

Protecting TANF Benefits: EBT Card Fraud Prevention

Resource 2

INTRODUCTION

Electronic Benefit Transfer (EBT) cards face multiple fraud threats including manipulation by agency employees who exploit system vulnerabilities, misuse by beneficiaries, and external fraud schemes such as skimming by criminal organizations. This guide focuses on the first two risks, which are within TANF agencies' direct oversight, and provides specific strategies to address both risks through enhanced security features and monitoring protocols.

DOCUMENTED RISK:

GAO identified postings on e-commerce websites selling EBT cards with values ranging from \$100 to over \$5,000, demonstrating a major fraud risk^{xii}.

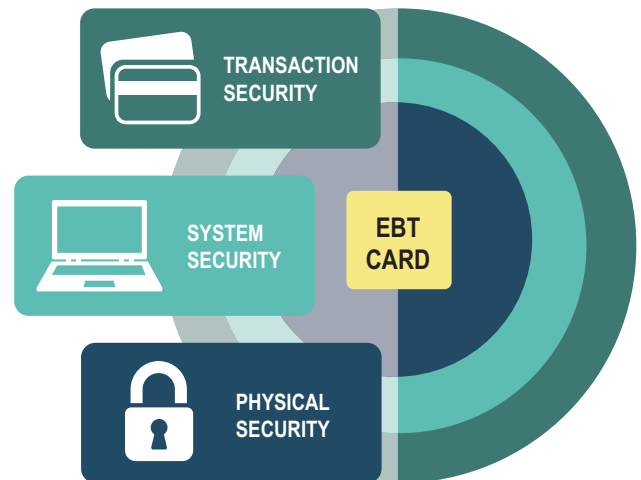
EBT CARD SECURITY FEATURES^{xiii}



TANF agencies can enhance EBT card security by implementing policies and requirements for physical cards, system access, and transaction processing. While some features are managed by EBT processors through their contracts, states have significant control over security policies.



EBT CARD SECURITY LAYERS



Physical Card Security

- **PIN protection requirements:** Set policies preventing weak PINs (for example, 1234 or 1111)
- **Photo identification option:** Include cardholder photo on EBT card
- **Limited replacement policy:** Restrict number of replacement cards per year

System Security

- **Multi-factor authentication for administrative access:** Require additional verification for employee system access
- **Automated timeout for inactive sessions:** Log out users after 15 minutes of inactivity
- **Restricted access based on job function:** Limit system access to necessary functions only
- **Real-time fraud detection algorithms:** Flag unusual transaction patterns immediately

Transaction Security

- **Daily withdrawal limits:** Set maximum daily cash withdrawal amounts
- **Merchant category restrictions:** Maintain continuous monitoring to verify that transactions are blocked at prohibited locations (casinos, liquor stores, adult entertainment)
- **Transaction alerts:** Enable text/email notifications for cardholders



BENEFICIARY FRAUD PREVENTION



COMMON TANF RECIPIENT FRAUD SCENARIOS

Watch for these warning signs of potential fraud



**EBT CARD
SELLING**



**DUPLICATE
BENEFITS**



**FALSE
IDENTITY**

Prevention Strategies



- **Educate beneficiaries:** Provide clear information on proper card use and consequences of selling cards
- **Implement regular card usage reviews:** Conduct quarterly analysis of cardholder transaction patterns to support early detection of unusual spending behaviors
- **Monitor online marketplaces for EBT card sales:** Conduct regular searches on e-commerce platforms using keyword search terms like 'EBT,' 'food stamps,' or other state-specific card names
- **Create an anonymous fraud reporting hotline:** Dedicate a specific phone line for reporting suspected fraud

Detection Methods



- **Analyze unusual transaction patterns:** Flag transactions of unusual amounts and transactions occurring at unusual times or locations
- **Flag multiple card replacements:** Investigate recipients requesting frequent card replacements
- **Track patterns of maximum withdrawals:** Identify cards consistently used for maximum daily amounts

RESPONSE PROCEDURES



FRAUD RESPONSE PROCEDURES

URGENT - Follow these steps immediately when fraud is suspected



NEED HELP? Contact your regional Office of Inspector General hotline or federal partners immediately

For More Information:

- **Full GAO Report 25-107290:** "Temporary Assistance for Needy Families: Additional Actions Needed to Strengthen Fraud Risk Management"
- **GAO Fraud Risk Framework:** Available at [gao.gov](https://www.gao.gov)
- **HHS Fraud Prevention Resources:** Contact your Regional OFA office