



GRETCHEN WHITMER  
GOVERNOR

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

ORLENE HAWKS  
DIRECTOR

[REDACTED]  
[REDACTED]  
[REDACTED] MI [REDACTED]

Date Mailed: March 13, 2019  
MAHS Docket No.: 18-010339  
Agency No.: [REDACTED]  
Petitioner: OIG  
Respondent: [REDACTED] [REDACTED]

**ADMINISTRATIVE LAW JUDGE:** Jeffrey Kemm

**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 Title 7 of the Code of Federal Regulation (CFR), particularly 7 CFR 273.16. After due notice, a telephone hearing was held on March 7, 2019, from Lansing, Michigan. The Department was represented by Maria Walters, Regulation Agent of the Office of Inspector General (OIG). Respondent, [REDACTED] [REDACTED] did not appear. The hearing was held in Respondent's absence pursuant to 7 CFR 273.16(e)(4).

**ISSUES**

1. Did the Department establish, by clear and convincing evidence, that Respondent committed an Intentional Program Violation (IPV)?
2. Should Respondent be disqualified from the Food Assistance Program (FAP)?
3. Does Respondent owe the Department a debt for the value of FAP benefits trafficked?

**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 received FAP benefits from the Department.
2. From June 2015 through July 2017, Respondent completed EBT transactions at [REDACTED] ([REDACTED]), [REDACTED] Michigan.

3. The [REDACTED] was a 600 square foot gas station which was authorized by the Food and Nutrition Services (FNS) to accept electronic benefit transfer (EBT) of FAP benefits for eligible food items.
4. On [REDACTED] [REDACTED] 2017, an inspection of the [REDACTED] was completed. The [REDACTED] did not have any shopping carts or baskets. The [REDACTED] did not sell meat bundles, fruit boxes, or vegetable boxes. The [REDACTED] had a limited inventory of eligible food items, no optical scanners, and a protective barrier for the staff at the register. The [REDACTED] most expensive eligible food item in stock was a can of coffee for \$7.99.
5. The FNS investigated the [REDACTED] for violations of the Supplemental Nutrition Assistance Program (SNAP) because it discovered that it had (a) an unusual number of transactions ending in the same cents value, (b) multiple transactions were made from individual benefit accounts in unusually short timeframes, and (c) excessively large purchase transactions were made from recipient accounts.
6. On June 23, 2017, the FNS notified the [REDACTED] that it suspected the business of FAP trafficking from [REDACTED] 2016 through [REDACTED] 2017 and that it was charging the business with trafficking pursuant to 7 CFR 271.2.
7. On July 28, 2017, the FNS notified the [REDACTED] that FNS had determined the store engaged in FAP trafficking and that it was permanently disqualified from participating in Supplemental Nutrition Assistance Program (SNAP) as a result.
8. The Department investigated individuals who completed EBT transactions at the [REDACTED] which were indicative of trafficking. During the Department's investigation, the Department obtained admissions from some of the individuals, and those admissions stated that the [REDACTED] was providing consideration other than eligible food items in exchange for twice the value in FAP benefits.
9. The Department investigated Respondent's EBT transactions at the [REDACTED] and determined that he completed EBT transactions which were indicative of trafficking because they occurred in unusually short timeframes and/or were excessively large. Respondent completed EBT transactions at the [REDACTED] within as little as less than one minute of each other and as large as \$115.00.
10. The Department also determined that Respondent's EBT activity was indicative of trafficking because she had numerous EBT cards which she reported as lost or stolen.
11. The Department attempted to contact Respondent to obtain her explanation for the transactions the Department identified as trafficking, but the Department was unable to obtain an explanation from Respondent.

12. On November 8, 2018, the Department's OIG filed a hearing request to establish (a) that Respondent committed an IPV by trafficking FAP benefits and (b) that Respondent owes the Department a debt equal to the value of the FAP benefits he trafficked.
13. The OIG requested an order that (a) disqualifies Respondent from FAP for 12 months for a first IPV and (b) establishes that Respondent owes the Department a debt of \$2,623.57 for the value of FAP benefits trafficked.
14. A notice of hearing was mailed to Respondent at her last known address, and it 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), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

The Supplemental Nutrition Assistance Program (SNAP) is a federal created program designed to promote general welfare and to safeguard well-being by increasing food purchasing power. 7 USC 2011 and 7 CFR 271.1. The Department administers its food assistance program pursuant to MCL 400.10; the Social Welfare Act, MCL 400.1-.119b; and Mich Admin Code, R 400.3001 to .3015.

#### **Intentional Program Violation**

An intentional program violation (IPV) "shall consist of having intentionally: (1) Made a false or misleading statement, or misrepresented, concealed or withheld facts; or (2) Committed any act that constitutes a violation of SNAP, SNAP regulations, or any State statute for the purpose of using, presenting, transferring, acquiring, receiving, possessing or trafficking of SNAP benefits or EBT cards." 7 CFR 273.16(c).

Trafficking means:

- (1) The buying, selling, stealing, or otherwise effecting an exchange of SNAP benefits issued and accessed via Electronic Benefit Transfer (EBT) cards, card numbers and personal identification numbers (PINs), or by manual voucher and signature, for cash or consideration other than eligible food, either directly, indirectly, in complicity or collusion with others, or acting alone;
- (2) The exchange of firearms, ammunition, explosives, or controlled substances, as defined in section 802 of title 21, United States Code, for SNAP benefits;
- (3) Purchasing a product with SNAP benefits that has a container requiring a return deposit with the intent of obtaining cash by discarding the product and

returning the container for the deposit amount, intentionally discarding the product, and intentionally returning the container for the deposit amount;

(4) Purchasing a product with SNAP benefits with the intent of obtaining cash or consideration other than eligible food by reselling the product, and subsequently intentionally reselling the product purchased with SNAP benefits in exchange for cash or consideration other than eligible food; or

(5) Intentionally purchasing products originally purchased with SNAP benefits in exchange for cash or consideration other than eligible food.

(6) Attempting to buy, sell, steal, or otherwise affect an exchange of SNAP benefits issued and accessed via Electronic Benefit Transfer (EBT) cards, card numbers and personal identification numbers (PINs), or by manual voucher and signatures, for cash or consideration other than eligible food, either directly, indirectly, in complicity or collusion with others, or acting alone.

#### 7 CFR 271.2.

An IPV requires that the Department establish by clear and convincing evidence that the client has trafficked FAP benefits. 7 CFR 273.16(e)(6) and BAM 720, p. 1. Clear and convincing evidence is evidence which is so clear, direct, weighty, and convincing that it enables a firm belief as to the truth of the allegations sought to be established. *In re Martin*, 450 Mich 204, 227; 538 NW2d 399 (1995) (citing *In re Jobes*, 108 NJ 394 (1987)).

In this case, I find that the Department has met its burden. Respondent completed EBT transactions at the Marathon, which was a retailer known to engage in the trafficking of FAP benefits. Respondent completed EBT transactions at the Marathon which occurred in unusually short timeframes and/or were excessively high considering the size of the store and its inventory of eligible food items. Respondent also had numerous EBT cards reported lost or stolen. Respondent's transactions were consistent with an individual completing EBT transactions to obtain items other than eligible food items. Respondent's EBT card replacements were consistent with an individual engaged in trafficking because traffickers are known to sell EBT cards and then report them as lost or stolen to get a replacement to receive additional FAP benefit issuances. Respondent did not provide a legitimate explanation for her transactions or her EBT card replacements. The Department presented clear and convincing evidence that Respondent's EBT transactions at the Marathon were for cash or consideration other than eligible food items, either directly, indirectly, in complicity or collusion with others, or acting alone. Therefore, Respondent's conduct meets the definition of trafficking in 7 CFR 271.2.

### **Disqualification**

In general, individuals found to have committed an intentional Program violation through an administrative disqualification hearing shall be ineligible to participate in the Program: (i) for a period of 12 months for the first violation, (ii) for a period of 24 months for the second violation, and (iii) permanently for a third violation. 7 CFR 273.16(b). Only the individual who committed the violation shall be disqualified – not the entire household. 7 CFR 273.16(b)(11).

In this case, there is no evidence that Respondent has ever been found to have committed an IPV related to FAP benefits. Thus, this is Respondent's first IPV related to FAP benefits. Therefore, Respondent is subject to a 12-month disqualification.

### **Overissuance**

A recipient claim is an amount owed because of benefits that were overpaid or benefits that were trafficked. 7 CFR 273.18(a)(1). A recipient claim based on trafficking is the value of the trafficked benefits. 7 CFR 273.18(c)(2). In this case, Respondent engaged in trafficking when he completed EBT transactions at the [REDACTED]. The Department presented sufficient evidence to establish that at least \$2,623.57 of Respondent's EBT transactions were related to trafficking. Thus, Respondent owes the Department \$2,623.57 because she trafficked FAP benefits valued at that amount.

### **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 should be disqualified from FAP.
3. Respondent owes the Department \$2,623.57 for the value of FAP benefits she trafficked.

IT IS ORDERED that the Department may initiate recoupment procedures to collect the \$2,623.57 debt Respondent owes the Department for the benefits she trafficked.

IT IS FURTHER ORDERED that Respondent shall be disqualified from FAP for a period of 12 months.

JK/nr



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Jeffrey Kemm  
Administrative Law Judge  
for Robert Gordon, 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

**DHHS**

Keisha Koger-Roper  
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Wayne 55 County DHHS- via electronic  
mail

MDHHS- Recoupment- via electronic mail

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**Petitioner**

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**Respondent**

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