 7 CFR § 279.1 provide 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

In a letter dated October 11, 2016, the Retailer Operations Division informed Appellant that its application to participate as an authorized meal services provider in SNAP was being withdrawn because it did not meet the eligibility requirements for a private, for-profit restaurant to participate in SNAP as an authorized meal service provider by Federal regulations at 7 CFR § 278.1(b)(1)(iv), 278.1(b)(1), and amplifying eligibility guidance for meal services providers. This action was taken because the Retailer Operations Division had determined the Appellant business was set up exclusively as a carryout restaurant and as such failed to meet the

requirement that restaurants applying for authorization to accept SNAP benefits for prepared meals may not be set up exclusively for carryout. This withdrawal action was based on an examination of the business's web site and telephonic confirmation that the business is exclusively carryout.

Appellant was informed that the firm could not submit a new application to participate in SNAP for a period of six months as provided in § 278.1(k)(2). Appellant appealed the Retailer Operations Division decision and requested an administrative review of this action in a request dated October 20, 2016. The appeal was granted. Subsequent correspondence via email was also received from Appellant.

STANDARD OF REVIEW

In appeals of adverse actions, Appellant bears the burden of proving by a preponderance of the evidence that the administrative actions should be reversed. That means 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 and Nutrition Act of 2008, as amended, 7 U.S.C. § 2018 and § 278 of Title 7 of the Code of Federal Regulations (CFR). Part 278.1(k)(1) establishes the authority upon which the application of any firm to participate in SNAP may be denied if it fails to meet the definition of an eligible firm.

7 CFR § 278.1(b)(1)(iv) states, in part, that, "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 to participate in the program, and authorized retail food stores found to be ineligible will be withdrawn from program participation. New applicant firms that are found to be ineligible will be denied authorization to participate in the program, and authorized retail food stores found to be ineligible 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 retail sales in hot and/or cold prepared foods not intended for home preparation and consumption, 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. Such firms may qualify, however, under the special restaurant programs that serve the elderly, disabled, and homeless populations, as set forth in paragraph (d) of this section."

7 CFR § 278.1(d)(3) states, in part, that, "A meal delivery service or communal dining facility desiring to prepare and serve meals to households eligible to use coupons for those meals in addition to meeting the requirements of paragraphs (a) and (b) of this section, must establish that: ...[i]t is a restaurant operating under a contract with a State or local agency to prepare and serve (or deliver) low-cost meals to homeless persons, elderly persons and SSI recipients (and in the case of meal delivery services, to elderly persons or handicapped persons) and their spouses.

Such a facility must have more than 50 percent of its total sales in food. The contracts of restaurants must specify the approximate prices which will be charged.”

Section 9 of the Food and Nutrition Act of 2008, as amended, states in part, “[a] retail food store or wholesale food concern that is denied approval to accept and redeem benefits because the store or concern does not meet criteria for approval . . . may not, for at least 6 months, submit a new application to participate in the program.”

7 CFR § 278.1(k)(2) reads, in part, “FNS shall deny the application of any firm if it determines that . . . [t]he firm does not qualify for participation in the program as specified in paragraph (b), (c), (d), (e), (f), (g), (h) or (i) of this section.”

7 CFR § 278.1(l)(1)(ii) states, in part, that, “FNS shall withdraw the authorization of any firm authorized to participate in the program for any of the following reasons. . . . [t]he firm fails to meet the specifications of paragraph (b), (c), (d), (e), (f), (g), (h), or (i) of this section.”

STORE BACKGROUND

The record reflects that store ownership signed an FNS Form 252-2 Application for Meal Services on August 19, 2016, to participate as a meal services provider in the SNAP. This application stated that the business was a private for-profit franchised restaurant serving lunch and dinner seven days a week. Documentation was submitted by Appellant to Retailer Operations during the application process in support of their application.

APPELLANT’S CONTENTIONS

In the request for administrative review and in the subsequent correspondence, Appellant has stated as its position in the matter that it is willing to purchase outdoor patio furniture to make up for the business being strictly carryout and requests that the denial action be withdrawn. Additionally, all 11 sites were accepting SNAP under their previous ownership and this assists with generating revenue at the locations.

No documentation or other evidence was submitted in support of these contentions.

The preceding may represent a summary of Appellant’s contentions in this matter. However, in reaching a decision, full attention and consideration has been given to all contentions presented, including any not specifically recapitulated or specifically referenced herein.

ANALYSIS AND FINDINGS

With regards to Appellant’s contentions above, the authorization of a business to participate in SNAP must be in accord with the Act, as amended, and regulations. These requirements of law cannot be waived. Thus, it is important to clarify for the record that the purpose of this review is to either validate or to invalidate the earlier decision of the Retailer Operations Division, and that it is limited to what circumstances existed at the time of the withdrawal action by the Retailer Operations Division. On the day of the withdrawal action, the evidence supported that the business is carryout only and restaurants that are carryout only are not eligible to participate as SNAP meal services providers. Although Appellant is willing to add patio furniture for seating, these changes would have been made subsequent to the withdrawal action and do not provide a basis for dismissing or reversing the withdrawal action.

Section 9 of the Food and Nutrition Act of 2008, as amended, states in part, “[a] retail food store or wholesale food concern that is denied approval to accept and redeem benefits because the store or concern does not meet criteria for approval . . . may not, for at least 6 months, submit a new application to participate in the program.” There is no agency discretion to impose a sanction less than six months when a firm does not meet the aforementioned eligibility requirements for authorization.

CONCLUSION

After review of the pertinent documentation, and based on the discussion above, the initial decision by Retailer Operations Division to withdraw the authorization of Appellant to participate in the SNAP for a period of six months from the effective date of withdrawal is sustained.

RIGHTS AND REMEDIES

Applicable rights to a judicial review of this decision are set forth in 7 U.S.C. § 2023 and 7 CFR § 279.7. If a judicial review is desired, the complaint must be filed in the U.S. District Court for the district in which Appellant’s owner resides, is engaged in business, or in any court of record of the State having competent jurisdiction. This complaint, naming the United States as the defendant, must be filed within thirty (30) days of receipt of this decision.

Under the Freedom of Information Act, it may be necessary to release this document and related correspondence and records upon request. If such a request is received, FNS will seek to protect, to the extent provided by law, personal information that if released could constitute an unwarranted invasion of privacy.

ROBERT T. DEEGAN
ADMINISTRATIVE REVIEW OFFICER

December 13, 2016

DATE