

## MASTER VENDOR AGREEMENT

**Vendor Contract Identification Number** \_\_\_\_\_

**Vendor Authorization Number: See Exhibit A of this Master Vendor Agreement**

This Vendor Agreement is made between the State of California, Department of Public Health, Women, Infants, and Children (WIC) Program, hereafter called the State and/or the WIC Program, and the owner/store named below, hereafter called the vendor.

|   |          |
|---|----------|
| Sole Owner Name, Partners' Names, Limited Liability Company Name, or Corporation Name |          |
| Vendor Business Ownership Address   |          |
| City, State   | ZIP Code |

The individual(s) or business entity named above, who has legal authority to individually or jointly represent the vendor, agrees to participate in the California Special Supplemental Food Program for Women, Infants, and Children (hereafter known as the WIC Program) and agrees to all of the terms of this Vendor Agreement and agrees to comply with Title 7, Code of Federal Regulations, Part 246 (7CFR 246); California Health and Safety Code, Sections 123275 et seq.; Title 22, California Code of Regulations (CCR), Section 40601 et seq. and other applicable Federal and State laws, regulations, and rules governing the WIC Program, agrees to be subject to the vendor sanction provisions as provided for in 7CFR 246 and Title 22 CCR, Sections 40740 and 40741, and agrees to abide by the administrative appeal provisions as provided for in 7CFR 246 and Title 22 CCR, Sections 40751 and 40752.

This Vendor Agreement is a standard Vendor Agreement used statewide for all vendors authorized to participate in the WIC Program. The WIC Program may authorize more than one vendor store of a single vendor ownership in a Master Vendor Agreement, which shall specify all authorized vendor stores covered by the Master Vendor Agreement. Each vendor store, including each store in a Master Vendor Agreement must complete an application and is subject to authorization criteria. Each vendor store, including each store in a Master Vendor Agreement, is authorized separately from any other vendor store operated under the vendor's ownership. The State shall add or delete an individual vendor store independently of the vendor(s) remaining on the Master Vendor Agreement, except as noted in Article I Rule 2 of this Vendor Agreement. The State shall incorporate by addendum to the Master Vendor Agreement the addition of a vendor store.

## **ARTICLE I: TERMINATION OF VENDOR AGREEMENT**

- RULE 1.** This Vendor Agreement remains in effect **##** months from **(State will insert date)**, unless it is terminated earlier by mutual agreement, by the vendor, or for cause including disqualification by the WIC Program after 15 days written notice, except for Article I Rule 2 of this Vendor Agreement which is effective immediately or a disqualification based on Title 22 CCR, Section 40740 (c), which becomes effective on the date of receipt of the notice of disqualification.
- RULE 2.** The Vendor Agreement will be terminated immediately by the WIC Program, if the WIC Program determines that the vendor provided false information in its application for authorization.
- RULE 3.** Vendor authorization will be terminated if the vendor fails to comply with the Vendor Agreement and Federal and State statutes, regulations, policies, and procedures governing the WIC Program, including any changes made during the agreement period.
- RULE 4.** A vendor shall be selected for authorization to participate in the State's statewide food delivery system based on the State's authorization criteria. Authorization will be terminated if at any time during the term of this Vendor Agreement the vendor does not comply with the vendor authorization criteria, including any changes to the criteria made during the agreement period.
- RULE 5.** Vendor authorization will be terminated if the vendor is disqualified from the Food Stamp Program/Supplemental Nutrition Assistance Program or has received a Food Stamp Program/Supplemental Nutrition Assistance Program civil money penalty in lieu of disqualification; or does not maintain a permit under the California Uniform Retail Food Facility Law (CURFFL).
- RULE 6.** Vendor authorization will be terminated if the WIC Program identifies a conflict of interest, as defined by applicable State laws, regulations, and policies, between the vendor and the WIC Program or its WIC local agencies. Signing of this Vendor Agreement constitutes representation by the vendor that there is no conflict of interest between the vendor and the WIC Program or any WIC local agency.
- RULE 7.** Vendor authorization will be terminated if the WIC Program determines after an audit or review of the vendor's records that the vendor obtained infant formula from an unauthorized supplier by non-compliance with Article II, Rule 7 of this Vendor Agreement.
- RULE 8.** Vendor authorization will be terminated if the above-50% vendor, after written notification from the WIC Program of violating WIC rules, continues to provide an approved incentive item to a participant without a fully executed "Approval Of Provision For An Above-50% Vendor To Provide Incentive Items Addendum".

- RULE 9.** Vendor authorization will be terminated if the above-50% vendor, after written notification from the WIC Program of violating WIC rules, continues to provide or indicate an intention to provide prohibited incentive items to participants. Pursuant to 7CFR246.12, evidence of such intent includes, but is not limited to, advertising the availability of prohibited items. This termination shall be effective regardless of whether or not the above-50% vendor has a fully executed "Approval Of Provision For An Above-50% Vendor To Provide Incentive Items Addendum".
- RULE 10.** Vendor authorization will be terminated if the vendor, after written notification from the WIC Program of violating WIC rules, continues to violate any of the rules concerning the WIC acronym registered service mark number 1,630,468 of the United States Department of Agriculture (USDA), the WIC logo registered service mark Number 1,641,644 of the USDA, or the California WIC logo as specified in Article III, Rule 10 of this Vendor Agreement.
- RULE 11.** Vendor authorization will be terminated if the vendor, after written notification from the WIC Program, fails to repay the State any money owed as a result of any vendor claim as defined in CCR Section 40661, unless the vendor is making payments in compliance with a payment schedule as specified in an installment plan agreement entered into by the Department and the vendor.
- RULE 12.** Vendor authorization will be terminated if the vendor, after written notification from the WIC Program, fails to make payments in compliance with a payment schedule as specified in an installment plan agreement entered into by the Department and the vendor for any money owed the State as the result of a vendor claim.
- RULE 13.** The vendor may appeal a disqualification from continued participation in the WIC Program or an adverse action by the WIC Program pursuant to the appeal provisions specified in 7CFR 246.18 and Title 22 CCR, Sections 40751 and 40752. These provisions include those actions not subject to appeal or administrative review. Specific instructions regarding appeal rights will be provided to the vendor at the time of notification of disqualification or any other adverse action.
- RULE 14.** The vendor must provide the State at least fifteen (15) days advance written notification of any change in ownership, vendor store location, or cessation of operations. Such changes terminate the authorization for the vendor.
- RULE 15.** In the event the State or the vendor terminates vendor authorization, the vendor must reapply for authorization and a new Vendor Agreement must be executed in order for the vendor to become an authorized vendor in the WIC Program. The vendor must reapply for authorization upon expiration of the Vendor Agreement and a new Vendor Agreement must be executed in order for the vendor to continue as an authorized vendor in the WIC Program.
- RULE 16.** Neither the State nor the vendor has an obligation to renew this Vendor Agreement. The expiration of this Vendor Agreement is not subject to appeal.
- RULE 17.** This Vendor Agreement does not constitute a property interest, license or a right.

## **ARTICLE II: VENDOR RESPONSIBILITIES**

As an authorized vendor in the WIC Program, the vendor agrees to comply with the following rules:

- RULE 1:** (a) Accept food instruments only if the words "WIC AUTHORIZED VENDOR" have been entered on the "Pay to the Order of" line on the face of the food instrument.

(b) Accept food instruments only from participants.

- RULE 2:**
- (a) Maintain on the shelves at all times the minimum inventory of supplemental foods in each food category as required and certified in the "Minimum Stocking Requirements Certification" document.
  - (b) Maintain, for a period of at least three years, records including but not limited to: all inventory records necessary for Federal and State tax reporting purposes including but not limited to Board of Equalization Sales and Use Tax Returns; inventory records prepared entirely by a wholesaler or retailer showing all supplemental food purchases, in the form of invoices identifying the wholesaler or retailer, quantity, and price of supplemental foods; transfer records showing origination, destination, and quantity of supplemental food transferred; sales and use tax returns; books of account and other pertinent records that are necessary to substantiate the volume and prices charged through food instrument redemption and for determination and verification of whether the vendor is an above-50-percent vendor. Cash register receipts without specific identification of the quantity, unit price and supplemental food items purchased will not be accepted as evidence of the supplemental food purchases.
  - (c) Provide agents of the State, the WIC Program, and the Comptroller General of the United States access to the records and to all food instruments in the vendor's possession.

- RULE 3:**
- (a) Accept food instruments only at the time of actual purchase.
  - (b) Accept food instruments only for the food items and quantities printed on the food instrument. No substitutions or other brands or items are allowed; including food items, non-food items, cash, or credit, including rain checks. The vendor shall refer to the WIC Authorized Food List for specific information on supplemental food items.
  - (c) Accept food instruments only on or between the "first day to use" and the "last day to use" printed on the face of the food instrument. The vendor shall not accept any food instruments prior to the "first day to use" or after the "last day to use" dates.
  - (d) Accept food instruments only at the vendor store location authorized by this Vendor Agreement.
  - (e) Not redeem a food instrument outside of authorized channels. Authorized channels is defined as a vendor accepting a food instrument at the vendor store authorized by its Vendor Agreement and associating that food instrument's serial number with the vendor store's vendor authorization number and then depositing the food instrument into that vendor's bank account. Food instruments shall not be used in the repayment of debts to other parties.
  - (f) Deposit food instruments within forty-five (45) days of the "first day to use" date printed on the food instrument.
  - (g) Refuse to accept the return of foods purchased with food instruments. These foods may not be returned for cash or credit or be exchanged for unauthorized foods. The vendor shall not provide refunds or exchanges for supplemental food items purchased with food instruments except exchanges of an identical food item when the original food item is defective, spoiled or in the case of infant formula, has a date beyond which the item can be legally sold.
  - (h) Upon demand from the WIC Program, pay vendor claims as stipulated by the WIC Program up to and including the full amount of the price for which the food instrument was redeemed pursuant to CCR Section 40747.

- RULE 4:**
- (a) Ensure the participant signs the food instrument in the presence of the cashier. The vendor shall not accept pre-signed food instruments without a confirming signature.

- (b) Compare the signature on each food instrument with the signature on the customer's WIC Identification/Authorization Folder in the presence of the cashier. Ensure that the customer's signature appears on the WIC Identification/Authorization Folder.
- (c) Keep the identity of the participant confidential. Vendors shall not require participants to provide any personal information other than the participant's WIC Identification/Authorization Folder in the process of exchanging food instruments for supplemental food items.

**RULE 5:**

- (a) Enter the actual selling price of the specific quantity of supplemental foods on each food instrument at the time of purchase and before the participant signs each food instrument.
- (b) Provide supplemental foods at the current posted price or at less than the current price charged to other customers.
- (c) Maintain prices for supplemental foods that are reasonable and comparable to the prices of other vendors in the same peer group.
- (d) Not charge sales tax on supplemental foods sold to participants. However, applicable sales tax may be applied to any monetary amount paid with a participant's own funds (at their discretion) above the maximum allowable Department reimbursement rate that is printed on the fruits and vegetables food instrument.
- (e) Provide supplemental foods to participants free of any charge. Vendors may not charge a participant any fee to use or redeem a food instrument.
- (f) Accept the fruits and vegetables food instrument with a printed cash value specifying the maximum allowable Department reimbursement rate for which it may be redeemed for the purchase of fruits and vegetables using the following process:
  - (i) The vendor shall enter the actual selling price of the fruits and vegetables when the cost of the quantity purchased by the participant is less than the maximum allowable Department reimbursement rate for the fruits and vegetables food instrument.
  - (ii) The vendor shall enter the maximum allowable Department reimbursement rate for the fruits and vegetables food instrument when the cost of the quantity of fruits and vegetables purchased by the participant equals or exceeds that rate.
  - (iii) If the actual selling price exceeds the maximum allowable Department reimbursement rate for the fruits and vegetables food instrument and the participant wishes to purchase the full quantity he/she selected, the vendor shall accept and collect payment from the participant for the amount that exceeds that rate. The vendor shall not refuse to accept the additional payment from the participant for the purchase of fruits and vegetables exceeding the maximum allowable Department reimbursement rate for the fruits and vegetables food instrument.
- (g) The vendor shall not seek or accept payment from the participant with any food instrument except for the food instrument redeemable for the purchase of fruits and vegetables.
- (h) Not seek restitution from the participant for food instruments not paid or partially paid by the WIC Program.
- (i) Post prices clearly visible to all customers for all supplemental foods. Prices shall either be marked on the individual items or posted on the shelves on which the items are placed.
- (j) Provide access to food instruments negotiated but not yet deposited to a WIC Program representative for review upon demand.

- (k) Not give change on any food instrument when the actual selling price of the specified supplemental foods is less than the maximum allowable Department reimbursement rate for that food instrument.
- (l) Not allow the participant to purchase additional items when the actual selling price of the specified supplemental foods is less than the maximum allowable Department reimbursement rate for that food instrument, except that for the food instrument for fruits and vegetables the participant may pay for fruits and vegetables whose cost exceeds the maximum allowable Department reimbursement rate.

- RULE 6:**
- (a) Provide to participants during food instrument transactions the same courtesies extended to other customers, including incentives such as items offered through frequent shopper programs, buy-one-get-one-free promotions, buy-one-get-one at a discounted price promotion, cents-off discounts, trading stamps, participation in store raffles, and other discounts and promotions. A vendor designated as an above-50-percent vendor shall be restricted to those incentives as specified in the addendum entitled "Approval of Provision for an Above-50 Percent Vendor to Provide Incentive Items." An above-50-percent vendor shall have an approved copy of this addendum to its Vendor Agreement on file with the WIC Program prior to offering these approved incentives to participants.
  - (b) Comply with the provisions of Title VI of the Civil Rights Act, which provides for equal treatment of all persons and Federal regulations set forth in Title 7, Code of Federal Regulations, Parts 15, 15a and 15b governing discrimination. The vendor shall comply with California Government Code Section 12990 (d) and Title 2 CCR, Sections 8103 and 8107 which prohibit discrimination against any person because of race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, age (over 40), or sex.
  - (c) Report any participants attempting to violate WIC Program rules when using food instruments. Report such activities to the State on the form "Vendor Report Concerning WIC Participants," CDPH 4007.

- RULE 7.**
- (a) Purchase all infant formula authorized for purchase with a food instrument from only the following authorized suppliers:
    - (i) A manufacturer of infant formula registered with the Food and Drug Administration.
    - (ii) A wholesaler, distributor, or retailer within California that has a current, valid seller's permit number that the vendor has verified through the California Board of Equalization.
    - (iii) A wholesaler, distributor, or retailer outside of California that is a licensed supplier of infant formula in that state and is included on that state WIC agency's list of authorized suppliers of infant formula.
  - (b) The vendor shall not purchase or provide to participants infant formula that has been obtained or purchased from any source other than as specified in Article II Rule 7(a) of this Vendor Agreement.
  - (c) At the time of authorization and upon request from the WIC Program, the vendor shall provide to the WIC Program information regarding the supplier(s) of all infant formula stocked by the vendor, as specified below:
    - (i) For a supplier that is a manufacturer of infant formula registered with the Food and Drug Administration, the name and address of that manufacturer.

- (ii) For a supplier that is a wholesaler, distributor, or retailer within California, the name and address of that wholesaler, distributor, or retailer and its corresponding California seller's permit number.
  - (iii) For a supplier that is a wholesaler, distributor, or retailer outside of California, the name and address of that wholesaler, distributor, or retailer and correspondence from that state WIC agency confirming that the supplier is included on that state WIC agency's list of authorized suppliers of infant formula.
- (d) In addition to Vendor Agreement Article II Rule 2(b), the vendor shall retain for three years a record that documents that the purchase of infant formula was from an authorized supplier and associate that document with the invoice for the purchase of infant formula. An invoice for purchase of infant formula that is not from an authorized supplier shall not be considered an acceptable record of inventory. For each invoice containing a purchase of infant formula, the vendor shall retain a record that documents that the purchase of infant formula was from an authorized supplier as specified below:
- (i) For an invoice from a manufacturer of infant formula registered with the Food and Drug Administration, the name and address of that manufacturer.
  - (ii) For an invoice from a wholesaler, distributor, or retailer within California, the California seller's permit number of that wholesaler, distributor, or retailer.
  - (iii) For an invoice from a wholesaler, distributor, or retailer outside of California, correspondence from that state WIC agency confirming that the supplier is included on that state WIC agency's list of authorized suppliers of infant formula.
- (e) Upon request, the vendor shall provide to agents of the State, the WIC Program, and the Comptroller General of the United States invoices for all purchases of infant formula and records that document that the infant formula purchase was from an authorized supplier.

**RULE 8.** Redeem all food instruments by following the redemption procedures as specified below. Accept and agree to follow changes to redemption procedures during the term of this Vendor Agreement.

- (a) Redeem food instruments for reimbursement by transmitting the serial numbers of all food instruments to the WIC Program through one of the submission options described below in (i) through (iii) prior to depositing the food instruments into its bank account.
- (i) Use a touchtone telephone to call the toll free number (888) 942-4942 and follow the step by step instructions provided by the telephone voice system.
  - (ii) Access the WIC website at [vwix.ca.gov](http://vwix.ca.gov). Use a computer equipped with web browser software and an internet connection to access the WIC Program website at [vwix.ca.gov](http://vwix.ca.gov) and follow the menu of instructions provided by the WIC website.
  - (iii) Acquire technology that will scan the Magnetic Ink Character Recognition (MICR) line imprinted on each food instrument, collect each serial number and prepare in an electronic file format that can be submitted to the WIC Program through the WIC website or through File Transfer Protocol (FTP) software.

- (b) After the food instrument has been associated with the vendor authorization number of the vendor store that accepted the food instrument from the participant, deposit the food instrument into the vendor's bank account.
- (c) Assume all responsibility, if the vendor chooses either of the submission options specified in Article II Rule 8 (a)(iii), for acquisition of the technology to ensure successful transmission of food instrument serial numbers to the WIC Program.
- (d) Use any or all of the submission options specified in Article II Rule 8(a) to transmit serial numbers of food instruments to the WIC Program contingent upon its ability to acquire the technology, resources and knowledge required to implement each submission option.
- (e) Accept that failure on its part to meet the requirements for submitting food instrument serial numbers may result in the delay or no receipt of reimbursement for each food instrument not redeemed as specified in Article II Rule 8.
- (f) Accept responsibility for ensuring successful transmission of all food instrument serial numbers it redeems to the WIC Program through any and all submission options in accordance with the requirements of Article II Rule 8.
- (g) Accept all financial responsibility for all account costs including returned check charges incurred by the vendor in the food instrument redemption process.

### **ARTICLE III: ADDITIONAL VENDOR PROVISIONS**

As an authorized vendor in the WIC Program, the vendor shall:

- RULE 1.** Accept training and other information from the State in carrying out the terms of this Vendor Agreement.
- RULE 2.** Attend vendor training as required by the WIC Program. The vendor or a representative of the vendor must participate in the annual vendor training provided by the WIC Program. In addition, the vendor or a representative of the vendor must attend interactive training once every three years. Attendance at the interactive vendor training is a condition for continued authorization under this Vendor Agreement. The WIC Program has discretion to designate the date, time, and location of all interactive training. The WIC Program will provide the vendor with at least one alternative date in which to attend such training.
- RULE 3.** Train and inform all employees who participate in WIC Program transactions or handle food instruments of the vendor's obligation to abide by the terms of this Vendor Agreement.
- RULE 4.** Assume legal responsibility for the actions of any and all employees who violate any of the terms of this Vendor Agreement. This responsibility extends to actions of its owners, officers, managers, agents, or employees who violate any terms of the Vendor Agreement.
- RULE 5.** Accept designation of vendor type by the WIC Program and accept any changes in the designation of vendor type as a result of reassessment by the WIC Program. The vendor has the right to appeal whether or not the WIC Program correctly applied vendor type criteria used to designate the vendor as an above-50% vendor. The vendor does not have the right to appeal the validity or appropriateness of the State's criteria itself that is used to identify vendors that are above-50-percent vendors or comparable to above-50-percent vendors

- RULE 6.** Accept assignment by the WIC Program into a peer group and accept any changes in the peer group assignment as a result of reassessment by the WIC Program. The vendor has the right to appeal whether or not the WIC Program correctly applied peer group criteria used to designate the vendor's peer group assignment. The vendor does not have the right to appeal the validity or appropriateness of the State's vendor peer group criteria itself.
- RULE 7.** Assume responsibility for ensuring the security of the information provided to the vendor by the WIC Program including telephone PIN number, user identification numbers, passwords and access codes, that is required for submission of food instrument serial numbers to the WIC Program. Refuse to hold the WIC Program or the State liable for harm or loss to the vendor from any breach of the security of this information. The vendor is responsible for ensuring the proper training of any staff it delegates to complete food instrument redemption procedures as contained in the Vendor Agreement.
- RULE 8.** Accept up to the maximum allowable Department reimbursement rate for the vendor's peer group as payment in full for the maximum quantity of supplemental food listed on the food instrument.
- RULE 9.** Accept State adjustments to the purchase price on the food instruments submitted by the vendor for redemption or rejection of the food instrument for payment to ensure compliance with price limitations applicable to the vendor's peer group for that food instrument.
- RULE 10.** The vendor accepts that the federal WIC logo and the WIC acronym are registered service marks of the United States Department of Agriculture (USDA). The vendor accepts that the federal WIC logo service mark Registration Number 1,641,644, the WIC acronym service mark Registration Number 1,630,468, and the California WIC logo are the property of the federal and state governments and their use is restricted as described in this Vendor Agreement.
- (a) Agree to not use in any manner the federal WIC logo or the WIC acronym or close facsimiles thereof, in total or in part. The vendor agrees to accept the determination of the WIC Program that a vendor has used a logo or acronym that is a close facsimile to the federal WIC logo or acronym.
  - (b) Agree to not use the WIC acronym, federal WIC logo, or California WIC logo, or 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, but is not limited to, 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 to stand out in some fashion, such as with a different color or size than other letters. The vendor agrees to accept the determination of the WIC Program that a vendor's name is a close facsimile to the WIC acronym.
  - (c) Agree to not attach or affix in any manner the WIC acronym, the federal WIC logo, or the California WIC logo on any food item container.
  - (d) Agree to use the California WIC logo only through use of materials produced by the California WIC Program such as shelf talkers, posters, decals or stickers. Agree to reproduce the California WIC logo only as specified in Article III, Rule 10 (e) of this Vendor Agreement. Agree to not use in any other manner the California WIC logo or close facsimiles thereof, in total or in part, in any manner or on any material not produced by the WIC Program. The vendor agrees to accept the determination of the Program that a vendor has used a logo that is a close facsimile to the California WIC logo.

- (e) Agree to not reproduce or use the California WIC logo except as specified in the “Graphic Standards Manual for the California WIC Program’s Authorized Vendors” available on [vwix.ca.gov](http://vwix.ca.gov). The California WIC logo shall only be reproduced in the following two circumstances: in dated, general circulation newspaper ads or inserts that advertise the vendor’s store; or as contained within a participant outreach message. The participant outreach message shall have the following restrictions:
- (i) Vendors shall only use outreach messages created and supplied by the WIC Program; and
  - (ii) Vendors shall request and receive written permission from the WIC Program before implementing each WIC Program outreach message; and
  - (iii) Vendors shall not alter the outreach message in any manner; and
  - (iv) Program outreach messages provided by a vendor shall not appear or be broadcast outside of the time period designated by the WIC Program; and
  - (v) Program outreach messages provided by a vendor shall be fully funded entirely through the vendor’s own funds; and
  - (vi) Program outreach messages provided by a vendor shall only be presented in dated, general circulation newspaper ads or in the newspaper’s insert; in magazines; or in radio advertisements; and
  - (vii) Program outreach messages shall not include any reference to the vendor, including but not limited to the vendor’s store name or address or authorization number; and
  - (viii) Program outreach messages shall not be included in any publication, including but not limited to a store magazine published by the vendor’s store.

**RULE 11.** Not attempt to influence participants’ store selection through solicitation on or in the vicinity of a WIC local agency clinic site.

**RULE 12.** Agree to follow and adhere to the administrative appeals provisions when appealing an adverse action. These provisions are provided for in Title 22 CCR, Sections 40751 and 40752. Specific instructions regarding appeal rights will be provided to the vendor at the time of notification of disqualification or other adverse action. The following actions are not subject to appeal or administrative review pursuant to 7CFR 246.18: validity or appropriateness of vendor authorization criteria; validity or appropriateness of competitive price criteria; validity or appropriateness of vendor peer group criteria and the criteria used to identify vendors that are above-50-percent vendors or comparable to above-50-percent vendors; the State’s determination whether to notify a vendor in writing after an investigation reveals an initial violation for which a pattern of violations must be established to impose a sanction; validity or appropriateness of participant access criteria or a participant access determination; expiration of a Vendor Agreement; disputes regarding food instrument payments and vendor claims; disqualification of a vendor as a result of disqualification from the Food Stamp Program/Supplemental Nutrition Assistance Program, the validity or appropriateness of the State’s prohibition of incentive items or the State’s denial of an above-50% vendor’s request to provide incentive items; the State’s determination to include or exclude an infant formula manufacturer, wholesaler, distributor, or retailer from its authorized list from which to purchase infant formula.

**RULE 13.** Not assign or subcontract any vendor duties under this Vendor Agreement.

**RULE 14.** Direct correspondence regarding this Vendor Agreement to:

WIC Program  
California Department of Public Health MS 8600  
PO Box 997375  
Sacramento, CA 95899-7375  
Attention: Vendor Management Branch

Information about the WIC Program is available on the Internet at  
[www.wicworks.ca.gov](http://www.wicworks.ca.gov) or [www.cdph.ca.gov/programs/wicworks](http://www.cdph.ca.gov/programs/wicworks).

**ARTICLE IV: STATE RESPONSIBILITIES**

The State reserves the right to:

1. Issue from time to time, revisions to this Vendor Agreement to conform to amendments to applicable Federal and State laws, regulations, and policies.
2. Establish the maximum allowable Department reimbursement rate as payment in full for the maximum allowable quantity of food listed on the food instrument.
3. Designate the vendor type of a vendor. Assess and designate vendor type at initial authorization and periodically thereafter. Provide appeal rights to a vendor who disputes the WIC Program's application of WIC Program vendor type criteria used to designate the vendor as an above-50% vendor.
4. Assign vendors to peer groups. Assess and reassign a vendor to a peer group as changes affect original peer group assignment. Provide appeal rights to a vendor who disputes the WIC Program's application of WIC Program peer group criteria used to designate the vendor's peer group assignment.
5. Provide the vendor access to information and instruction for using the food instrument serial number submission options specified in Article II Rule 8 (a) of this Vendor Agreement. Provide the vendor with the opportunity to confirm transmission of food instrument serial numbers to the WIC Program for each submission option.
6. Review the vendor's supplemental food prices to determine if these prices are comparable to other vendors in their peer group.
7. Provide the vendor access to materials produced by the WIC Program, such as shelf talkers, posters, decals and stickers, containing the WIC acronym and/or California WIC logo. Maintain the "Graphic Standards Manual for the California WIC Program's Authorized Vendors" on the website [vwix.ca.gov](http://vwix.ca.gov) to provide vendors with access to download the California WIC logo for use as specified in Article III, Rule 10 (e) of this Vendor Agreement.
8. Provide the vendor access to the California WIC Program's WIC Authorized Food List.
9. Monitor any vendor for compliance with this Vendor Agreement through activities such as compliance investigations, on-site inspections, and audits.
10. Notify a vendor in writing when an investigation reveals an initial incident of a violation for which a pattern of violations must be established in order to impose a sanction before another such incident is documented, unless the State determines, in its discretion, on a case-by-case basis, that notifying the vendor would compromise an investigation. Violations not requiring a pattern of violations before imposing a sanction include those specified in Title 22 CCR Section 40740 (c) and (d) and no warning letter will be provided for those violations. The State's determination to not notify a vendor in writing after an investigation reveals an initial violation is not subject to appeal or administrative review.

11. Audit a vendor's records and books of account to determine if violations of this Vendor Agreement have occurred and to identify amounts due the State for improperly transacted food instruments, including amounts which cannot be substantiated pursuant to Article II Rule 2(b) of this Vendor Agreement and for food instrument reimbursement amounts for infant formula that the vendor did not purchase from an authorized supplier pursuant to Article II Rules 2(b) and 7(d) of this Vendor Agreement.
12. Deny payment or establish a claim for each food instrument transacted in violation of any of the rules of this Vendor Agreement. A claim will either be the full amount of an audit finding determined during an audit of a vendor or the amount of the full purchase price of any food instrument transacted in violation of WIC Program regulations as identified during a compliance buy or on-site inspection. In addition to assessing a claim, the WIC Program may sanction the vendor in accordance with Title 22 CCR, Sections 40740 and 40741.
13. Pursuant to 7CFR 246.12 (h)(3)(xvi), immediately terminate the Vendor Agreement, if the WIC Program determines that the vendor provided false information in its application for authorization. Notification of the termination of the Vendor Agreement for this reason does not need to be made prior to the actual termination.
14. Except for an immediate termination noted in Article IV Rule 13 of this Vendor Agreement and for a disqualification based on Title 22 CCR, Section 40740 (c) which becomes effective on the date of receipt of the notice of disqualification, terminate the Vendor Agreement with a minimum of 15 days written notice if it is determined that the vendor:
  - (a) Failed to comply with any of the rules or provisions of this Vendor Agreement;
  - (b) Failed to repay the State any money owed as a result of a vendor claim, unless the vendor is making payments in compliance with a payment schedule as specified in an installment plan agreement entered into by the Department and the vendor;
  - (c) Failed to make payments in compliance with a payment schedule as specified in an installment plan agreement entered into by the Department and the vendor for any money owed the State as the result of a vendor claim;
  - (d) Has been disqualified from the Food Stamp Program/Supplemental Nutrition Assistance Program or has received a Food Stamp Program/Supplemental Nutrition Assistance Program civil money penalty in lieu of disqualification;
  - (e) Has failed to maintain compliance with the vendor authorization criteria throughout the agreement period, including any changes to criteria; or
  - (f) Has committed any violations subject to disqualification pursuant to 7CFR 246 and Title 22 CCR, Sections 40740 and 40741.
15. Notify the vendor that pursuant to 7CFR 246.18(b)(1), a disqualification from the WIC Program may result in disqualification from the Food Stamp Program/Supplemental Nutrition Assistance Program in accordance with Food Stamp Program/Supplemental Nutrition Assistance Program regulations contained in 7CFR 278.6(e), and that such disqualification is not subject to appeal.
16. Prosecute, under applicable Federal, State, or local laws, any vendor who has willfully misapplied, stolen, or fraudulently obtained WIC Program funds. If the value of such funds is \$100 or more, then the vendor shall be subject to a fine of not more than \$25,000 or imprisonment for no more than five (5) years, or both. If the value of such funds is less than \$100, then the penalties shall be a fine of not more than \$1,000, or imprisonment for no more than one (1) year, or both. In addition, the vendor shall make full restitution to the State for the value of all food instruments transacted in violation of this Vendor Agreement.

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**ARTICLE V: CERTIFICATION**

The vendor has read and understands the laws and regulations that govern the WIC Program and agrees to follow these requirements and all the terms of this Vendor Agreement as well as the provisions of the WIC Authorized Food List. The vendor also agrees to read any amendments or updates to this Vendor Agreement. The vendor further agrees to comply with such amendments or updates if the vendor continues participation thereafter in the WIC Program.

The undersigned certifies that he/she has the full legal authority to bind the vendor in this contract.

Note: If the vendor is a limited liability company or a corporation, the Vendor Agreement must be signed by two members/managers of the limited liability company or two officers of the corporation, if there is more than one officer.

| <b>Signature</b>  | <b>Date Signed</b> |
|---|--------------------|
| Sole Owner  |                    |
| Partner (All partners in the partnership agreement are required to sign)            |                    |
| Partner   |                    |
| Limited Liability Company (Two signatures required)                                 |                    |
| 1.  |                    |
| Limited Liability Company (Two signatures required)                                 |                    |
| 2.  |                    |
| Corporation (Two signatures required)   |                    |
| 1.  |                    |
| Corporation (Two signatures required)   |                    |
| 2.  |                    |
|  |                    |
| Signature of Chief, WIC Program, or Designee  |                    |