

STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF:

[REDACTED]
Bay City, Michigan 48708

Reg. No: 2010-56015

Issue No: 3055

[REDACTED]
Bay County DHS

ADMINISTRATIVE LAW JUDGE: C. Adam Purnell

HEARING DECISION

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37 upon the Department of Human Services ("Department's") request for a disqualification hearing. After due notice, a telephone hearing was held on August 17, 2011. The Department was represented by the Office of Inspector General (OIG) and the Respondent did not appear. The hearing was held in Respondent's absence in accordance with Bridges Administrative Manual (BAM), Item 725.

ISSUE

Whether Respondent committed an Intentional Program Violation (IPV) of the Food Assistance Program (FAP) and received 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. 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.
2. From May 1, 2005 through May 31, 2006, Respondent and her husband were self-employed operating a business called Inclined Automotive Supply, where they would sell vehicles and vehicle parts over the internet. (Department Exhibits 32-90). Respondent and her husband also sold scrap to Omnisource Corporation, a local scrap yard business. (Department Exhibits 23-25).

3. Respondent signed an Assistance Application (DHS-1171) on June 7, 2005, acknowledging that she understood her failure to give timely, truthful, complete and accurate information about her circumstances could result in a civil or criminal action or an administrative claim against her. (Department Exhibits 12-18).
4. On May 26, 2006, the Department sent Respondent an Eligibility Notice (DHS-4400) that explains that Respondent is to report to the Department within 10 (ten) days of the next month when the household income exceeds [REDACTED]. (Department Exhibit 24).
5. Respondent failed to report to the Department her self-employment income from Inclined Automotive Supply from May 1, 2005 through May 31, 2006. (Department Exhibits 32-90).
6. Respondent received [REDACTED] in FAP benefits during the alleged fraud period of June 1, 2005 through May 31, 2006. If the income had been properly reported and budgeted by the department, Respondent would have been eligible to receive FAP benefits in the amount of [REDACTED]. (Department Exhibits 156-181).
7. Respondent failed to report that her income from Inclined Automotive Supply in a timely manner, resulting in a [REDACTED] FAP overissuance for the months of June 1, 2005 through May 31, 2006. (Department Exhibits 156-181).
8. Respondent was clearly instructed and fully aware of the responsibility to report all employment and income to the department.
9. Respondent has no apparent physical or mental impairment that would limit the understanding or ability to fulfill the income reporting responsibilities.
10. Respondent had not committed any previous intentional program violations of the FAP program. (Department Hearing Request).

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.*, MAC R 400.3001-3015 and MAC R 400.3101-3131. Department policies are found in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Bridges Reference Manual (BRM).

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 the respondent be disqualified from receiving benefits. The department's manuals provide the following relevant policy statements and instructions for department caseworkers.

When a customer client group receives more benefits than they are entitled to receive, the department must attempt to recoup the overissuance. BAM 700. A suspected intentional program violation means an overissuance where:

- 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.

The department suspects an intentional program violation when the client has intentionally withheld or misrepresented information for the purpose of establishing, maintaining, increasing, or preventing reduction of program benefits or eligibility. There must be clear and convincing evidence that the client acted intentionally for this purpose. BAM 720.

The department's Office of Inspector General processes intentional program hearings for overissuances referred to them for investigation. The Office of Inspector General represents the department during the hearing process. The Office of Inspector General requests intentional program hearings for cases when:

- benefit overissuances are not forwarded to the prosecutor.
- prosecution of welfare fraud is declined by the prosecutor for a reason other than lack of evidence, and
 - the total overissuance amount is \$1000 or more, or
 - the total overissuance amount is less than \$1000, and
 - the group has a previous intentional program violation, or
 - the alleged IPV involves FAP trafficking, or
 - the alleged fraud involves concurrent receipt of assistance,

- the alleged fraud is committed by a state/government employee.

A court or hearing decision that finds a client committed an intentional program violation disqualifies that client from receiving program benefits. A disqualified recipient remains a member of an active group as long as he lives with them. Other eligible group members may continue to receive benefits. BAM 720.

Clients that commit an intentional program violation are disqualified for a standard disqualification period except when a court orders a different period. Clients are disqualified for periods of one year for the first IPV, two years for the second IPV, lifetime disqualification for the third IPV, and ten years for a concurrent receipt of benefits. BAM 720. This is Respondent's first intentional program violation of the FAP program.

In this case, the Department has established that Respondent was aware of the responsibility to report all income and employment to the department. Department policy requires clients to report any change in circumstances that will affect eligibility or benefit amount within ten days. PAM 105. Respondent has no apparent physical or mental impairment that limits the understanding or ability to fulfill the reporting responsibilities.

There is no dispute that Respondent was self-employed and had been earning income. The evidence shows that Respondent and her husband owned and operated Inclined Automotive Supply, where they would sell vehicles and vehicle parts over the internet. Respondent and her husband also earned income from selling scrap to Omnisource Corporation, a local scrap yard business. Although Respondent identified in her Application for Assistance on May 15, 2006 that she had earned income from self-employment and also had earned income from scrap metal sales, Respondent did not report the subsequent income earned from these endeavors from June 1, 2005 through May 31, 2006. During that time period, Respondent knowingly received FAP benefits. Respondent was required by policy to notify the department of the income change within 10 (ten) days, but she failed to do so. Respondent's signature on the Assistance Application, certifies that she was aware that fraudulent participation in FAP could result in criminal or civil or administrative claims.

This Administrative Law Judge therefore concludes that the department has shown, by clear and convincing evidence, that Respondent committed a first intentional violation of the FAP program, resulting in a \$4,451.00 overissuance from June 1, 2005 through May 31, 2006. Consequently, the department's request for FAP program disqualification and full restitution must be granted.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that Respondent committed an Intentional Program Violation by failing to report the household's gross income exceeded the simplified reporting limit while she was receiving FAP benefits for the period of time from June, 2005 through May, 2006.

Therefore, it is ordered that:

1. Respondent shall be personally disqualified from participation in the FAP program for one year, but the rest of the household may participate. This disqualification period shall begin to run immediately as of the date of this order.
2. The department is entitled to recoup the overissuance of benefits Respondent ineligibly received. Respondent is ORDERED to reimburse the department for the [REDACTED] FAP overissuance caused by her intentional program violation.

It is SO ORDERED.

/S/

C. Adam Purnell
Administrative Law Judge
for Maura D. Corrigan, Director
Department of Human Services

Date Signed: 8/26/11

Date Mailed: 8/29/11

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.

CAP/ds

[REDACTED]