

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

IN THE MATTER OF:

██████████
██████████████████
██████████████████

Reg. No.: 2013-68073
Issue No(s): 3052
Case No.: ██████████
Hearing Date: November 4, 2013
County: Wayne (57)

ADMINISTRATIVE LAW JUDGE: Susan C. Burke

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 November 4, 2013 from Detroit, Michigan. The Department was represented by ██████████, Regulation Agent of the Office of Inspector General (OIG).

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 Food Assistance Program (FAP) benefits that the Department is entitled to recoup?
2. Did Respondent, by clear and convincing evidence, commit an Intentional Program Violation (IPV)?
3. Should Respondent be disqualified from receiving Food Assistance Program (FAP)?

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 September 13, 2013, to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV.
2. The OIG requested that Respondent be disqualified from receiving program benefits.
3. Respondent was a recipient of FAP benefits issued by the Department.
4. The Department's OIG indicates that the time period it is considering the fraud period is September 1, 2012 through November 30, 2012 (fraud period).
5. On September 20, 2012, Respondent had purchases of \$109.99 at 12:56 and \$89.99 at 12:57 at 6 Mile Mart, and on October 14, 2012, Respondent had purchases of \$60.99 and \$88.00 at 13:19 at 6 Mile Mart, and purchases of \$55.55 at 13:25 and \$94.99 at 13:26 at 6 Mile Mart 2. In addition, on November 13, 2012, Respondent had purchases in the amount of \$199.99 at 6 Mile Mart 2, Inc. (Exhibit 1, pp. 44-46).
6. A USDA investigation determined that trafficking occurred in 6 Mile Mart, Inc. and 6 Mile Mart 2, Inc. The investigation indicates that both 6 Mile Mart, Inc. and 6 Mile Mart 2, Inc. were convenience stores which carried a moderate inventory of chips, pop, candy and basic food items. Both stores had only one point of sale device. In addition, the report indicates that it was not uncommon for illegal SNAP transactions to be completed where half of the transactions were completed at 6 Mile Mart, Inc. and the other half at 6 Mile Mart 1, Inc. (Exhibit 1, p. 54)
7. Photos of the store show that the cash register areas are enclosed with glass. (Exhibit 1, pp. 113, 114)
8. During the fraud period, Respondent was issued \$706.27 in FAP benefits by the State of Michigan, and Respondent was entitled to \$0.00 in such benefits during this time period.
9. Respondent received an OI in FAP benefits in the amount of \$706.27.
10. This was Respondent's first IPV.
11. A notice of hearing was mailed to Respondent at the last known address and 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 program] is established by the Food Stamp Act of 1977, as amended, 7 USC 2011 to 2036a and is implemented by the federal regulations contained in 7 CFR 271.1 to 285.5. The Department (formerly known as the Family Independence Agency) administers FAP pursuant to MCL 400.10 and Mich Admin Code, R 400.3001 to .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, p. 10.

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, p. 6; BAM 720, p. 1.

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

An IPV requires that the Department establish by 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 (emphasis in original); see also 7 CFR 273(e)(6). 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.

Trafficking occurs when an individual knowingly uses, transfers, acquires, alters, purchases, possesses, presents for redemption or transports food stamps or coupons or access devices other than that authorized by the Food Stamp Act of 1977, 7 USC 1022 to 2036

In this case, Respondent's EBT history shows that on September 20, 2012, Respondent had purchases of \$ [REDACTED], and on October 14, 2012, Respondent had purchases of [REDACTED], and purchases of [REDACTED] [REDACTED]. In addition, on November 13, 2012, Respondent had purchases in the amount of [REDACTED] [REDACTED] (Exhibit 1, pp. 44-46).

A USDA investigation determined that trafficking occurred in [REDACTED] [REDACTED]. The investigation indicates that both [REDACTED] Inc. were convenience stores which carried a moderate inventory of chips, pop, candy and basic food items. Both stores had only one point of sale device. In addition, the report indicates that it was not uncommon for illegal SNAP transactions to be completed where half of the transactions were completed at 6 Mile Mart, Inc. and the other half at 6 Mile Mart 1, Inc. (Exhibit 1, p. 54)

Photos of the store show that the cash register areas are enclosed with glass, which would make it impracticable to purchase large amounts of items. (Exhibit 1, pp. 113, 114)

It is logical to conclude that Respondent knowingly used her FAP benefits in a way other than that authorized by the Food Stamp Act of 1977. The Department has

established by clear and convincing evidence that Respondent trafficked her FAP benefits.

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, 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.

In this case, Respondent committed an IPV by trafficking her FAP benefits. This was Respondent's first IPV. Respondent is therefore disqualified from FAP for a period of one year.

Overissuance

When a client group receives more benefits than they are entitled to receive, the Department must attempt to recoup the OI. BAM 700, p. 1.

In this case, Respondent received an OI in the amount of [REDACTED]

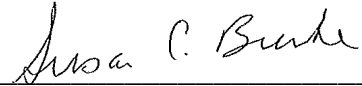
DECISION AND ORDER

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

1. Respondent did commit an IPV by clear and convincing evidence.
2. Respondent received an OI of program benefits in the amount of [REDACTED] from the following program(s): FAP.

The Department is ORDERED to initiate recoupment procedures for the amount of [REDACTED] accordance with Department policy.

It is FURTHER ORDERED that Respondent be disqualified from FAP for a period of 12 months.



Susan C. Burke
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: November 13, 2013

Date Mailed: November 13, 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.

SCB/tm

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