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

IN THE MATTER OF:

Reg. No.: 2014-12478

Issue No(s).: 3005

Case No.: Hearing Date: County:

March 3, 2014 Wayne #55

ADMINISTRATIVE LAW JUDGE: Dale Malewska

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 March 3, 2014 from Lansing, Michigan. The Department was represented by 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).

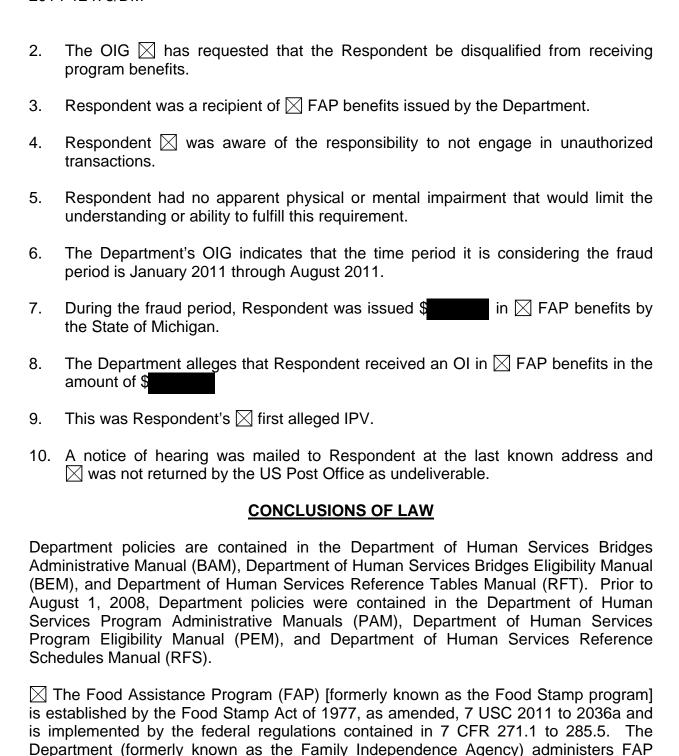
<u>ISSUES</u>

- 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:

 The Department's OIG filed a hearing request on November 18, 2013, to establish an OI and recoupment of benefits received by Respondent as a result of Respondent having allegedly committed an IPV.



The Department's OIG requests IPV hearings for the following cases:

pursuant to MCL 400.10 and Mich Admin Code, R 400.3001 to .3015.

FAP trafficking Ols 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 \$ or more, or
 - the total OI amount is less than \$ 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 Respondent intentionally failed to report information or intentionally gave incomplete or inaccurate information needed to make a correct benefit determination, and
- The Respondent was <u>clearly and correctly instructed</u> regarding his or her reporting responsibilities, and
- The Respondent has <u>no apparent physical or mental</u> <u>impairment that limits his or her understanding</u> or ability to fulfill reporting responsibilities.

BAM 700 (7-1-2013), p. 6; BAM 720, p. 1.

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

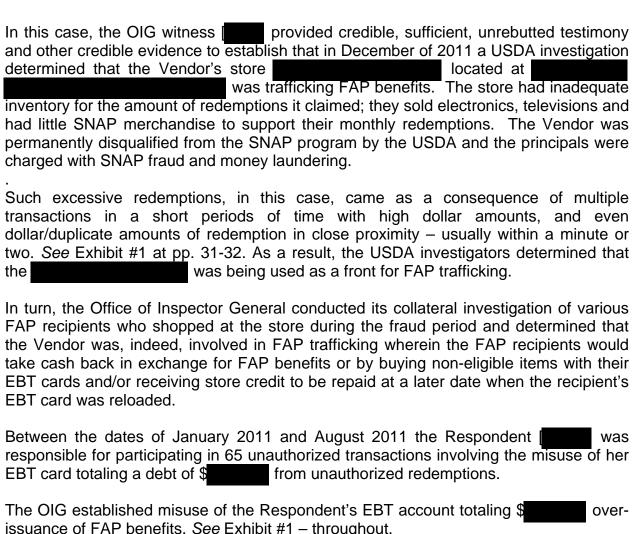
An IPV requires that the Department establish by clear and convincing evidence that the Respondent has intentionally withheld or misrepresented information for the purpose of establishing, maintaining, increasing or preventing reduction of program benefits or eligibility. BAM 720, p.1; see also 7 CFR 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.

Trafficking is the <u>buying or selling of FAP benefits for cash or consideration other than eligible food</u>; selling products purchased with FAP benefits for cash or consideration other than eligible food; or purchasing containers with deposits, dumping/discarding product and then returning containers to obtain cash refund deposits.

See BAM 700, page 2.

- Documentation used to establish the trafficking determination, such as an affidavit from a store owner or sworn testimony from a federal or state investigator of how much a Respondent could have reasonably trafficked in a store can be established through circumstantial evidence.¹ (BAM 720, page 8)



¹Subject to the more exacting measurement of persuasion – clear and convincing proof. (4th ed) §340, page 575

Supported by persuasive documentary evidence the OIG's testimony explained the above referenced investigation as well as the Vendor's permanent disqualification from the SNAP program.

The store in question, said, was over 11 miles from the Respondent's home with many other well stocked stores in closer proximity to the Respondent. At the peak of its fraudulent activity the Vendor's average transaction dwarfed his local competitors by a factor of 2:1. The Vendor kept EBT cards in his cash register to redeem later or to hold as collateral for later store credit.

The OIG testimony was supported by her persuasive documentary evidence. See Department's Exhibit #1 – throughout.

Based on the credible testimony and the documentary evidence, it is concluded that the OIG established, under a clear and convincing standard, that Respondent committed an IPV in this matter – resulting in a debt and OI of FAP \$ for the period of January 2011 through August 2011.

The Respondent's first IPV violation - a one year disqualification is appropriate. Exhibit #1 – page 2.

Disqualification

A court or hearing decision that finds a Respondent committed IPV disqualifies that Respondent 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.

Respondents 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 Medicaid. Respondents 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. See BAM 720, p. 16.

Over-issuance

When a Respondent 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 Department's witness established with clear and convincing evidence that the Respondent received an OI of FAP benefits in the amount of \$\frac{1}{2}\$ Exhibit #1, at pp. 31-32.

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).
- Respondent
 \overline{\text{did receive an OI of program benefits in the amount of \$} from the following program
 \overline{\text{FAP}}.

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

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

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

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Date Signed: 3/12/14

Date Mailed: 3/13/14

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.

DM/tb

CC:

