



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
Christopher Seppanen
Executive Director

SHELLY EDGERTON
DIRECTOR

[REDACTED]

Date Mailed: February 27, 2017
MAHS Docket No.: 16-014545
Agency No.: [REDACTED]
Petitioner: OIG
Respondent: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Vicki Armstrong

HEARING DECISION FOR INTENTIONAL PROGRAM VIOLATION

Upon the request for a hearing by the Department of Health and 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 45 CFR 235.110; and with Mich Admin Code, R 400.3130 and 400.3178. After due notice, a telephone hearing was held on February 16, 2017, from Lansing, Michigan.

The Department was represented by [REDACTED], Regulation Agent of the Office of Inspector General (OIG). [REDACTED] testified on behalf of the Department. The Department submitted 72 exhibits which were admitted into evidence.

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). The record was closed at the conclusion of the hearing.

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 for 12 months?

FINDINGS OF FACT

The Administrative Law Judge, based on competent, material, and substantial evidence on the whole record, finds as material fact:

1. The Department's OIG filed a hearing request on August 26, 2016, to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV. [Dept. Exh. 1].
2. The OIG has requested that Respondent be disqualified from receiving FAP program benefits for 12 months. [Dept. Exh. 4].
3. On August 15, 2012, Respondent submitted a signed Michigan Combined Application Program (MICAP) to the Department. On the Application, Respondent indicated that he did not live alone, did not live with his wife and did not live with his natural children under the age of 18. [Dept. Exh. 21-22].
4. On September 11, 2012, the Department issued Respondent a Notice of Case Action informing him that he had been approved for \$ [REDACTED] in FAP benefits from August 15, 2012, through July 31, 2015. [Dept. Exh. 68-72].
5. On November 15, 2012, Respondent's fiancée submitted a Healthy Kids Application indicating that Respondent was living in the home. [Dept. Exh. 34-49].
6. On February 28, 2014, case comments indicate Respondent had called in requesting a new EBT card and updated his address. Respondent's assigned worker called Respondent with additional questions and could hear a child screaming in the background. Respondent stated that he moved to the new address on February 21, 2014, and was not paying rent or utilities. He said that he was not living with his children or anyone. [Dept. Exh. 25].
7. On March 6, 2014, another worker called Respondent's number and it was answered by a lady. The woman identified herself as Respondent's fiancée and stated that Respondent had just stepped out. The woman told the Department that Respondent lived with her, and gave the worker an additional address. The address did not match the address Respondent had given on March 6, 2014. [Dept. Exh. 25].
8. On March 20, 2014, Respondent's case worker completed an Overissuance Referral due to Respondent's address issues and the worker discovered that Respondent lived with mandatory members. The worker also indicated that Respondent was living with his fiancée and minor children in common. [Dept. Exh. 27-29].

9. On March 20, 2014, Respondent completed an Affidavit indicating that the mother of his child was using his identity and he had never lived at the [REDACTED] address. [Dept. Exh. 51].
10. On March 25, 2015, the Department issued Respondent a Notice of Overissuance informing him that he had received an overissuance of \$ [REDACTED] based on his error of failing to report he was living with his children and their mother. [Dept. Exh. 31-32].
11. Respondent was a recipient of FAP benefits issued by the Department.
12. Respondent was aware of the responsibility to accurately report his household composition. He understood he could be prosecuted for fraud and/or be required to repay the amount wrongfully received.
13. Respondent did not have any apparent physical or mental impairments that would limit the understanding or ability to fulfill this requirement.
14. The Department's OIG indicates that the time period it is considering the fraud period is August 15, 2012, through January 31, 2014. [Dept. Exh. 4].
15. During the fraud period, Respondent was issued \$ [REDACTED] in FAP benefits by the State of Michigan. The Department alleges that Respondent was entitled to only \$ [REDACTED] of such benefits during this time period. [Dept. Exh. 4].
16. The Department alleges that Respondent received an OI in FAP benefits in the amount of \$ [REDACTED]. [Dept. Exh. 4, 40-66].
17. This was Respondent's first alleged IPV.
18. A notice of hearing was mailed to Respondent at the last known address and was returned by the US Post Office as undeliverable with no forwarding address.

CONCLUSIONS OF LAW

Department policies are contained in the Department of Health and Human Services Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), Adult Services Manual (ASM), and Reference Tables Manual (RFT).

The Food Assistance Program (FAP) [formerly known as the Food Stamp program] is established by the Food and Nutrition Act of 2008, 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 Department of Human Services) administers FAP pursuant to MCL 400.10; the Social Welfare Act, MCL 400.1-.119b; and Mich Admin Code, R 400.3001 to .3015.

Effective January 1, 2016, the Department's OIG requests IPV hearings for the following cases:

- Willful overpayments of \$500.00 or more under the AHH program.
- FAP trafficking overissuances 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 amount for the FIP, SDA, CDC, MA and FAP programs combined is \$500 or more, or
 - the total amount is less than \$500, 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, pp 12-13 (1/1/2016).

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, p 7 (1/1/2016; BAM 720, p 1 (1/1/2016).

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, Respondent applied for FAP benefits on August 15, 2012. On the application, Respondent indicated he did not live with his natural children. However, on November 15, 2012, Respondent's fiancée submitted a Healthy Kids Application, indicating Respondent was living with her and their children.

As a result, the Department has submitted clear and convincing evidence that Respondent intentionally misrepresented information for the purpose of establishing and maintaining FAP eligibility. Therefore, Respondent committed an IPV.

Disqualification

A client who is found to have committed an IPV by a court or hearing decision is disqualified from receiving program benefits. BAM 720, p 2. Clients are disqualified for ten years for a FAP IPV involving concurrent receipt of benefits, and, for all other IPV cases involving FIP, FAP or SDA, for standard disqualification periods of one year for the first IPV, two years for the second IPV, and lifetime for the third IPV. BAM 720, p 16. A disqualified recipient remains a member of an active group as long as he/she lives with them, and other eligible group members may continue to receive benefits. BAM 720, p 16.

In this case, based on the evidence in the record, Respondent is disqualified from receiving FAP benefits for 12 months based on his first IPV.

Overissuance

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

In the above captioned matter, the Department has established that Respondent fraudulently reported that he was not living with his fiancée or children. Based on the fraudulent information provided by Respondent, he received \$ [REDACTED] in FAP benefits to which he was not entitled, resulting in a \$ [REDACTED] OI which the Department is entitled to recoup.

DECISION AND ORDER

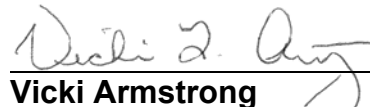
The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, concludes that:

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] in FAP benefits.

The Department is ORDERED to initiate recoupment/collection 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 12 months.

VLA/bb



Vicki Armstrong
Administrative Law Judge
for Nick Lyon, Director
Department of Health and Human Services

NOTICE OF APPEAL: A party may appeal this Order in circuit court within 30 days of the receipt date. A copy of the circuit court appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Order if the request is received by MAHS within 30 days of the date the Order was issued. The party requesting a rehearing or reconsideration must provide the specific reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MAHS. If submitted by fax, the written request must be faxed to (517) 335-6088; Attention: MAHS Rehearing/Reconsideration Request.

If submitted by mail, the written request must be addressed as follows:

Michigan Administrative Hearings
Reconsideration/Rehearing Request
P.O. Box 30639
Lansing, Michigan 48909-8139

DHHS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Petitioner

[REDACTED]

Respondent

[REDACTED]