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**DOI ISSUES REPORT TO COMBAT “SKIMMING” OF ELECTRONIC BENEFIT TRANSFER CARDS
THAT PROVIDE ESSENTIAL FINANCIAL ASSISTANCE TO LOW-INCOME NEW YORKERS**

From August 2023 to March 2025, NYC reimbursed \$48.6 million in stolen benefits

Jocelyn E. Strauber, Commissioner of the New York City Department of Investigation (“DOI”), issued a public report on DOI’s investigative findings and recommendations to prevent the theft of Cash Assistance (“CA”) and funds from the Supplemental Nutrition Assistance Program (“SNAP”), essential financial assistance that is provided to 1.8 million low-income families and individuals in New York City to help them meet basic needs, such as food and rent. The City Department of Social Services (“DSS”) administers these benefits through New York State-issued Electronic Benefit Transfer (“EBT”) cards, which use a magnetic stripe to transfer data and are particularly vulnerable to “skimming,” the theft of card information via devices placed surreptitiously on card-reading machines, such as ATMs or point-of-sale (“POS”) terminals.

In June 2022, with the assistance of DSS, DOI began looking into reports from hundreds of DSS clients that their EBT accounts were drained of SNAP and/or CA benefits at various locations in and out of New York State. Between August 2023 and March 2025, DSS issued a total of \$48.6 million in reimbursements for reported stolen SNAP and CA benefits. This Report seeks to raise awareness about skimming and to help New Yorkers with EBT cards identify and avoid potential skimming devices at local retailers. The Report also outlines DOI’s support for amending the social services law to require the Office of Temporary Disability Assistance (“OTDA”), which administers SNAP and CA statewide, to modernize EBT cards by installing EMV chips in them, or for OTDA to do so without a change in the law. A copy of the Report, which includes the six recommendations DOI issued to OTDA and DSS, is attached to this press release and can also be found at this link: <https://www.nyc.gov/site/doi/newsroom/public-reports-current.page>

DOI Commissioner Jocelyn E. Strauber said, “Until Electronic Benefit Transfer Cards are chip-enabled, the best defense against skimming is public awareness. DOI and our law enforcement partners have and will continue to investigate this significant threat to public resources and hold wrongdoers accountable, but as this Report describes, enforcement efforts are not a complete solution. This Report informs the public about signs that a point-of-sale terminal may be compromised, and makes other recommendations to reduce the risk that benefit cards will be successfully ‘skimmed.’ I thank the City Department of Social Services for its partnership and assistance in protecting the public funds that support some of New York’s most vulnerable citizens.”

Skimming is a common and widespread form of card fraud. When a cardholder swipes their magnetic stripe card, the skimming device captures the card’s number, PIN number, and the cardholder’s name. The cardholder’s data then is transferred via Bluetooth to individuals who use the information to conduct unauthorized transactions via duplicated cards, online purchases, or to engage in identity theft.

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EBT cards, which are effectively debit cards for CA and SNAP benefit accounts, are one type of card that can be skimmed using these devices. In the case of EBT card skimming, the thieves will steal and sometimes deplete the clients' public benefits from their accounts, leaving the client without the CA and SNAP funds to support their basic needs. The data is transferred from the skimmer remotely, such that there is no need to return to the retail location to collect the skimmer, and there is little if any delay in using the data to steal clients' benefits after capturing the data. These circumstances make it more difficult for law enforcement to identify individuals engaged in this type of fraud.

The volume of this fraud in New York City is significant: between August 2023 and March 2025, DSS processed 142,178 SNAP reimbursement applications from victims of EBT theft, approved 96,048 applications, and issued reimbursements of stolen benefits of \$43.7 million. During the same time, DSS processed 60,337 CA reimbursement applications, approved 27,176 applications, and issued reimbursements of stolen benefits of \$4.9 million. The actual loss to New Yorkers is likely much greater, because these figures do not include unreported losses. Since December 2024, federal funding for reimbursements for stolen SNAP funds is no longer available, leaving thousands of individual victims without recourse to have their stolen benefits restored for thefts post-dating December 2024.

For this Report, DOI and DSS analyzed SNAP and CA transactions that used stolen EBT cards throughout New York City, in an effort to locate POS terminals at local retailers where skimmers were placed. In a recent operation, DOI, along with the New York Police Department ("NYPD") Financial Crimes Unit, DSS, and federal law enforcement partners, found approximately 55 skimming devices that had been placed on POS terminals at local retailers and investigated several individuals suspected of installing those devices. Law enforcement efforts to address skimming, while ongoing, can be challenging in part because real-time information about skimming in progress is not currently available. Thus, by the time it becomes clear that a card has been skimmed, the funds may already be gone, and efforts to obtain video footage or other pertinent evidence may be compromised by delay.

DOI has determined that the best way to prevent much of this fraud is to upgrade the existing EBT cards with magnetic stripes to more secure chip-enabled EBT cards. The Report also recommends amending the social services law to require OTDA to modernize EBT cards by installing EMV chips in them. Chips would make EBT cards more secure because they generate and transfer a unique, encrypted code for each purchase, making theft of card information and benefits via skimming more difficult. Currently, there are two State Senate bills and two State Assembly bills that would mandate the implementation of chips in EBT cards. The bills vary slightly in wording, but in substance, all four of them would require the commissioner of OTDA to implement EBT cards with EMV chips on them. DOI supports these legislative efforts and submitted a memo in support of Senate Bill 1465 and Assembly Bill 699. DOI is informed that DSS has also submitted a memorandum in support of this legislation. However, legislation is not required in order for OTDA to take this action. DOI recommends New York urgently implement EMV chips in EBT cards to reduce the risk of skimming theft. Until New York implements EBT cards with EMV chips, DOI recommends five additional preventative measures to enhance the security of the EBT cards:

1. OTDA should work with the EBT card vendor to create an alert that notifies clients when an out-of-state or suspicious transaction is pending and requires that they authenticate the transaction via the application or an automated phone call.
2. OTDA should work with the EBT card vendor to create a security feature that alerts clients in real-time via text message when their PINs are changed. Such feature should be the default setting and allow clients to opt out (rather than the existing alerts via email and opt-in feature).
3. OTDA should create an alert triggered by repetitive transactions that occur at common locations between 12:00 AM and 2:00 AM, and promptly report the alert to law enforcement immediately.
4. DSS should continue to work with USDA and law enforcement to promptly remove and confiscate identified or suspected skimming devices.
5. DSS should continue their ongoing work of early skimming detection and analytics, informing the public of the risks and the necessary precautions, including via distribution of flyers and public seminars.

At DOI, the investigation was conducted by former DOI Investigative Attorney Alix Hirsh and Assistant Inspector General Daniel Malvey of DOI's Office of the Inspector General for DSS, with assistance from Data Analyst Zachary Sayle, Assistant Inspector General Alexandra Davie, and Director of Intergovernmental Affairs and Special Counsel Rebecca Chasan, and was supervised by Acting Inspector General Jeremy Reyes, Deputy Commissioner of Strategic Initiatives Christopher Ryan, and Deputy Commissioner/Chief of Investigations Dominick Zarrella.

DOI is one of the oldest law-enforcement agencies in the country and New York City's corruption watchdog. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City. DOI's strategy attacks corruption comprehensively through systemic investigations that lead to high-impact arrests, preventive internal controls and operational reforms that improve the way the City runs.

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New York City
Department of Investigation



DOI's Findings Regarding "Skimming" of Electronic Benefit Transfer Cards that Provide Vital Funds to Low-Income New Yorkers and Related Recommendations

Jocelyn E. Strauber
Commissioner

Jeremy Reyes
Acting Inspector General for the Department of Social Services

September 2025

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I. EXECUTIVE SUMMARY

The New York City Department of Social Services (DSS)¹ administers both Cash Assistance (CA) and the Supplemental Nutrition Assistance Program (SNAP), which collectively provide monthly financial benefits to 1.8 million low-income families and individuals in New York City to help them meet their basic needs such as food and rent. Benefits are disbursed through Electronic Benefit Transfer cards (EBT), which can be used like debit cards to purchase food and other household necessities at participating stores. EBT cards issued to residents of New York State, including City residents, use magnetic stripes to transfer data. This differs from standard credit cards which, per industry standards, are equipped with EMV chip technology that more securely transfers data and is therefore less susceptible to fraud. Cards that use magnetic stripes are particularly vulnerable to skimming, one of the most prevalent forms of card fraud. Skimming is the theft of card information via devices placed surreptitiously on card-reading machines, such as ATMs or point-of-sale (POS) terminals. These devices mimic the look of the card-reading machines and are difficult to detect. Wrongdoers replicate the stolen information and use it to make counterfeit cards or otherwise use the data to make unauthorized purchases or withdraw money from the cardholders' accounts, without notice to the true cardholder.

The volume of alleged skimming theft from EBT cards in New York City is significant. Between August 2023 and March 2025, DSS processed 142,178 SNAP reimbursement applications from victims of EBT theft, approved 96,048 applications, and issued reimbursements of stolen benefits of \$43.7 million. During the same time, DSS processed 60,337 CA reimbursement applications, approved 27,176 applications, and issued reimbursements of stolen benefits of \$4.9 million. As of December 2024, federal funding for reimbursements for stolen SNAP funds is no longer available, leaving thousands of individual victims without recourse to have their stolen benefits restored for thefts post-dating December 2024.²

In June 2022, the New York City Department of Investigation (DOI), with DSS' assistance, initiated several investigations in response to reports from hundreds of DSS clients that their EBT accounts were drained of SNAP and/or CA benefits at various locations in and out of New York State without their knowledge. DOI and DSS analyzed SNAP and CA transactions using stolen EBT cards throughout New York City in an effort to locate POS terminals at local retailers where skimmers were placed. In a recent operation, DOI, along with the New York Police Department (NYPD) Financial Crimes Unit, DSS, and federal law enforcement partners, found approximately 55 skimming devices that had been placed on POS terminals at local retailers and investigated several individuals suspected of installing those devices.

¹ In April 2016, the Human Resources Administration (HRA) and the Department of Homeless Services (DHS) were consolidated within the Department of Social Services (DSS). The matters evaluated in this report fall within the purview of HRA, which helps over three million vulnerable New York City residents through the administration of more than 12 major public assistance programs, including cash assistance, food assistance, and Medicaid. HRA has over 12,000 employees and administers over \$10 billion in public assistance funds annually.

² Federal legislation authorizing reimbursements of stolen SNAP benefits with federal funds expired on December 20, 2024. Victims of stolen SNAP benefits can still file claims for funds that were stolen before December 20, 2024, until September 30, 2025, <https://www.nyc.gov/site/hra/help/request-for-replacement-of-stolen-benefits.page> (Last visited August 21, 2025). Stolen CA funds are still eligible for reimbursements.

