

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

IN THE MATTER OF:

[REDACTED]

Reg. No.: 2013-51127
Issue No.: 3005
Case No.: [REDACTED]
Hearing Date: January 16, 2014
County: Wayne 18

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 January 16, 2014. Respondent did not appear. The record did 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 on-going recipient of FAP benefits.
2. In June 2011, the Respondent's FAP electronic benefit card was used for transactions totaling \$ [REDACTED] at Canton Party Store.
3. On October 22, 2011, the United States Department of Agriculture Food and Nutrition Service completed a site visit to the [REDACTED]. The store has two cash registers, zero shopping carts, zero baskets, zero adding machines to assist with completing store transactions, and very little counter space. The store also sold hot made to order foods which are not eligible for payment by Michigan FAP program.

4. Other convenient stores in the [REDACTED] of the same size as the [REDACTED] [REDACTED] had average DBT card transactions amounting to [REDACTED] over a two-year period. [REDACTED] average was \$ [REDACTED] over the same time period as the other [REDACTED].
5. On May 8, 2012, the United States Department of Agriculture determined that the [REDACTED] would be permanently disqualified from the Supplemental Nutrition Assistance Program due to food stamp trafficking.
6. On June 11, 2011, the Respondent accessed \$ [REDACTED] of his FAP benefits at the [REDACTED]. On June 17, 2011, the Respondent access to \$ [REDACTED] of his FAP benefits at the [REDACTED]. The Respondent's total FAP usage at the [REDACTED] on June 11 and 17 of 2011 is \$ [REDACTED].
7. The Respondent's reported address is 16 miles away from the [REDACTED].
8. On June 4, 2013, Respondent was sent an intentional program violation (IPV) packet.
9. On June 5, 2013, the Office of Inspector General submitted the agency request for hearing of this case.

PROCEDURAL HISTORY

This hearing was originally scheduled for September 23, 2013. On that date Presiding Administrative Law Judge [REDACTED] determined that notice of the hearing was not sent to the claimant's last known address. The Administrative Law Judge did therefore issue an order of adjournment on September 23, 2013. The hearing was rescheduled for January 16, 2014 and commenced as rescheduled. Though the notice was returned again as undeliverable, it was sent to the address as directed in Administrative Law Judge [REDACTED] order. The notation from the post office indicates that the time to forward the mail had expired. As noted above, the Respondent was not present at the hearing.

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 AACRS R 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.

TRAFFICKING

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

FAP TRAFFICKING

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. Bridges Eligibility Manual (BEM) 203 (2009) pp. 2, 3.

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 Bridges Administrative Manual (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.

PAM 700 explains OI discovery, OI types and standards of promptness. BAM 705 explains agency error and BAM 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 \$ [REDACTED] or more, **or**
 - The total OI amount is less than \$ [REDACTED] **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.

The Administrative Law Judge has carefully considered the entire record in this matter. Weight is given to the fact that the Respondent with 16 miles away from the [REDACTED] and spent \$ [REDACTED] there on two separate days in June 2011. Considering the lack of the staple stock at the Canton Party Store, coupled with the fact that hot food items are not eligible for purchase with FAP benefits, this Administrative Law Judge concludes that the Respondent did traffic in 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, 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.

2013-51127/SEH

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

Susanne E. Harris

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

Date Signed: 2/11/14

Date Mailed: 2/12/14

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.

SEH/tb

cc:

