



GRETCHEN WHITMER  
GOVERNOR

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

MARLON BROWN  
DIRECTOR

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Date Mailed: June 3, 2024  
MOAHR Docket No.: 23-006395  
Agency No.: ██████████  
Petitioner: OIG  
Respondent: ██████ ██████

**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. After due notice, a telephone hearing was held on May 23, 2024, from Lansing, Michigan. The Department was represented by Adriane Laugavitz, 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 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 August ██████ 2022, Respondent acknowledged her duties and responsibilities including the duty to report changes of employment status and increases of earned income. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Exhibit A, pp 7-14.

2. Respondent acknowledged under penalties of perjury that her August [REDACTED] 2022, 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 14.
3. Respondent reported on her August [REDACTED] 2022, application for assistance that her employment had ended and that she had applied for unemployment compensation benefits. Exhibit A, pp 7-14.
4. On September [REDACTED] 2022, the Department notified Respondent that she was eligible for Food Assistance Program (FAP) benefits as a household of 4 not receiving any earned income from employment and unearned income in the gross monthly amount of \$[REDACTED] Exhibit A, pp 15-20.
5. Respondent reported on a Renew Benefits form received by the Department on January [REDACTED] 2023, that she was employed and receiving child support and unemployment compensation benefits. Exhibit A, pp 21-23.
6. On January [REDACTED] 2023, the Department notified Respondent that she was eligible for Food Assistance Program (FAP) benefits as a household of four receiving unearned income in the gross monthly amount of \$[REDACTED] and that no one in the household was receiving any earned income from employment. The Department also instructed Respondent to report if her household income exceeded \$3,007. Exhibit A, pp 24-29.
7. Respondent reported on a Renew Benefits form received by the Department on June 26, 2023, that she was employed. Exhibit A, pp 30-33.
8. Respondent has been employed since April 1, 2015. Exhibit A, pp 34-38.
9. Respondent did not work from August 15, 2022, through August 28, 2022. Exhibit A, p 36.
10. Respondent returned to work and received a paycheck on September 9, 2022. Exhibit A, p 36.
11. Respondent's work hours were reduced from December 25, 2022, through January 8, 2023. Exhibit A, p 26.
12. Respondent failed to report when she received gross monthly earnings from employment totaling \$[REDACTED] in May of 2023, \$[REDACTED] in June of 2023, and \$[REDACTED] in July of 2023. Exhibit A, p 35.
13. Respondent received Food Assistance Program (FAP) benefits totaling \$[REDACTED] from July 1, 2023, through July 31, 2023. Exhibit A, p 39.
14. The Department's OIG filed a hearing request on October 2, 2023, to establish that Respondent committed an Intentional Program Violation (IPV). Exhibit A, p 2.

15. On October █ 2023, the Department sent Respondent an Intentional Program Violation Repayment Agreement (DHS-4350) with notice of a \$█ overpayment. Exhibit A, pp 42-43.
16. On October █ 2023, the Department sent Respondent a Request for Waiver of Disqualification Hearing (DHS-826). Exhibit A, pp 44-45.
17. This was Respondent's first established IPV.
18. A notice of hearing was mailed to Respondent at the last known address 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) is funded under the federal Supplemental Nutrition Assistance Program (SNAP) established by the Food and Nutrition Act of 2008, as amended, 7 USC 2011 through 7 USC 2036a. It is implemented by the federal regulations contained in 7 CFR 273. The Department administers FAP pursuant to MCL 400.10 of the Social Welfare Act, MCL 400.1 *et seq*, and Mich Admin Code, R 400.3001 through 400.3011.

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

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

### **Overissuance**

An “overissuance” is an amount owed because of benefits that are overpaid, which the Department must establish and collect. 7 CFR 273.18(a). 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.

Simplified reporting groups are required to report only when the group’s actual gross monthly income (not converted) exceeds the SR income limit for their group size. No other change reporting is required. If the group has an increase in income, the group must determine their total gross income at the end of that month. If the total gross income exceeds the group’s simplified reporter income limit, the group must report this change to their specialist by the 10th day of the following month, or the next business day if the 10th day falls on a weekend or holiday. Once assigned to simplified reporting, the group remains in simplified reporting throughout the current benefit period unless they report changes at their semi-annual contact or redetermination that make them ineligible for simplified reporting. The income limit is 130 percent of the poverty level based on group size. Department of Health and Human Services Bridges Administrative Manual (BAM) 200 (July 1, 2023), pp 1-7.

Respondent was an ongoing FAP recipient as a household of four after acknowledging the rights and responsibilities of receiving FAP benefits on an application for assistance dated August [REDACTED] 2022. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.

Respondent’s work hours were reduced from December 25, 2022, through January 8, 2023. On January 31, 2023, the Department notified Respondent that she was eligible for FAP benefits as a household of four not receiving any earned income from employment, and that she should report if her household income exceeded \$3,007.

Respondent failed to report when she received gross monthly earnings from employment totaling \$[REDACTED] in May of 2023, \$[REDACTED] in June of 2023, and \$[REDACTED] in July of 2023. If Respondent had reported that her household income had exceeded \$3,007, the Department would have closed her FAP benefits. Respondent received FAP benefits totaling \$[REDACTED] in July of 2023, that she was not eligible for.

### **Intentional Program Violation**

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).

The Department has the burden of establishing by clear and convincing evidence that 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 FAP benefits on an application for assistance dated August [REDACTED] 2022. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. On January [REDACTED] 2023, the Department notified Respondent that she was required to report if her household income exceeded \$3,007. Respondent failed to report receiving earned income totaling \$[REDACTED] in May of 2023, \$[REDACTED] in June of 2023, and \$[REDACTED] in July of 2023. Instead, she continued to receive FAP benefits as if she was not receiving any earned income from employment.

This Administrative Law Judge finds that the Department has presented clear and convincing evidence that Respondent intentionally failed to report when her income exceeded \$2,007 for the purposes of maintaining her eligibility for FAP benefits 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 if 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. Department of Health and Human Services Bridges Administrative Manual (BAM) 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 record evidence indicates that this is Respondent's first established IPV violation.

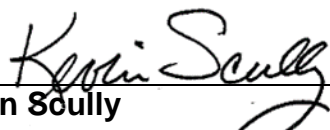
The Department has established an Intentional Program Violation (IPV).

**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 Intentional Program Violation (IPV).
2. Respondent did receive an overissuance of Food Assistance Program (FAP) benefits in the amount of \$[REDACTED]
3. The Department is ORDERED to initiate recoupment procedures for the amount of \$[REDACTED] 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/dm

  
\_\_\_\_\_  
**Kevin Scully**  
Administrative Law Judge  
Michigan Office of Administrative Hearings  
and Rules (MOAHR)

**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

