

**STATE OF MICHIGAN
STATE OFFICE OF ADMINISTRATIVE HEARINGS AND RULES
ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HUMAN SERVICES**

IN THE MATTER OF:



Reg. No.: 2013-69824
Issue No.: 3005
Case No.: [REDACTED]
Hearing Date: November 13, 2013
County: Wayne 49

ADMINISTRATIVE LAW JUDGE: Susanne E. Harris

HEARING DECISION

This matter is before the undersigned Administrative Law Judge for an Intentional Program Violation hearing pursuant to MCL 400.9 and MCL 400.37, 7 CFR 273.16, MAC R 400.3130, and MAC R 400.3178 upon the Department of Human Services' request. After due notice, a telephone hearing was held on November 13, 2013. Respondent did not appear. The record did not contain returned mail. In accordance with Bridges Administration Manual (BAM) 720 the hearing proceeded without Respondent.

ISSUE

Whether Respondent engaged in trafficking Food Assistance Program (FAP) benefits in the amount of \$ [REDACTED]

FINDINGS OF FACT

The Administrative Law Judge, based upon the clear and convincing evidence on the whole record, finds as material fact:

1. Respondent was an ongoing recipient of FAP benefits.
2. Between October 1, 2011 and January 31, 2012, Respondent's FAP electronic benefit card was used for transactions totaling \$ [REDACTED] at [REDACTED].
3. The Respondent resides 12 miles away from [REDACTED]
4. [REDACTED] is very small in size and has an eat-in area as it does offer prepared foods which are not eligible for purchase with FAP benefits. It has no shopping carts or baskets, limited counter space, one cash register. It has stock that is typical of convenience stores, including prepackaged foods, canned foods and snacks.

5. Respondent made three large purchases from [REDACTED] with his EBT card as follows: 10/9/11 for \$ [REDACTED] 10/17/11 for \$ [REDACTED] and 1/10/12 for \$ [REDACTED]
6. On June 19, 2012, as a result of a USDA OIG investigation, [REDACTED] was notified that it was permanently disqualified from the Supplemental Nutrition Assistance Program (SNAP) due to food stamp trafficking. Clients reported that they were permitted to have a line of credit at [REDACTED] and later pay with their EBT cards.
7. On September 19, 2013, Respondent was sent an intentional program violation (IPV) packet.
8. On September 20, 2013, the OIG submitted the agency request for hearing of this case.

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 (formerly known as the Family Independence Agency) administers FAP pursuant to MCL 400.10, *et seq.*, and 1997 AACR 400.3001-3015.

In this case, the Department has requested a disqualification hearing to establish an over-issuance of benefits as a result of Food Assistance Program (FAP) trafficking and the Department has asked that Respondent be disqualified from receiving benefits. Department policies provide the following guidance and are available on the internet through the Department's website.

BPG GLOSSARY TRAFFICKING

The buying or selling of FAP benefits for cash or consideration other than eligible food.

BEM 203 CRIMINAL JUSTICE DISQUALIFICATIONS DEPARTMENT POLICY FIP, RAP, SDA, CDC and FAP

People convicted of certain crimes, fugitive felons, and probation or parole violators are not eligible for assistance.

Policy for IPV disqualifications and overissuances is found in BAM 700 and 720.

FAP TRAFFICKING FAP

A person is disqualified from FAP when an administrative hearing decision, a repayment and disqualification agreement or court decision determines FAP benefits were trafficked. These FAP trafficking disqualifications are a result of the following actions:

- Fraudulently using, transferring, altering, acquiring, or possessing coupons, authorization cards, or access devices; or
- Redeeming or presenting for payment coupons known to be fraudulently obtained or transferred.

The length of the disqualification period depends on the dollar amount of the FAP benefits trafficked. A person is disqualified for life for a FAP trafficking conviction of \$500 or more. The standard IPV disqualification period is applied to FAP trafficking convictions less than \$500. See Disqualification in BAM 720.

A person is disqualified for life if convicted in court of trading FAP to acquire firearms, ammunition or explosives.

A person is disqualified if convicted in court of trading FAP in order to acquire illegal drugs. The disqualification period is two years for the first conviction. The second conviction results in a lifetime disqualification.

BAM 720 INTENTIONAL PROGRAM VIOLATIONS DEPARTMENT POLICY All Programs

Recoupment policies and procedures vary by program and over-issuance (OI) type. This item explains Intentional Program Violation (IPV) processing and establishment.

BAM 700 explains OI discovery, OI types and standards of promptness. BAM 705 explains agency error and PAM 715 explains client error.

DEFINITIONS All Programs

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 their reporting responsibilities.

IPV is suspected when there is clear and convincing evidence that the client or CDC provider has intentionally withheld or misrepresented information for the **purpose** of establishing, maintaining, increasing or preventing reduction of program benefits or eligibility.

Clear and convincing evidence is evidence that “produce[s] in the mind of the trier of fact a firm belief or conviction as to the truth of the allegations sought to be established, evidence so clear, direct, and weighty and convincing as to enable [the fact finder] to come to a clear conviction, without hesitancy, of the truth of the precise facts in issue.” *In re Martin*, 450 Mich 204, 227; 538 NW2d 399 (1995), quoting *In re Jobes*, 108 NJ 394, 407-408; 529 A2d 434 (1987).

FAP Only

IPV is suspected for a client who is alleged to have trafficked FAP benefits.

IPV FIP, SDA and FAP

The client/authorized representative (AR) is determined to have committed an IPV by:

- A court decision.
- An administrative hearing decision.
- The client signing a DHS-826, Request for Waiver of Disqualification Hearing or DHS-830, Disqualification Consent Agreement or other recoupment and disqualification agreement forms.

FAP Only

IPV exists when an administrative hearing decision, a repayment and disqualification agreement or court decision determines FAP benefits were trafficked.

OVER-ISSUANCE PROCESSING Recoupment Specialist Referral FIP, SDA, CDC and FAP Only

Bridges refers most client errors, CDC provider errors and suspected IPV to the RS. Use the DHS-4701, Over-issuance Referral, to refer manual OIs.

OVER-ISSUANCE AMOUNT FAP Trafficking

The OI amount for trafficking-related IPV is the value of the trafficked benefits as determined by:

- The court decision.
- The individual's admission.
- Documentation used to establish the trafficking determination.

OIG RESPONSIBILITIES All Programs

Suspected IPV cases are investigated by OIG. Within 18 months, OIG will:

- Refer suspected IPV cases that meet criteria for prosecution to the Prosecuting Attorney.
- Refer suspected IPV cases that meet criteria for IPV administrative hearings to the Michigan Administrative Hearing System (MAHS).
- Return non-IPV cases to the RS.

IPV Hearings FIP, SDA, CDC, MA and FAP

OIG represents DHS during the hearing process for IPV hearings.

OIG requests IPV hearings when no signed DHS-826 or DHS-830 is obtained, and correspondence to the client is not returned as undeliverable, or a new address is located.

Exception: For FAP only, OIG will pursue an IPV hearing when correspondence was sent using first class mail and is returned as undeliverable.

OIG requests IPV hearing for cases involving:

1. FAP trafficking OIs that are not forwarded to the prosecutor.
2. 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 combined 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.

Excluding FAP, OIG will send the OI to the RS to process as a client error when the DHS-826 or DHS-830 is returned as undeliverable and no new address is obtained.

Based on the above findings of facts, particularly the Respondent's pattern and size of purchases, the Administrative Law Judge determines that the Department has established that the Respondent has trafficked in FAP benefits. This conclusion is further supported by the distance between the Respondent's address and [REDACTED]. It is also further supported by the fact that it would be almost impossible to spend the amounts of FAP benefits that the Respondent did at [REDACTED] on only eligible food purchases, considering the size of [REDACTED] and the stock it contained.

DECISION AND ORDER

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, finds that the Department has established by clear and convincing evidence that Respondent engaged in Food Assistance Program (FAP) trafficking in the amount of \$ [REDACTED] which the Department is entitled to recoup.

It is ORDERED that the actions of the Department of Human Services, in this matter, are **UPHELD**.

/s/

Susanne E. Harris
Administrative Law Judge
for Maura D. Corrigan, Director
Department of Human Services

Date Signed: 12/5/13

Date Mailed: 12/6/13

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.

cc:

[REDACTED]