

NOTICE TO ALL FNS AUTHORIZED RETAILERS AND FIRMS
IMPORTANT FOOD STAMP PROGRAM INFORMATION
REGARDING EBT SCAMS

July 2005.

It has come to the attention of the USDA Food & Nutrition Service (FNS) that some Food Stamp Program retailers have been targeted by EBT scams, specifically in New York City and in Alabama. This notice is being sent to warn you about such scams and alert you to the possibility of any future schemes.

The following scams have been reported to FNS:

1. Someone identifying themselves as an EBT vendor, FNS official, or third-party processor representative calls the store saying they need to test the EBT machine immediately or the store will be unable to process electronic transactions for the Food Stamp Program (i.e., the EBT machine(s) will be shut down). The person then asks the manager/owner to key-enter a card number and PIN to process a credit transaction, often more than one. **This is not a test. The transaction is real; money is then transferred out of the retailer's account and into a recipients EBT food stamp account.** A second tactic has been to tell the retailer that they are due a credit and if they process a key-entered credit transaction using the card number and PIN the caller is providing, their account will be credited. Currently, at least 27 stores have been the victims of this scam.
2. Retailers are being contacted by a company claiming that the store needs to purchase a new magnetic stripe card to update their EBT system. The cost of the card is anywhere between \$139.00 and \$169.00, and in some instances retailers are being told that the State will reimburse them. Retailers are told that the card is needed because the State can not read the EBT transactions or that the update will speed up the transaction process. This scam appears to be targeting only retailers using government issued EBT machines.

If you believe you have been a victim of one of these scams, or you have knowledge of other possible EBT scams or suspicious activity, please contact your local FNS Field Office immediately.

Please note that neither the USDA Food & Nutrition Service nor the State are liable for food stamp dollars lost or any other costs incurred due to these scams.

Therefore if you are contacted by an unknown party making requests related to your EBT machine(s) we strongly encourage you to contact your local FNS Field Office BEFORE agreeing to make any changes or purchases.

As always, please contact your local FNS field office with any questions or concerns. To find the field office in your area call 1-877-823-4369 or check the FNS web at:

<http://www.fns.usda.gov/cga/Contacts/FieldOffices/default.htm>