

STATE OF MICHIGAN
STATE OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF: [REDACTED]
Respondent

Reg. No: 2009-3570
Issue No: 3055
Case No: [REDACTED]
Load No: [REDACTED]
Hearing Date:
May 13, 2009
Isabella County DHS

ADMINISTRATIVE LAW JUDGE: Robert J. Chavez

HEARING DECISION

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37, 7 CFR 273.16, MAC R 400.3130, and MAC R 400.3178 upon the Department of Human Services' request for a disqualification hearing. After due notice, a telephone hearing was held on May 13, 2009. Respondent did not appear at the hearing and it was held in respondent's absence pursuant to 7 CFR 273.16(e), MAC R 400.3130(5), or MAC R 400.3187(5).

ISSUE

Did the respondent commit an Intentional Program Violation (IPV) and did the respondent receive an overissuance of benefits that the department is entitled to recoup?

FINDINGS OF FACT

The Administrative Law Judge, based upon the clear and convincing evidence on the whole record, finds as material fact:

- 1) Respondent was a recipient of FAP benefits during the period of 8-1-05 through 6-30-06.
- 2) On 6-2-05, respondent completed a DHS-1171, Application for Assistance, in which he stated that he was not employed, and did not receive any income outside of work study income.
- 3) Sometime around 6-22-05, respondent became employed with [REDACTED]
[REDACTED]
- 4) On 7-1-05, respondent received his first paycheck.
- 5) Respondent continued to receive paychecks every week of varying amounts (averaging around \$350) which continued through 6-30-06.
- 6) Claimant received FAP benefits during this time.
- 7) In May, 2006, DHS received an anonymous tip from the Welfare Fraud Hotline that claimant was employed and had not reported the income.
- 8) At no time did respondent notify DHS of his employment.
- 9) It is unknown whether respondent had contact with DHS during the time he was receiving benefits.
- 10) On 10-14-08, the Department's Office of Inspector General (OIG) filed a hearing request to establish an overissuance of benefits received by respondent as a result of respondent having committed an Intentional Program Violation (IPV); the OIG also requested that respondent be disqualified from receiving program benefits.
- 11) A Notice of Disqualification Hearing was mailed to respondent at the last known address and was not returned by the U.S. Post Office as undeliverable. Respondent's last known address is: [REDACTED]

12) OIG Agent Brian Siegfried represented the Department at the hearing; respondent did not appear.

13) This is respondent's first alleged IPV.

CONCLUSIONS OF LAW

The Food Assistance Program (FAP) (formerly known as the Food Stamp (FS) program) is established by the Food Stamp Act of 1977, as amended, and is implemented by the federal regulations contained in Title 7 of the Code of Federal Regulations (CFR). The Department of Human Services (DHS or department) administers the FAP program pursuant to MCL 400.10, *et seq.*, and MAC R 400.3001-3015. Department policies are found in the Program Administrative Manual (PAM), the Program Eligibility Manual (PEM) and the Program Reference Manual (PRM).

In this case, the department has requested a disqualification hearing to establish an overissuance of benefits as a result of an IPV and the department has asked that respondent be disqualified from receiving benefits. The department's manuals provide the following relevant policy statements and instructions for department caseworkers:

Suspected IPV means an OI exists for which all three of the following conditions exist:

- . The client **intentionally** failed to report information **or intentionally** gave incomplete or inaccurate information needed to make a correct benefit determination, **and**
- . The client was clearly and correctly instructed regarding his or her reporting responsibilities, **and**
- . The client has no apparent physical or mental impairment that limits his or her understanding or ability to fulfill their reporting responsibilities.

Intentional Program Violation (IPV) is suspected when there is clear and convincing evidence that the client or CDC provider has intentionally withheld or misrepresented

information for the purpose of establishing, maintaining, increasing or preventing reduction of program benefits or eligibility. PAM, Item 720, p. 1.

The federal Food Stamp regulations read in part:

- (c) Definition of Intentional Program Violation. Intentional Program Violation shall consist of having intentionally:
 - (1) made a false or misleading statement, or misrepresented, concealed or withheld facts; or
 - (2) committed any act that constitutes a violation of the Food Stamp Act, the Food Stamp Program Regulations, or any State statute for the purpose of using, presenting, transferring, acquiring, receiving, possessing or trafficking of coupons, authorization cards or reusable documents used as part of an automated benefit delivery system (access device). 7 CFR 273.16(c).
 - (6) Criteria for determining intentional program violation. The hearing authority shall base the determination of intentional program violation on clear and convincing evidence which demonstrates that the household member(s) committed, and intended to commit, intentional program violation as defined in paragraph (c) of this section. 7 CFR 273.16(c)(6).

Therefore, the undersigned may only find an IPV if there is clear and convincing evidence that the respondent intentionally made a false or misleading statement, or withheld information, **for the purpose of defrauding the Department**, with regard to the FAP program.

In this case, the Department has established that respondent was probably aware of the responsibility to report all income and employment to the department. Respondent has no apparent physical or mental impairment that limits the understanding or ability to fulfill the reporting responsibilities. However, the undersigned is not convinced that the Department has met its burden of proof in providing clear and convincing evidence that the respondent intended to defraud the Department with regard to his FAP eligibility.

The burden of proof that the Department must meet in order to prove Intentional Program Violation is very high. It is not enough to prove that the respondent was aware of the requirements to report at some point, nor is it enough to prove that the respondent did not report in a timely manner. The Department must prove in a clear and convincing manner, that, not only did the respondent withhold critical information, but that the respondent withheld this information with the intent to defraud the Department. In other words, the Department must prove that the respondent did not simply forget to meet their obligations to report, but rather, actively sought to defraud the Department.

The Department has not proven that in the current case. Respondent applied for, and received, FAP benefits on 6-2-05. Respondent did not have a change of income for almost one month after the application. Respondent's income was discovered upon an anonymous tip in 2006, and respondent's benefits lapsed when he did not complete his redetermination review. The Department has provided no evidence of a mid-certification contact, or any contact between the Department and respondent that could infer that respondent maliciously withheld information. The only thing that has been conclusively proven is that respondent did not report his obligation; it has not been proven that respondent did not report his obligation in an attempt to defraud the Department.

While the undersigned admits that, given the length of time of the error, it is more likely than not that respondent consciously avoided his obligation to report, it is important to remember that "more likely than not" is an evidentiary threshold below "clear and convincing". Clear and convincing evidence requires something more, some piece of evidence that clearly elevates respondent's actions from a mere failure to report an income change into something clearly malicious. This does not require evidence that proves maliciousness and intent beyond a

reasonable doubt, but something more is required nonetheless. In the current case, all the Department has proven is that respondent did not report. There is no evidence that clearly supports a finding that there was intent to defraud the Department, versus a respondent who, for instance, simply forgot his obligation.

This is not to say that there was no error in this case. The Department has clearly shown, through Exhibit 11, that respondent received \$1,595 in FAP benefits that he was not entitled to. The Department may recoup this clear client error, and indeed, it would be a miscarriage of justice for them not to do so.

DECISION AND ORDER

The Administrative Law Judge decides the Department has not established that respondent committed an Intentional Program Violation of the FAP program. However, the respondent did receive \$1,595.00 in FAP benefits he was not eligible for.

The Department is entitled to recoup the overissuance of benefits respondent ineligibly received. Respondent is ORDERED to reimburse the department for the overissuance.

/s/ _____
Robert J. Chavez
Administrative Law Judge
for Ismael Ahmed, Director
Department of Human Services

Date Signed: June 30, 2009

Date Mailed: July 1, 2009

NOTICE: The law provides that within 30 days of receipt of the above Decision and Order, the respondent may appeal it to the circuit court for the county in which he/she lives.

RJC/cv

2009-3570/RJC

cc:

