

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

IN THE MATTER OF:

[REDACTED]

Reg. No.: 2013-2026
Issue No.: 3055
Case No.: [REDACTED]
Hearing Date: June 25, 2013
County: Oakland-03 County DHS

ADMINISTRATIVE LAW JUDGE: Corey A. Arendt

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 June 25, 2013 from Lansing, Michigan. The Department was represented by [REDACTED] [REDACTED] of the Office of Inspector General (OIG). The Respondent did appear at the hearing and offered testimony.

ISSUES

1. Did Respondent receive an overissuance (OI) of Food Assistance Program (FAP) benefits that the Department is entitled to recoup?
2. Did Respondent commit an Intentional Program Violation (IPV)?
3. Should Respondent be disqualified from receiving 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 October 8, 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 FAP benefits from September 1, 2010 through July 31, 2011.

4. Between September 1, 2010 and July 31, 2011, the Claimant had multiple FAP transactions at [REDACTED]. Some of those transactions included the purchasing of items on credit.
5. On or around June 4, 2011, the United States Department of Agriculture (USDA) visited the [REDACTED] for an on-site evaluation/investigation.
6. In October of 2011, the USDA completed their investigation regarding [REDACTED] and disqualified the store from the Supplemental Nutrition Assistance Program (SNAP). The USDA disqualified [REDACTED] or failing to submit sufficient evidence to demonstrate that their firm had established and implemented an effective compliance policy and program to prevent violations of the SNAP.
7. The Department's OIG indicates that the time period they are considering the fraud period is September 1, 2010 through July 31, 2011.
8. During the alleged fraud period, Respondent was issued \$ [REDACTED] in FIP FAP SDA CDC benefits from the State of Michigan.
9. During the alleged fraud period, the Respondent had \$ [REDACTED] in transactions at [REDACTED] that exceeded \$ [REDACTED].
10. The Department has established that Respondent committed an IPV.
11. A notice of disqualification 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 Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM), and the Reference Tables Manual (RFT).

The 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 1999 AC, Rule 400.3001 through Rule 400.3015.

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

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.

For FAP purposes, an IPV is suspected when a client is alleged to have trafficked FAP benefits. FAP trafficking does not require the client to have prior knowledge of the program requirements. BAM 720. The IPV exists only when an administrative hearing decision, repayment agreement and disqualification agreement or court decision determines FAP benefits were trafficked. BAM 720.

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.

The trafficking of FAP benefits includes the purchasing of eligible items on credit and paying for them later with their Bridge card. MCL 750.300a, 7 U.S.C. 2016 and 7CFR 274.7.

BAM 720, p. 7 addresses the determination of the overissuance amount when it has been determined that FAP benefits have been trafficked. This section of policy does not address the burden in establishing the occurrence of FAP trafficking.

Clients who commit an IPV are disqualified for a standard disqualification period except when a court orders a different period. 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.

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. BEM 203, p. 3.

Testimony and other evidence must be weighed and considered according to its reasonableness.¹ Moreover, the weight and credibility of this evidence is generally for the fact-finder to determine.² In evaluating the credibility and weight to be given to the testimony of a witness, the fact-finder may consider the demeanor of the witness, the reasonableness of the witness's testimony, and the interest, if any, the witness may have in the outcome of the matter.³

Having reviewed the evidence and testimony provided, I find the Department to have met their burden in establishing by clear and convincing evidence that the Respondent trafficked FAP benefits. The Respondent admitted under oath that he trafficked benefits when he purchased items on credit with his Bridge card.

The Respondent could not identify the number of transactions or dollar amounts of the transactions where he had purchased items on credit. For this reason, I give deference to the Department and their determination of the transactions they believe to have been incidents where trafficking had occurred. Additionally, the Department had only requested a 12 month disqualification (Department Exhibit A, p. 3). Therefore, I will grant the Department's request and only order a 12 month disqualification period.

Based on the credible testimony and other evidence presented, I have concluded the OIG established, under the clear and convincing standard, that Respondent committed an IPV in this matter by trafficking his FAP benefits.

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 overissuance of program benefits in the amount of \$[REDACTED] from the following program(s) FIP FAP SDA CDC.

The Department is ORDERED to initiate recoupment procedures for the amount of \$820 in accordance with Department policy.

¹ *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).

² *Dep't of Community Health*, 274 Mich App at 372; *People v Terry*, 224 Mich App 447, 452; 569 NW2d 641 (1997).

³ *People v Wade*, 303 Mich 303 (1942), *cert den*, 318 US 783 (1943).

It is FURTHER ORDERED that Respondent be disqualified from receiving FAP benefits for 12 months.



Corey A. Arendt
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: June 26, 2013

Date Mailed: June 26, 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.

CAA/las

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