

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

IN THE MATTER OF:



Reg. No.: 2014 30358
Issue No(s): 3005
Case No.: [REDACTED]
Hearing Date: June 16, 2014
County: Calhoun (13-21)

ADMINISTRATIVE LAW JUDGE: Lynn M. Ferris

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 June 16, 2014 from Detroit, 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 overissuance (OI) of Food Assistance Program (FAP) benefits that the Department is entitled to recoup?
2. Did the Department establish, by clear and convincing evidence, that Respondent committed an Intentional Program Violation (IPV)?
3. Should Respondent be disqualified from receiving FAP benefits?

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 March 8, 2014, to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV.

2. The OIG has requested that 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 report changes in residency to the Department.
5. Respondent did not have an 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 July 1, 2010 through February 29, 2011; August 1, 2012 through January 31, 2013; and May 14, 2013 through July 31, 2013 (fraud period).
7. During the fraud period, July 1, 2010 through February 29, 2011, the Department alleges that Respondent was issued [REDACTED] in FAP benefits by the State of Michigan and was entitled to \$0 in such benefits.
8. During the fraud period, August 1, 2012 through January 31, 2013, the Department alleges that Respondent was issued [REDACTED] in FAP benefits by the State of Michigan and was entitled to \$0 in such benefits.
9. During the fraud period, May 14 2013 through July 31, 2013, the Department alleges that Respondent was issued [REDACTED] in FAP benefits by the State of Michigan and was entitled to \$0 in such benefits.
10. The Department alleges that Respondent received an OI in FAP benefits in the amount of [REDACTED], [REDACTED] and [REDACTED] for a total over issuance of [REDACTED]
11. This was Respondent's first alleged IPV.
12. 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 273. The Department (formerly known as the Family Independence Agency) administers FAP pursuant to MCL 400.10; the Social Welfare Act, MCL 400.1-.119b; 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 \$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.

BAM 720 (May 2014), pp. 12-13.

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 (May 2014), p. 7; 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 (emphasis in original); 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.

In this case, the Department alleges that Respondent committed an IPV of her FAP benefits because she failed to notify the Department that she no longer resided in Michigan but continued to receive and use Michigan-issued FAP benefits while out of state. To be eligible for FAP benefits issued by the Department, an individual must be a Michigan resident. BEM 220 (7/1/14), p. 1. A person is considered a resident while living in Michigan for any purpose other than a vacation, even if he has no intent to remain in the state permanently or indefinitely. BEM 220, p. 1. A client who resides outside the State of Michigan for more than thirty days is not eligible for FAP benefits issued by the State of Michigan. BEM 212 (7/1/14), pp. 2-3.

The Department established that from May 20, 2010 through March 25, 2011 (10 months), the Respondent used her Michigan FAP benefits in the state of Florida. Exhibit 1 pp. 58-61. Thereafter, the Respondent again used her FAP benefits in the State of Michigan until May 11, 2012 at which time she again began use of her Michigan FAP benefits exclusively in the State of Florida until July 14, 2013 (16 months); Exhibit 1, pp. 66-71. While this evidence may be sufficient to establish that Respondent no longer resided in Michigan and was no longer eligible for FAP benefits, to establish an IPV the Department must present clear and convincing evidence that Respondent **intentionally** withheld or misrepresented information for the purpose of maintaining benefits.

Fraud: In support of its IPV case against Respondent, the Department presented an online application completed by the Respondent on May 15, 2013 at which time she represented to the Department that she was homeless. Exhibit 1, pp. 48. At the same time the online application was submitted, the FAP EBT usage demonstrated that Respondent had been consistently and exclusively using her FAP benefits in Florida at all times prior to and after the online application. In this application, Respondent indicated that she was homeless, was a resident of Michigan, listed a Michigan address and had not moved or received assistance from another state. Exhibit 1 pp, 49.

Respondent's FAP transaction history shows that Respondent used her Michigan-issued FAP benefits exclusively out of state in Florida beginning, during the time the online application was submitted and many months prior to its submission as outlined above. This evidence was sufficient to establish, by clear and convincing evidence, that Respondent intentionally withheld or misrepresented information concerning his residency for the purpose of establishing and continuing her Michigan FAP eligibility.

Thus, the Department has established that Respondent committed an IPV concerning FAP benefits.

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. 13. Refusal to repay will not cause denial of current or future MA if the client is otherwise eligible. BAM 710 (July 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 Department established that Respondent committed a FAP IPV. Therefore, Respondent is subject to a one-year disqualification from the FAP program.

Overissuance

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. The amount of the OI is the benefit amount the client actually received minus the amount the client was eligible to receive. BAM 720, p. 8; BAM 715 (May 2014), p. 6; BAM 705 (May 2014), p. 6.

Clients are not eligible for FAP benefits if they do not reside in Michigan. BEM 220, p. 1. At the hearing, the Department presented a FAP transaction history that established that Respondent used Michigan-issued FAP benefits out of state from for several periods which are as follows and also provided Benefit issuance summaries to show the amount of FAP benefits received during these periods:

During the period, July 1, 2010 through February 29, 2011, the Department alleges that Respondent was issued ██████ in FAP benefits by the State of Michigan and was entitled to \$0 in such benefits. Exhibit 1, pp. 72.

During the period, August 1, 2012 through January 31, 2013, the Department alleges that Respondent was issued \$█████ in FAP benefits by the State of Michigan and was entitled to \$0 in such benefits. Exhibit 1, pp. 73.

During the period, May 14 2013 through July 31, 2013, the Department alleges that Respondent was issued ██████ in FAP benefits by the State of Michigan and was entitled to \$0 in such benefits. Exhibit 1, pp. 74.

The Department presented the benefit summary inquiry to support issuances during this period totaling ██████. In the absence of any contrary evidence, this evidence

established that Respondent did not reside in Michigan and was was not eligible for FAP benefits issued by the Department.

Based on out-of-state use that began July 1, 2010, and for the periods outlined above, the Department properly calculated the first month of the OI period to begin July1, 2010. See BAM 720, p. 7. Because Respondent was issued [REDACTED] and Respondent was not eligible for any FAP benefits during this period, the Department is entitled to recoup or collect the full [REDACTED] from her.

Therefore, the Department has established that it is entitled to collect or recoup from Respondent [REDACTED] in FAP benefits issued during the three periods set forth above.

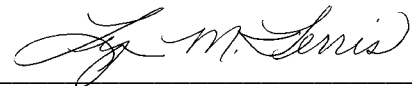
DECISION AND ORDER

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 committed an IPV.
2. Respondent did receive an OI of program benefits in the amount of [REDACTED] from the FAP program.

The Department is ORDERED to initiate recoupment and/or collection procedures for the amount of [REDACTED] in accordance with Department policy.

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



Lynn M. Ferris
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: June 26, 2014

Date Mailed: June 26, 2014

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.

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