

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

Quick Shop #4,

Appellant,

v.

Case Number: C0211254

Retailer Operations Division,

Respondent.

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 Retailer Operations Division (Retailer Operations) properly imposed the withdrawal of the authorization of Quick Shop #4 (Appellant) to participate as a retail food store in the Supplemental Nutrition Assistance Program (SNAP).

ISSUE

The purpose of this review is to determine whether Retailer Operations took appropriate action, consistent with Title 7 of the Code of Federal Regulations (CFR) § 278.1(l)(1)(iii), in its administration of SNAP when it withdrew Appellant's authorization to participate as a retailer in SNAP on July 12, 2018.

AUTHORITY

According to 7 U.S.C. § 2023 and its implementing regulations at 7 CFR § 279.1, 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 and a FNS-252-R retailer reauthorization application for stores be completed. The administrative record reveals that Appellant applied for reauthorization to participate in SNAP on March 8, 2018.

By letter dated July 9, 2018, Retailer Operations informed Appellant that its authorization to participate as a retailer in SNAP would be withdrawn due to the firm's failure to meet minimum SNAP eligibility requirements. This withdrawal decision was based on observations during a

store visit on March 16, 2018, as well as information provided on Appellant's reauthorization application.

Retailer Operations determined that the firm did not meet eligibility Criterion A or Criterion B under 7 CFR § 278.1(b)(1) of SNAP regulations. The withdrawal letter stated Appellant failed to meet the requirements of Criterion A because it did not offer for sale on a continuous basis a variety of foods in the dairy, meat/poultry/fish, and breads/cereals category.

Also, Appellant failed to meet the requirements of Criterion B because staple food sales did not comprise more than 50 percent of its gross retail sales.

As the firm failed to meet either eligibility criterion for approval, Appellant was informed that the firm could not submit a new application to participate in SNAP for a period of 6 months as provided in 7 CFR § 278.1(k)(2). This determination letter also stated that Retailer Operations considered Appellant's eligibility under the need for access provision at Section 278.1(b)(6) of SNAP regulations. However, the letter stated Appellant did not qualify for SNAP authorization under this provision.

On July 17, 2018, Appellant appealed Retailer Operations' determination and requested an administrative review of this action. The appeal request was granted by letter dated August 1, 2018, and implementation of the withdrawal has been held in abeyance pending completion of this review.

STANDARD OF REVIEW

In an appeal of an adverse action, Appellant bears the burden of proving by a preponderance of the evidence that the administrative action 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 argument asserted is more likely to be true than untrue.

CONTROLLING LAW

The controlling law in this matter is contained in the Food and Nutrition Act of 2008, as amended (7 U.S.C. § 2018), and implemented through regulation under Title 7 CFR Part 278. In particular, 7 CFR § 278.1(l)(1) establishes the authority upon which the authorization of any firm to participate in SNAP may be withdrawn if it fails to meet established eligibility requirements.

7 CFR § 278.1(b)(1)(i) relays specific program requirements for retail food store participation, which reads, in part:

An establishment . . . shall . . . effectuate the purposes of the program if it . . . 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 . . . 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 . . . in staple foods (Criterion B).

7 CFR § 271.2 defines staple food, in part, as:

Those food items intended for home preparation and consumption in each of the following food categories: meat, poultry, or fish; bread or cereals; vegetables or fruits; and dairy products.

7 CFR § 278.1(b)(1)(ii)(A) of 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)(ii)(C) of SNAP regulations define “variety”, in part, as:

Different types of foods within each staple food category. For example: Apples, cabbage, tomatoes, bananas, pumpkins, broccoli, and grapes in the vegetables or fruits category; or cow milk, almond milk, soy yogurt, soft cheese, butter, sour cream, and cow milk yogurt in the dairy products category; or rice, bagels, pitas, bread, pasta, oatmeal, and whole wheat flour in the bread or cereals category; or chicken, beans, nuts, beef, pork, eggs, and tuna in the meat, poultry, or fish category. Variety of foods is not to be interpreted as different brands, nutrient values (e.g., low sodium and lite), flavorings (e.g., vanilla and chocolate), packaging types or styles (e.g., canned and frozen) or package sizes of the same or similar foods. Similar food items such as, but not limited to, tomatoes and tomato juice, different types of rice, whole milk and skim milk, ground beef and beefsteak, or different types of apples (e.g., Empire, Jonagold, and McIntosh), shall count as depth of stock but shall not each be counted as more than one staple food variety for the purpose of determining the number of varieties in any staple food category. Accessory foods shall not be counted as staple foods for purposes of determining eligibility to participate in SNAP as a retail food store.

7 CFR § 278.1(l)(1) reads, in part:

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 requirements for eligibility under Criterion A or B, as specified in paragraph (b)(1)(i) of this section . . . for the time period specified in paragraph (k)(2) of this section.

7 CFR § 278.1(k) reads, in part:

FNS shall deny the application of any firm if it determines that [t]he firm has failed to meet the eligibility requirements for authorization under Criterion A or Criterion B, as specified in paragraph (b)(1)(i) of this section . . . for a minimum period of 6 months from the effective date of the denial.

APPELLANT’S CONTENTIONS

Appellant’s responses regarding this matter are essentially as follows:

- Appellant requested a review of its premises.
- Appellant falls under Criterion B of the SNAP regulations.
- Appellant carries all four categories of staple foods on a regular basis. Appellant provided five store pictures and five receipts of food purchased.
- Appellant recently underwent a minor renovation and installed new coolers to allow for more staple foods inventory.
- Appellant has been participating in SNAP since it opened its doors for business.
- Appellant has a tax-exempt account with Aldi, which allows it to carry the freshest dairy and fruits.
- Appellant takes extra care to train its employees on how to properly handle SNAP and cash transactions.

These explanations may represent only a brief summary of Appellant's contentions. However, in reaching a decision, full consideration has been given to all contentions presented, including any others that have not been specifically listed here.

ANALYSIS AND FINDINGS

Appellant contends the store carries all required staple foods on a regular basis, has been SNAP authorized since it opened its doors for business, and it takes extra care to train its employees on how to properly handle SNAP and cash transactions. Appellant also contends it has a tax-exempt account with Aldi, which allows store to carry the freshest dairy and fruits, and it recently installed new coolers to allow for more staple food inventory. Extenuating circumstances certainly may have contributed to the amount and composition of staple food inventory observed at the firm on the day of the store visit. Nevertheless, no provision in SNAP regulations exists that allows these conditions to establish a valid basis for reversing a withdrawal determination. This review is limited to consideration of the circumstances at the time Retailer Operations' determination was made. It is not within this review's scope to consider actions Appellant may have taken subsequent to this determination to comply with requirements for SNAP authorization, including stocking the store sufficiently or increasing staple food sales to meet SNAP-authorization criteria.

Appellant contends that it provided documentation that the firm purchased sufficient food in all of the required staple food categories. A review of the store visit documentation illustrates that on the day of the visit the store was deficient in dairy, meats/poultry/fish, and breads/cereals - three of the four staple food categories. Therefore, Retailer Operations correctly concluded Appellant did not meet Criterion A because the store did not offer qualifying staple foods on a continuous basis.

Retailer Operations provides the opportunity to provide proof of inventory - receipts dated within three weeks prior to the store visit - when a firm is barely deficient in meeting the SNAP stocking requirements. At the time of the store visit, Appellant lacked six stocking units in the dairy products category, six stocking units in the meats/poultry/fish category, and three stocking units in the breads/cereals category. Accordingly, Retailer Operations did not request proof of inventory from Appellant. On review, Appellant provided five receipts it asserts demonstrates

that the firm does offer a sufficient variety of foods in all the required staple food categories. Of the five invoices provided, all were dated after the store visit. The receipts also lacked the required variety in both the dairy and meats/poultry/fish staple food category.

In short, even had Appellant been granted the opportunity to provide proof of inventory, these receipts would have been insufficient to demonstrate Appellant offers qualifying staple foods on a continuous basis.

Appellant contends that the firm falls under Criterion B of SNAP Regulations. An evaluation of the percentages of staple food sales reported on Appellant's retailer application, as well as the photographs and store inventory provided from the store visit, indicate that Appellant did not receive more than 50 percent of its projected annual sales from the sale of staple foods. Accordingly, Retailer Operations correctly determined Appellant was not eligible for authorization under Criterion B.

As Appellant failed to meet Criterion A and B, Retailer Operations did consider whether Appellant is located in an area with significantly limited access to food as required under SNAP regulation 7 CFR § 278.1(b)(6). In determining whether Appellant is located in such an area, Retailer Operations considered factors such as the distance from Applicant to the nearest currently SNAP-authorized firm and the extent of Appellant's stocking deficiencies in meeting Criterion A and Criterion B. Retailer Operations determined Appellant did not qualify for SNAP authorization under 7 CFR § 278.1(b)(6).

Appellant requests another store visit. The regulations at 7 CFR § 278.1(l)(1)(iii) state, in part:

FNS shall withdraw the authorization of any firm if the firm fails to meet the requirements for eligibility under Criterion A or B . . . for the time period specified in paragraph (k)(2)" and 7 CFR § 278.1(k)(2) states, in part, "FNS shall deny the application of any firm if it determines that the firm has failed to meet the eligibility requirements for authorization under Criterion A or Criterion B, as specified in paragraph (b)(1)(i) of this section . . . for a minimum period of 6 months from the effective date of the denial.

There is no agency discretion to impose a sanction of less than 6 months when a firm does not meet the eligibility requirements for authorization.

SNAP authorization is an administrative privilege, granted upon proof of eligibility and continued proof of compliance with the governing laws and regulations. When a firm is at least once granted authorization to participate in SNAP, this not an unencumbered right or entitlement, and it does not extend in perpetuity. The firm is subject to and must meet the eligibility requirements at regular intervals of reauthorization.

CONCLUSION

Based on a preponderance of the evidence in this matter, the determination by Retailer Operations to withdraw the authorization of Quick Shop #4 to participate as an authorized

SNAP retailer is sustained. According to 7 CFR § 278.1(l)(1)(iii) of SNAP regulations, Appellant is ineligible to submit a new application for the subject store for a minimum period of 6 months from the effective date of withdrawal. In accordance with the Food and Nutrition Act of 2008, as amended, and its associated regulations, this withdrawal action shall become effective 30 days after delivery of this letter. The owner may call 877-823-4369 for general SNAP application information.

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 Appellant desires a judicial review, 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 30 days of receipt 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.

Kim Dameron
Administrative Review Officer

November 14, 2018