Law enforcement efforts to address skimming, while ongoing, can be challenging in part because real-time information about skimming in progress is not currently available. Thus, by the time it becomes clear that a card has been skimmed, the funds may already be gone, and efforts to obtain video footage or other pertinent evidence may be compromised by the delay.

This report seeks to raise awareness about skimming and to help New Yorkers with EBT cards identify and avoid potential skimming devices at local retailers. The report also outlines DOI's support for amending the social services law to require the Office of Temporary Disability Assistance (OTDA), which administers SNAP and CA statewide, to modernize EBT cards by installing EMV chips in them, or for OTDA to do so without a change in the law. Chips would make EBT cards more secure because they generate and transfer a unique, encrypted code for each purchase, making theft of card information and of benefits via skimming more difficult. In the interim period, before EMV chips are installed, this report recommends that DSS and OTDA take additional steps to reduce the risk of skimming and benefit fraud by educating cardholders, encouraging account monitoring, and enhancing the existing security features.

II. BACKGROUND

A. Cash Assistance and the Supplemental Nutrition Assistance Program

Nearly two million New Yorkers rely on public benefits. The most common forms are CA and SNAP. Both CA and SNAP benefits are administered through EBT cards with funds disbursed once or twice per month, depending on the benefit.³ The City's Human Resources Administration (HRA) within DSS administers both CA and SNAP to New York City residents, which are overseen by OTDA and the federal government.

Through CA, eligible families may receive up to 60 months of federally funded cash assistance under the Temporary Aid to Needy Families Program (TANF).⁴ Single individuals without children and families who have already received cash assistance for 60 months may receive benefits under the New York State Safety Net Program.⁵ The amount of CA issued depends on household size, rent, and income; CA can be used for food, utilities, and other household expenses.⁶ Some CA beneficiaries may be required to engage in work and/or educational activities as a condition of receiving benefits.⁷ In May of 2025, more than 600,000 New York City households received CA, and nearly \$223 million was disbursed.⁸

SNAP, formerly known as the Food Stamp Program, is the cornerstone of the nation's safety net and nutrition assistance programs and aids millions of eligible low-income people.⁹

³According to DSS, SNAP funds are issued to beneficiaries once per month, while CA funds are issued twice per month.

⁴New York City Department of Social Services, Human Resource Administration, Cash Assistance Program, <https://www.nyc.gov/site/hra/help/cash-assistance.page>, (Last visited August 21, 2025)

⁵Id.

⁶New York City BAR, New York State Cash Assistance Program, Cash Assistance Eligibility, <https://www.nycbar.org/get-legal-help/article/public-benefits/new-york-state-cash-assistance-program> (Last visited August 21, 2025)

⁷New York City Department of Social Services, Human Resource Administration, Cash Assistance Program, <https://www.nyc.gov/site/hra/help/cash-assistance.page>, (Last visited August 21, 2025)

⁸New York City Department of Social Services, Human Resource Administration, HRA's Fact Sheet, https://www.nyc.gov/assets/hra/downloads/pdf/facts/hra_facts/2025/hra_facts_2025_05.pdf (Last visited August 21, 2025)

⁹Center on Budget and Policy Priorities, "SNAP is Effective and Efficient," *available at* <http://www.cbpp.org/research/snap-is-effective-and-efficient>, (Last visited August 21, 2025)

Benefit levels for SNAP are based on criteria including but not limited to, household size and income levels.¹⁰ In Federal Fiscal Year 2023, in New York State, the average SNAP household received \$355 per month in benefits, consisted of 1.7 people, and had a gross monthly income of \$1,100.¹¹ In the same year in New York State, among other households, SNAP assisted 25.2% of the State's households with children, 43.8% of the States households with elderly individuals, and 16.5% of the State's households with non-elderly individuals with disabilities.¹² SNAP can be used for purchases of food, but not for items such as alcohol, hot food, or non-food products.¹³ The federal legislation authorizing reimbursements of stolen SNAP benefits with federal funds expired on December 20, 2024. Victims of stolen SNAP benefits can still file claims for funds that were stolen before December 20, 2024.¹⁴ In New York City, reimbursement requests are processed by HRA.

B. Skimming

Skimming is a common and widespread form of card fraud. Skimming devices, pictured below, are placed on card-reading machines, such as ATMs or POS terminals, that are capable of collecting the card's data when the card is swiped on the card-reading machine.¹⁵



When a cardholder swipes their magnetic stripe card, the skimming device captures the card's number, PIN number, and the cardholder's name. The cardholder's data is then transferred via Bluetooth to individuals who use the information to conduct unauthorized transactions via duplicated cards, online purchases, or to engage in identity theft. EBT cards, which are effectively

¹⁰ New York State Office of Temporary and Disability Assistance, Supplemental Nutrition Assistance Program (SNAP), <https://otda.ny.gov/programs/snap/> (Last visited August 21, 2025)

¹¹ United States Department of Agriculture, Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2023, <https://fns-prod.azureedge.us/sites/default/files/resource-files/snap-FY23-Characteristics-Report.pdf>, (Last visited August 21, 2025)

¹² Id.

¹³ New York State Office of Temporary and Disability Assistance, Supplemental Nutrition Assistance Program (SNAP), <https://otda.ny.gov/programs/snap/qanda.asp#purchase>, (Last visited August 21, 2025)

¹⁴ New York State, myBenefits, <https://mybenefits.ny.gov/mybenefits/begin>, (Last visited August 21, 2025)

¹⁵ New York City Department of Social Services, Human Resource Administration, For more information on identifying skimming devices see, https://www.nyc.gov/assets/hra/downloads/pdf/services/program_integrity/FLY-1095-Protect-Your-Benefits-Skimming-en.pdf. (Last visited August 21, 2025)

debit cards for CA and SNAP benefit accounts, are one type of card that can be skimmed using these devices. In the case of EBT card skimming, cardholder information will be used to steal clients' public benefits from their accounts, often leaving the client without the CA and SNAP funds to support their basic needs until the next disbursement.

The data is transferred from the skimmer remotely, such that there is no need to return to the retail location to collect the skimmer, and little if any delay in using the data to steal clients' benefits after capturing the data. These circumstances make it more difficult for law enforcement to identify subjects. Perpetrators typically work in pairs - one person will distract the cashier or salesperson while the second person will place the skimming device on the POS terminal. The devices are typically replicas of the POS terminals, such that store owners may be unaware of the presence of a skimming device for an extended period of time. Oftentimes, store owners are alerted to the placement of a device only after multiple EBT card recipients report stolen funds, after noticing transactions at stores they have not frequented. Skimming devices have also been found on ATMs and gas pumps.

Skimming devices are hard to detect because they are designed to blend in with legitimate card readers and payment terminals, or installed inside terminals, making them nearly invisible to customers and store owners. The following are warning signs of a card-reading machine that has been compromised by a skimming device:

- Fake keypads that may feel soft or spongy and are inconsistent with the material of a normal terminal;
- Scratches and missing pin pad shields;
- Resistance to inserting a card or difficulty swiping it; or
- Small hidden cameras on the POS terminals.

C. EBT Card Technology

Beginning around 2015, credit card companies started transitioning to chip cards (such as the card pictured below) that require insertion of a chip into a payment terminal or the use of a PIN number for contactless payment, as pictured below. This technology, called EMV chips, is now the industry standard in credit card transactions for reducing credit card fraud. According to EMVCo, the global technological entity responsible for facilitating worldwide acceptance of EMV chips, as of the end of 2023, 70% of all credit cards have EMV chips.¹⁶



¹⁶ EMVCo, Worldwide EMV Deployment Statistics, <https://www.emvco.com/about-us/worldwide-emv-deployment-statistics/> (Last visited August 21, 2025)

Unlike modern credit cards which use EMV technology to transfer data, New York EBT cards rely on magnetic stripes to transfer funds, an outdated funds transfer technology. Magnetic stripes “transmit the card’s real number during a transaction.”¹⁷ Therefore, when the information is skimmed during a transaction, the full card number is captured, allowing for relatively easy duplication of the card data for use in future fraudulent transactions.¹⁸ In contrast, EMV chips secure the data by generating a unique and encrypted code for every purchase and send that code to the business’s card reader.¹⁹ Accordingly, skimmed data is harder to use in future fraudulent purchases because it is incomplete and or encrypted.

Whereas the chip technology has been available for credit cards for a number of years, the chip technology for EBT cards was only made available in August 2024, when the technical standards for using chip technology in EBT cards were ratified and published by the independent accredited standards committee.²⁰ In February 2025, the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA) stated that it was working to publish a rule to codify the accredited standards into regulation and to establish timeframes for upgrading to secure payment technologies. The USDA urged all states to adopt the new standards and to work to transition to chip technology as soon as feasible.²¹

In June 2025, OTDA published a Request for Proposal (RFP) seeking competitive proposals from qualified vendors to provide EBT card services, including cards with chip and tap-to-pay technology.²² Proposals in response to the RFP are due to OTDA by September 16, 2025.²³

III. IMPACT

A. Cost of Skimming

Between August 2023 and March 2025, the City administered \$43.7 million of reimbursements to victims of SNAP theft and \$4.9 million to victims of CA theft. However, the actual loss to New Yorkers is likely much greater, because this number does not include unreported losses. With the expiration of federal funding for reimbursement of stolen SNAP funds, described above, reporting of theft is likely to drop further, even if theft does not decrease. Some victims of stolen funds have sued OTDA for failing to protect their benefits by relying on outdated card technology, in the absence of other options.²⁴

¹⁷ Stripe, What are EMV Chip Cards?, <https://stripe.com/resources/more/what-are-emv-chip-cards>, (Last visited August 21, 2025)

¹⁸ Stripe, How do EMV card readers work? <https://stripe.com/resources/more/what-are-emv-chip-cards>, (Last visited August 21, 2025).

¹⁹ Stripe, How do EMV card readers work? <https://stripe.com/resources/more/what-are-emv-chip-cards>, (Last visited August 21, 2025).

²⁰ United States Department of Agriculture, Food and Nutrition Services, Letter to Commissioners - SNAP EBT Chip Cards, <https://www.fns.usda.gov/snap/ebt/modernization/commissionerletter-chipcards>, (Last visited August 21, 2025)

²¹ Id.

²² New York State Office of Temporary and Disability Assistance, Common Benefit Identification Card (CBIC) RFP, <https://otda.ny.gov/contracts/2025/CBIC/> (Last visited August 21, 2025)

²³ Id.

²⁴ Gothamist, Victims of Food Benefits, Victims of food benefits theft sue NY over outdated tech they say puts them at risk - Gothamist (Last visited August 21, 2025)

As illustrated in *Figure 1*, HRA has played a significant role in helping victims of SNAP and CA theft recover funds, issuing an average of approximately \$3 million in reimbursement payments per month from August 2023 to December 2024.²⁵ As *Figure 1* shows, in September 2023, HRA administered nearly its highest amount of reimbursements, totaling close to \$6 million for SNAP theft and approximately \$500,000 for CA theft. During this time period, HRA’s handling of reimbursement claims was governed by OTDA’s Administrative Directive Memorandum, “Replacement Procedure for SNAP and/or TA Benefits Stolen via Skimming, Cloning, Phishing or other Fraudulent Methods.”²⁶ However, beginning in January 2025, the graph shows a dramatic decrease in reimbursements and only includes a small number of claims/reimbursements that relate to theft that occurred before the December 2024 expiration date and were filed thereafter.

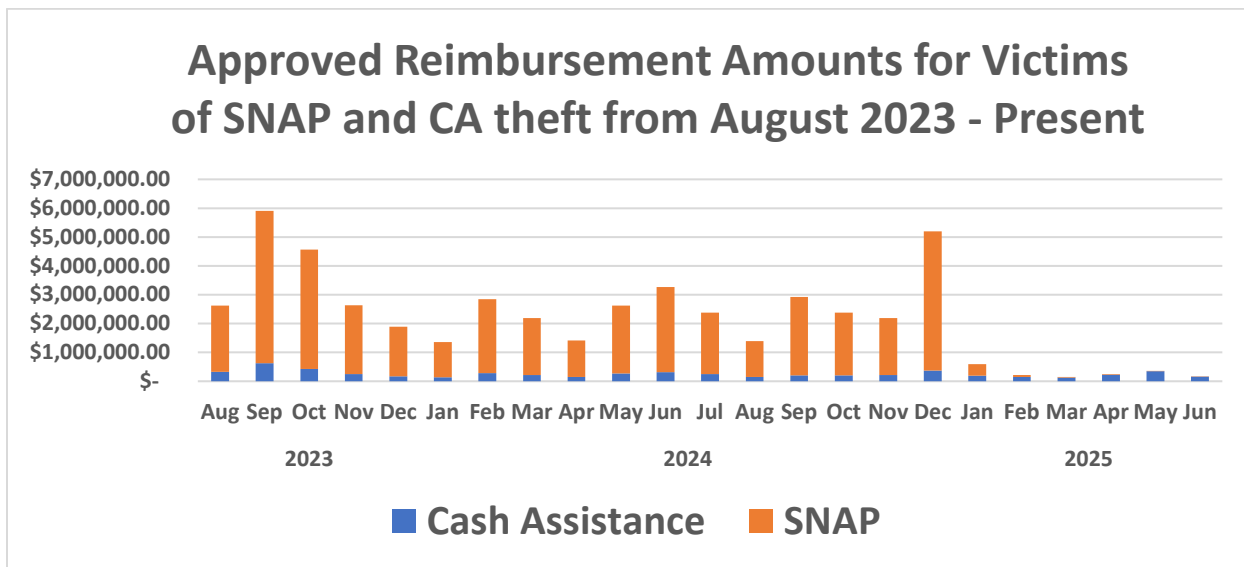


Figure 1

Figure 2 shows the number of individual reimbursement applications HRA approved for CA and SNAP, and the volume of clients impacted by this theft. Most expenditures of stolen benefits are used for purposes other than their intended use, typically for personal gain, such as exchanging the benefits for cash.

²⁵ Figure 1 is based on information in HRA’s internal database concerning reimbursement amounts for victims of SNAP and CA theft.

²⁶ The memo specifies that claims for reimbursement must be made 30 days from the date the client discovered the theft and client households are limited to two replacements per federal fiscal year (October 1 – September 30). Additionally, HRA employees assess each claim to determine its validity by checking factors such as who made the balance inquiry, balance inquiries that are not followed by an online purchase, and atypically timed balance inquiries, among others. <https://otda.ny.gov/policy/directives/2023/ADM/23-ADM-07.pdf>.

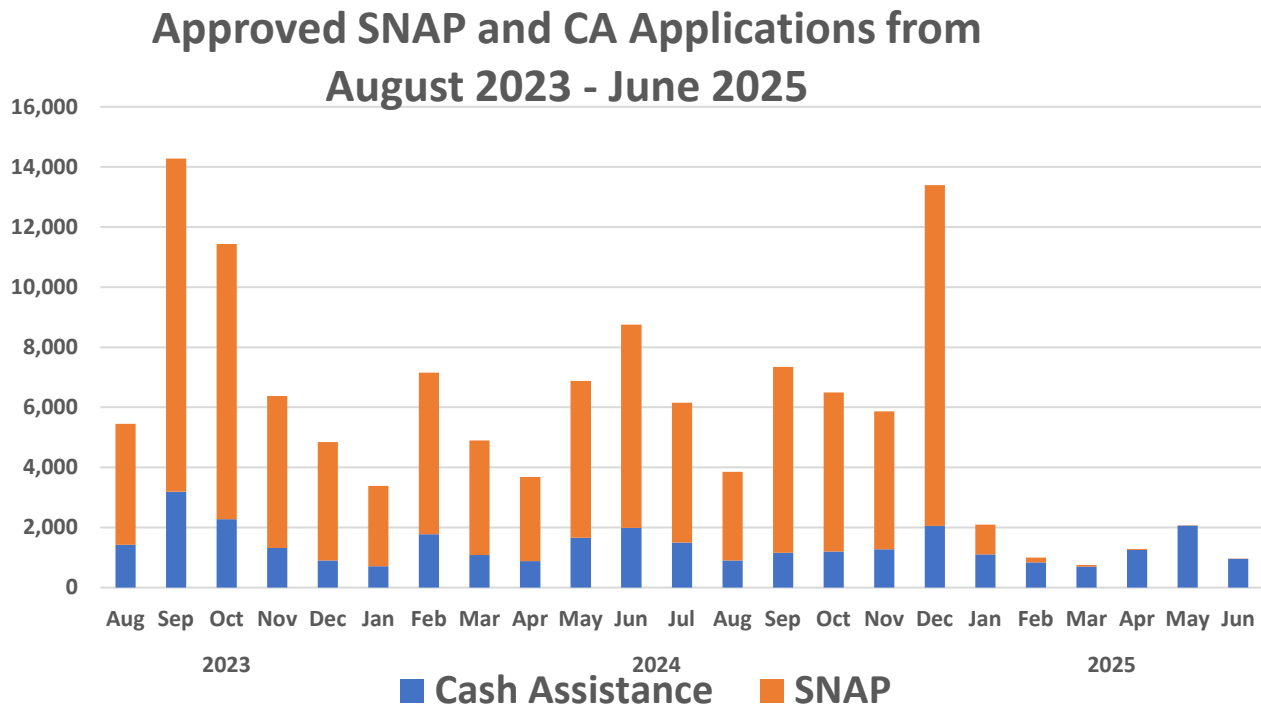


Figure 2

IV. LAW ENFORCEMENT RESPONSE

A. Investigations

DOI's multifaceted approach to combating skimming includes multiple operations with various law enforcement partners. While DOI continues to collaborate with DSS and with other law enforcement partners on the federal, state and local level, on a variety of skimming investigations, there are significant enforcement challenges, as set out below. For example, we have identified hundreds of subjects throughout the United States who have successfully skimmed EBT cards and stolen the associated benefits. While several individuals have been apprehended, challenges identifying and charging other wrongdoers persist.

In addition to suspects who have used EBT card information to steal benefits, DOI has identified retailers who also appear to be involved in illegal skimming activities. These retailers' point of sale terminals were unlawfully programmed to accept EBT cards. As explained above, retailers must register and be authorized by FNS in order to accept SNAP benefits.²⁷ DOI discovered retailers who have stolen and/or misused FNS numbers to create the false impression that they are eligible EBT retailers. We suspect those retailers may also be using cards created with stolen EBT card information -- DOI found that many of the illicit transactions were made between 12:00 AM and 2:00 AM, which indicates that retailers not authorized to receive SNAP

²⁷ See footnote 2.

benefits are using cards created with stolen information to drain benefit funds from clients' accounts.

For cases where specific subjects could not be identified, but significant amounts of fraud were reported, DOI worked closely with DSS to identify store locations potentially complicit in skimming schemes both in and outside of New York City. USDA has taken administrative action against certain of these stores, such as disqualifying their FNS numbers, while criminal investigations are ongoing. DOI continues to work with DSS by referring data to assist skimming-related law enforcement operations in jurisdictions beyond New York City.

B. Removing Skimming Devices

In May 2025, the NYPD Financial Crimes Unit, U.S. Secret Service, USDA, DOI, and DSS led a three-day coordinated effort called *Operation Flagship*. The agencies inspected 3,251 POS terminals throughout New York City. Law enforcement removed 55 skimming devices, some of which appear in the photographs below, potentially saving approximately \$16.5 million in EBT benefits from theft. Throughout the sweep, investigators spoke with store managers regarding skimming awareness and provided best practices for how to properly check for skimming devices. DOI and its law enforcement partners will continue to push for larger operations to remove devices that safeguard SNAP clients.



Skimming devices found during Operation Flagship.

C. Investigative Challenges

DOI and its law enforcement partners encounter significant obstacles in safeguarding beneficiaries of cash assistance and SNAP from the pervasive threat of skimming. The inherent difficulty in immediately identifying compromised cards leaves clients vulnerable to prolonged, undetected theft of benefits. This delay allows perpetrators repeated access to replenished accounts. Consequently, by the time a beneficiary recognizes fraudulent activity, crucial video surveillance evidence at the point of compromise is often no longer available for effective law enforcement review and identification of the responsible individuals. Furthermore, the lag in detecting an active skimming device increases the likelihood that if perpetrators need to collect the equipment, they are able to do so before law enforcement intervention.

Another challenge is that it is difficult to know exactly where a skimming device has been placed. Investigators work with data analytics experts and make educated guesses based on the volume of reported fraud at specific locations, but traveling to the suspected location takes time and resources. Moreover, skimming devices are rarely placed at the same retailer or ATM more than once, which makes locating them a resource-heavy endeavor because investigators have to repeatedly respond to new suspected locations.

Finally, DOI and its partners have identified several subjects who are not U.S. citizens and who are present in the country illegally and without documentation. As with any investigation, the absence of documentation makes identifying these perpetrators more difficult. Many of the suspects have significant resources, which allows them to travel throughout the country, thereby evading law enforcement. Another issue DOI has encountered when trying to identify perpetrators is the unpredictability of their illicit withdrawals. In other jurisdictions that administer benefits, sums are distributed on the 1st and 15th of each month, which makes surveilling suspects slightly easier, given they will likely withdraw funds on those specific days. But in New York, funds can be disbursed on any day, determined by the client's account number and when the client signed up for the benefits. This means investigators cannot easily predict the timing of illegal withdrawals.

These challenges make clear that while investigations and prosecutions may deter some of these criminal activities, preventative measures are critical to eliminating this type of fraud.

V. PREVENTATIVE MEASURES

A. Beneficiary and Retailer Awareness and Detection

As outlined above, detecting a skimming device on a card-reading device is challenging. However, there are several telltale signs, such as the feel of the fake terminal or difficulty inserting one's card, that can alert the cardholder or the retailer to the existence of a skimming device. DOI recommends that retailers conduct a daily inspection of their POS terminals for skimming devices and that EBT cardholders conduct a physical inspection of a card-reading machine before using their card for a transaction. If clients suspect a skimming device, they should avoid using the payment terminal and report concerns to local law enforcement.

DSS, with law enforcement partners, has taken several steps to inform clients of skimming and other forms of benefit fraud. For example, on the HRA website, there is a video depicting skimming, warning clients of the risks of benefit theft, and advising them to take precautionary

steps.²⁸ HRA also has published fact sheets on the issue in multiple languages that include images of skimming devices.²⁹ Most recently, the DSS Fraud Protection Unit and Kings County District Attorney's Office held a joint seminar on skimming for clients in Brighton Beach.³⁰

OTDA advises EBT clients to use a new freeze/unfreeze card feature, which makes a card unusable when a client is not making a purchase, to help secure EBT cards and protect their benefits through the ebtEDGE mobile app.³¹ The ebtEDGE mobile app can be downloaded on any smartphone.³² The client can log in and tap the new "Freeze/Unfreeze" icon on the Home Screen to protect their cards when not in use. OTDA suggests freezing EBT cards whenever the client is not making a purchase to secure their benefits. DSS advises clients in its municipality to do the same. OTDA's flyer on this point is included below at Figure 3.

²⁸ New York City Department of Social Services, Human Resource Administration, Fraud prevention, <https://www.nyc.gov/site/hra/help/fraud-prevention.page> (last visited August 21, 2025)

²⁹ New York City Department of Social Services, Human Resource Administration, Protect your Benefits, https://www.nyc.gov/assets/hra/downloads/pdf/services/program_integrity/FLY-1095-Protect-Your-Benefits-Skimming-en.pdf, (Last visited August 21, 2025)

³⁰ Instagram Post, News 12 Brooklyn, Brooklyn DA's office Hosts EBT Fraud Seminar, <https://www.instagram.com/reel/DL59EhgBmiO/> (Last visited August 21, 2025)

³¹ New York State Office of Temporary and Disability Assistance, EBT Scam Alert <https://otda.ny.gov/workingfamilies/EBT-scam-alert.asp>. (Last visited August 21, 2025)

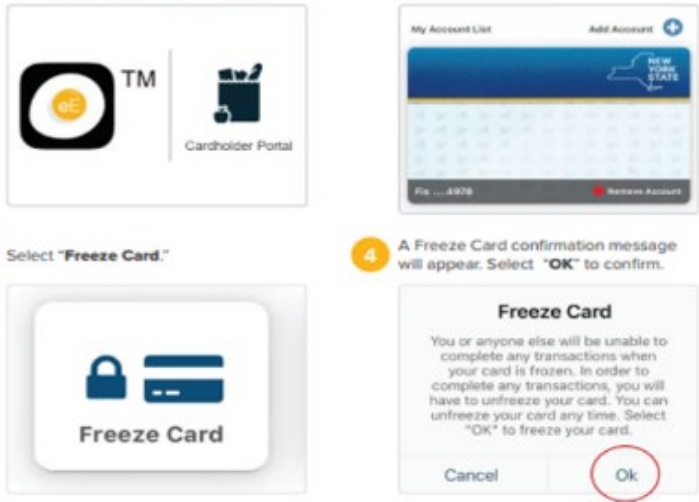
³² Access the ebtEDGE website here: <http://www.ebtedge.com/>

Safeguard Your Card

New EBT Freeze Card Feature is Available


Use the new freeze card feature to help secure your Electronic Benefit Transfer (EBT) card and protect your benefits from scam-related theft. You can freeze your EBT card when it is not in use and then unfreeze the card to make a purchase. Freezing your card is easy. Follow these four simple steps:


- 1 Download or open the **ebtEDGE** app on your mobile device or go to the cardholder portal on ebtEDGE.com.
- 2 Securely log in to your account and tap **"Freeze Card"** under **"Account Services."**
- 3 Select **"Freeze Card."**
- 4 A Freeze Card confirmation message will appear. Select **"OK"** to confirm.



Freezing your EBT card will block all purchases, balance inquiries, and transactions. Whenever you go shopping, use the ebtEDGE app to unfreeze your card and freeze it again after you check out. You can also use the ebtEDGE app, or go to ebtEDGE.com, to block online or out-of-state transactions.

For more ways to protect your benefits, visit: otda.ny.gov/ebtscam




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Figure 3

In addition, clients should frequently change their EBT PINs so that if a card is compromised, the perpetrator cannot continue to access funds, and frequently check their account information for any unauthorized transactions. According to OTDA, the ebtEDGE app has a feature that allows clients to opt in to email notifications when their PIN has been changed. However, notifications via text message or phone calls are not an option.

B. Legislative Efforts in New York and in Other Jurisdictions

Based on our investigative challenges and findings outlined above, it is DOI's position that the best way to prevent much of this fraud is to use chip-enabled EBT cards rather than the existing EBT cards with magnetic stripes. Therefore, DOI strongly supports the implementation of EMV chips into New York's EBT cards. Currently, there are two New York State Senate bills and two

New York State Assembly bills that would mandate the implementation of chips in EBT cards.³³ The bills vary slightly in wording, but in substance, all four require the commissioner of OTDA to issue EBT cards with EMV chips. DOI supports these legislative efforts and submitted a memo in support of Senate Bill 1465 and Assembly Bill 699. DOI is informed that DSS has also submitted a memorandum in support of this legislation. However, legislation is not required in order for OTDA to take this action, and DOI urges OTDA to update the EBT cards as soon as possible.

In addition to the proposed New York state legislation, there is proposed federal legislation that would require SNAP cards (EBT cards) to have chips that align with the credit card industry standard. The Enhanced Cybersecurity for SNAP Act of 2024 was introduced in March 2024 and is meant to “upgrade the security of electronic benefit cards and protect families in need from thieves who have stolen millions worth of essential food benefits.”³⁴ The bill’s announcement highlights that benefit fraud happens all over the country, and that the USDA should require states to issue cards with secure chips. The bill would, among other things, provide states with funding to issue benefit cards with chips.

Notably, FNS, the Department within the USDA that administers SNAP, published a letter to State Governors and Commissioners informing them that the agency had ratified and published new technical standards for SNAP EBT cards that “provide the opportunity for states to implement EBT cards with chip technology.”³⁵ The letters do not require states to transition to EMV chip EBT cards, but urges them to do so and reminds states that the “costs to transition to chip cards are a state administrative expense that is reimbursed by FNS at 50 percent.”³⁶ The letter to commissioners was last updated on February 6, 2025.

California and other jurisdictions are moving towards implementing EMV chips in their EBT cards. According to the USDA, California began issuing SNAP EBT chip and tap cards to individuals in January 2025. The California cards still have a magnetic stripe on them, and cardholders are directed to use their chip features first and to use the magnetic stripe only if the retailer is unable to accept the chip. California and bordering-state EBT retailers are being advised to update their POS terminals so that chips will work in them.³⁷ According to the California Department of Social Services, more than 3.2 million chip EBT cards will be distributed through

³³The New York State Senate, Senate and Assembly Bills S1465, S1179 A699, A5742, 2025-2026 Legislative Session, <https://www.nysenate.gov/legislation/bills/2025/S1465>; <https://www.nysenate.gov/legislation/bills/2025/A699>; <https://www.nysenate.gov/legislation/bills/2025/S1179>; <https://www.nysenate.gov/legislation/bills/2025/A5742> (Last visited August 21, 2025)

³⁴Ron Wyden, United States Senator for Oregon, <https://www.wyden.senate.gov/news/press-releases/wyden-fetterman-cassidy-and-bipartisan-members-of-congress-introduce-enhanced-cybersecurity-for-snap-act-to-secure-food-benefits-against-hackers-and-thieves> (Last visited August 21, 2025)

³⁵United States Department of Agriculture, Food and Nutrition Services, Letter to Commissioners - SNAP EBT Chip Cards, <https://www.fns.usda.gov/snap/ebt/modernization/commissionerletter-chipcards>, (Last visited August 21, 2025)

³⁶United States Department of Agriculture, Food and Nutrition Services, Letter to Commissioners - SNAP EBT Chip Cards, <https://www.fns.usda.gov/snap/ebt/modernization/commissionerletter-chipcards>, (Last visited August 21, 2025). Beginning in Federal Fiscal Year 2027, the percentage of administrative costs that will be reimbursed by the federal government will drop to 25 percent. Pub. Law 119-21 sec. 10106, <https://www.govinfo.gov/content/pkg/BILLS-119hr1eas/pdf/BILLS-119hr1eas.pdf> (Last visited August 21, 2025)

³⁷United States Department of Agriculture, Food and Nutrition Services, SNAP EBT Chip and Tap Cards Have Been Deployed in California, <https://www.fns.usda.gov/snap/ebt/modernization/retailer-notice/CA-bordering-state>, (Last visited August 21, 2025)

June 2025. In addition to California, Oklahoma, Alabama, New Jersey, and Maryland have efforts to implement EBT chip cards in progress.³⁸

VI. CONCLUSION

As federal funding for reimbursement of stolen benefits is no longer available, and because benefit fraud results in significant losses, DOI recommends New York urgently implement EMV chips in EBT cards to reduce the risk of skimming theft. Until New York implements EBT cards with EMV chips, DOI recommends five additional preventative measures to enhance the security of the EBT cards:

Recommendations for DSS and/or OTDA

1. OTDA should work with the EBT card vendor to create an opt-out feature that alerts clients when an out-of-state or suspicious transaction is pending and requires that they authenticate the transaction via the application or an automated phone call.
2. OTDA should work with the EBT card vendor to create a security feature that alerts clients in real-time via text message when their PINs are changed. Such feature should be the default setting with an option for clients to opt out (rather than the existing alerts via email and opt-in feature).
3. OTDA should create an alert triggered by repetitive transactions that occur at common locations between 12:00 AM and 2:00 AM, and promptly report the alert to law enforcement.
4. DSS should continue to work with USDA and law enforcement to promptly remove and confiscate identified or suspected skimming devices.
5. DSS should continue their ongoing work of early skimming detection and analytics, informing the public of the risks and the necessary precautions, including via distribution of flyers and public seminars.

³⁸ United States Department of Agriculture, Food and Nutrition Services, SNAP EBT Modernization, <https://www.fns.usda.gov/snap/ebt/modernization>, (Last visited August 21, 2025)