



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM

SHELLY EDGERTON  
DIRECTOR

[REDACTED]  
[REDACTED]  
[REDACTED]

Date Mailed: June 22, 2018  
MAHS Docket No.: 18-003651  
Agency No.: [REDACTED]  
Petitioner: OIG  
Respondent: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Ellen McLemore**

**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, 42 CFR 431.230(b), 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 June 20, 2018, from Detroit, 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 Respondent committed an Intentional Program Violation (IPV)?
3. Should Respondent be disqualified from receiving FAP benefits for ten years?

**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 April 10, 2018 to establish an OI of benefits received by Respondent as a result of Respondent having received concurrent program benefits and, as such, allegedly committed an IPV.
2. The OIG has requested that Respondent be disqualified from receiving program benefits.
3. Respondent was a recipient of FAP benefits issued by the Department.
4. Respondent was aware of the responsibility to report changes in his residence to the Department.
5. Respondent had no apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.
6. The OIG indicates that the time period they are considering the fraud period is April 29, 2016 through March 31, 2017 (fraud period 1) and May 1, 2017 through May 31, 2017 (fraud period 2).
7. During the alleged fraud periods, Respondent was issued ██████ in FAP benefits from the State of Michigan.
8. During the alleged fraud period 2, Respondent was issued FAP benefits from the State of Ohio.
9. This was Respondent's first alleged IPV.
10. 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), and Department of Health and Human Services 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 October 1, 2014, 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 \$500.00 or more, or
  - the total amount is less than \$500.00, 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 (October 2017), pp. 12-13.

### **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 (January 2018), p. 6; 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.

In this case, the Department alleges that Respondent committed an IPV of his FAP benefits because he received Michigan-issued FAP benefits at the same time he was issued FAP benefits in Ohio. Under Department policy, a person **cannot** receive FAP benefits in more than one state for any month. BEM 222 (March 2016), p. 2. Additionally, the Department alleges that Respondent committed an IPV of his FAP benefits because he indicated he was a resident of Michigan during the application of benefits, when in actuality, he resided in the State of Ohio. To be eligible for FAP benefits, a person must be a Michigan resident. BEM 220 (January 2016), p. 1. A person is considered a resident while living in Michigan for any purpose other than a vacation, even if there is no intent to remain in the state permanently or indefinitely. BEM 220, p. 1. Eligible persons may include: (i) persons who entered the state with a job commitment or to seek employment; and (ii) students. BEM 220, p. 1.

The Department presented an application submitted by Respondent on April 29, 2016. Respondent indicated he was homeless but had a mailing address in the State of Michigan. Respondent also stated he had no income or employment at the time of application. The Department also presented Respondent's FAP usage history. The document shows that Respondent began using his Michigan-issued FAP benefits out of state immediately after the April 29, 2016 application. Respondent's FAP usage occurred primarily in the State of Ohio and continued to be out of state throughout the remainder of both fraud periods. Additionally, the Department presented a Work Number report showing Respondent's employment history with [REDACTED]. The document shows Respondent's start date with the employer was September 10, 2015. Respondent was continually employed from his start date through the remainder of both fraud periods. The document also shows Respondent supplied the employer with a home address in the State of Ohio.

The Department also presented an application submitted by Respondent on May 1, 2017. Again, Respondent indicated he was homeless but had a mailing address in Michigan. The Department presented documentation showing the location of the IP address of the computer that submitted the application. The search shows that the application was submitted from Columbus, Ohio. Lastly, the Department presented correspondence from the State of Ohio that showed Respondent was issued food assistance benefits in that state in May 2017.

Based on the evidence presented, Respondent clearly never lived in the State of Michigan. Respondent provided false information on his applications for FAP benefits to obtain benefits for which he was not entitled. Therefore, the Department has established by clear and convincing evidence that Respondent intentionally withheld or misrepresented information for the purpose of maintaining FAP benefits. Additionally, the Department presented Respondent's benefit issuance summary which showed he was issued FAP benefits in Michigan in May 2017, and during the same period, received food assistance benefits in Ohio. Thus, the Department established

Respondent committed an IPV due to the concurrent receipt of benefits, as well as providing false information to fraudulently obtain benefits.

### **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. 15. Clients are disqualified for ten years for a FAP IPV involving concurrent receipt of benefits where the client made fraudulent statement regarding identity or residency, and, for all other IPV cases involving FAP, 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.

As discussed above, the Department has established by clear and convincing evidence that Respondent committed an IPV through concurrent receipt food assistance benefits from two states at the same time. In order to apply the ten-year disqualification for concurrent receipt of benefits, the Department must establish that the client made fraudulent statements regarding identity or residency. BAM 720, p. 16. In this case, Respondent clearly did not live in the State of Michigan. Respondent indicated in both of the applications submitted that he had a mailing address in Michigan. Respondent never indicated that he was working and living in Ohio. It is evident the Respondent made false statements regarding his residency. Accordingly, Respondent is subject to a ten-year disqualification.

### **Overissuance**

When a client group receives more benefits than they are entitled to receive, the Department must attempt to recoup the OI. BAM 700, p. 1. At the hearing, the Department established that the State of Michigan issued a total of ██████ in FAP benefits to Respondent during both fraud periods. The Department alleges that Respondent was eligible for ████ in FAP benefits during this period.

In support of its contention that Respondent was overissued FAP benefits, the Department presented Respondent's FAP transaction history showing that he used his FAP benefits issued by the State of Michigan out of state immediately after they were issued. Additionally, the Department provided a Work Number which showed Respondent worked and lived in the State of Ohio during both fraud periods. Also, the Department presented evidence that Respondent received food assistance benefits issued by the State of Ohio in May 2017. Based on all of the evidence presented, it is clear Respondent never resided in the State of Michigan. As discussed above, a person is only eligible for FAP benefits if they are a resident of Michigan. Therefore, the Department has established it is entitled to recoup the ██████ in FAP benefits it issued to Respondent during the fraud period.

**DECISION AND ORDER**

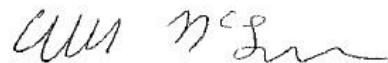
The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, concludes that:

1. The Department has established by clear and convincing evidence that Respondent committed an IPV.
2. Respondent did receive an OI of program FAP benefits in the amount of [REDACTED].

The Department is ORDERED to initiate recoupment procedures for the amount of [REDACTED] in accordance with Department policy.

It is FURTHER ORDERED that Respondent is subject to a ten-year disqualification from FAP benefits.

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**Ellen McLemore**  
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) 763-0155; 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

**Via Email:**

[REDACTED]

**Respondent – Via First-Class Mail:**

[REDACTED]