



GRETCHEN WHITMER  
GOVERNOR

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

ORLENE HAWKS  
DIRECTOR

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

Date Mailed: September 13, 2019  
MOAHR Docket No.: 19-004320  
Agency No.: [REDACTED]  
Petitioner: OIG  
Respondent: [REDACTED] [REDACTED]

**ADMINISTRATIVE LAW JUDGE:** Aaron McClintic

**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 August 15, 2019, from Lansing, Michigan. The Department was represented by Patrick Waldron, Regulation Agent of the Office of Inspector General (OIG). The Respondent was represented by herself. [REDACTED] [REDACTED] also appeared and testified for the Petitioner. [REDACTED] [REDACTED] served as Arabic language interpreter. Department Exhibit 1, pp. 1-129 was received and admitted.

**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 benefits for one year?

**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 [REDACTED] [REDACTED] 2016, Respondent submitted to the Department an application for FAP benefits. Respondent signed the application, thereby acknowledging that he had received, read, and agreed with the information in the assistance application Information Booklet, including the Important Things to Know

publication. That publication informed Respondent that trading or selling FAP benefits was considered FAP trafficking and that such action violated the law and if proven, would result in criminal and/or civil penalties, including disqualification from the program. Exhibit 1, pp. 75-97.

2. Respondent was approved for, received, and regularly used her FAP benefits. Exhibit 1, pp. 81-94.
3. At some point, the United States Food and Nutrition Service (FNS) conducted an investigation of a store named [REDACTED] ([REDACTED]). At the conclusion of the investigation, FNS issued to [REDACTED] a February 21, 2018 letter informing the store that it was permanently disqualified from FAP as a result of FNS' finding that the store had engaged in FAP trafficking. Exhibit A, pp. 11-38.
4. As a result of FNS' finding that [REDACTED] engaged in widespread FAP trafficking, the Department conducted an investigation into some of the clients who made purchases at the store.
5. From December 17, 2016 through March 6, 2018, Respondent made 22 purchases at [REDACTED]. Sixteen of those purchases were flagged by the Department as fraudulent due to meeting the Department's criteria for trafficking at that particular store. Exhibit 1, p. 93.
6. On April 15, 2019, the Department's OIG filed a hearing request to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV by engaging in sixteen fraudulent transactions at [REDACTED] from December 17, 2016, through March 4, 2018, totaling \$1,624.18. Exhibit 1, pp. 93.
7. The Department's OIG indicates that the time period it is considering the fraud period is December 17, 2016 through March 8, 2018. Exhibit 1, pp. 1-9.
8. The Department alleges that Respondent received an OI in FAP benefits in the amount of \$1,916.73. Exhibit 1, pp. 1-9.
9. This was Respondent's first alleged IPV, and the OIG requested Respondent be disqualified from receiving FAP benefits for one year. Exhibit 1, pp. 1-9.
10. The Notice of Hearing sent to Respondent's most recent address on file was not returned 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), Adult Services Manual (ASM), and 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.

The Department has alleged that 6 of Respondent's suspicious purchases at Samaha during the alleged fraud period were instances of trafficking. The Department is seeking an order finding Respondent committed an IPV with respect to FAP and requiring Respondent to repay the amount allegedly trafficked.

### **Intentional Program Violation**

An IPV is suspected for a client who is alleged to have trafficked FAP benefits. BAM 720 (October 2015), p. 1. Trafficking is defined as actually or attempting to buy, sell, or steal FAP benefits for cash or consideration other than eligible food. BAM 700 (October 2015), p. 2; 7 CFR 271.2.

An IPV requires that the Department establish by clear and convincing evidence that the client has trafficked FAP benefits. BAM 720, p. 1; see also 7 CFR 273(e)(6). 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, the Department has met its burden. After an investigation, FNS determined that ██████ engaged in wide-ranging fraud with respect to accepting and redeeming FAP benefits. The investigation showed that ██████ had limited food inventory and no carts or baskets. The Department established that Respondent made sixteen large and/or suspicious EBT transactions at the store from December 19, 2016 through March 8, 2018.

During the hearing, the Department presented Respondent's FAP usage history and issuance summary. Besides the transactions in question, Respondent's FAP usage appeared to be ordinary. The transactions in question, however, were far from ordinary.

The sixteen suspicious purchases, which averaged over \$100 each, are highly suspicious. They are for an excessive amount given the inventory of the store and the other shopping options available. Several purchases were also within a short period of time. After viewing the photographs of the inventory and Respondent's purchase history, it seems highly unlikely for those purchases to have been legitimate. Additionally, a set of the large purchases were made within a few minutes of one another, highly unlikely for legitimate purchases. In addition, within one mile of Samaha were two fully stocked, large grocery store chains, thus showing that Samaha was not Respondent's only option.

The evidence shows that Respondent engaged in a pattern of suspicious FAP purchases from a store that was proven to be engaged in fraudulent FAP trafficking during the same time.

Ahmed Hameid testified at hearing that the owner of the [REDACTED] market would purchase food for him and Respondent from [REDACTED] and that he would pay him with FAP benefits. [REDACTED] testified that he also purchased food from the [REDACTED] like dates and other specialty items. Mr. [REDACTED] testified that he drove a cab and did not have time to shop for food. Mr. [REDACTED] testimony was not credible, his explanation for the arrangement he made with the owner of [REDACTED] does not make sense. It is unclear why the owner of [REDACTED] would leave his market to be Respondent's personal shopper. The Department's explanation that Respondent was exchanging FAP benefits for cash makes more sense, based on the established history of trafficking at the store and the nature of Respondent's transactions. In addition, Respondent provided no corroborating evidence to support her explanation for the transactions.

### **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, pp. 15-16; 7 CFR 273.16(b). In general, Clients are disqualified 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.

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 one-year disqualification and removal from the FAP group.

### **Overissuance**

When a client group receives more benefits than it is entitled to receive, the Department must attempt to recoup the OI. BAM 700, p. 1; 7 CFR 273.18. The OI amount for trafficking-related IPV's is the value of the trafficked benefits as determined by: (1) a court decision; (2) the individual's admission; or (3) documentation used to establish the trafficking determination, such as an affidavit from a store owner or sworn testimony from a federal or state investigator of how much a client could have reasonably trafficked in that store. BAM 720, p. 8; 7 CFR 273.18(c)(2). In this case, the evidence shows that Respondent completed 16 transactions that qualified as trafficking. The total value of those 16 purchases was \$1,916.73. Thus, Respondent was overissued \$1,916.73.

**DECISION AND ORDER**

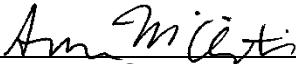
The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, concludes that:

1. The Department established by clear and convincing evidence that Respondent committed an IPV.
2. Respondent received an OI of FAP benefits in the amount of \$1,916.73, which the Department is entitled to recoup and/or collect.
3. Respondent shall be disqualified from receiving FAP benefits for a period of one year.

IT IS ORDERED that the Department is authorized to initiate recoupment and/or collection procedures for the amount of \$1,916.73, less any amounts already recouped and/or collected.

IT IS FURTHER ORDERED that Respondent is disqualified from receiving FAP benefits for a period of one year.

AM/nr

  
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Aaron McClintic  
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**

Keisha Koger-Roper  
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Wayne 55 County DHHS- via electronic  
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**Petitioner**

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**Respondent**

[REDACTED]  
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