



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

ORLENE HAWKS
DIRECTOR

[REDACTED]
MI [REDACTED]

Date Mailed: June 25, 2019
MOAHR Docket No.: 19-003775
Agency No.: [REDACTED]
Petitioner: OIG
Respondent: [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 Regulations (CFR), particularly 7 CFR 273.16. After due notice, a telephone hearing was held on June 19, 2019, from Lansing, Michigan. The Department was represented by Darren Bondy, Regulation Agent of the Office of Inspector General (OIG). Respondent, [REDACTED] did not appear. The hearing was held in Respondent's absence pursuant to 7 CFR 273.16(e)(4).

One exhibit was admitted into evidence during the hearing. A 120-page packet of documents provided by the Department was admitted collectively as the Department's Exhibit A.

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 is a FAP recipient. Respondent used his FAP benefits to complete EBT transactions at Liquor Plus Mini Mart from March 2012 through January 2013.

2. Liquor Plus Mini Mart was a stand-alone convenience store located in Flint. Liquor Plus Mini Mart did not have any shopping carts or baskets, it had limited inventory of eligible food items, inventory of non-food items, and inventory of alcohol and tobacco. Liquor Plus Mini Mart had a counter with a glass barrier and turn-style carousels to separate the workers from the customers. Liquor Plus Mini Mart was a location of known criminal activity.
3. During the time that Respondent used his FAP benefits at Liquor Plus Mini Mart, Liquor Plus Mini Mart was engaged in the trafficking of FAP benefits. Liquor Plus Mini Mart was purchasing FAP benefits for \$0.50 per \$1.00 by either exchanging cash for the benefits or selling ineligible items and charging twice the price to EBT cards. Liquor Plus Mini Mart purchased and physically held some EBT cards to spread purchases over time and to complete purchases of inventory at other retailers.
4. In August 2016, the United States Department of Agriculture (USDA) executed a search warrant at Liquor Plus Mini Mart in conjunction with other agencies. Thereafter, the owner of Liquor Plus Mini Mart was charged with criminal food stamp fraud and convicted.
5. The Department reviewed the EBT transactions completed at Liquor Plus Mini Mart and identified numerous individuals suspected of engaging in FAP trafficking, including Respondent.
6. The Department determined that Respondent completed a total of \$440.31 in EBT transactions at Liquor Plus Mini Mart which were indicative of trafficking because they were associated with charges of \$40.00 or more within a 24-hour period.
7. The Department attempted to contact Respondent to obtain an explanation for his EBT transactions at Liquor Plus Mini Mart, but the Department was unable to obtain an explanation from Respondent.
8. Respondent had previously been found to have committed an IPV in May 2016.
9. On April 3, 2019, the Department's OIG filed a hearing request to establish that Respondent committed an IPV and that Respondent owes the Department the amount of the FAP benefits he trafficked.
10. A notice of hearing was mailed to Respondent at his last known address and it was not returned by the United States Postal Service as undeliverable.
11. The OIG requested recoupment of a \$440.31 debt for the value of FAP benefits trafficked, and the OIG requested that Respondent be disqualified from FAP for 24 months for a second IPV.

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 food 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 Liquor Plus Mini Mart, which was a retailer known to engage in the trafficking of FAP benefits. Respondent completed EBT transactions at Liquor Plus Mini Mart which were excessively high considering the size of the store and its inventory of eligible food items. Respondent's transactions were consistent with an individual completing EBT transactions to obtain items other than eligible food items, and Respondent did not provide a legitimate explanation for his transactions. The Department presented clear and convincing evidence that Respondent's EBT transactions at Liquor Plus Mini Mart 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, Respondent has previously been found to have committed an IPV related to FAP benefits. Thus, this is Respondent's second IPV related to FAP benefits. Therefore, Respondent is subject to a 24-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 Liquor Plus Mini Mart. The Department presented sufficient evidence to establish that at least \$440.31 of

Respondent's EBT transactions were related to trafficking. Thus, Respondent owes the Department \$440.31 because he 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 the Food Assistance Program (FAP).
3. Respondent owes the Department \$440.31 for the value of FAP benefits she trafficked.

IT IS ORDERED THAT the Department may initiate recoupment procedures to collect the \$440.31 debt Respondent owes the Department for the benefits he trafficked.

IT IS FURTHER ORDERED that Respondent shall be disqualified from the Food Assistance Program for a period of 24 months.

JK/nr



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 Office of Administrative Hearings and Rules (MOAHR).

A party may request a rehearing or reconsideration of this Order if the request is received by MOAHR 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. MOAHR will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MOAHR. If submitted by fax, the written request must be faxed to (517) 763-0155; Attention: MOAHR Rehearing/Reconsideration Request.

If submitted by mail, the written request must be addressed as follows:

Michigan Office of Administrative Hearings and Rules
Reconsideration/Rehearing Request
P.O. Box 30639
Lansing, Michigan 48909-8139

DHHS

Mark Epps
4809 Clio Road
Flint, MI
48504

Genesee Clio County DHHS- via
electronic mail

MDHHS- Recoupment- via electronic mail

L. Bengel- via electronic mail

Petitioner

OIG
PO Box 30062
Lansing, MI
48909-7562

Respondent

[REDACTED]
MI