

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

**IN THE MATTER OF:**



Reg. No.: 2014-10696  
Issue No(s): 3005  
Case No.: [REDACTED]  
Hearing Date: February 25, 2014  
County: Ingham

**ADMINISTRATIVE LAW JUDGE:** Dale Malewska

**HEARING DECISION FOR CONCURRENT  
BENEFITS 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 February 25, 2014 from Lansing, Michigan. The Department was represented by [REDACTED], 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 over-issuance (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 November 6, 2013, to establish an OI and program disqualification of benefits received by Respondent as a result of Respondent having allegedly committed an IPV.

2. The OIG  has requested that the Respondent be disqualified from receiving program benefits.
3. Respondent was a recipient of  FAP benefits issued by the Department.
4. Respondent  was aware of the responsibility to not engage in unauthorized transactions.
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 it is considering the fraud period is April 1, 2012 through January 31, 2013.
7. During the fraud period, Respondent was issued \$ [REDACTED] in  FAP benefits by the State of Michigan.
8. The Department alleges that Respondent received an OI in  FAP benefits in the amount of \$ [REDACTED]
9. This was Respondent's  first alleged IPV.
10. 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 \$ [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.

BAM 720 (7-1-2013), 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 (7-1-2013), 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; 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.

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In this case, the Department has established that the Respondent was aware of her responsibility to timely and accurately report to the Department any and all household changes – including *residency*. Department policy requires the beneficiary to report any

change in circumstance that affects eligibility or benefit amount within ten (10) days. See BAM 105

The Respondent's threshold signature on her application for assistance certifies that she was aware that fraudulent participation in the FAP program could result in criminal or civil or administrative claims to be brought against him. Today's record contains an Electronic Benefit Transaction (EBT) history of FAP purchases during the time period in question which demonstrated the Respondent used her Michigan-issued EBT in [REDACTED] between the dates of [REDACTED]. Further proofs from the Department's witness [REDACTED] established that the Respondent was absent from the State of Michigan for more than 30-days without any explanation and that she drew concurrent benefits from the [REDACTED] – while utilizing State of Michigan benefits.

Clear and convincing proof of both Michigan based charges and [REDACTED] based charges appear in the evidence at Exhibit #1, pages 29 – 40. Dual receipt of EBT benefits is strong evidence of fraud.

The evidence brought today also establishes that the Respondent did not report her move to [REDACTED] to her Department eligibility specialist (ES) within the ten (10) day reporting period required under policy.

Furthermore, the Respondent did not produce a plan demonstrating a definite return date to Michigan. Her exact location in [REDACTED] as the Department's witness [REDACTED] had her address verified by the Postmaster. Exhibit #1, page 33. Obviously, service of process was effective with the Respondent intentionally foregoing her right to a hearing.

Finally, the proofs<sup>1</sup> showed that her absence from Michigan had been longer than 30 days and that she established residency in Florida based on the clear and convincing evidence reported above.

Based on this record there is clear and convincing evidence leading to the conclusion that the Respondent was receiving concurrent EBT benefits from the States of Michigan and [REDACTED] during the fraud [REDACTED]. There was no evidence of innocent error by the Respondent or mere temporary absence under BEM 212. Exhibit #1, pp. 29 – 39.

Furthermore, there was no evidence that the Respondent had any apparent physical or mental impairment that limited her understanding or ability to comply with these reporting requirements.

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<sup>1</sup>Serial EBT transactions in [REDACTED] between the dates of [REDACTED] Department's Exhibit #1, pp. 1, 34 – 38.

**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. 12. Refusal to repay will not cause denial of current or future MA if the client is otherwise eligible. [BAM 710 (7-1-2013), 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.

In this case, the Respondent is disqualified for 10 years.

**Over-issuance**

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, the record also demonstrates with clear and convincing evidence that the Respondent received an OI of FAP in the amount of \$ [REDACTED] for the time period of April 1, 2012 through January 31, 2013 [through concurrent program violations].

**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. The Department has established by clear and convincing evidence that Respondent  did commit an intentional program violation (IPV).
2. Respondent  did receive an OI of program benefits in the amount of \$ [REDACTED] from the following program  FAP.

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

It is FURTHER ORDERED that Respondent be disqualified from  FAP for a period of 10 years.



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Dale Malewska  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: 3/3/14

Date Mailed: 3/4/14U

**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.

DM/tb

cc:

