

SECTION I - EFFECTIVE TERM AND CONDITIONS OF AUTHORIZATION

1. This Agreement shall be in effect from the date of signature by the representative of the Department or October 1, 2009, (whichever is later,) through September 30, 2012.
2. This vendor agreement does not constitute a license or a property interest. If the vendor wishes to continue to be authorized beyond the period of its current agreement, the vendor must reapply for authorization. If a vendor is disqualified, the State agency will terminate the vendor's agreement, and the vendor will have to reapply in order to be authorized after the disqualification period is over. In all cases, the vendor's new application will be subject to the State agency's vendor selection criteria and any vendor limiting criteria in effect at the time of the reapplication.

Any and all communications between the parties concerning re-authorization of an agreement shall be in writing to the Department and the individual listed in Section XV of this Agreement.

3. Either the Vendor or the State of Alaska may terminate this Agreement for cause with not less than 15 days advance written notice.
4. Authorization to accept WIC warrants and Fruit and Vegetable Vouchers (FVV) is valid only at the Vendor's fixed, permanent location. If there is a change in ownership or location, or if the Vendor is going out of business, the Vendor must provide written notice to the State of Alaska at least 15 days in advance. If Vendor finds it necessary to close temporarily for longer than one week, the State agency must be notified immediately.
5. This Agreement is null and void if store ownership changes or if the Business Entity moves to a new location or new address, unless the State agency determines in advance that the change of location is permissible under the existing vendor Agreement.
6. The death of the Vendor (if an individual) or the voluntary or involuntary dissolution of a Vendor Corporation, partnership, limited partnership, unincorporated association or firm shall cause the Vendor's authorization and this Agreement to be terminated.
7. The vendor must comply with the vendor selection criteria throughout the agreement period, including any changes to the criteria. The State agency may reassess the vendor at any time during the agreement period and will terminate the vendor agreement if the vendor fails to meet current vendor selection criteria.
8. The vendor agrees to comply with the vendor agreement and Federal and state statutes, regulations, policies and procedures governing the Program, including any changes made during the agreement period.

SECTION II - NONDISCRIMINATION

1. The Vendor shall provide services to all qualified participants, parents or caretakers of infant or child participants, or proxies without regard to race, color, national origin, age, sex, or handicap.
2. Information concerning individuals participating in the Special Supplemental Nutrition Program (WIC) will be disclosed only to the Department or its authorized representatives.

3. The Vendor shall offer program participants, parents or caretakers of infant or child participants, and proxies the same courtesies and services offered to other customers. The Vendor will serve WIC participants, parents or caretakers of infant or child participants, and proxies in the same checkout lines and following the same procedures used with other customers.

SECTION III – ELIGIBILITY & VENDOR SELECTION CRITERIA

The following eligibility and selection criteria are subject to verification by the State; (refer to the Vendor Manual for more information). Vendor certifies that:

1. The Social Security Number or Federal Employer Identification Number (FEIN) specified in this Agreement is the same number filed for the same business entity with the USDA Food Stamp Program and/or with the Alaska Department of Revenue.
2. All information provided to WIC on the vendor application, price sheet, and other forms is accurate and complete.
3. A full line of grocery items is stocked at the store, including meat, dairy, produce (fresh, frozen, canned) and dry goods; (this provision does not apply to pharmacies).
4. Vendor stocks at least the minimum required quantity of authorized WIC foods at all times.
 - ◆ a minimum of two varieties of fruits,
 - ◆ two varieties of vegetables,
 - ◆ one whole grain cereal and,
 - ◆ other supplemental foods contained in the Appendix (see Alaska WIC Minimum Stocking Requirement).
5. If vendor is required to stock infant formula, vendor will purchase infant formula only from companies on the List of Authorized Suppliers of Infant Formula provided by the State.
6. Prices for WIC foods will be competitive with prices charged by other similarly situated vendors, (in terms of type and size of store and geographic location).
7. WIC sales cannot make up, or be likely to make up, more than 50% of Vendor's total annual food sales. Refer to the Alaska WIC Vendor Manual for details.
8. Incentive items cannot be provided by vendors who derive, or are likely to derive more than 50% of total annual food sales from WIC, (if authorized to ensure participant access). Refer to the Alaska WIC Vendor Manual for details.
9. Vendor is accessible to WIC participants and WIC staff in terms of location and hours open for business.
10. None of Vendor's current owners, officers, or managers has been convicted of or had a civil judgment during the last 6 years for the following: fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, or obstruction of justice.

11. Vendor is authorized to participate in the USDA Food Stamp Program and is in compliance with the Food Stamp Program; vendor has not been denied, suspended, disqualified or terminated, or assessed a civil monetary penalty by the USDA FSP during the two (2) years preceding authorization as a WIC Retail Vendor.
12. Vendor holds a valid Alaska Business License and any other licenses or permits required for business to be legally conducted in the State of Alaska.
13. Vendor shall not use, apply or affix the WIC acronym, logo or facsimile - ***in any form*** - on food products, in advertizing or on other promotional materials. The WIC acronym, logo and facsimile may not be used in a manner which suggests that the vendor may be affiliated with or sponsored by the State Agency, WIC or USDA. → The use of the WIC acronym in advertizing is restricted. Vendors must submit any requests to use the WIC acronym in advertizing to the State for approval. The State shall approve the request if it states that the vendor “accepts WIC benefits” and does not confuse the public regarding its otherwise lack of affiliation with and sponsorship by the USDA.

SECTION IV - AMENDMENTS

1. The Department may amend this Agreement, in writing or issue policy guidance, to include or incorporate additional provisions which shall be required as a result of a change in Federal or State statute or regulation or which shall be required by the Department for the administration, operation, or evaluation of the WIC Program. The Vendor shall receive thirty (30) calendar days notice of the effective date of such amendments.
2. Should any such amendment be determined to be unacceptable by the Vendor, the Vendor may voluntarily withdraw from participation.

SECTION V - ASSIGNMENT

1. The Vendor shall not sell, assign, or transfer any interest in this Agreement, WIC Authorization, or WIC Vendor Number; nor shall it assign any claims for money due or to become due under this Agreement. Any actual or attempted sale, assignment, or transfer of the above shall be considered a breach of this Agreement.

SECTION VI - CIVIL LAW SUITS

1. The Vendor further agrees to hold the Department harmless for any liability for any compensation, award, or damage in connection with the Vendor's performance as a WIC Vendor or for any injury which might occur to any of the Vendor's employees, WIC participants or others as the result of any act, omission, or negligence of the Vendor.

SECTION VII (A) – ACCEPTANCE OF WIC WARRANTS AND FRUIT AND VEGETABLE VOUCHER (FVV)

1. WIC warrants/FVV will be accepted by the Vendor only:

(a) when presented by WIC participants, parents or caretakers of infant or child participants, and proxies with picture/or signature identification card which must be verified at time of purchase, and

(b) during the valid dates printed on the face of the WIC warrants/FVV.

2. The Vendor shall not require a cash purchase or charge in any way for the use of the WIC warrants/FVV.
3. The Vendor shall only allow purchase of the authorized foods listed on the warrant/FVV and only in quantities that do not exceed those listed.
4. The Vendor shall charge only for the amount of food prescribed and selected. If a participant selects less than the prescribed amount, the vendor shall charge only for those foods selected.
5. The Vendor shall write or imprint "WIC" on cash register receipts for WIC purchases.
6. The Vendor shall not provide cash or items of value to the participant in place of authorized supplemental foods.
7. The vendor shall not accept returns of WIC foods purchased by WIC participants or make cash refunds of WIC foods.
8. The Vendor shall not exchange WIC warrants/FVVs for unauthorized food items, non-food items or credit (including rain checks).
9. The Vendor shall allow exchanges only for an identical authorized supplemental food item when the original authorized supplemental food item is defective, spoiled, or has exceeded its "sell by," "best if used by," or other date limiting the sale or use of the food item. An identical authorized supplemental food item means the exact brand and size as the original authorized supplemental food item obtained and returned by the participant, parent or caretaker of infant or child participants, and proxy.

Other than for the reasons listed in 9 above, there shall be no substitutions.

10. The date on which the warrant/FVV is accepted by the Vendor must be written in the designated space on the face of the warrant/FVV.
11. Total price for the items being purchased that are listed on the warrant must be entered on the warrant before it is signed by the participant, parent or caretaker of an infant or child participant, or proxy. Warrants/FVVs must be signed in the presence of the cashier.
12. The purchase price charged to WIC participants, parents or caretakers of infant or child participants, and proxies for the supplemental foods shall be the current price, or less than the current price, charged to other customers. If a purchase price is not within the price limitations, established for peer grouped vendors in similar geographic areas doing a similar volume of business, the State may adjust the price or assess a monetary claim against the vendor.
13. The Vendor shall not collect sales tax on WIC food purchases.

14. The Vendor's assigned number shall be stamped in the designated space on each warrant prior to deposit. If a Vendor's number stamp is lost, or damaged such that the imprint is not clearly legible, Vendor shall notify the WIC State agency immediately.
15. The Vendor shall deposit all WIC warrants within 60 days of the first valid date printed on the warrant. All WIC warrant deposits must be made directly to Vendor accounts. The Vendor may not sign WIC warrants/FVVs over to any third party.
16. The vendor shall accept FVVs for the purchase of fruits and vegetables only. The vendor shall allow WIC participants, parents or caretakers of infant or child participants and proxies to pay the difference when the purchase of allowable fruits and vegetables exceeds the value of the voucher. Payment may be by cash, credit or debit card, Food Stamp EBT card. Payment for purchases exceeding the value of the FVV is subject to any applicable taxes. Multiple FVVs can be combined and redeemed in one purchase transaction. For instance, a breastfeeding mother can combine her FVVs with that of her children's.

SECTION VII (B) – PURCHASE PRICE AND WARRANT REDEMPTION PROCEDURES

Vendors authorized by the Alaska WIC program are classified into eight (8) peer groups:

- i. Supercenter stores – these include supermarkets with other departments such as pharmacy, banking center or clothing department. The vendors can be in any location within the state,
- ii. Urban/Suburban large stores – vendors having four or more check stands,
- iii. Urban/Suburban Small stores - vendors with one to three check stands,
- iv. Gulf-Bristol Bay Region – vendors located in this area
- v. All WIC approved vendors in Northern-Interior Bush Alaska,
- vi. All WIC authorized stores in Western Bush Alaska,
- vii. WIC approved Pharmacies and,
- viii. WIC authorized Military Commissaries.

These classifications are based on common characteristics which affect food prices such as type or size of store, volume of business, type or size of community(urban, rural, remote), location or geographic area and methods/cost of freight delivery.

Assessment of the effectiveness of peer groupings (which includes a reconciliation of redeemed warrants to price sheet quotes and, the re-examination of the factors that affect vendor pricing) is performed at least every three years to enhance system performance and ensure that payments to vendors for food items purchased by WIC participants are within competitive levels. Modifications could be made to the peer groupings based on the results of the assessment.

Payments to vendors are based on allowable price limits. The allowable price limits or Not to Exceeds (NTEs) are calculated for each peer group and for each warrant type since each WIC warrant has specific foods listed on the warrant. Every two weeks, the price limits are recalculated using each peer group's rolling average redemption prices (of each warrant type) for this period plus an 'overage' amount.

As at the time of this printing, the overage amount is 3-4 times the standard deviation of the average price.

Although the NTE level gives room for price fluctuations and ensures that 98-99% of the warrants are redeemed, the WIC program monitors and reviews price redemption levels to enhance the cost-effectiveness of the program and detect vendor overcharges.

The Alaska WIC program operates a “pre-edit” system which ensures that **all** WIC warrants are screened by Key Bank prior to payment. During this process, KeyBank verifies that:

- i.** the warrants are error-free. WIC warrants without any errors are paid as usual. The vendor’s account with the bank of deposit is automatically credited with the purchase price on the warrants through the Automated Clearing House.
- ii.** the warrant prices are within allowable limits for the warrant type and the vendor’s peer group.

The State WIC program authorizes its banking contractor to return WIC warrants unpaid to the vendors (with the reasons stamped on the warrants) if there are errors on the warrants.

Some errors are “fatal” and, cannot be corrected while other error conditions may be corrected. For these amendable errors, the warrant together with a completed “Request Form For WIC Warrant Electronic Reimbursement Payment” are re-deposited by the vendors to :

Key Client Services
 NY– 31– 17 – 0170
 AK Reimbursement
 17 Corporate Woods BLVD
 Albany, New York 12211

Detailed below is a list of the different types of errors, descriptions and the consequences to the vendors:

S/N	Types of Errors	Description	Consequences to vendors
1	Missing Authorized Vendor Stamp	WIC warrant is missing vendor stamp	Errors should be corrected and the warrants re-deposited at KeyBank
2	Illegible Vendor Stamp/Number	Vendor Stamp/Number cannot be read – is illegible	
3	Invalid Vendor Stamp/Number	Vendor stamp or number is not authorized by the State of Alaska	
4	MICR Discrepancy	The amount encoded (Magnetic Ink Characters read) by the depositing bank does not agree with the amount in the actual amount of sale box. Depositing bank should re-qualify the encoded amount with correct amount and re-deposit the item	
5	Altered Vendor Stamp	Vendor Stamp/Number has been altered	Errors are fatal. Warrants cannot be re-deposited at KeyBank
6	Missing Signature	Signature of WIC participant is missing	
7	Other Alterations	Alterations to other elements of the warrant	
8	Stale Date/Expired Date	Warrant was deposited before or after the dates specified on the warrants	

9	Exceeds Authorized Amount	Actual amount of sale exceeds allowable price limit(or Not To Exceed) set by Alaska WIC	
10	Altered Price	Actual amount of sale has been altered or changed	Errors are fatal. Warrants cannot be re-deposited at KeyBank Errors are fatal. Warrants cannot be re-deposited at KeyBank
11	Missing Price	Actual amount of sale not recorded in designated box	
12	Altered Signature	Signature of participant has been altered or changed	
13	Altered Date	Valid dates have been altered or changed	
14	Transaction Date Not Valid	Transaction date not between valid dates or is missing	
15	Future Date	Date deposited by vendor is prior to Valid First Date of warrant	
16	Void	Warrant should not have been issued to participant	
17	Refer To Maker	Refer directly to Alaska WIC. Warrant may have been deposited more times than allowed and vendor should contact Alaska WIC if there is a question.	

Reimbursement statements issued to vendors by KeyBank

Upon receipt of the corrected WIC warrants and the completed “Request Form For WIC Warrant Electronic Reimbursement Payment”, the banking contractor electronically sends the request for reimbursement to the Alaska WIC Program. The agency reviews the electronic data and determines whether the warrant will be allowed for payment and the amount at which it would be paid. Once every week, the banking contractor processes all reimbursement payments approved by Alaska WIC by crediting the vendor’s bank of deposit through the Automated Clearing House.

A Reimbursement Statement created by KeyBank, which details the items being reimbursed, the requested amount, the payment amount and the grand total, is mailed to the vendor’s address.

Warrants with Purchase Prices Exceeding Allowable Amounts(or NTEs)

If a purchase price is not within the allowable price limits, the warrant is not deemed as having errors and, the bank will not return the warrant to the vendor. Rather, the vendor is paid at the allowable price limit for the vendor’s peer group and specific type of WIC warrant or the maximum dollar value of a FVV. This price limit is credited to the vendor’s bank of deposit through the Automated Clearing House System.

SECTION VIII – VENDOR TRAINING REQUIREMENTS

1. Vendor training will be provided by WIC State or Local Agency staff to prevent program errors, noncompliance and improve service to WIC program participants.
2. At the time of initial authorization and at least once every three (3) years thereafter, at least one vendor representative must participate in interactive training; preferably this will be an individual responsible for training cashiers. The State agency will have sole discretion to designate the date, time, and location of all interactive training, except that the State agency will provide the vendor with at least one alternative date on which to attend such training.
3. At least one representative of the vendor must participate in training annually; that representative must inform and train cashiers and other staff. Annual training may be provided in person during a vendor monitoring visit or in any of the following formats: teleconference,

videos, newsletters, brochures, CD-Rom or DVD, State WIC web site or other written training materials.

4. Vendor management is responsible for training and informing cashiers or other staff of WIC Program requirements. The State agency may require documentation that new vendor staff has successfully completed training.
5. Mandatory training may be required at the discretion of the State agency if deemed necessary to improve vendor compliance. Mandatory training will be provided by the State agency or a designated representative. The State agency will require documentation that vendor staff has successfully completed required training.

SECTION IX - VENDOR RESPONSIBILITIES

1. The Vendor shall comply with federal and state regulations, policies and procedures governing the WIC program and will comply with changes to same once informed of them in writing.
2. The Vendor shall not seek restitution from participants, parents or caretakers of infant or child participants, or alternates/proxies for WIC warrants not paid or only partially paid by the State Agency.
3. The Vendor shall allow representatives for the State of Alaska to monitor for compliance with this Agreement. Access to shelf price records and WIC warrants redeemed will be provided. Vendor shall cooperate with representatives for the State of Alaska and respond to information requests within three business days.
4. The Vendor agrees to submit payment of any claim assessed by the State agency for a vendor violation within 30 days of the date of written notification by the State. The State agency will provide the vendor with an opportunity to justify or correct the vendor overcharge or other error.
5. The Vendor must maintain purchase, inventory and sales records used for Federal tax reporting purposes, and other records required by the State agency, for a minimum period of 3 years.
6. Vendor agrees to make available to the State agency, Comptroller General of the United States and/or representatives of the U.S. Department of Agriculture upon request: purchase invoices or receipts showing the source of WIC purchases, including infant formula, inventory records of WIC items, all WIC warrants in the vendors' possession, sales records to verify percentage of WIC sales, and any other required program records.
7. The vendor shall submit a completed price sheet to the State WIC Office twice a year when requested by the State agency, (usually due September 1 and March 1).
8. The Vendor agrees to keep in stock at all times at least the designated quantities of WIC-approved foods listed in the current Minimum Stock Requirements so that WIC participants are able to purchase the prescribed foods listed on their warrants.
9. The vendor agrees that infant formula will be purchased only from sources designated on the "List of Authorized Suppliers of Infant Formula" that is provided by the State WIC agency.

10. The vendor is accountable for its owners, officers, managers, agents and employees who commit vendor violations.
11. The vendor will display required WIC posters or other WIC outreach materials provided by the State or local WIC agency in a location easily seen by customers.
12. Subject to Section VIII (3) of the Agreement, the Vendor must inform and train cashiers and other staff on program requirements.
13. If due to logistics and other issues (which shall be validated by the State WIC agency), a vendor wishes to request an exemption from stocking infant formula or infant foods, salmon or beans, the vendor must request this exemption in writing from the State WIC agency.

SECTION X (A) - STATE OF ALASKA RESPONSIBILITIES

1. The State of Alaska shall assure payments for valid WIC warrants deposited in a timely manner and presented for payment in accordance with the requirements of this Agreement.
2. The State agency shall make payments to Vendors on warrants and FVVs submitted for redemption within 60 days after valid warrants and FVVs are submitted for redemption.
3. The State of Alaska shall make monetary claims for vendor violations that affect payments already received by the vendor. In addition to monetary claims, the vendor may be sanctioned for vendor violations in accordance with the State's sanction schedule.
4. The State agency may establish a claim on the partial or full purchase price of each warrant/FVV that contained a vendor overcharge or other error. The State agency may offset the claim against current and subsequent amounts to be paid to the vendor. The State agency will provide the vendor with an opportunity to justify or correct the vendor overcharge or other error.
5. The State of Alaska, or local designee, shall provide guidance, information, and training to at least one representative of each vendor, including acceptable types and brands of food authorized for the WIC program.
6. The State of Alaska, or local designee, shall monitor the Vendor's operation and place of business for compliance with WIC program requirements.
7. The State of Alaska shall provide for administrative appeal in accordance with Section XIV of this Agreement. The State of Alaska shall make available its administrative review upon request.
8. The State Agency shall provide written notice when a compliance buy investigation reveals a violation for which a pattern must be established in order to impose a sanction. This shall serve as notification of initial vendor violations. For the State of Alaska WIC Program's administrative review procedures , please refer to the link below:

http://health.hss.state.ak.us/dpa/programs/nutri/downloads/Admin/PolicyandProcedures/Admin_PandP_Ch5.pdf

An exception is permitted if the State determines that such notice would compromise an investigation. Documentation explaining why notice would compromise an investigation is placed in the vendor file. This applies to all sanctions for overcharges, unauthorized sales and State agency-determined violations. It excludes trafficking, fraud and exchange of WIC instruments for firearms, controlled substances, alcohol or tobacco.

The State may resume compliance buys once the vendor receives notice of the initial violation. All incidences of violation uncovered in an initial compliance buy constitute a single instance for purposes of establishing a pattern of violation.

9. The State of Alaska shall provide vendors with not less than 15 days advance written notice of adverse action to be taken during the course of the agreement performance period or the expiration of an agreement. No advance notice will be provided for a disqualification due to a conviction of trafficking or selling firearms or illegal substances in exchange for WIC food warrants.
10. The State of Alaska may make price adjustments to the purchase price on WIC warrants submitted by the vendor for redemption to ensure compliance with the price limitations applicable to the vendor based on its assigned peer group. If the vendor has already received payment for the warrant(s), the State will request reimbursement for the full or partial price of the WIC warrant(s).
11. The State agency shall disqualify a food vendor from participating in the WIC Program if that vendor has been disqualified from the Food Stamp Program. The WIC program disqualification shall be the same length of time as the Food Stamp Program disqualification and may begin at the same time or at a later date than the Food Stamp Program disqualification and shall not be subject to administrative or judicial review.
12. The State agency will provide to vendors a list of infant formula wholesalers, distributors, and retailers licensed in the State, and formula manufacturers registered with FDA, that are authorized sources of infant formula for WIC vendors in Alaska.
13. The State agency has the authority to determine whether a vendor has violated the prohibitions outlined in Section X (B) below.
14. The State agency shall take follow-up action within 120 days on warrant and FVV errors and implement procedures to reduce the number of errors.
15. With justification and documentation, the State agency shall pay vendors for warrants and FVVs submitted for redemption after the specified period of redemption. If the total value of such warrants or FVVs submitted at one time exceeds \$500, the State agency shall obtain FNS Regional office approval before payment.

SECTION X(B - WIC ACRONYM, LOGO AND FACSIMILE

WIC logo, acronym and facsimile are exclusively the service marks of the United States Department of Agriculture (USDA).

WIC authorized vendors, manufacturers and other private sector organizations are **not** permitted to use, apply or affix the WIC acronym, logo or facsimile - **in any form** - on food products, in advertizing or on other promotional materials. This is to avoid confusing, unduly influencing, misinforming or deceiving WIC participants or the public into believing a food product is approved by WIC or the USDA when it is not.

Service Mark Violation - Unauthorized use or misuse of the WIC acronym, logo or facsimile shall result in a one year disqualification/termination.

A. APPROVED USE OF WIC ACRONYM, LOGO AND FACSIMILE

The vendor may use the WIC acronym, logo and facsimile to:

1. Identify the retailer as an authorized WIC food vendor. The state agency shall provide the vendor with the only allowable signage or advertizing language for this purpose.
2. Identify authorized WIC foods by attaching shelf-talkers or channel strips which state "WIC-approved" or "WIC-eligible". The State agency shall provide the vendor with the shelf-talkers or channel stripes.

B. UNAUTHORIZED USE OF WIC ACRONYM, LOGO AND FACSIMILE

The vendor may not use the WIC acronym, logo or facsimile in the following way:

In the official or business name of the vendor, in whole or in part. WIC authorized vendors are not permitted to use the service marks, including close facsimiles thereof, in total or in part, either in the official name in which the vendor is registered or in the name under which it does business, if different. This includes using the letters "W", "I" and "C" in that order next to one another in the vendor's name, or these letters in that order but not next to one another, with the letters made out in some fashion, such as with a different color or size than other letters.

SECTION XI – SANCTIONS FOR WIC VENDOR VIOLATIONS

Vendors will be notified of errors and may be offered, or required to participate in additional training to correct and prevent errors. Certain types of errors will result in assessment of monetary claims or imposition of penalty points or other sanctions. If errors continue, and it appears that efforts to correct them through education and training are not effective, the State Agency will impose sanctions in accordance with the **Penalty Point and Sanction Schedule** (located in the WIC Vendor Manual and incorporated herein by reference).

Sanctions may include monetary claims, penalty points assessed for violations that, at various point levels may result in probation, suspension or disqualification of the vendor, mandatory federal sanctions, civil money penalties, reciprocal Food Stamp/WIC Program disqualification and reciprocal WIC disqualification for a Food Stamp Program civil money penalty in lieu of disqualification for hardship. No prior warning will be provided by the State before imposing sanctions; except in the case of violations that require a pattern of occurrences prior to imposition of a sanction, the State will provide a warning letter notifying Vendor of the initial occurrence of such a violation, unless it determines that notification would compromise an investigation.

A vendor who commits fraud or abuse of the Program is liable for prosecution under applicable Federal, State or local laws. Those who have willfully misapplied, stolen or fraudulently obtained program funds will be subject to a fine of not more than \$25,000 or imprisonment for not more than five years or both, if the value of the funds is \$100 or more. If the value is less than \$100, the penalties are a fine of not more than \$1,000 or imprisonment for not more than one year or both.

SECTION XII - FOOD STAMP PROGRAM COORDINATION

Effective December 1, 2009, all vendors must be licensed by the USDA Food and Nutrition Service as a Supplemental Nutrition Assistance Program (SNAP) retail provider (formerly Food Stamp Program).

The State agency shall disqualify a vendor who has been disqualified by the Food Stamp Program. WIC disqualification due to Food Stamp program disqualification shall not be subject to administrative or judicial review under the WIC Program and shall be for the same length of time as the Food Stamp program disqualification, although it may start at a later date.

The State may disqualify a vendor who has been assessed civil money penalty for hardship by the Food Stamp Program. The vendor may request an administrative review of a WIC disqualification based on an assessment of a civil money penalty for hardship by the Food Stamp Program. Disqualification from the WIC program may result in disqualification as a retailer in the Food Stamp Program. Such disqualification may not be subject to administrative or judicial review under the Food Stamp Program and may start at a later date than the WIC disqualification.

SECTION XIII - TERMINATION OF AGREEMENT/DISQUALIFICATION OF VENDOR

A decision by the State agency to terminate a Vendor Agreement or disqualify a vendor will be based upon mandatory federal sanctions or a finding that one or more of the following has occurred:

- a. The vendor has accrued more than 100 sanction points during a three (3) year sanction period;
- b. The vendor has knowingly submitted false, erroneous, or inaccurate information on the WIC Vendor Application, in the business or financial information provided to the Department, on the WIC Food Price Sheet, or during the course of on-site monitoring of the vendor site;
- c. The vendor has refused to allow WIC Program representatives access to inspect the vendor site during normal business hours;
- d. The vendor has not fulfilled the terms of the Vendor Agreement;
- e. The vendor has sold, leased, or discontinued the Business Entity or moved the Business Entity to a new location or new address;
- f. The vendor corporation, partnership, or limited partnership has been voluntarily or involuntarily dissolved or the vendor sole proprietor has died;
- g. The State of Alaska has identified a conflict of interest between the vendor and the State of Alaska or its local agencies;
- h. The vendor has not maintained adequate stock of authorized WIC food items to meet the needs of WIC participants;
- i. The vendor has purchased infant formula from a source not on the authorized list of suppliers;
- j. The State of Alaska has determined that more than 50% of the vendor's annual revenue from food sales is from WIC transactions;
- k. The vendor has been disqualified by the Food Stamp Program;
- l. The vendor fails to meet one or more of the current vendor selection criteria.

- m. A vendor's failure to remain price competitive is cause for termination of the vendor agreement, even if actual payments to the vendor are within the maximum reimbursement amount.
- n. The State Agency may reassess any authorized vendor at any time during the vendor's agreement period using the vendor selection criteria in effect at the time of the reassessment and shall terminate the agreements with those vendors that fail to meet them.

SECTION XIV – APPEALS/REQUEST FOR ADMINISTRATIVE REVIEWS

The State agency will provide vendors with not less than 15 days advance written notice by certified mail of adverse action to be taken during the course of the agreement performance period. Adverse action will be implemented after the 15 day advance notice period has elapsed, except that no advance notice will be provided for disqualification due to a conviction of trafficking or selling firearms or illegal substances in exchange for WIC warrants or FVVss.

A vendor may request an administrative appeal of the following actions:

- a. Denial of a vendor's application to become an authorized WIC vendor based on the application of the vendor selection criteria for minimum variety and quantity of authorized supplemental foods or on a determination that the vendor is attempting to circumvent a sanction. .
- b. Imposition of penalty points.
- c. Probation or suspension
- d. Disqualification (except in cases of a reciprocal WIC disqualification as a result of Food Stamp Program/SNAP disqualification).
- e. Imposition of fines or civil money penalties (CMP).
- f. Termination of vendor agreement for cause.

If the vendor chooses to appeal the action, the vendor must file a written appeal within 30 days. Requests for appeal should be sent to:

Director, Div. of Public Assistance
Department of Health and Social Services
P.O. Box 110640
Juneau, Alaska 99811-0640

The appeal must include a statement setting forth the State agency action which the vendor is contending and the reasons for appealing the action. Evidence supporting the vendor's statement should be included. The request for appeal will be reviewed, and if hearing is granted it will be held, in accordance with State of Alaska administrative hearing regulations. The vendor may appeal the decision through the courts.

The State agency may not provide administrative reviews in the following instances:

- Validity or appropriateness of State agency's limiting or vendor selection criteria;
- State agency's participant access criteria and determinations, and determinations regarding a vendor's policy & program to prevent trafficking;

- State agency's criteria for determining if a vendor or vendor applicant is expected to derive more than 50% of annual food sales from WIC;
- Authorizations subject to State agency's procurement procedures;
- Expiration of the vendor agreement;
- Disputes regarding food instrument/warrant payments and vendor claims(other than the opportunity to justify or correct a vendor overcharge or other error or ensure compliance with applicable price limitations and to detect questionable food instruments).
- Disqualification as a result of disqualification from the Food Stamp Program/SNAP.
- The validity or appropriateness of the State agency's vendor peer group criteria.
- The State agency's determination whether to notify a vendor in writing when an investigation reveals an initial violation for which a pattern of violations must be established in order to impose a sanction
- The State agency's decision to include or exclude an infant formula manufacturer, wholesaler, distributor or retailer from the State Agency List
- The validity or appropriateness of the State agency's prohibition of incentive items.
- The validity or appropriateness of the State agency's denial of an above-50- percent vendor's request to provide an incentive item to WIC participants
- The State agency's determination whether to notify a vendor in writing when an investigation reveals an initial violation for which a pattern of violations must be established in order to impose a sanction.

SECTION XV – CERTIFICATION AND SIGNATURE OF OWNER/AGENT

The undersigned owner, or authorized agent, of the Vendor who has legal authority to obligate the vendor, certifies that the Vendor meets and/or agrees to all of the requirements set forth in this Agreement and further certifies that all statements and representations made in the WIC Vendor Application, Price Sheet and this Agreement are true and accurate. The undersigned further acknowledges that the State Plan provisions are incorporated by reference into and are a specific part of this Agreement.

STORE NAME (TYPE OR PRINT)

STORE STREET ADDRESS

CITY

STATE

ZIP

OWNER (PLEASE PRINT)

OWNER/AGENT'S PHONE NUMBER

SIGNATURE OF OWNER OR
AUTHORIZED AGENT

DATE

SOCIAL SECURITY NUMBER

OR

FEDERAL EMPLOYER
IDENTIFICATION NUMBER

STATE OF ALASKA REPRESENTATIVE

DATE

NOTE: If this agreement is for a corporation, rather than an individual store, all officers must be listed and the president of the corporation must provide the authorizing signature above.

PRESIDENT (PRINTED ONLY)

SECRETARY (PRINTED ONLY)

VICE PRESIDENT (PRINTED ONLY)

TREASURER (PRINTED ONLY)

