



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: August 4, 2017
MAHS Docket No.: 17-004207
Agency No.: [REDACTED]
Petitioner: OIG
Respondent: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

**HEARING DECISION FOR INTENTIONAL PROGRAM VIOLATION AND
OVERISSUANCE**

Upon the request for a hearing by the Michigan Department of Health and Human Services (MDHHS), 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 July 13, 2017, from Detroit, Michigan. The Michigan Department of Health and Human Services (MDHHS) was represented by [REDACTED] regulation agent with the Office of Inspector General. Respondent did not appear.

ISSUES

The first issue is whether MDHHS established that Respondent committed an intentional program violation (IPV) based on trafficking of Food Assistance Program (FAP) benefits.

The second issue is whether Respondent received an over-issuance of FAP benefits.

FINDINGS OF FACT

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

1. Respondent was an ongoing recipient of Food Assistance Program (FAP) benefits from the State of Michigan.
2. From [REDACTED], Respondent was incarcerated.

3. Between [REDACTED] and [REDACTED], approximately \$ [REDACTED] in purchases were made with Respondent's EBT card.
4. Respondent was not involved in the trafficking of FAP benefits.
5. On [REDACTED], MDHHS requested a hearing to establish that Respondent received an OI of \$ [REDACTED] and committed an IPV by trafficking FAP benefits over the period from [REDACTED].

CONCLUSIONS OF LAW

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. MDHHS (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. MDHHS policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

MDHHS requested a hearing, in part, to establish Respondent committed an IPV. [MDHHS] may request a hearing to... establish an intentional program violation and disqualification... [or to] establish a collectable debt on closed cases. BAM 600 (October 2015), p. 4.

MDHHS presented an unsigned Intentional Program Violation Repayment Agreement (Exhibit 1, pp. 5-6) dated [REDACTED]. The document, along with MDHHS testimony, alleged Respondent committed an IPV by trafficking \$ [REDACTED] in FAP benefits from [REDACTED].

[For FAP benefits only, an] IPV is suspected for a client who is alleged to have trafficked FAP benefits. BAM 720 (January 2016), p. 1. Trafficking is [established by one of the following]:

- The buying, selling or stealing of FAP benefits for cash or consideration other than eligible food. Examples would be liquor, exchange of firearms, ammunition, explosives or controlled substances.
- Selling products purchased with FAP benefits for cash or consideration other than eligible food.
- Purchasing containers with deposits, dumping/discarding product and then returning containers to obtain cash refund deposits.
- Attempting to buy, sell or steal FAP benefits for cash or consideration other than eligible food.

BAM 700 (January 2016), p. 2.

IPV is suspected when there is **clear and convincing** [emphasis added] evidence that the client or CDC provider has intentionally withheld or misrepresented information for

the purpose of establishing, maintaining, increasing or preventing reduction of program benefits or eligibility. *Id.* 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. It is a standard which requires reasonable certainty of the truth; something that is highly probable. Black's Law Dictionary 888 (6th ed. 1990).

MDHHS presented a Booking Card (Exhibit 1, pp. 13-14). The document stated Respondent was booked for a crime on [REDACTED] 015. The document stated Respondent was released from police custody on [REDACTED].

MDHHS presented portions of Respondent's application for FAP benefits (Exhibit 1, pp. 14-21). Respondent's electronic signature was dated [REDACTED]. Boilerplate language stated that trafficked benefits had to be repaid. The application also listed Respondent as the only household member, which was indicative that Respondent would have received FAP benefits as a 1-person benefit group. Respondent reported receiving SSI and being a disabled individual.

MDHHS presented Respondent's FAP benefit issuance history (Exhibit 1, p. 22) from December 2015 through February 2016. Monthly issuances throughout the alleged OI period were listed.

MDHHS presented Respondent's EBT expenditure history (Exhibit 1, pp. 23-24) from the alleged OI period. The history listed expenditures totaling \$ [REDACTED] from the alleged OI period.

