



RICK SNYDER
GOVERNOR

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

SHELLY EDGERTON
DIRECTOR



Date Mailed: June 14, 2017
MAHS Docket No.: 17-004399
Agency No.: [REDACTED]
Petitioner: OIG
Respondent: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Kevin Scully

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 with Mich Admin Code, R 400.3130 and R 400.3178. After due notice, telephone hearing was held on May 17, 2017, from Lansing, 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 the Respondent committed an Intentional Program Violation (IPV)?
3. Should Respondent be disqualified from the Food Assistance Program (FAP)?

FINDINGS OF FACT

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

1. On an application for assistance dated August 17, 2017, the Respondent acknowledged her duties and responsibilities including the duty to report any drug-related felony conviction. Exhibit A, pp 9-32.

2. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.
3. Respondent acknowledged under penalties of perjury that her application for assistance was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Exhibit A, p 36.
4. Respondent reported on her August 17, 2017, application for assistance that she had been convicted of a drug-related felony occurring after August 22, 1996, but that she had not been convicted more than once. Exhibit A, p 35.
5. Respondent reported on an application for assistance dated March 12, 2013, that she had been convicted of a drug-related felony occurring after August 22, 1996, but had not been convicted more than once. Exhibit A, pp 33-34.
6. Respondent reported on an application for assistance dated April 8, 2013, that she had been convicted of a drug-related felony occurring after August 22, 1996, but had not been convicted more than once. Exhibit A, pp 35-36.
7. Respondent reported on an application for assistance dated September 24, 2013, that she had been convicted of a drug-related felony occurring after August 22, 1996, but had not been convicted more than once. Exhibit A, pp 37-38.
8. Respondent reported on an application for assistance dated November 8, 2013, that she had been convicted of a drug-related felony occurring after August 22, 1996, but had not been convicted more than once. Exhibit A, pp 39-40.
9. Respondent reported on an application for assistance dated December 25, 2013, that she had been convicted of a drug-related felony occurring after August 22, 1996, but had not been convicted more than once. Exhibit A, pp 41-42.
10. The Department received Respondent's completed Redetermination (DHS-1010) form dated December 29, 2013, where she acknowledged under penalties of perjury that the information on that form was true and complete. Exhibit A, p 43.
11. Respondent reported on her December 29, 2013, Redetermination form that she had been convicted of a drug-related felony occurring after August 22, 1996, but had not been convicted more than once. Exhibit A, p 43.
12. Respondent reported on an application for assistance dated February 11, 2011, that she had been convicted of a drug-related felony occurring after August 22, 1996, but had not been convicted more than once. Exhibit A, pp 44-45.
13. Respondent reported on an application for assistance dated March 4, 2014, that she had been convicted of a drug-related felony occurring after August 22, 1996, but had not been convicted more than once. Exhibit A, pp 46-47.

14. Respondent reported on an application for assistance dated April 14, 2015, that she had been convicted of a drug-related felony occurring after August 22, 1996, but had not been convicted more than once. Exhibit A, pp 48-49.
15. Respondent reported on an application for assistance dated April 6, 2016, that she had been convicted of a drug-related felony occurring after August 22, 1996, but had not been convicted more than once. Exhibit A, pp 50-51.
16. On March 4, 2005, Respondent pled guilty to Delivery of a Controlled Substance Less Than 50 Grams. Exhibit A, pp 52-53.
17. On January 20, 2016, Respondent pled guilty to Delivery of a Controlled Substance Less Than 50 Grams. Exhibit A, pp 54-56.
18. On February 22, 2008, Respondent pled guilty to Delivery of a Controlled Substance Less Than 50 Grams. Exhibit A, pp 57-59.
19. Respondent received Food Assistance Program (FAP) benefits totaling \$ [REDACTED] from August 17, 2012, through July 31, 2016. Exhibit A, pp 60-67.
20. On March 28, 2017, the Department sent the Respondent an Intentional Program Violation Repayment Agreement (DHS-4350) with notice of a \$ [REDACTED] overpayment, and a Request for Waiver of Disqualification Hearing (DHS-826). Exhibit A, pp 4-7.
21. The Department's OIG filed a hearing request on March 28, 2017, to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV. Exhibit A, p 2.
22. This was Respondent's first established IPV.
23. A notice of hearing was mailed to Respondent at the last known address and was not returned by the United States Postal Service as undeliverable.

CONCLUSIONS OF LAW

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

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-.3011.

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 \$500 or more, or
 - the total OI 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.

Department of Health and Human Services Bridges
Administrative Manual (BAM) 720 (January 1, 2016), pp 12-13.

Overissuance

When a client group receives benefits than they are entitled to receive, the Department must attempt to recoup the overissuance. Department of Health and Human Services Bridges Administrative Manual (BAM) 700 (October 1, 2016), p 1.

An individual convicted of a felony for the use, possession, or distribution of controlled substances two or more times in separate periods will be permanently disqualified if both offenses occurred after August 22, 1996. Department of Health and Human Services Bridges Eligibility Manual (BEM) 203 (October 1, 2015), p 2.

On an application for assistance dated August 17, 2017, the Respondent acknowledged her duties and responsibilities including the duty to report any drug-related felony convictions to the Department. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.

Respondent acknowledged under penalties of perjury that her August 17, 2017, application form was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Respondent reported on her August 17, 2017, application form that she had been convicted of a drug-related felony occurring after August 22, 1996, but denied being convicted of more than one drug-related felony.

Respondent asserted on March 12, 2013, April 8, 2013, September 24, 2013, November 8, 2013, December 25, 2013, December 29, 2013, February 11, 2011, March 4, 2014, April 14, 2015, and April 6, 2016, that she had been convicted of only one drug-related felony occurring after August 22, 1996. Respondent acknowledged under penalties of perjury on each of those form that the facts reported to the Department were true and complete.

The information Respondent had provided the Department to become eligible for FAP benefits was neither true nor complete. Respondent pled guilty to Delivery of a Controlled Substance Less than 50 Grams on March 4, 2005, January 20, 2016, and February 22, 2008. Respondent would have remained eligible for FAP benefits if she had been convicted of only one drug-related felony occurring after August 22, 1996, as she reported to the Department, but would have been permanently disqualified from FAP if she had reported all her felony convictions to the Department. 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. 16.

Respondent received FAP benefits totaling \$ [REDACTED] from August 17, 2012, through July 31, 2016, but would have been permanently disqualified if she had fully disclosed her history of drug-related felony convictions occurring after August 22, 1996. The eligible remainder of her benefits group would have allowed her to remain eligible for FAP benefits totaling \$ [REDACTED] despite Respondent's felony convictions. Therefore, Respondent received a \$ [REDACTED] overissuance of FAP benefits.

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, 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).

The Department has the burden of establishing by clear and convincing evidence that the Respondent committed an Intentional Program Violation (IPV). The clear and convincing evidence standard, which is the most demanding standard applied in civil cases, is established where there is evidence so clear, direct and weighty and convincing that a conclusion can be drawn without hesitancy of the truth of the precise facts in issue. *Smith v Anonymous Joint Enterprise*, 487 Mich 102; 793 NW2d 533 (2010), reh den 488 Mich 860; 793 NW2d 559 (2010).

Clear and convincing proof is that which produces in the mind of the trier of fact a firm belief or conviction as to the truth of the precise facts in issue. Evidence may be uncontroverted and yet not be clear and convincing. Conversely, evidence may be clear and convincing even if contradicted. *Id.*

Respondent acknowledged her duties and responsibilities including her duty to report all drug-related felony convictions. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Respondent acknowledged under penalties of perjury that each of the application and redetermination form she had submitted to the Department were examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. On eleven occasions from August 17, 2012, through July 31, 2016, Respondent reported to the Department that she had only been convicted of one drug-related felony occurring after August 22, 1996. This information was false since Respondent had pled guilty to more than one drug-related felony with each occurring after August 22, 1996. As a result, Respondent received an overissuance of FAP benefits. This Administrative Law Judge finds that the Department has presented clear and convincing evidence that the Respondent intentionally failed to report her history of drug-related felony convictions for the purposes of becoming eligible for and maintaining her eligibility for FAP benefits that she would not have been eligible for otherwise.

Disqualification

A court or hearing decision that finds a client committed IPV disqualifies that client from receiving program benefits. BAM 720, p. 15-16. 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. 16.

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 1, 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.

The record evidence indicates that this is Respondent's first established IPV violation.

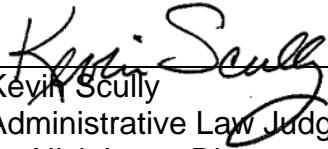
The Department has established an Intentional Program Violation (IPV).

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 Food Assistance Program (FAP) benefits in the amount of \$ [REDACTED]
3. The Department is ORDERED to initiate recoupment procedures for the amount of \$ [REDACTED] in accordance with Department policy.
4. It is FURTHER ORDERED that Respondent be disqualified from the Food Assistance Program (FAP) for a period of 12 months.

KS/nr



Kevin Scully
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

Petitioner

[REDACTED]

DHHS

[REDACTED]

Respondent

[REDACTED]