



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: March 13, 2017  
MAHS Docket No.: 16-015356  
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 March 8, 2017, from Lansing, Michigan. Petitioner personally appeared and testified.

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 62 exhibits which were admitted into evidence. 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 one year?

### **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 September 12, 2016, to establish an OI of benefits received by Respondent, as a result of Respondent having failed

to report her earned income and, as such, allegedly committed an IPV. [Dept. Exh. 1].

2. The OIG has requested that Respondent be disqualified for one year from receiving program benefits. [Dept. Exh. 4].
3. Respondent was a recipient of FAP benefits issued by the Department.
4. On July 24, 2014, Respondent applied for FAP benefits. [Dept. Exh. 12-25].
5. On November 17, 2014, Respondent submitted a Redetermination. [Dept. Exh. 35-36].
6. Respondent testified that she did not recall applying for FAP benefits in November 2014. She stated she remembered applying for FAP benefits in July 2014 but testified that she did not receive any FAP benefits until January 2015. She said she assumed the FAP benefits she received in January 2015 were from the time she applied from July 2014.
7. Respondent's testimony was less than credible based on conflicting information she provided the Department.
8. Respondent was aware of the responsibility to report changes in her employment to the Department. [Dept. Exh. 25, 36].
9. Respondent had no apparent physical or mental impairments that would limit the understanding or ability to fulfill this requirement. [Dept. Exh. 17].
10. On November 13, 2015, the Department received verification of employment from The Work Number showing Respondent worked at [REDACTED] from October 24, 2014, through November 21, 2014. The Department also received verification of Respondent's employment at [REDACTED] beginning December 1, 2014, through September 16, 2015. [Dept. Exh. 41-48].
11. The OIG indicates that the time period they are considering the fraud period is January 1, 2015, through June 30, 2015. [Dept. Exh. 4, 49-62].
12. During the alleged fraud period, Respondent was issued \$ [REDACTED] in FAP benefits from the State of Michigan and was only entitled to \$ [REDACTED], based on her unreported income, resulting in a \$ [REDACTED] OI. [Dept. Exh. 4, 50].
13. This was Respondent's first alleged IPV. [Dept. Exh. 4].
14. 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 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:

- 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 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 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.

During the hearing, Respondent testified that she remembered applying for FAP benefits in July 2014 but not November 2014. Respondent explained that she did not receive FAP benefits until January 2015 and assumed they were to make up for the benefits she had not received over the summer.

Respondent's testimony was less than credible in that she submitted a Redetermination for FAP benefits on November 17, 2014, subsequent to her initial FAP application in July 2014. A Redetermination is submitted by a client for the Department to determine whether a client can continue to receive FAP benefits based on any reported changes.

Respondent admitted in her testimony that she did not report her employment at [REDACTED] because she had forgotten all about the July 2014 FAP application. This statement directly contradicts her previous statement that she only remembered applying for benefits in July 2014, not November 2014. The record evidence clearly shows that Respondent was employed at [REDACTED] from October 24, 2014, through November 21, 2014, and at [REDACTED] from December 1, 2014, through September 16, 2015. Respondent submitted her FAP Redetermination on November 17, 2014, and did not list [REDACTED] as her employer. (Dept. Exh. 36).

The Department has established by clear and convincing evidence that Respondent intentionally withheld and misrepresented information that she was not working for the purpose of maintaining FAP benefits. Therefore, the Department has established an IPV.

### **Disqualification**

A court or hearing decision that finds a client committed an IPV disqualifies that client from receiving program benefits. BAM 720, p 15. 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 17.

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 or FAP. 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 18.

Respondent's signature on the Assistance Application from July 24, 2014, and again on the Redetermination dated November 17, 2014, certifies that she was aware that fraudulent participation in FAP could result in criminal, civil, or administrative claims. This Administrative Law Judge therefore concludes that the Department has shown, by clear and convincing evidence, that Respondent committed a first intentional violation of the FAP program, resulting in a one year disqualification.

**Overissuance**

When a client group receives more benefits than entitled to receive, the Department must attempt to recoup the overissuance. BAM 700, p 1 (1/1/2016).

In the above captioned matter, the record evidence shows Respondent intentionally failed to report her earned income to the Department. This resulted in an overissuance of \$ [REDACTED] for the fraud period of January 1, 2015, through June 30, 2015, which the Department is entitled to recoup.

**DECISION AND ORDER**

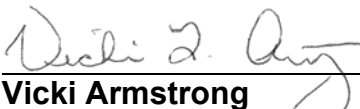
The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, concludes that:

1. The Department has established by clear and convincing evidence that Respondent committed an IPV.
2. Respondent did receive an overissuance of Food Assistance Program benefits in the amount of \$ [REDACTED].

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 personally disqualified from participation in the Food Assistance Program for one year.

VLA/bb



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**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]

**Petitioner**

[REDACTED]

**Respondent**

[REDACTED]