

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

IN THE MATTER OF:



Reg. No.: 201320104
Issue No.: 3052
Case No.: [REDACTED]
Hearing Date: April 10, 2013
County: Wayne (41)

ADMINISTRATIVE LAW JUDGE: Alice C. Elkin

HEARING DECISION FOR INTENTIONAL PROGRAM VIOLATION

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) request for a hearing. After due notice, a telephone hearing was held on April 10, 2013, from Detroit, Michigan. The Department was represented by [REDACTED], Regulation Agent of the Office of Inspector General (OIG).

Participants on behalf of Respondent included: .

Respondent did not appear at the hearing and it was held in Respondent's absence pursuant to 7 CFR 273.16(e), Mich Admin Code R 400.3130(5), or Mich Admin Code R 400.3187(5).

ISSUES

1. Did Respondent receive an overissuance (OI) of

- | | |
|--|---|
| <input type="checkbox"/> Family Independence Program (FIP) | <input checked="" type="checkbox"/> Food Assistance Program (FAP) |
| <input type="checkbox"/> State Disability Assistance (SDA) | <input type="checkbox"/> Child Development and Care (CDC) |
| <input type="checkbox"/> Medical Assistance (MA) | |

benefits that the Department is entitled to recoup?

2. Did Respondent commit an Intentional Program Violation (IPV)?

3. Should Respondent be disqualified from receiving

- | | |
|--|---|
| <input type="checkbox"/> Family Independence Program (FIP) | <input checked="" type="checkbox"/> Food Assistance Program (FAP) |
|--|---|

State Disability Assistance (SDA) Child Development and Care (CDC)?

FINDINGS OF FACT

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. The Department's OIG filed a hearing request on December 27, 2012 to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV.
2. The OIG has has not requested that Respondent be disqualified from receiving program benefits.
3. Respondent was a recipient of FIP FAP SDA CDC MA benefits during the relevant periods at issue.
4. Respondent was was not aware that trafficking of benefits is unlawful and a violation of policy and could result in a disqualification from receipt of future benefits and recoupment of issued benefits.
5. Respondent had no apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.
6. The Department's OIG indicates that the time period they are considering the fraud period is January 1, 2009 through April 30, 2011.
7. During the alleged fraud period, the OIG alleges that Respondent trafficked \$8828.00 in FIP FAP SDA CDC MA benefits.
8. This was Respondent's first second third alleged IPV.
9. A notice of hearing was mailed to Respondent at the last known address and was was not returned by the US Post Office as undeliverable.

CONCLUSIONS OF LAW

Department policies are contained in the Department of Human Services Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and the Reference Tables Manual (RFT). Prior to August 1, 2008, Department policies were contained in the Department of Human Services, Program Administrative Manuals (PAM), Program Eligibility Manual (PEM), and Reference Schedules Manual (RFS).

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 (formerly known as the Family Independence Agency) administers FAP pursuant to MCL 400.10, *et seq.*, and Mich Admin Code, R 400.3001 through R 400.3015.

The Department's OIG requests IPV hearings for cases when:

- FAP trafficking OIs are not forwarded to the prosecutor,
- prosecution of welfare fraud or FAP trafficking is declined by the prosecutor for a reason other than lack of evidence, and
 - the total OI amount is \$1000 or more, or
 - the total OI amount is less than \$1000, and
 - the group has a previous IPV, or
 - the alleged IPV involves FAP trafficking, or
 - the alleged fraud involves concurrent receipt of assistance, or
 - the alleged fraud is committed by a state/government employee. [BEM 720 (February 1, 2013), p 10.]

After the current hearing was scheduled **and** heard, the Notice of Hearing and accompanying documents mailed to Respondent via first class mail at the last known address were returned by the United States Postal Service as undeliverable. Department policy dictates that when correspondence sent to Respondent concerning an IPV is returned as undeliverable, the hearing cannot proceed with respect to any program other than Food Assistance Program (FAP). BAM 720, p 10. Because the hearing proceeded with respect to only the alleged FAP IPV, the hearing was properly held and this Hearing Decision will address the FAP IPV.

Intentional Program Violation

Suspected IPV means an overissuance (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. [BAM 720, p 1 (emphasis in original).]

An IPV is also suspected for a client who is alleged to have trafficked FAP benefits. BAM 720, p 1.

The Department must establish an IPV by clear and convincing evidence. BAM 720, p 1. Clear and convincing evidence is evidence sufficient to result in a clear and firm belief that the proposition is true. See M Civ JI 8.01.

The Department alleges that Respondent committed an IPV of her FAP benefits because she trafficked \$8828 of her FAP benefits at Noor Fruit Market in Melvindale ("Noor"). Trafficking is the buying or selling of FAP benefits for cash or consideration other than eligible food. Department of Human Services, Bridges Policy Glossary (BPG) (October 1, 2012), p 45. Trafficking also includes (i) fraudulently using, transferring, altering, acquiring, or possessing coupons, authorization cards, or access devices, or (ii) redeeming or presenting for payment coupons known to be fraudulently obtained or transferred. BEM 203 (October 1, 2012), p 3.

The Department credibly testified that [REDACTED] was found in administrative hearings before the United States Department of Agriculture (USDA) to have trafficked FAP benefits and had its authorization to accept FAP benefits revoked as of May 15, 2012. To support a trafficking case against Respondent, the Department must establish, by clear and convincing evidence, that Respondent engaged in trafficking when she used her FAP benefits at Noor.

Part of the evidence presented to establish the trafficking case against Respondent was evidence that an individual who was at one point a member of Respondent's FAP group was also alleged to have trafficked his FAP benefits at [REDACTED] and signed a repayment agreement. This evidence was irrelevant to establish that Respondent trafficked her FAP benefits.

