

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

**IN THE MATTER OF:**

[REDACTED]

Reg. No.: 14-007571  
Issue No.: 3005  
Case No.: [REDACTED]  
Hearing Date: November 20, 2014  
County: WAYNE-DISTRICT 15

**ADMINISTRATIVE LAW JUDGE: Susan C. Burke**

**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 November 20, 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 [REDACTED], to establish an OI of benefits for FAP received by Respondent as a result of Respondent having allegedly committed an IPV.

2. The OIG requested that Respondent be disqualified from receiving program benefits.
3. In May of 2013 the store from which Respondent made purchases was permanently disqualified from the Supplemental Nutrition Assistance Program due to trafficking.
4. The fraud period is [REDACTED].
5. During the fraud period, Respondent made multiple high-dollar purchases from the disqualified store, which purchases were excessive for a store of the disqualified store's size, and Respondent made multiple purchases in a short time period from the disqualified store.
6. During the fraud period, Respondent was issued \$684.07 in FAP benefits by the State of Michigan, and Respondent was entitled to \$0.00 of those benefits during this time period.
7. Respondent received an OI in FAP benefits in the amount of \$684.07.
8. This was Respondent's first IPV.
9. 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 (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 Mich Admin Code, R 400.3001 through R 400.3015.

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 (12/2011), p. 10

#### 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 720, p. 1

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

BAM 700 (12/2011) defines trafficking as:

- The buying or selling of FAP benefits for cash or consideration other than eligible food. Examples would be liquor, exchange of firearms, ammunition, explosives or controlled substances.

- Selling products purchased with FAP benefits for cash or consideration other than eligible food.

BAM 700, p. 1

The Department has presented clear and convincing evidence that Respondent sold FAP benefits for cash or consideration other than eligible food. In May of 2013, the store from which Respondent made purchases was permanently disqualified from the Supplemental Nutrition Assistance Program by the United States Department of Agriculture due to trafficking. Respondent's purchase pattern with this store is consistent with the pattern of trafficking described in the federal investigation of the store. During the fraud period, Respondent made multiple high-dollar purchases from the disqualified store, which purchases were excessive for a store of the disqualified store's size, and Respondent made multiple purchases in a short time period from the disqualified store. In addition, Respondent made seven purchases within the fraud period of flat dollar amounts (no cents).

Based on the above discussion, it is logical to conclude that Respondent participated in trafficking of his FAP benefits.

### **Disqualification**

Clients who commit an IPV are disqualified for a standard disqualification period except when a court orders a different period. BAM 720, p. 13. 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. 13.

In this case, the Department has satisfied its burden of showing that Respondent committed an IPV concerning FAP benefits. Respondent is therefore disqualified from receiving FAP for a period of one year.

### **Overissuance**

When a client group receives more benefits than entitled to receive, the Department must attempt to recoup the OI. BAM 700, p. 1.

The OI amount for trafficking-related IPV's is the value of the trafficked benefits as determined by:

- The court decision.
- The individual's admission.
- 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 client could have reasonably trafficked in that store. This can be established through circumstantial evidence. BAM 720, p. 7.

In this case, the Department has satisfactorily shown that Respondent received an OI in the amount of \$684.07 in FAP benefits.

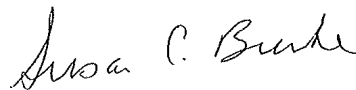
### **DECISION AND ORDER**

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, concludes that:

1. Respondent committed an IPV.
2. Respondent received an OI of program benefits in the amount of \$684.07 from the following program(s): FAP.

The Department is ORDERED to initiate recoupment procedures for the amount of \$684.07, in accordance with Department policy.

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



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**Susan C. Burke**  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: **12/2/2014**

Date Mailed: **12/2/2014**

SCB / hw

**NOTICE:** The law provides that within 30 days of receipt of the above Hearing Decision, the Respondent may appeal it to the circuit court for the county in which he/she lives or the circuit court in Ingham County.

cc:

