

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.: 201413433  
Issue No.: [REDACTED]  
Case No.: [REDACTED]  
Hearing Date: January 23, 2014  
County: Delta

**ADMINISTRATIVE LAW JUDGE:** Gary F. Heisler

**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 hearing was held on January 23, 2014. Respondent appeared and testified. Participants on behalf of the Department of Human Services (Department) included [REDACTED].

**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 ongoing recipient of Food Assistance Program (FAP) benefits.
- (2) At 5:41 am on April 3, 2013, Respondent used his Electronic Benefit Transfer (EBT) card to purchase 48 cans of soda pop.
- (3) Approximately 30 minutes later on April 3, 2014, Respondent engaged in Food Assistance Program (FAP) trafficking by recycling all 48 cans in order to receive the [REDACTED] cash refund.
- (4) On May 17, 2013, Respondent participated in an interview with RA Lancour of the Office of Inspector General.

- (5) On November 25, 2013, the Office of Inspector General submitted the agency request for hearing of this case.

### **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.

#### **BPG GLOSSARY TRAFFICKING**

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

#### **BEM 203 CRIMINAL JUSTICE DISQUALIFICATIONS DEPARTMENT POLICY FIP, RAP, SDA, CDC and FAP**

People convicted of certain crimes, fugitive felons, and probation or parole violators are not eligible for assistance.

Policy for IPV disqualifications and over issuances is found in BAM 700 and 720.

#### **FAP TRAFFICKING FAP**

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.

## **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.

### **DEFINITIONS**

#### **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 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 \$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.

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.

**DISQUALIFICATION  
FIP, SDA, CDC AND FAP ONLY**

Disqualify an active **or** inactive recipient who:

- Is found by a court or hearing decision to have committed IPV, **or**
- Has signed a DHS-826 or DHS-830, **or**
- Is convicted of concurrent receipt of assistance by a court, **or**
- For FAP, is found by SOAHR or a court to have trafficked FAP benefits.

A disqualified recipient remains a member of an active group as long as he lives with them. Other eligible group members may continue to receive benefits.

**Standard Disqualification Periods  
FIP, SDA, CDC and FAP**

The standard disqualification period is used in all instances except when a **court** orders a different period (see Non-Standard Disqualification Periods in this item).

Apply the following disqualification periods to recipients determined to have committed IPV:

- One year for the first IPV.
- Two years for the second IPV.
- Lifetime for the third IPV.

At this hearing Respondent testified that he purchased the soda with the intent to obtain the refund and use it to buy tobacco products. Respondent testified that a few of the sodas were consumed but most were still full of soda when he put them in the recycle machine.

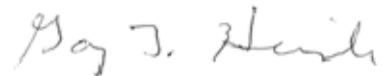
Tobacco products are not a legitimate purchase item of Food Assistance Program (FAP) benefits. Soda pop is a legitimate item for purchase. In this case Respondent: purchased soda with Food Assistance Program (FAP) benefits; did not consume it all, recycled full cans of soda and received the deposit refund; and then used the refund to buy tobacco products. This action is FAP trafficking because it is using FAP benefits to fraudulently acquire unauthorized purchase items.

**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.

This is Respondent's 1<sup>st</sup> Food Assistance Program (FAP) Intentional Program Violation (IPV). The Department should disqualify Respondent from receiving Food Assistance Program (FAP) benefits in accordance with BAM 720 (cited above).

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



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Gary F. Heisler  
Administrative Law Judge  
for Maura D. Corrigan, Director  
Department of Human Services

Date Signed: 02/14/2014

Date Mailed: 02/14/2014

**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.

GFH/sw

cc:

