



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor

KODY H. KINSLEY • Secretary

YVONNE COPELAND • Director, Division of Child and Family Well
Being

Date: August 24, 2023

Dear County Directors of Social Services

Attention: Food and Nutrition Services and Work First Managers, Program Integrity Managers, Supervisors, Investigators, and Income Maintenance Caseworkers

Subject: Electronic Benefit Transfer (EBT) Card Skimming/Cloning

Effective: Upon Receipt

Priority: Information and Action

I. GENERAL INFORMATION

The United States Department of Agriculture (USDA) has approved North Carolina to replace certain electronic benefits stolen October 1, 2022, through September 30, 2024, using Federal funds. Per the 2023 Omnibus Bill, benefit theft that qualifies for such replacement (new fraud loss) includes card skimming, card cloning, and other similar fraudulent methods. Food and Nutrition Services (FNS) benefits that may be replaced include regular FNS, Simplified Nutritional Assistance Program (SNAP), Disaster Supplemental Nutrition Assistance Program (D-SNAP) and Emergency Allotments (EA). Pandemic-Electronic Benefits Transfer (P-EBT) benefits are not FNS benefits and therefore cannot be replaced under the authority of the Omnibus Bill.

NCDHHS has also become aware of an evolving situation in the last four days of at least 650 Electronic Benefit Transfer (EBT) cards that have been compromised statewide, and at least 7,000 cards that have been potentially compromised. Out of an abundance of caution, the potentially compromised cards have been cancelled, and reissued by NCDHHS. NCDHHS will continue to cancel and reissue cards as we receive reports about potentially compromised cards. These compromised cards are an example of electronic benefit theft and may be eligible for replacement benefits using the protocols outlined in this communication.

Administrative staff can assist with the process of collecting affidavits to reduce burden on FNS caseworkers, however keying and processing replacement benefits is reserved for merit-based staff.

II. Affidavit For Stolen Benefits, DSS-8644/Claims:

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF CHILD AND FAMILY WELL-BEING

LOCATION 5601 Six Forks Rd Building 2, Raleigh, NC 27609
MAILING ADDRESS: 2416 Mail Service Center, Raleigh, NC 27699-2420
www.ncdhhs.gov • TEL: 919-707-5600 • FAX: 919-870-4882

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

A new affidavit form has been created ([Affidavit For Stolen Benefits DSS-8644](#)), which includes attestation, date(s) electronic benefits were stolen, the amount stolen, and questions about where the FNS unit was and how FNS electronic benefits were stolen (if the FNS unit had their EBT card with them during the time the benefits were stolen, if the FNS unit responded to a text message about a locked account, and/or if the FNS unit was out of the state during the period benefits were stolen).

The affidavit is currently available on the [NCDHHS webpage](#), will be available on ePASS, and should be available in-person at county Department of Social Services (DSS) agencies. FNS units who have discovered stolen benefits will be able to submit a signed affidavit by mail, fax, in-person, or over the phone with a telephonic signature to their county DSS agency. If a county DSS agency has the functionality, affidavits may also be accepted via email or a portal for uploading documents.

FNS units will be required to submit a signed affidavit attesting to the electronic benefit theft to the county DSS agency. The affidavit will state, "I hereby certify under penalty of perjury and/or fraud that my benefits were stolen, which is defined as card skimming, card cloning, and similar fraudulent means" and "I understand if I am found guilty of an intentional program violation by giving false information...."

III. **Retroactive Claims:**

- FNS units that discovered their electronic benefits were stolen between October 1, 2022 through August 25, 2023, and reported the theft to the **NC EBT Call Center (1-866-719-0141)** are considered retroactive claims.
- FNS units who reported theft to the NC EBT Call Center and for whom NCDHHS has contact information will receive a written notice. The written notice will be mailed to the FNS unit by the Division of Child and Family Well-Being. The written notice will include a cover letter and the Affidavit for Stolen Benefits, DSS-8644.
- For stolen benefits discovered from October 1, 2022, through August 25, 2023, FNS units are required to complete, sign, and submit the Affidavit for Stolen Benefits, DSS-8644, to the county DSS agency by September 27, 2023.

IV. **Non-Retroactive Claims:**

- FNS units that reported stolen benefits to **county DSS agencies (not the NC EBT Call Center)** from October 1, 2022 through August 25, 2023, or discovers stolen benefits through September 30, 2024, are **not** considered retroactive claims and will not receive a notice from the Division of Child and Family Well-Being.
- For stolen benefits discovered from October 1, 2022, through August 25, 2023, FNS units are required to complete, sign, and submit the Affidavit for Stolen Benefits, DSS-8644, to the county DSS agency by September 27, 2023.
- County DSS agencies are encouraged to contact FNS units that have reported stolen benefits and encourage them to submit the affidavit.

V. **Claims from August 26, 2023, and after:**

- For stolen benefits discovered from August 26, 2023, through September 30, 2024, the FNS unit must complete and sign the Affidavit for Stolen Benefits (DSS-8644)

and submit the affidavit to the county DSS agency within 30 calendar days from discovery.

VI. Submission of Claims – Procedure:

The calculation of a household’s maximum replacement is based on the lesser of the **amount of benefits stolen as reported by the household** OR the **amount equal to two times the immediate monthly benefit prior to the date on which the benefits were stolen**.

Example Replacement Amount:

- a. Maximum Replacement amount will be Fraud Loss Amount OR 2x last issued month, whichever is less.
 - i. Example 1
 - 1. Fraud Loss Amount = \$300
 - 2. Last Issuance = \$15; 2x Last Issuance = \$30
 - 3. Approved Replacement Amount = \$30 (lesser amount)
 - ii. Example 2
 - 1. Fraud Loss Amount = \$300
 - 2. Last Issuance = \$200; 2x Last Issuance = \$400
 - 3. Approved Replacement Amount = \$300 (lesser amount)

VII. Validation – Timeliness:

County DSS agencies will have 30 business days from the receipt of the completed and signed affidavit from the FNS unit to validate and issue claims. A new Approval or Denial for Stolen Benefits, DSS-8643 (this is a single notice that will be used to indicate either an approval or a denial) notice will be sent through NCFAST.

If a caseworker needs to send a manual Approval or Denial for Stolen Benefits Notice (DSS-8643), he or she should document the case on the “Income Support” page by including the appropriate text:

- “Manual Notice was sent to inform the FNS unit of approval.” OR
- “Manual Notice was sent to inform the FNS unit of denial.”

VIII. Validation – Criteria:

An FNS unit’s claim is valid if benefits were stolen between October 1, 2022, and September 30, 2024. The caseworker will validate claims of benefit theft by:

- Reviewing the information provided by the FNS unit on the affidavit.
- Verifying the information through the appropriate means such as:
 - Verification that the affidavit is complete and signed by the FNS unit,
 - Collateral contacts,
 - Documentary evidence including ebtEDGE data (e.g., caseworkers reviewing transaction history to check for atypical transactions such as out-of-state transactions, transactions at unusual times, transactions for unusual amounts),
 - EBT call center and benefit information data (found in FAST Help), and/or

- Retailer or news media reports of identified skimming devices or other similar information.

IX. Validation – Denial of Claims:

NCFAST will have a validation that prevents issuance of replacement benefits if the FNS unit has already received replacement for stolen electronic FNS benefits twice in the current federal fiscal year (FFY), which is October 1 to September 30.

Caseworkers must deny claims for replacement of stolen benefits for the following reasons when the claim:

- Appears to be fraudulent,
- Is invalid,
- FNS unit met the two-replacement limit within one FFY,
- Is submitted untimely (for benefits stolen outside of the allowable timeline established by the federal Omnibus legislation, 10/1/2022 – 9/30/2024), or
- FNS unit failed to provide verification.

NCFAST will add dropdowns in the system for the caseworker to select the appropriate denial reason. By selecting a denial reason from the dropdown list, this will trigger NCFAST to send a denial notice.

Denial of Claim Examples:

- **Invalid Claim:** FNS unit submits affidavit (DSS-8644) for benefits stolen on September 14, 2022. This is considered an invalid claim as it is outside of the time period between October 1, 2022 through September 30, 2024.
- **Fraudulent:** FNS unit submits affidavit (DSS-8644) requesting for EBT fraud loss for months that FNS benefits were not issued. This is considered fraudulent.
- **Untimely (Late) Request:** FNS unit discovers EBT fraud loss on August 29, 2023 and submits a signed affidavit (DSS- 8644) to the local DSS agency October 30, 2023. This is considered an untimely request.
- **Two-Replacement Limit Exceeded:** FNS unit submits affidavit (DSS-8644) on August 29, 2023, September 3, 2023, and September 15, 2023. This is considered over the two-replacement limit within a federal fiscal year (which is October 1 to September 30).

Note: As a reminder, DSS county agencies are responsible for investigating cases of alleged intentional program violations (IPVs) and ensuring appropriate actions are taken on these cases.

X. Fair Hearings:

FNS units have the right to appeal through the Fair Hearing process if the FNS unit disagrees with any aspect of the replacement of benefits due to electronic benefit theft (“replacement benefits”). If an FNS unit does not agree with the calculated amount of benefits to be replaced, or any other action taken to replace benefits, FNS unit may request a Fair Hearing within 90 calendar days of the date the recipient is notified of entitlement to replacement benefits. If FNS unit believes they are entitled to replacement

benefits, and after review of the case situation the agency does not agree, the FNS unit may request a Fair Hearing within 90 calendar days from the date of the local agency decision. Replacement benefits will not be made when a Fair Hearings appeal is pending for the replacement of stolen benefits. Replacement benefits shall be provided only if the Fair Hearing decision is found favorable to the FNS unit.

XI. Benefit Distribution:

Caseworkers will complete the claim validation and process to issue replacement benefits within 30 business days of receiving the completed and signed affidavit from an FNS unit. Refer to manual section [FNS 905 Replacement of Authorized Issuance](#) for procedures. Once the claim is processed, the FNS unit will receive replacement benefits the next calendar day (NCFAST transmits data through a nightly batch file to the EBT processor for payment).

EBT Card replacement:

- The caseworker shall issue a new EBT card if the date for the latest EBT Card was issued prior to the fraud discovery date.
- The caseworker shall instruct the FNS unit to establish a unique PIN for this card (i.e., a PIN that has not been used previously).
- New cards will be issued through normal procedures (typically received by the FNS unit within 3 to 7 business days) and will contain replacement benefits.

XII. Record Keeping

Upon receiving and validating claim requests, caseworkers will enter the claim in NCFAST. The FNS caseworker will have the option to choose from a dropdown, if the claim was approved or denied, and if denied, the reason for denial. NCFAST will add a validation code in the system to track the number of stolen electronic benefit replacements that are issued. The validation will inform the caseworker when entering claims if there have already been two claims in a federal fiscal year.

XIII. Training and Resources

NCDHHS hosted several trainings regarding card skimming replacement benefits in August 2023 with county DSS staff. The recording for the training and PowerPoint will be available in the Learning Gateway. Please note since conducting the training, implementation dates have changed slightly; as such, please use the dates in this Dear County Director Letter instead of the dates referenced in the training. Job aids will be available in FAST Help.

XIV. General Guidance on Fraud Prevention

County DSS agencies should provide FNS units of the following recommendations that households can take to keep their EBT card/account secure:

- If you receive calls or texts from someone asking for EBT card information or your PIN, please do not respond. Neither county DSS offices nor NCDHHS will ever ask for EBT card information or your PIN.
- Check your EBT account regularly for unauthorized charges. You can check your balance and/or replace a lost or stolen EBT card by visiting www.ebtedge.com,

using the EBT Edge mobile app or contacting the North Carolina EBT Call Center at 1-888-622-7328.

- Check card reading machines in stores to make sure there is nothing suspicious overlaid or attached to the card swiper.
- Contact law enforcement to report the stolen benefits.
- Call the EBT Call Center at 1-888-622-7328 to request a new EBT Card at no cost. Note: the new card will not contain funds that were stolen from the previous card.
- Select a “difficult” PIN (not 1234 or 4444). While this may not prevent card skimming, it is a recommended safety practice.
- If you suspect card skimming, freeze your EBT card so that fraudulent purchases cannot be made using your card.
- Change the PIN to the EBT card regularly using a new number each time.
- Block out-of-state and online purchases from their EBT Edge accounts or the mobile app.

If you have any questions, please contact the Continuous Quality Improvement Team (CQI) dss.policy.questions@dhhs.nc.gov.

Sincerely,



Madhu Vulimiri, MPP
Deputy Director
Division of Child and Family Well-Being

MV/vb

Attachments (8)

- Script for County DSS Staff – Card Skimming Replacement of Stolen Benefits
- Frequently Asked Questions (FAQs) for County DSS Agencies – Card Skimming Replacement of Stolen Benefits
- Cover Letter – Replacing Stolen FNS Electronic Benefits (English and Spanish)
- DSS-8643, Approval or Denial for Stolen Benefits (English and Spanish)
- DSS-8644, Affidavit For Stolen Benefits (English and Spanish)