

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

IN THE MATTER OF:



Registration No: 201314398
Issue No: 3055
Case No: [REDACTED]
Hearing Date: May 16, 2013
Monroe County DHS

Administrative Law Judge: Suzanne D. Sonneborn

HEARING DECISION

This matter is before the undersigned Administrative Law Judge in accordance with 7 CFR 273.16, MCL 400.9, MCL 400.37, and Mich Admin Code, R 400.3130, on the Department of Human Services' (the Department's) request for hearing. After due notice, a hearing was held on May 16, 2013, at which Respondent failed to appear. The hearing was held in Respondent's absence in accordance with Bridges Administrative Manual (BAM) 720, pp 9-10. The Department was represented by [REDACTED], a regulation agent with the department's Office of Inspector General (OIG).

ISSUE

Whether Respondent committed an intentional program violation (IPV) involving the Food Assistance Program (FAP) and whether Respondent received an over-issuance of FAP benefits that the Department is entitled to recoup?

FINDINGS OF FACT

Based on the clear and convincing evidence pertaining to the whole record, the Administrative Law Judge finds as material fact:

1. The Department's OIG filed a request for hearing to establish an over issuance of FAP benefits received as a result of a determination that Respondent committed an IPV. The agency further requested that Respondent be disqualified from receiving further FAP benefits for a period of one year.
2. On December 21, 2007, Respondent signed an assistance application (DHS-1171) and reported therein that he was not employed. In signing the application, Respondent certified with his signature, under penalty of perjury, that the application had been examined by or read to him and, to the best of his knowledge, the facts were true and complete. Respondent further certified with his signature that he received a copy of the

Acknowledgements that explained additional information about applying for and receiving assistance benefits, including the obligation to report changes in income within ten days. Respondent further certified with his signature that he understood he could be prosecuted for perjury and for fraud and/or be required to repay the amount wrongfully received if he intentionally gave false or misleading information, misrepresented, hid or withheld facts that may cause him to receive assistance he should not have received. (Department Exhibit 1, pp. 7-16)

3. In a letter dated January 2, 2008, the department notified Claimant's 18-year-old daughter, [REDACTED], that she would remain on her father's FAP case because she was under 22 years of age and living with her parents. The department further notified Ms. [REDACTED] of her obligation to verify any income she received. (Department Exhibit 2, p. 17)
4. On August 20, 2008, the Department obtained verification from employer [REDACTED] that Ms. [REDACTED] began employment with [REDACTED] on May 12, 2008, working 34 hours per week at a rate of \$7.50 per hour. The address on file with [REDACTED] for Ms. [REDACTED] was her father's address at [REDACTED] Michigan. (Department Exhibit 5, pp. 24-25)
5. Respondent failed to timely and accurately report to the Department his daughter's employment earnings from her employment with [REDACTED], or that his daughter no longer resided with him, despite numerous attempts by the Department to verify such information with Respondent. (Department Exhibit 3, pp. 18-22; Department Exhibit 4, p. 23; Department Exhibit 6, p. 26)
6. On October 31, 2008, Respondent completed an assistance application for State Emergency Relief assistance (DHS-1514) and, in doing so, reported that his household included his daughter, [REDACTED]. In signing the application, Respondent acknowledged his understanding that giving false information can result in referral to the prosecutor for prosecution for fraud. Respondent further certified with his signature, under penalty of perjury, that the application had been examined by or read to him and, to the best of his knowledge, the facts were true and complete. (Department Exhibit 7, pp. 27-31)
7. As a result of Respondent's failure to timely and accurately report earned income from his daughter's employment earnings at [REDACTED], he received an over issuance of FAP benefits in the amount of \$1,096.00 for the period July 1, 2008 through September 30, 2008. (Department Exhibit 8, p. 32; Department Exhibit 9, pp. 33-42)

8. Respondent was clearly instructed and fully aware, or should have been fully aware, of his responsibility to report all changes in circumstances, including his household's receipt of earned income, to the Department within ten days of the occurrence, as required by agency policy.
9. There was no apparent physical or mental impairment present that limited Respondent's ability to understand and comply with his reporting responsibilities.
10. This was the first determined FAP IPV committed by Respondent.

CONCLUSIONS OF LAW

The FAP – formerly known as the Food Stamp Program – was established by the Food Stamp Act of 1977, 7 USC 2011, *et seq.*, as amended, and is implemented through federal regulations found in 7 CFR 273.1 *et seq.* The Department administers the FAP under MCL 400.10, *et seq.*, and Mich Admin Code, R 400.3001 through R 400.3015. Department policies are found in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Bridges Reference Manual (BRM).

In the present matter, the Department requested a hearing to establish an overissuance of FAP benefits, claiming that the overissuance was a result of an IPV committed by Respondent. Further, the Department asked that Respondent be disqualified from the FAP for a period of one year.

Generally, a client is responsible for reporting any change in circumstances that may affect eligibility or benefit level, including a change in income amount, within ten days of the change. BAM 105, p 7. With respect to earned income, a client must report any of the following: starting or stopping employment; changing employers; change in rate of pay; and a change in work hours of more than five hours per week that is expected to continue for more than one month. BAM 105, p. 7. When a client or group receives more benefits than they are entitled to receive, the Department must attempt to recoup the overissuance. BAM 700, p 1. A suspected IPV is defined as 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. [BAM 720, p 1.]

An IPV is suspected by the Department when a client intentionally withheld or misrepresented information for the purpose of establishing, maintaining, increasing, or preventing a reduction of, program eligibility or benefits. BAM 720, p 1. In bringing an IPV action, the agency carries the burden of establishing the violation with clear and convincing evidence. BAM 720, p 1.

An overissuance period begins the first month the benefit issuance exceeds the amount allowed by Department policy or six years before the date the overissuance was referred to an agency recoupment specialist, whichever is later. This period ends on the month before the benefit is corrected. BAM 720, p 6. The amount of overissuance is the benefit amount the client actually received minus the amount the client was eligible to receive. BAM 720, p 6.

Suspected IPV matters are investigated by the OIG. This office: refers suspected IPV cases that meet criteria for prosecution to the appropriate prosecuting attorney; refers suspected IPV cases that meet criteria for IPV administrative hearings to the Michigan Administrative Hearings System (MAHS); and returns non-IPV cases back to the Department's recoupment specialist. BAM 720, p 9.

The OIG will request an IPV hearing when:

- Benefit overissuances are not forwarded to the prosecuting attorney's office;
- Prosecution of the matter is declined by the prosecuting attorney's office for a reason other than lack of evidence, and
- The total OI amount for the FAP 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. BAM 720, p 10.

The OIG represents the Department during the hearing process in IPV matters. BAM 720, p 9. When a client is determined to have committed an IPV, the following standard periods of disqualification from the program are applied (unless a court orders a different length of time): one year for the first IPV; two years for the second IPV; and lifetime for the third IPV. BAM 720, p 13. Further, IPV's involving the FAP result in a

ten-year disqualification for concurrent receipt of benefits (i.e., receipt of benefits in more than one State at the same time). BAM 720, p 13.

A disqualified client remains a member of an active benefit group, as long as he or she continues to live with the other group members – those members may continue to receive benefits. BAM 720, p 12.

In this case, at the May 16, 2013 disqualification hearing, the OIG provided credible, undisputed, and sufficient testimony and other evidence establishing that, on December 21, 2007, Respondent signed an assistance application (DHS-1171) and reported therein that he was not employed. In signing the application, Respondent certified with his signature, under penalty of perjury, that the application had been examined by or read to him and, to the best of his knowledge, the facts were true and complete. Respondent further certified with his signature that he received a copy of the Acknowledgements that explained additional information about applying for and receiving assistance benefits, including the obligation to report changes in income within ten days. Respondent further certified with his signature that he understood he could be prosecuted for perjury and for fraud and/or be required to repay the amount wrongfully received if he intentionally gave false or misleading information, misrepresented, hid or withheld facts that may cause him to receive assistance he should not have received.

The OIG further established that Respondent's daughter, [REDACTED], began employment with [REDACTED] on May 12, 2008, working 34 hours per week at a rate of \$7.50 per hour. The OIG further established that Respondent failed to timely and accurately report to the department his daughter's employment earnings from this job or, conversely, that his daughter no longer resided with him, despite numerous attempts by the Department to verify such information with Respondent. Indeed, the OIG further established that, on October 31, 2008, Respondent again reported to the Department in an assistance application for SER assistance, as he had in his December 21, 2007 assistance application, that his household included his daughter, [REDACTED].

Finally, the OIG established that, as a result of Respondent's failure to timely and accurately report earned income from his daughter's employment earnings at [REDACTED], he received an over issuance of FAP benefits in the amount of \$1,096.00 for the period July 1, 2008 through September 30, 2008.

Testimony and other evidence must be weighed and considered according to its reasonableness. *Gardiner v Courtright*, 165 Mich 54, 62; 130 NW 322 (1911); *Dep't of Community Health v Risch*, 274 Mich App 365, 372; 733 NW2d 403 (2007). Moreover, the weight and credibility of this evidence is generally for the fact-finder to determine. *Dep't of Community Health*, 274 Mich App at 372; *People v Terry*, 224 Mich App 447, 452; 569 NW2d 641 (1997).

Respondent was, or should have been, fully aware of his responsibility to timely report his daughter's employment earnings to the Department. Moreover, Respondent's signature on his assistance application established that he was, or should have been, fully aware that the intentional withholding or misrepresentation of information potentially affecting his eligibility or benefit level could result in criminal, civil, or administrative action. Finally, there was no evidence presented indicating that Respondent suffered from any physical or mental impairment that limited his ability to understand and fulfill his reporting responsibilities. See BEM 720, p 1.

Based on the credible and undisputed testimony and other evidence presented by the OIG, the Administrative Law Judge finds that the OIG established, under the clear and convincing standard, that Respondent committed an IPV in this matter, resulting in an over issuance of FAP benefits in the amount of \$1,096.00 for the period July 1, 2008 through September 30, 2008. Further, because this was Respondent's first IPV, the one-year disqualification period is appropriate.

DECISION AND ORDER

Based on the above findings of fact and conclusions of law, this Administrative Law Judge decides that Respondent committed an intentional FAP program violation.

It is therefore ORDERED THAT:

- Respondent shall reimburse the Department for the FAP benefits ineligibly received as a result of his intentional program violation in the amount of \$1,096.00;
- Respondent is personally disqualified from participation in the FAP for one year. The disqualification period will begin to run IMMEDIATELY as of the date of this order.

/s/_____

Suzanne D. Sonneborn
Administrative Law Judge
for Maura D. Corrigan, Director
Department of Human Services

Date Signed: May 17, 2013

Date Mailed: May 20, 2013

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NOTICE: Respondent may appeal this decision and order to the circuit court for the county in which he resides within 30 days of receipt of this decision and order.

SDS/aca

cc:

