



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], IN [REDACTED]

Date Mailed: March 25, 2020  
MOAHR Docket No.: 19-013534  
Agency No.: [REDACTED]  
Petitioner: OIG  
Respondent: [REDACTED] [REDACTED]

**ADMINISTRATIVE LAW JUDGE:** Kevin Scully

**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, and with Mich Admin Code, R 400.3130 and R 400.3178. A notice of hearing was mailed on January 28, 2020 and returned by the US Postal Service as undeliverable on February 13, 2020. An updated notice of hearing was mailed on February 28, 2020, and this notice was not returned by the US Postal Service. After due notice, telephone hearing was held on March 3, 2020, from Lansing, Michigan. The Department was represented by Thomas Lilienthal, 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 the Respondent committed an Intentional Program Violation (IPV)?
3. Should Respondent be disqualified from the Food Assistance Program (FAP)?

**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 an application for assistance dated [REDACTED], 2017, Respondent acknowledged her duties and responsibilities including the duty to report changes of residency and the receipt of benefits from another state. Respondent did not have an

apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Exhibit A, pp 10-29.

2. Respondent acknowledged under penalties of perjury that her [REDACTED], 2017, application form was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Exhibit A, p 29.
3. Respondent reported on her [REDACTED], 2017, application for assistance that she was homeless but had moved to Michigan on May 1, 2017. Exhibit A, p 11.
4. On May 24, 2017, the Department notified Respondent that she was eligible for Food Assistance Program (FAP) benefits as a household of one not receiving any income. Exhibit A, pp 30-35.
5. Respondent used her Michigan Food Assistance Program (FAP) benefits to make purchases in Michigan from May 25, 2017, through July 20, 2017. Exhibit A, pp 37-38.
6. Respondent started using her Michigan Food Assistance Program (FAP) benefits in Indiana on July 23, 2017 and used them exclusively in Indiana through April 14, 2019. Exhibit A, pp 38-40.
7. On [REDACTED], 2017, Respondent filed an application for food assistance with the state of Indiana claiming to live in Indiana. Exhibit A, pp 43-65.
8. The Respondent received Food Assistance Program (FAP) benefits totaling \$970 from November 1, 2017, through March 31, 2018. Exhibit A, pp 66-67.
9. The Respondent received food assistance benefits from the state of Indiana from September 14, 2017, through November 30, 2017. Exhibit A, p 42.
10. The Department's OIG filed a hearing request on November 22, 2019, to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV. Exhibit A, p 3.
11. On November 22, 2019, the Department sent the Respondent an Intentional Program Violation Repayment Agreement (DHS-4350) with notice of a \$970 overpayment, and a Request for Waiver of Disqualification Hearing (DHS-826). Exhibit A, pp 6-7, and 69-71.
12. This was Respondent's first established IPV.
13. A notice of hearing was mailed to Respondent at the last known address on February 28, 2020 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), Department of Health and Human Services Reference Tables Manual (RFT), and Department of Health and Human Services Emergency Relief Manual (ERM).

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-.3011.

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 OI amount for the FIP, SDA, CDC, MA and FAP programs is \$500 or more, or
  - the total OI amount is less than \$500, 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.

Department of Health and Human Services Bridges  
Administrative Manual (BAM) 720 (October 1, 2017), pp 12-13.

### **Overissuance**

When a client group receives more benefits than it is entitled to receive, the Department must attempt to recoup the overissuance. Department of Human Services Bridges Administrative Manual (BAM) 700 (October 1, 2018), p 1.

Concurrent receipt of benefits means assistance received from multiple programs to cover a person's needs for the same time period. Benefit duplication means assistance received from the same (or same type of) program to cover a person's needs for the same month. Benefit duplication is prohibited except for MA and FAP in limited circumstances. Department of Health and Human Services Bridges Eligibility Manual (BEM) 222 (October 1, 2018), p 3.

An individual found to have made a fraudulent statement or representation with respect to the identity or place of residence of the individual in order to received multiple SNAP benefits simultaneously shall be ineligible to participate in the Program for a period of 10 years. 7 CFR 273(b)(5).

On an application for assistance dated [REDACTED], 2017, Respondent acknowledged her duties and responsibilities including the duty to report changes of residency and the receipt of benefits from another state. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Respondent reported on her [REDACTED], 2017, that she was homeless and living in Michigan as of May 1, 2017. Respondent used her Michigan FAP benefits in Michigan from May 25, 2017, through July 20, 2017.

The evidence supports a finding that Respondent went to Indiana because she began using her Michigan FAP benefits in Indiana on July 23, 2017 and used them exclusively in Indiana through April 14, 2019. While in Indiana, Respondent applied for food assistance from the state of Indiana on [REDACTED], 2017, and received Indiana food assistance from September 14, 2017, through November 30, 2017.

If Respondent had reported that she was receiving Indiana food assistance in a timely manner, the Department would have closed her Michigan FAP benefits by November 1, 2017. Respondent received FAP benefits totaling \$970 from November 1, 2017, through March 31, 2018, that she was not eligible for while concurrently receiving food assistance from the state of Indiana. Therefore, Respondent received a \$970 overissuance of Michigan FAP benefits.

### **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 the reporting responsibilities, and
- The client has no apparent physical or mental impairment that limits the understanding or ability to fulfill reporting responsibilities.

BAM 700, p 7, BAM 720, p. 1.

An IPV is also suspected for a client who is alleged to have trafficked FAP benefits. 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 273.16(e)(6).

The Department has the burden of establishing by clear and convincing evidence that the Respondent committed an Intentional Program Violation (IPV). The clear and convincing evidence standard, which is the most demanding standard applied in civil cases, is established where there is evidence so clear, direct and weighty and convincing that a conclusion can be drawn without hesitancy of the truth of the precise facts in issue. *Smith v Anonymous Joint Enterprise*, 487 Mich 102; 793 NW2d 533 (2010), reh den 488 Mich 860; 793 NW2d 559 (2010).

Clear and convincing proof is that which produces in the mind of the trier of fact a firm belief or conviction as to the truth of the precise facts in issue. Evidence may be uncontroverted and yet not be clear and convincing. Conversely, evidence may be clear and convincing even if contradicted. *Id.*

Respondent acknowledged the duties and responsibilities of receiving Michigan FAP benefits on an application for assistance dated [REDACTED], 2017, and these duties included the duty to report a change of residency and the receipt of other food assistance benefits. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Respondent had truthfully reported on [REDACTED], 2017, that she had been living in Michigan since May 1, 2017, which is supported by her exclusive used of Michigan FAP benefits to make purchases in Michigan from May 24, 2017, through July 20, 2017.

On July 23, 2017, Respondent went to Indiana and began using her Michigan FAP benefits in Indiana. No evidence was presented on the record to establish Respondent's purpose of travelling to Indiana or whether she intended to return to Michigan. On [REDACTED], 2017, Respondent filed an application for food assistance with the state of Indiana and began receiving Indiana food assistance.

Respondent was not eligible to receive Michigan FAP benefits concurrently with food assistance from the state of Indiana. Respondent received Michigan FAP benefits that she was not eligible for because she failed to report that she was concurrently receiving food assistance from the state of Indiana.

This Administrative Law Judge finds that the Department has presented clear and convincing evidence that the Respondent intentionally failed to report that she was receiving food assistance from the state of Indiana concurrently with her Michigan FAP benefits for the purposes of maintaining her eligibility for Michigan FAP benefit that she would not have been eligible for otherwise.

## **Disqualification**

A court or hearing decision that finds a client committed IPV disqualifies that client from receiving program benefits. BAM 720, p. 15-16. A disqualified recipient remains a member of an active group as long as the disqualified person lives with them, and other eligible group members may continue to receive benefits. BAM 720, p. 16.

Clients who commit an IPV are disqualified for a standard disqualification period except when a court orders a different period, or except when the OI relates to MA. BAM 720, p. 13. Refusal to repay will not cause denial of current or future MA if the client is otherwise eligible. BAM 710 (January 1, 2018), p. 2. Clients are disqualified for periods of one year for the first IPV, two years for the second IPV, lifetime disqualification for the third IPV, and ten years for a FAP concurrent receipt of benefits. BAM 720, p. 16.

The Department has established an Intentional Program Violation (IPV).


A twelve-month disqualification from the Food Assistance Program (FAP) is appropriate in this case because although Respondent did receive concurrent food assistance, she did not make a fraudulent statement or representation with respect to identity or place of residence. 7 CFR 273(b)(5). Respondent intentionally failed to report information to Michigan resulting in an overissuance of Michigan benefits, but truthfully reported that she was living in Michigan on May 24, 2017, and truthfully reported that she was living in Indiana on September 14, 2017.

## **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, concludes that:

1. The Department has established by clear and convincing evidence that Respondent committed an IPV.
2. Respondent did receive an OI of Food Assistance Program (FAP) benefits in the amount of \$970.
3. The Department is ORDERED to initiate recoupment procedures for the amount of \$970 in accordance with Department policy.
4. It is FURTHER ORDERED that Respondent be disqualified from the Food Assistance Program (FAP) for a period of 12 months.

KS/nr

  
\_\_\_\_\_  
Kevin Scully  
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**

Julie Claffey  
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Harrison, MI  
48625

Clare County DHHS- via electronic mail


MDHHS- Recoupment- via electronic mail

L. Bengel- via electronic mail

**Petitioner**

OIG- via electronic mail  
PO Box 30062  
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**Respondent**

 via first class mail  
, IN