**Section 672.505 Federally Mandated Vendor Sanctions**

Vendors shall receive the following sanctions for the following violations as mandated by 7 CFR 246.12:

a) Permanent Disqualification

1) The Department will permanently disqualify a Vendor convicted of:

A) trafficking in Food Benefits; or

B) selling firearms, ammunition, explosives, or controlled substances (as defined in section 802 of the Controlled Substances Act (21 USC 802), in exchange for Food Benefits.

2) A Vendor shall not be entitled to receive any compensation for revenues lost as a result of a violation.

3) The Department will impose a civil money penalty in lieu of a disqualification for a violation when it determines, in its sole discretion, and documents that:

A) Disqualification of the Vendor would result in inadequate Participant access; or

B) The Vendor had, at the time of the violation, a policy and program in effect to prevent trafficking, and the ownership of the Vendor was not aware of, did not approve of, and was not involved in the conduct of the violation.

b) Six-Year Disqualification

The Department will disqualify a Vendor for 6 years for:

1) one incident of buying or selling Food Benefits for cash (trafficking); or

2) one incident of selling firearms, ammunition, explosives or controlled substances as defined in 21 U.S.C. 802, in exchange for Food Benefits.

c) Three-Year Disqualification

1) The Department shall disqualify a Vendor for 3 years for:

A) One incident of the sale of alcohol or alcoholic beverages or tobacco products in exchange for Food Benefits;

B) A pattern of claiming reimbursement for the sale of an amount of specific supplemental food item that exceeds the store's documented inventory of that supplemental food item for a specified period of time;

C) A pattern of charging WIC Cardholders more for supplemental food than non-WIC customers and/or charging Participants more than the current shelf price, including any posted sale price or discount, and/or charging Participants more than what is permitted under the WIC Vendor Contract;

D) A pattern of receiving, transacting and/or redeeming Food Benefits outside of authorized channels, including the use of an unauthorized Vendor and/or unauthorized person;

E) A pattern of charging for supplemental food not received by the Participant; or

F) A pattern of providing credit or non-food items, other than alcohol, alcoholic beverages, tobacco products, cash, firearms, ammunition, explosives, or controlled substances as defined in 21 USC 802, in exchange for Food Benefits.

2) For the purpose of this Section, a "pattern" will be activity that is repeated a significant number of times.

3) For the purpose of determining a "pattern" of overcharging violations as set forth in subsections (c)(1)(C) and (c)(1)(E), three or more instances of the activity described in those subsections alone, but not in combination with each other within a period of 18 months, shall be significant and constitute a pattern.

4) With regard to subsection (c)(1)(C), overcharges of 40 cents or more, or overcharges which constitute 7% or more of the total amount of sale of WIC Foods to the overcharged Participant on that date, will be considered significant for the purpose of determining a pattern. Charging for items not received, as set forth in subsection (c)(1)(E), will be significant for the purpose of determining a pattern, regardless what amount is charged for the food items not received.

d) One-Year Disqualification

The Department will disqualify a Vendor for one year for a pattern of providing unauthorized food items in exchange for Food Benefits, including charging for supplemental food provided in excess of those listed on the Food Benefit.

e) Second Sanction

When a Vendor who previously has been assessed a sanction for any of the violations in subsections (b) through (d) receives another sanction for any of these violations, the Department will double the second sanction.

f) Third or Subsequent Sanction

When a Vendor who previously has been assessed two or more sanctions for violations in subsections (b) through (d) receives another sanction for any of these violations, the Department will double the third sanction and all subsequent sanctions for those violations.

g) Disqualification Based on a SNAP Disqualification

The Department will disqualify a Vendor who has been disqualified from SNAP. The disqualification will be for the same length of time as the SNAP disqualification, may begin at a later date than the SNAP disqualification, and will not be subject to administrative or judicial review under the WIC program.

h) Voluntary Withdrawal or Non-Renewal of Agreement

The Department will not accept voluntary withdrawal of the Vendor from the program as an alternative to disqualification for violations listed in this Section, but will enter the disqualification on the record. In addition, the Department will not use non-renewal of the Vendor Agreement as an alternative to disqualification.

i) Participant Access Determinations

1) Prior to disqualifying a Vendor for a violation of subsections (b) through (d) or (g), the Department will determine if disqualification of the Vendor would result in inadequate Participant access as defined in Section 672.200(b).

2) When making Participant access determinations, the Department will consider, at a minimum, the availability of other authorized Vendors within the same area as the violating Vendor and any geographical barriers to using those Vendors.

j) Civil Money Penalty (CMP)

1) The Department may impose a CMP in lieu of disqualification for violations in subsections (b) through (d) or (g) if the Department, in its sole discretion and based on documentation, determines that disqualification of the Vendor would result in inadequate Participant access as defined in Section 672.200(b).

2) If a CMP is imposed in lieu of disqualification, it will be calculated for each violation subject to sanction under this Section, using the formula set forth in 7 CFR 246.12(l)(l)(x).

3) If a Vendor does not pay, or only partially pays, the CMP, the Department will disqualify the Vendor for the length of the disqualification corresponding to the violation for which the CMP was assessed (for a period corresponding to the most serious violation in cases in which the federally mandated sanction includes the imposition of multiple CMPs as a result of a single investigation).

4) CMPs may be doubled for second sanctions under this Section up to the limits set forth in 7 CFR 246.12(l)(l)(x). CMPs will not be imposed in lieu of disqualification for third or subsequent violations under this Section.

k) Notification to Federal Food and Nutrition Service

The Department will provide the appropriate FNS office with a copy of the notice of administrative action, and information on Vendors it has disqualified or on whom it has imposed a CMP in lieu of disqualification for any of the violations of this Section. The notice will be provided within 15 days after the Vendor's opportunity to file for a WIC administrative review has expired or all the Vendor's WIC administrative reviews have been completed in accordance with Sections 672.515 and 672.600.

l) Multiple Violations During a Single Investigation

1) When, during the course of a single investigation, the Department determines a Vendor has committed multiple violations (which may include violations subject to State agency sanctions), the Department will disqualify the Vendor for the period corresponding to the most serious federally mandated violation. However, the Department will include all violations in the notice of administrative action as outlined in Section 672.510.

2) An investigation will be considered complete when, in the judgement of the Department, sufficient evidence exists to determine whether the Vendor is complying with program requirements.

(Source: Amended at 46 Ill. Reg. 2073, effective January 21, 2022)