



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]

Date Mailed: August 20, 2019  
MOAHR Docket No.: 19-004531  
Agency No.: [REDACTED]  
Petitioner: OIG  
Respondent: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: John Markey**

**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 14, 2019, from Detroit, Michigan. The Department was represented by Chris Tetloff, Regulation Agent of the Office of Inspector General (OIG). Respondent did not appear at the hearing. The hearing 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). During the hearing, a 204-page packet of documents was offered and admitted into evidence as Exhibit A, pp. 1-204.

**ISSUES**

1. Did Respondent receive an overissuance (OI) of Food Assistance Program (FAP) benefits that the Department is entitled to recoup and/or collect?
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?

**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], 1997, [REDACTED] was convicted of a controlled substance felony in Saginaw County, Michigan. The offense for which he was convicted occurred on [REDACTED], 1996. Exhibit A, p. 127.
2. On October 19, 2015, Respondent filed with the Department an application for FAP benefits. Petitioner's household included herself, her husband [REDACTED], and four minor children. Exhibit A, pp. 17-44.
3. The application asked Respondent if [REDACTED] had been convicted of a drug-related felony and if he had been convicted of a drug-related felony more than once. Respondent answered "No" to both inquiries. Exhibit A, pp. 28-29.
4. Respondent signed the application, thereby certifying that all information was true and accurate to the best of her knowledge. Respondent further certified that she understood the consequences of provided false information on the application and that she agreed to abide by the rules requiring her to report a change in circumstance to the Department within ten days of the change. Exhibit A, pp. 42-44.
5. On November 9, 2015, [REDACTED] was convicted of a controlled substance felony in Saginaw County, Michigan, his second such conviction. Exhibit A, p. 126.
6. Respondent did not report the conviction to the Department.
7. Respondent submitted to the Department a Redetermination in September 2016 and an application in June 2017. On each of the documents, [REDACTED] criminal history was fraudulently misrepresented. Each of those documents was signed, thereby certifying the truth of the information contained therein. Exhibit A, pp. 55-60; 71-117.
8. On September 17, 2017, group member [REDACTED] received her first paycheck from her employment with [REDACTED]. [REDACTED] worked continuously at that job until receiving her last paycheck on March 21, 2018. Exhibit A, pp. 146-148.
9. On October 26, 2017, [REDACTED] received his first paycheck from his employment with [REDACTED]. [REDACTED] continuously worked at that job until receiving his last paycheck on June 8, 2018. Exhibit A, pp. 149-150.
10. Neither [REDACTED] nor [REDACTED] new income was reported to the Department despite Respondent being aware that her level of benefits was based on her household having zero earned income and repeatedly having acknowledged her responsibility to report new income within ten days after receipt of the first paycheck.

11. The Department's OIG filed a hearing request [REDACTED], 2019, to establish an overissuance of FAP benefits received by Respondent as a result of Respondent having allegedly committed an IPV by misrepresenting her group's criminal history and failing to report income of group members. Exhibit A, pp. 1-12.
12. The OIG requested that Respondent be disqualified from receiving FAP benefits for a period of one year for a first IPV. Exhibit A, pp. 1-12.
13. The Department's OIG indicates that the time period it is considering the fraud period with respect to FAP is January 1, 2016 through May 31, 2018 (fraud period), during which the Department issued Respondent \$16,566 in FAP benefits. The Department contends that Respondent was entitled to only \$10,853 in FAP benefits during that time. The Department is seeking an order establishing that Respondent received an overissuance of FAP benefits of \$5,713, which is the difference between what the Department issued and what the Department believes Respondent was entitled to. Exhibit A, pp. 1-12.
14. A Notice of Hearing was mailed to Respondent at the last known address and was not returned by the United States Postal Services 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 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's position in this matter is that Respondent committed an IPV with respect to FAP and should be accordingly required to pay back the alleged ill-gotten gains and be disqualified from receipt of FAP benefits for a period of one year.

#### **Overissuance**

When an ineligible client is issued benefits or an eligible client is issued more benefits than the client is entitled, the Department must attempt to recoup the overissuance. BAM 700 (October 2016), p. 1; 7 CFR 273.18.

In this case, Respondent received more FAP benefits than she was entitled to receive. An individual who has been convicted of two or more felony drug offenses which occurred after August 22, 1996, is permanently disqualified from receiving FAP benefits.

BEM 203 (October 2015), p. 2; 7 CFR 273.1(b)(7)(vii). [REDACTED] had at least two felony drug convictions which occurred after August 22, 1996, so he was permanently disqualified from receiving benefits as of the date of his second conviction, [REDACTED], 2015. Thus, all benefits issued after that date on account of [REDACTED]' inclusion in the FAP group were overissued.

Additionally, the Department determined Respondent's eligibility without budgeting the group's concealed income from employment with [REDACTED] and [REDACTED], which caused Respondent's household income to be understated. Properly factoring into the equation the household's unreported income reduced the amount of FAP benefits that Respondent was eligible to receive.

The Department issued \$16,566 in FAP benefits to Respondent from January 1, 2016 through May 31, 2018. Upon factoring into the equation the disqualification of [REDACTED], [REDACTED] and the concealed income and recalculating Respondent's FAP benefits levels, it is found that Respondent was entitled to receive only \$10,853 over that time period, which is \$5,713 less than what Respondent actually received. Thus, Respondent was overissued \$5,713 in FAP benefits.

### **Intentional Program Violation**

The Department's policy in effect at the time of Respondent's alleged IPV defined an IPV as an overissuance in which the following three conditions exist: (1) the client intentionally failed to report information or intentionally gave incomplete or inaccurate information needed to make a correct benefit determination; (2) the client was clearly and correctly instructed regarding his or her reporting responsibilities; and (3) the client has no apparent physical or mental impairment that limits his or her understanding or ability to fulfill his or her reporting responsibilities. BAM 720 (January 2016) p. 1; 7 CFR 273.16(c).

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; see also 7 CFR 273.16(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 of proof. Respondent was required to completely and truthfully answer all questions in forms and in interviews. BAM 105 (October 2016), p. 9. Respondent was required to report changes in her household's circumstances to the Department within 10 days of the date of the change. BAM 105, pp. 11-12; 7 CFR 273.12(a)(1)-(2). The Department clearly and correctly instructed Respondent of the requirement to provide truthful answers and report changes and the penalties for failing to do so.

Despite being clearly instructed to answer questions honestly and certifying that she had done so, Respondent failed to completely and truthfully answer all questions on the submissions described above. The Department asked Respondent if [REDACTED] had been convicted of a drug-related felony and if he had been convicted of a drug-related felony more than once, and Respondent dishonestly represented that he had never been convicted of a drug-related felony when he had been convicted of at least two drug-related felonies. Additionally, Respondent knowingly concealed her household income in order to receive more benefits than she was lawfully allowed.

Respondent intentionally concealed and misrepresented her criminal past and household income to the Department to obtain benefits when she knew or should have known that the Department would consider the information in determining her eligibility for FAP benefits. The Department has proven by clear and convincing evidence that Respondent committed an intentional program violation with respect to FAP.

### **Disqualification**

A client who is found to have committed an IPV with respect to FAP by a court or hearing decision is disqualified from receiving FAP benefits. BAM 720, pp. 15-16; 7 CFR 273.16. 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. A ten-year disqualification is imposed if a client makes a fraudulent statement or representation regarding residence in order to receive concurrent benefits from more than one state. BAM 720, p. 16; BEM 203, p. 1; 7 CFR 273.16(b)(5).

There is no evidence on the record that Respondent has previously been found to have committed an IPV with respect to FAP. Thus, Respondent is subject to a one-year disqualification from receiving FAP benefits.

### **DECISION AND ORDER**

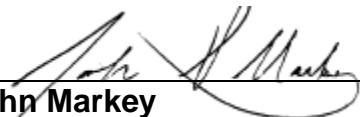
The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, concludes that:

1. Respondent received an overissuance of FAP benefits in the amount of \$5,713 that the Department is entitled to recoup and/or collect.
2. The Department has established by clear and convincing evidence that Respondent committed an IPV with respect to her FAP benefits.
3. Respondent is subject to a one-year disqualification from receiving FAP benefits.

IT IS ORDERED that the Department may initiate recoupment and/or collection procedures for the total FAP overissuance amount of \$5,713 established in this matter less any amounts already recouped or collected.

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

JM/cg

  
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**John Markey**  
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

**Via Email:**

MDHHS-Saginaw-Hearings  
OIG Hearings  
Recoupment  
MOAHR

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

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