

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

IN THE MATTER OF:

[REDACTED]

Reg. No.: 2013-39338
Issue No.: 3052
Case No.: [REDACTED]
Hearing Date: September 23, 2013
County: Wayne (82-18)

ADMINISTRATIVE LAW JUDGE: Alice C. Elkin

HEARING DECISION FOR INTENTIONAL PROGRAM VIOLATION

Upon the request for a hearing by the Department of Human Services (Department), this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9, and in accordance with Titles 7, 42 and 45 of the Code of Federal Regulation (CFR), particularly 7 CFR 273.16, and with Mich Admin Code, R 400.3130 and R 400.3178. After due notice, a telephone hearing was held on September 23, 2013 from Detroit, Michigan. The Department was represented by [REDACTED]

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 400.3178(5).

ISSUES

1. Did Respondent receive an overissuance (OI) of
 Family Independence Program (FIP) State Disability Assistance (SDA)
 Food Assistance Program (FAP) Child Development and Care (CDC)
 Medical Assistance (MA)
benefits that the Department is entitled to recoup?
2. Did the Department establish by clear and convincing evidence that Respondent committed an Intentional Program Violation (IPV)?
3. Should Respondent be disqualified from receiving
 Family Independence Program (FIP)? State Disability Assistance (SDA)?
 Food Assistance Program (FAP)? 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 April 10, 2013, to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV by trafficking his FAP benefits.
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 issued by the Department.
4. Respondent was was not aware of the responsibility to use FAP benefits for lawful purchases.
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, 2010, to July 31, 2012.
7. During the alleged fraud period, the Department alleges that Respondent trafficked \$562 in FIP FAP SDA CDC MA benefits issued by the State of Michigan.
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), Department of Human Services Bridges Eligibility Manual (BEM), and Department of Human Services Reference Tables Manual (RFT). Prior to August 1, 2008, Department policies were contained in the Department of Human Services Program Administrative Manuals (PAM), Department of Human Services Program Eligibility Manual (PEM), and Department of Human Services 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 the following cases:

- FAP trafficking OIs that 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 for the FIP, SDA, CDC, MA and FAP programs 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 (see BEM 222), or
 - the alleged fraud is committed by a state/government employee.

BAM 720 (February 2013), p. 12.

Intentional Program Violation

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 reporting responsibilities.

BAM 700 (July 2013), p. 6; BAM 720, p. 1.

IPV is suspected when there is clear and convincing evidence that the client has intentionally withheld or misrepresented information for the purpose of establishing, maintaining, increasing or preventing reduction of program benefits or eligibility. BAM 720, p. 1. An IPV is also suspected for a client who is alleged to have trafficked FAP

benefits. 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.

In this case, the Department alleges that Respondent engaged in FAP trafficking on six occasions between January 1, 2010, and July 31, 2012. Trafficking is (i) the buying or selling of FAP benefits for cash or consideration other than eligible food; (ii) selling products purchased with FAP benefits for cash or consideration other than eligible food; and (iii) purchasing containers with deposits, dumping/discarding product and then returning containers to obtain cash refund deposits.. BAM 700, pp. 1-2; see also Department of Human Services, Bridges Policy Glossary (BPG) (July 2013), p. 65. 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 (June 2013), p. 2.

In support of its allegations, the Department presented evidence that Respondent reported his card as lost or stolen, and requested a replacement card, on 30 occasions between August 2007 and November 2012, with 16 requests made during the alleged fraud period from January 1, 2010, to July 31, 2012. The Department also presented Respondent's FAP transaction history showing his FAP use during the alleged fraud period. The Department contended that, during this period, Respondent trafficked \$562 of his FAP benefits, the sum of the following FAP transactions: (1) a \$106.88 transaction at [REDACTED] on June 3, 2012; (2) a \$174.99 transaction at [REDACTED] on July 3, 2012; (3) back-to-back transactions on January 5, 2010, at [REDACTED] of \$11.98 at 7:40 p.m. and \$10.39 at 7:43 p.m.; (4) back-to-back transactions at [REDACTED] on January 15, 2010, of \$6.60 at 6:07 p.m. and of \$37.96 at the same time; (5) back to back transactions at [REDACTED] on April 3, 2011, of \$84.02 at 5:46 p.m. and \$36.12 at 5:48 p.m.; and (6) back-to-back transactions at [REDACTED] on December 3, 2011, of \$55.57 at 3:10 p.m. and \$43.02 at 3:13 p.m.

A review of Respondent's FAP transaction history between January 2010 and July 2012 shows that a majority of Respondent's FAP purchases are for less than \$25. However, Respondent had nine transactions for over \$100. It is unclear what made the two transactions at [REDACTED] that the Department contends involve trafficking different from these other transactions. Further, the remaining four transactions cited by the Department involving back-to-back transactions are spread over the course of nearly two years and, while unusual, do not establish, by clear and convincing evidence, that Respondent trafficked his FAP benefits on those occasions. While evidence that Respondent requested an inordinate number of replacement cards raises suspicions about Respondent's activities, none of the transactions cited by the Department is sufficient to establish FAP trafficking. Thus, the Department has failed to substantiate its allegations of FAP trafficking against Respondent.

Disqualification

A court or hearing decision that finds a client committed IPV disqualifies that client from receiving program benefits. BAM 720, p. 12. A disqualified recipient remains a member

of an active group as long as he lives with them, and other eligible group members may continue to receive benefits. BAM 720, p. 13.

Clients who commit an IPV are disqualified for a standard disqualification period except when a court orders a different period, or except when the OI relates to MA. BAM 720, p. 13. Refusal to repay will not cause denial of current or future MA if the client is otherwise eligible. BAM 710 (May 2013), 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 FAP concurrent receipt of benefits. BAM 720, p. 16.

Because the Department has not satisfied its burden of showing that Respondent committed an IPV by trafficking his FAP benefits, Respondent is **not** subject to a disqualification under the FAP program. BEM 720, pp. 13, 14.

Overissuance

When a client group receives more benefits than it is entitled to receive, the Department must attempt to recoup the OI. BAM 700, 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.

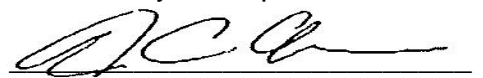
As discussed above, the Department has failed to establish that Respondent trafficked his FAP benefits between January 2010 and July 2012. Thus, the Department is **not** entitled to recover the \$562 in FAP benefits issued to Respondent that it alleged Respondent trafficked.

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 a FAP IPV by clear and convincing evidence.
2. Respondent did did **not** receive an OI of program benefits from the following program(s) FIP FAP SDA CDC MA.

The Department is ORDERED to delete the FAP OI and cease any recoupment action.


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

2013-39338/ACE

Date Signed: October 9, 2013

Date Mailed: October 10, 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/pf

cc:

