Update 2013-19: Common Place Handbook
Cash Aid Electronic Benefit Transfer (EBT) Electronic Theft

Background
Assembly Bill (AB) 2035 requires the prompt restoration of EBT cash benefits lost due to electronic theft. Electronic theft occurs when a client (or authorized representative) has not lost physical possession of their EBT card and money is stolen from their EBT account electronically.

Interim instructions were issued in the All County Welfare Directors Letter dated December 12, 2012 and Program Directive 2013-1. All County Letter (ACL) 13-67 provides final instructions for the implementation of AB 2035.

Changes
All cash assistance programs that use the EBT system to issue benefits are subject to the requirements in AB 2035. These cash programs currently include:

• California Work Opportunity and Responsibility to Kids (CalWORKS)
• Refugee Cash Assistance (RCA)
• Cash Assistance Program for Immigrants (CAPI)
• General Assistance (GA).

Note: AB 2035 repayments are reimbursed using 100% State General Fund dollars, except for GA. GA issuances are county funded, and GA AB 2035 repayments must remain county funded. GA benefits are not eligible for reimbursement using State General Fund dollars.
Reporting Process

The client should report the theft as soon as it occurs. The client must contact their local county office, the EBT Customer Service Helpline, and complete an EBT 2259 within 90 calendar days from the date of the electronic theft transaction in order to be eligible for an AB 2035 repayment.

There are two ways a client can report electronic theft:

• Client contacts the California EBT Customer Service Helpline which will:
  • Explain the reporting process.
  • Refer the client to his/her local county office for additional information and submission of the “Report of Electronic Theft of Cash Aid” form (EBT 2259).
  • Provide a Dispute Claim Number to the client.
  • Deactivate the client’s EBT card and issue a new one.

OR

• Client contacts the local county office directly and the worker must:
  • Explain the AB 2035 reporting process to the client.
  • Provide the EBT 2259 form.
  • Inform the client to contact the EBT Customer Service Helpline to report the stolen benefits and file a cash dispute claim.
  • Follow district office procedures by completing the “Electronic Benefit Transfer (EBT) On-Line Request” form (SCD 2201) to deactivate the client’s EBT card and issue a new one.[Refer to Common-Place Handbook, “Electronic Benefit Transfer (EBT) Forms,” page 16-10].

Filing a Police Report

The client is required to file a police report, unless there is good cause, and obtain a police report number. The police report number must be written on the EBT 2259. Temporary police report numbers are acceptable. The client is not required to attach a copy of the report to the EBT 2259. The filing of the crime/incident report may be done in any manner as follows:

Online at:
• sjpd.org/ReportingCrime/OnlineReport

In person at:
• San Jose Police Department
  201 W. Mission Street
  San Jose, CA 95110
By telephone:
• Call the San Jose Police Department at (408) 277-8900 between 11:30am and 3:30pm.

Note: The Eligibility Worker (EW) may need to assist the client in completing the EBT 2259.

**Repayment Process**

Upon receipt of a fully completed EBT 2259, the worker has 10 business days to issue an AB 2035 repayment. The AB 2035 repayment is not counted as income or property in the month paid or in the next month.

The EW must:

• Review the EBT 2259 to ensure the client has provided complete information.

• Ask questions regarding the stolen benefits in order to complete the EBT 2259.

• Review the case to determine if the client has had other EBT 2259 filings within the last year and take appropriate action.

All EBT 2259 filings must be tracked individually to meet referral requirements.

After submission of a fully completed EBT 2259, and before the AB 2035 repayment is issued, designated clerical staff will check the California EBT “Electronic Payment Processing and Information Control” (EPPIC) system each work day to determine if the cash dispute claim has been denied or approved by the State EBT Vendor. The State EBT Vendor has 25 calendar days to issue an approval or denial. Designated clerical staff will also check the Statewide Automated Reconciliation System (SARS) “Claim Activity Report”. This report lists the status of the State EBT Vendor cash dispute claims (i.e. new, approved or denied).

<table>
<thead>
<tr>
<th>If the State EBT Vendor Dispute Claim . . .</th>
<th>Then . . .</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has been approved,</td>
<td>A payment must NOT be issued by the county, as the client has already been reimbursed by the State EBT Vendor. The client will receive an automated call when their EBT account has been credited.</td>
</tr>
<tr>
<td>Is denied before the 10th business day after the county received a completed EBT 2259,</td>
<td>The payment must be issued immediately by the worker via a Non-System Determined Issuance (NSDI).</td>
</tr>
<tr>
<td>Has not been approved or denied within 10 business days of when the county received a completed EBT 2259,</td>
<td>The payment must be issued via the NSDI no later than the 10th business day.</td>
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</tbody>
</table>
Note:
In most instances, the State EBT Vendor denies electronic theft claims when it appears that a legitimate EBT card and PIN were used to perform the cash transaction. The State EBT Vendor only investigates and makes benefit adjustments for system errors. The vendor does not investigate or determine electronic theft transactions.

EBT Benefit Type Code
A new EBT benefit type code which follows was established and must be used when issuing AB 2035 repayments.

- Benefit Type Name: Electronic Theft Replacement Cash Benefits (ETRCB)
- Benefit Code: ETRCB
- Aid Code: No state issued aid code.

AB 2035 repayments are issued through the Statewide Automated Welfare System (SAWS), with the exception of GA repayments which are issued by the county. The AB 2035 repayment must not be issued using the original aid code.

State Contact
Upon receipt of a completed EBT 2259 form, the EW must contact the California Department of Social Services (CDSS) EBT Unit staff as follows:

- Lucy Hildebrand, 1(916) 653-8421, Lucy.Hilderbrand@dss.ca.gov or
- EBT Welfare Technology Unit, 1(916) 654-2125.

Overpayments
Designated clerical staff in the district offices must continue to check EPPIC or SARS for 25 calendar days from the date of the cash dispute claim to verify whether the State EBT Vendor has approved or denied the client’s cash dispute claim. If the cash dispute claim is approved after the district office has issued the AB 2035 repayment, the second cash issuance is an overpayment. The worker must:

- Establish an overpayment,
- Issue a Notice of Action, and
- Begin collection of the ineligible amount in accordance with district office procedures.

This overpayment must be treated as an administrative error overpayment. In addition, an EBT cardholder can voluntarily elect to reimburse all, or a portion of the overpaid funds to the county in a lump sum according to district office procedures.
An overpayment cannot be avoided if the AB 2035 repayment is made before the State EBT Vendor approves the cash dispute claim, as EBT rules do not allow the State EBT Vendor to stop the payment from being applied to the client’s EBT account.

**Note:** GA repayments are not subject to overpayments as the State EBT Vendor will not issue a repayment for GA.

### Fraud Referral

A referral for investigation must be sent to the Special Investigations Unit (SIU) when the worker determines, based upon an observation of conditions, knowledge of the case, or other sources of information provide a reason to suspect that fraud exists or has been attempted or if:

- An AB 2035 claim is equal to or exceeds $1,000 **and** the claim amount is over the Maximum Aid Payment (MAP) for the assistance unit.

**OR**

- More than one (1) AB 2035 approved claim has been processed during a six (6) month period.

The worker must **pend** the AB 2035 repayment for up to 25 calendar days when three (3) or more AB 2035 claims are filed within a 12 month period.

**Note:** If the SIU determines that an investigation will not be initiated, the AB 2035 repayment will be issued immediately, but no later than 5 calendar days from receipt of the completed EBT 2259.

If the AB 2035 repayment is pended and the SIU determines an investigation will be initiated, the worker will monitor the status of the investigation as follows:

<table>
<thead>
<tr>
<th>If investigation . . .</th>
<th>Then . . .</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is Completed within 25 calendar days and the claim is fraudulent,</td>
<td>Repayment will not be issued.</td>
</tr>
<tr>
<td>Is Completed within 25 calendar days and SIU determines fraud did not occur,</td>
<td>Repayment must be issued immediately upon completion of the investigation, but no later than the 25th day.</td>
</tr>
<tr>
<td>Is Not completed within 25 calendar days,</td>
<td>Repayment must be issued on the 25th day while the investigation is ongoing.</td>
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<tr>
<td>Results show evidence of fraud,</td>
<td>The county shall pursue appropriate administrative actions.</td>
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</table>
An AB 2035 claim that is equal to or exceeds $2,000 may require an extensive review and/or investigation of the case. AB 2035 repayment is not required until case specific facts have been gathered to allow the worker to make an informed determination of whether to approve or deny the claim.

The county must issue the AB 2035 repayment immediately if the review or investigation determines the repayment is appropriate. The review of these claims should be given priority, referred for investigation if necessary, and completed as soon as possible.

**Good Cause**

The worker must process the EBT 2259 without the filing of a police report if there is good cause. Good cause includes the following:

- The police department is not taking reports for identity theft and/or financial fraud.

- The police report form is not available in the client's native language and the police department does not have non-English speaking interpretive services.

- There is a fee to file a police report.

- The police department fails to provide disability accommodations.

- The client is required to file a police report in person and one of the following applies:
  - The client does not have transportation;
  - The client does not have money for gas, parking or a bus pass.

**Case Comments**

It is important that workers thoroughly and accurately document the dates and events that occurred around each report of EBT electronic theft in *Maintain Case Comments*.

**Forms**

The “Report of Electronic Theft of Cash Aid” (EBT 2259) will replace the “Report of Electronic Theft of Cash Aid” (TEMP 2259). A copy of the EBT 2259 is available on the DEBS Forms website.

**Notices of Action**

Four Notices of Action (NOA) are available for AB 2035 cases:

- **Temp WI 10072**
  
  EBT Replacement Approval (Temp WI 10072) shall be used when an AB 2035 repayment is approved.
EBT Replacement Denial (M44-350K) shall be used when an AB 2035 repayment is denied

Notice of Overpayment (M44-350L) shall be used when an AB 2035 overpayment occurs

EBT Replacement Review (Temp WI 10072A) is used for a delayed AB 2035 repayment pending county review.

The NOAs are available on the DEBS Forms website.

Clerical

See “Reporting Process”, “Repayment Process”, “Overpayments” and “Forms” sections.

DENISE BOLAND, DIRECTOR,
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Contact Person: Melanie M. Johnson, Application Decision & Support Specialist (408)755-7540.