



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: July 6, 2017  
MAHS Docket No.: 16-017765  
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.

On May 2, 2017, a Notice of hearing was issued and it was returned by the United States Postal Service on May 12, 2017. On May 22, 2017, an amended Notice of Hearing was issued to Respondent's last known address and it was not returned by the United States Postal Service as of the hearing date. After due notice, telephone hearing was held on June 6, 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 July 9, 2014, the Respondent acknowledged her duties and responsibilities including the duty to report any drug-related felony convictions to the Department. Exhibit A, pp 12-41.
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 22.
4. Respondent reported to the Department on her July 9, 2014, application for assistance that she had not been convicted of any drug-related felonies. Exhibit A, p 15.
5. On July 25, 2014, the Department received Respondent's completed Redetermination (DHS-1010) form where he acknowledged under penalties of perjury that the information on that form was true and complete. Exhibit A, pp 42-47.
6. Respondent reported to the Department on her July 24, 2014, Redetermination form that she had not been convicted of any drug-related felonies. Exhibit A, p 46.
7. On April 29, 2015, the Department received Respondent's completed Redetermination (DHS-1010) form where he acknowledged under penalties of perjury that the information on that form was true and complete. Exhibit A, pp 48-53.
8. Respondent reported to the Department on her April 29, 2015, Redetermination form that she had not been convicted of any drug-related felonies. Exhibit A, pp 52.
9. Respondent acknowledged under penalties of perjury on an another application for assistance received by the Department on May 27, 2015 that her application form was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Exhibit A, pp 54-90.
10. Respondent reported to the Department on her May 27, 2015, application for assistance that she had not been convicted of any drug-related felonies. Exhibit A, p 63.

11. Respondent failed to report to the Department that on September 17, 2004, she had pled guilty to Possession of a Controlled Substances Less Than 25 Grams. Exhibit A, pp 91-93.
12. Respondent failed to report to the Department that on April 22, 2002, that she had pled guilty to Possession of a Controlled Substance Less Than 25 Grams. Exhibit A, pp 94-96.
13. The record evidence supports a finding that Respondent received Food Assistance Program (FAP) benefits totaling \$ [REDACTED] from July 9, 2014, through August 31, 2015. Exhibit A, pp 105-107.
14. If Respondent had reported her history of drug-related felony convictions to the Department then the remaining eligible members of the benefit group would have been eligible for Food Assistance Program (FAP) benefits totaling \$ [REDACTED]
15. On December 2, 2016, 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 6-9.
16. The Department's OIG filed a hearing request on December 2, 2016, to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV. Exhibit A, p 3.
17. This was Respondent's first established IPV.
18. 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 July 9, 2014, the Respondent acknowledged 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 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 to the Department on her July 9, 2014, application that she had not been convicted of any drug-related felonies.

Respondent acknowledged under penalties of perjury that her July 25, 2014, and April 29, 2015, redetermination forms were examined by or read to her, and, to the best of

her knowledge, contained facts that were true and complete. Respondent reported to the Department on her July 25, 2014, and April 29, 2015 Redetermination forms that she had not been convicted of any drug-related felonies.

Respondent acknowledged under penalties of perjury that her May 27, 2015, application form was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Respondent reported to the Department on her May 27, 2015, application for assistance that she had not been convicted of any drug-related felonies.

Respondent failed to report that she had pled guilty to Possession of a Controlled Substance Less Than 25 grams on September 17, 2004, and April 22, 2002. If Respondent had reported her history of drug-related felony convictions she would have been permanently disqualified from FAP. 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.

The record evidence supports a finding that Respondent received FAP benefits totaling \$ [REDACTED] from July 9, 2014, through August 31, 2015. If Respondent had accurately reported her history of drug-related felony convictions to the Department the non-disqualified member of the group would have been eligible for FAP benefits totaling \$ [REDACTED] during that same period. 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 the duty to report any drug-related felony convictions on an application for assistance dated July 9, 2014. 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 on application forms dated July 9, 2014, and May 27, 2015, as well as redetermination form dated July 25, 2014, and April 29, 2015, that these forms were examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Respondent reported to the Department on each of these forms that she had not been convicted of any drug-related felonies. As a result of Respondent's failure to provide the Department with accurate information she 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 that she had been convicted of more than one drug-related felony 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.
3. The Department is ORDERED to reduce the OI to \$ [REDACTED] for the period July 9, 2014, through August 31, 2015, and initiate recoupment procedures 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

  
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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]