MDHHS presented various EPPIC documents (Exhibit 1, pp. 26-34). The documents indicated that only one EBT card was issued to Respondent.

MDHHS alleged only Respondent was authorized to use his EBT card. MDHHS further alleged Respondent must have engaged in FAP trafficking because Respondent's EBT card was used during a time that Respondent was incarcerated.

Presented documents verified that \$ [REDACTED] in EBT expenditures were made with Respondent's EBT card during a time that Respondent was incarcerated. It is theoretically possible that Respondent's EBT card was hijacked; this possibility is lessened after factoring that a hijacker could not use Respondent's EBT card without Respondent's PIN.

Presented evidence sufficiently established that Respondent authorized someone outside of the FAP-benefit group to make purchases with the EBT card. MDHHS contended, this alone, justifies a finding that Respondent trafficked FAP benefits.

MDHHS presented a publication "How to Use Your Michigan Bridge Card" (Exhibit 1, pp. 17-32) in support of the prohibition on transferring EBT benefits. MDHHS alleged that all FAP benefit recipients receive a copy of the publication when approved to receive FAP

benefits. Among the “DO NOT” actions listed in the publication are using someone else’s food benefits for personal use and giving away a PIN (see Exhibit 1, p. 91).

There are two reasons why statements from the presented publication were not persuasive in establishing FAP trafficking. BAM and BEM are the sources of MDHHS policy, not MDHHS pamphlets. Secondly, the statements within the publication such as those cited above could be reasonably interpreted as best practices for EBT card holders rather than MDHHS policy. For example, the publication also states “Keep your last receipt.” Based on MDHHS’ logic, an EBT card holder would commit an IPV by throwing away a receipt after an EBT purchase; this would be a ludicrous outcome.

Based on MDHHS policy, a finding of FAP benefit trafficking requires more than allowing someone outside of the FAP benefit group to use an EBT card. MDHHS policy requires “cash or consideration” in exchange for use of the FAP benefits. MDHHS policy does not define “consideration”, but it is generally defined as something of value that is bargained for by a party as part of a contract. The requirement of “cash or consideration” requires MDHHS to establish that Respondent received something of value for use of EBT card; no such allegation was made.

A client who allows someone to use his or her EBT card might theoretically do so without any thought of personal benefit. For example, Respondent could have gifted benefits to a friend or family member knowing he would have no use for FAP benefits while in police custody. It is also possible that Respondent authorized someone to make purchases on his behalf (though evidence suggested this was unlikely as Respondent was incarcerated for several months).

The use of an EBT card by a person outside of Respondent’s FAP benefit group, by itself, is not direct evidence of FAP benefit trafficking. The evidence can be used to circumstantially establish that Respondent received cash or consideration in exchange for the EBT card’s usage. No other presented evidence was particularly indicative that Respondent received cash or consideration in exchange for the purchases made with his EBT card.

Based on presented evidence, it is found that MDHHS failed to establish that Respondent engaged in FAP benefit trafficking. Accordingly, MDHHS may not establish an IPV against Respondent. MDHHS also sought to establish an OI of FAP benefits against Respondent due to FAP benefit trafficking.

An overissuance is the amount of benefits issued to the client group or CDC provider in excess of what it was eligible to receive. BAM 700 (January 2016), p. 1. For FAP benefits, an overissuance is also the amount of benefits trafficked (stolen, traded, bought or sold) or attempted to be trafficked. *Id.*, pp. 1-2.

The finding that Respondent failed to engage in FAP benefit trafficking precludes a finding of a FAP benefit OI based on trafficking. Accordingly, the request to establish an OI based on FAP benefit trafficking is denied.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that MDHHS failed to establish that Respondent committed an IPV by trafficking FAP benefits. It is further found that MDHHS failed to establish Respondent received an OI of \$ [REDACTED] in FAP benefits from [REDACTED]. [REDACTED] The request to establish an IPV and OI is **DENIED**.

CG/hw

Christian Gardocki

Christian Gardocki
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]