The Department's remaining evidence to establish Respondent's FAP trafficking consisted of the following: the Department's summary of the investigation against Noor; the Department's investigation against Respondent; Respondent's eligibility summary showing her FAP benefit issuances by the Department during the alleged fraud period; Respondent's FAP transaction history at [REDACTED] and at all establishments; an analysis of [REDACTED] transactions in relation to other convenience stores, including photographs of [REDACTED]; a map showing Respondent's residence in relation to [REDACTED] location and other food establishments; and a LexisNexis search of Respondent's addresses.

The Department highlighted Respondent's high number of FAP transactions over \$50 at [REDACTED] alleging that these transactions were indicative of trafficking. Respondent's FAP transaction history at [REDACTED] between January 5, 2009, and April 11, 2011, shows a number of unusual transactions:

- (1) on 13 occasions, Respondent spent over \$200 in a single day at Noor (\$289.65 on January 5, 2009; \$229.56 on March 5, 2009; \$244.48 over two transactions on April 5, 2009; \$243.23 over two transactions on June 5, 2009; \$289.67 on July 5, 2009; \$254.93 over two transactions on August 6, 2009; \$345.45 on September 7, 2009; \$285.14 on October 7, 2009; \$284.13 on November 7, 2009; \$213.05 on December 7, 2009; \$268.43 over two transactions on January 7, 2010; \$236.55 on February 7, 2010; \$279.08 over two transactions on March 7, 2010);

- (2) on 13 occasions, Respondent had multiple transactions on a single day (on April 5, 2009; June 5, 2009; July 5, 2009; August 6, 2009; September 7, 2009;

October 7, 2009; November 7, 2009; December 7, 2009; January 7, 2010; February 7, 2010; February 8, 2010; March 7, 2010; and March 10, 2011);

(3) on 24 occasions, Respondent's transactions at █████ resulted in her FAP balance being reduced to exactly \$0 (January 7, 2009; February 8, 2009; March 7, 2009; April 7, 2009; May 7, 2009; June 8, 2009; August 6, 2009; September 9, 2009; October 8, 2009; November 8, 2009; December 9, 2009; January 9, 2010; February 8, 2010; March 20, 2010; June 10, 2010; July 14, 2010; August 11, 2010; September 12, 2010; October 11, 2010; November 14, 2010; December 9, 2010; January 10, 2011; February 11, 2011; and March 11, 2011), with no other FAP transaction at any other establishment during the fraud period resulting in exactly a \$0 balance; and

(4) during each month of the fraud period other than April 2010, October 2010, December 2010, and April 2011, Respondent used her FAP benefits at █████ on consecutive days.

The Department also testified that █████ had limited food stock and only one cash register and that the store did not have an optical scanner, a conveyor belt at the checkout or shopping carts, making large transactions of the convenience foods sold by █████ unlikely.

The foregoing evidence, coupled with the USDA's finding that █████ was a trafficking establishment, was sufficient, when viewed under the totality of the circumstances, to establish by clear and convincing evidence that Respondent trafficked her FAP benefits at █████.

Disqualification

A court or hearing decision that finds a client committed an IPV 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, p 12.

Clients who commit an IPV are disqualified for a standard disqualification period except when a court orders a different period, or except when the overissuance relates to MA. Refusal to repay will not cause denial of current or future MA if the client is otherwise eligible. BAM 710 (October 1, 2009), p 2. 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, p 13.

In this case, the Department has satisfied its burden of showing that Respondent committed an IPV by trafficking her FAP benefits. Because this was Respondent's first IPV, she is subject to a one-year disqualification under the FAP program. BEM 720, pp 13, 14.

Recoupment of Overissuance

When a client group receives more benefits than they are entitled to receive, the Department must attempt to recoup the OI. BAM 700 (December 1, 2011), p 1. The OI amount for a trafficking-related IPV is the value of the trafficked benefits as determined by a court decision, the individual's admission, or documentation used to establish the trafficking determination, such as an affidavit from a store owner or sworn testimony from a federal or state investigator of how much a client could have reasonably trafficked in that store, which can be established through circumstantial evidence. BAM 720, p 7.

At the hearing, the Department alleged that Respondent trafficked \$8828 of her FAP benefits between January 1, 2009 through April 30, 2011.

The Department OIG agent's sworn testimony, based on documentation showing Respondent's FAP transaction history at Noor, was used to establish Respondent's trafficking in this case. While the transaction history shows \$9472.63 in FAP transactions by Respondent at [REDACTED] between January 5, 2009 and April 11, 2011, the Department excluded several transactions under \$50, which it testified could be legitimate food purchases at [REDACTED], and sought to recoup \$8828 of FAP benefits as trafficked. The Department's sworn testimony was sufficient to establish that Respondent trafficked \$8828 of his FAP benefits at [REDACTED]. Thus, the Department is entitled to recoup \$8828 from Respondent.

DECISION AND ORDER

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, concludes that:

1. Respondent did did not commit an IPV.
2. Respondent did did not receive an OI of program benefits in the amount of \$8828 from the following program(s) FIP FAP SDA CDC MA.

The Department is ORDERED to

- delete the OI and cease any recoupment action.
- initiate recoupment procedures for the amount of \$8828 in accordance with Department policy.
- reduce the OI to _____ for the period _____, in accordance with Department policy.

It is FURTHER ORDERED that Respondent be disqualified from

FIP FAP SDA CDC for a period of
 12 months. 24 months. lifetime.



Alice C. Elkin
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: 5/3/2013

Date Mailed: 5/3/2013

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.

ACE/hw

cc:

