



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: January 17, 2020  
MOAHR Docket No.: 19-011040  
Agency No.: [REDACTED]  
Petitioner: OIG  
Respondent: [REDACTED]

**ADMINISTRATIVE LAW JUDGE:** Janice Spodarek

### **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 January 14, 2020, from Lansing, Michigan. The Department was represented by Regulation Agent of the Office of Inspector General (OIG), Jennifer Allen. Respondent appeared unrepresented.

Department Exhibit A.178 was offered and admitted into the record.

### **ISSUES**

1. Did Respondent receive an overissuance (OI) of Food Assistance Program (FAP) or Supplemental Nutritional Assistance Program (SNAP) 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 FAP benefits for 12 months?

### **FINDINGS OF FACT**

The Administrative Law Judge, based on the clear and convincing evidence on the whole record, finds as material fact:

1. At all relevant times applicable to the issues herein, Respondent has been a beneficiary of the FAP/SNAP program.

2. Respondent completed multiple applications and redeterminations, acknowledging that she understood her responsibilities for the bridge card use. Included in her acknowledgments was the receipt of the Petitioner's brochure titled "How to Use Your Bridge Card." Respondent acknowledged that she understood that trafficking of benefits can result in prosecution for fraud and that misuse of food benefits is a violation of law, including allowing a retailer to buy FAP benefits in exchange for cash or nonfood items. See Exhibit A. Respondent further acknowledged that she understood that the SNAP program prohibited beneficiaries from carrying a 'tab' or owing future or past SNAP benefits.
3. Respondent did not have any physical or mental impairment that would limit her understanding or ability to fulfill her responsibilities to the Department.
4. From November 2015 through February 2018, Respondent used her FAP benefits at [REDACTED] store, located at [REDACTED] Michigan.
5. The USDA/United States Food and Nutrition Service (FNS) SNAP program investigated [REDACTED] finding the store in an urban, residential neighborhood with no optical scanners, no shopping baskets, 2500 square feet, no wholesale items, with the most expensive item a 7 oz. coffee at \$8.49. There was very little turnover of inventory. Individual interviews revealed that [REDACTED] allowed customers to purchase hot foods prohibited by bridge card rules, and to keep a tab to be repaid later by EBT.
6. The FNS examined EBT transaction records for [REDACTED] and determined that for a store with inventory of this size, any transactions above \$91.53 was suspect. The FNS instructed the State of Michigan to investigate Respondent for multiple suspect transactions.
7. FNS identified numerous transactions by Respondent as indicative of trafficking.
8. On May 25, 2018, FNS notified [REDACTED] that it suspected the business of FAP trafficking and that it was charging the business with trafficking pursuant to 7 CFR 271.2. FNS permanently disqualified [REDACTED] from participating in Supplemental Nutrition Assistance Program (SNAP) as a result.
9. The USDA/FNS investigation resulted in an evidentiary file being forwarded to the State of Michigan for prosecution under the state FAP policy rules and in conjunction with federal regulations for overissuance and recoupment. (Testimony of OIG witness.)
10. During the alleged fraud period, Respondent made eight EBT transactions at [REDACTED] [REDACTED] which equaled or exceeded the \$91.53 threshold, including one for \$416.89.

11. The Department determined that Respondent trafficked FAP benefits at [REDACTED] during the fraud period, totaling \$3,167.47 in unauthorized transactions.
12. On October 9, 2019, the Department's OIG filed a hearing request to establish an OI of benefits received by Respondent because of Respondent having allegedly committed an IPV.
13. The OIG requested Respondent be disqualified from receiving program benefits for 12 months for a first IPV.

### **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.

#### **Intentional Program Violation**

An IPV is suspected for a client who is alleged to have trafficked FAP benefits. BAM 720 (October 1, 2014), p. 1.

Trafficking is:

- The buying or selling of FAP benefits for cash or consideration other than eligible food. Examples would be liquor, exchange of firearms, ammunition, explosives or controlled substances.
- Selling products purchased with FAP benefits for cash or consideration other than eligible food.
- Purchasing containers with deposits, dumping/discarding product and then returning containers to obtain cash refund deposits.

BAM 700 (May 1, 2014), p. 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 273.16. 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)). Intent may be inferred by circumstantial evidence.

Regarding the running of a tab, the DHHS pamphlet lays out acceptable uses to which all applicants and those who acknowledged at redetermination that they have been appraised of the program rules and uses of the bridge card. The federal regulation regarding a tab prohibition is found at 7 CFR 274.7.

In this case, Respondent argued that the store allowed her to keep a tab. Respondent also argued that the \$416.89 purchase was candy and birthday items she purchased for a birthday party the following day for party goers who were not part of the FAP group. Respondent argued that candy is very expensive, at \$14.00 to \$15.00 a bag. After the Department pointed out that the SNAP program does not allow a tab, and that the use of the SNAP card for the purchase of items for others is not permitted, Respondent stated that she also bought meat, that the kids get pop, and that the children help her carry hundreds of dollars of purchases as there are no carts. The Department pointed out that the purchases were made during school hours. It is also noted that the FNS investigation did not reveal any items that cost more than a \$8.49 bag of coffee. Respondent stated that she did have receipts but threw them away.

After a careful review of the credible and substantial evidence of the whole record, and the testimony at the administrative hearing, I find that the Department has met its burden of proof. A review of the Respondent's EBT history revealed that their EBT Bridge card was used to perform unauthorized FAP transactions at the [REDACTED] as documented by the USDA Food and Nutrition Service, including an unusual number of transactions ending in extra-ordinary large amounts for a size and store with this inventory. Respondent did not meet her burden of rebutting the Department's proofs.

The Petitioner does not need to prove explicit intent; it may be inferred with circumstantial evidence.

### **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, p. 16. Clients are disqualified for ten years for a FAP IPV involving concurrent receipt of benefits, and, for all other IPV cases involving FAP, 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 disqualified recipient remains a member of an active group if he/she lives with them, and other eligible group members may continue to receive benefits. BAM 720, p. 16.

This was Respondent's first instance of an IPV. Therefore, a 12-month disqualification is required.

### Overissuance

When a client group receives more benefits than entitled to receive, the Department must attempt to recoup the OI. BAM 700, p. 1. The OI amount for trafficking-related IPV is the value of the trafficked benefits (attempted or actually trafficked) 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. This can be established through circumstantial evidence. BAM 720, p. 8. As such, Respondent's questions regarding explicitly established intent is not required.

Here, the trafficking amount is \$3,167.47. Respondent is responsible for \$3,167.47 for the time period from November 2015 through February 2018, for ineligible use of FAP benefits trafficked at [REDACTED] in [REDACTED] Michigan.

### DECISION AND ORDER

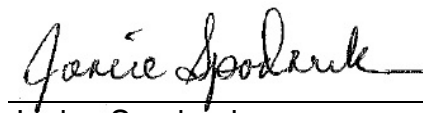
This Administrative Law Judge based upon the above clear and convincing evidence of the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, concludes that:

1. The Department has established by clear and convincing evidence that Respondent committed an IPV.
2. Respondent did solicit for/receive an OI of FAP benefits in the amount of \$3,167.47.

The Department is ORDERED to initiate recoupment/collection procedures for \$3,167.47 in accordance with Department policy.

It is ORDERED that Respondent be disqualified from FAP for a period of 12 months in accordance with federal and state law.

JS/ml



---

Janice Spodarek  
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**

Courtney Jenkins  
22 Center Street  
Ypsilanti, MI 48198

Washtenaw (District 20) Coutny DHHS –  
Via Electronic Mail

**Petitioner**

OIG – Via Electronic Mail  
P.O. Box 30062  
Lansing, MI 48909-7562

Recoupment – Via Electronic Mail

L. Bengel – Via Electronic Mail

**Respondent**

████████████████████ – Via First Class  
Mail

████████████████████  
MI ██████████