



GRETCHEN WHITMER
GOVERNOR

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

MARLON I. BROWN, DPA
DIRECTOR

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[REDACTED], MI [REDACTED]

Date Mailed: January 31, 2025
MOAHR Docket No.: 24-013854
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Zainab A. Baydoun

HEARING DECISION

Following Petitioner's request for a hearing, this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and 400.37; 7 CFR 273.15 to 273.18; 42 CFR 431.200 to 431.250; 42 CFR 438.400 to 438.424; 45 CFR 99.1 to 99.33; and 45 CFR 205.10; and Mich Admin Code, R 792.11002. After due notice, a telephone hearing was held on January 22, 2025, from Detroit, Michigan. Petitioner appeared for the hearing and represented herself. The Department of Health and Human Services (Department) was represented by Danielle Moton, Assistance Payments Worker.

ISSUE

Did the Department properly process Petitioner's Food Assistance Program (FAP) and State SSI Payments (SSP) 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. Petitioner is an ongoing recipient of FAP and SSP benefits.
2. For a reason unexplained during the hearing, Petitioner did not receive her ■42 quarterly SSP in June 2024, to cover the period of April 1, 2024, to June 30, 2024. (Exhibit A, p. 12)
3. On or around August 14, 2024, Petitioner signed and completed a Food Replacement Affidavit, requesting replacement FAP benefits in the amount of \$75. Petitioner reported that her FAP benefits were stolen due to EBT fraud. Although not identified on the Food Replacement Affidavit, it was undisputed that the amount requested was to replace Petitioner's July 2024 FAP benefits.
4. On or around September 3, 2024, the Department sent Petitioner a Quick Note informing her that in order to process her request for replacement benefits, she must

change her EBT card pin number, as records indicate that the last pin change was in May. Petitioner was provided with the phone number to contact the EBT hotline. (Exhibit A, p. 11, 13)

5. On or around September 11, 2024, Petitioner signed and completed a Food Replacement Affidavit, requesting replacement FAP benefits in the amount of \$75 for August 2024 and \$291 for September 2024. Petitioner reported that her FAP benefits were stolen due to EBT fraud. (Exhibit A, pp. 8-10)
 - a. In signing the Food Replacement Affidavit, Petitioner declared that she agrees to change her EBT pin immediately.
6. The Department forwarded the Food Replacement Affidavit and Emergency Services Fund request to the policy division for review. (Exhibit A, p. 13)
7. Case Comments indicate that the Department's policy division had rejected Petitioner's FAP benefit replacement request because she failed to change her EBT card pin number. (Exhibit A, p. 13)
8. Although the Department did not present a denial or eligibility notice, the Department asserted that the denial identified in the Case Comments was with respect to Petitioner's August 14, 2024, FAP benefit replacement request and that as of the hearing date, her September 11, 2024, FAP benefit replacement request was still pending.
9. On or around December 18, 2024, Petitioner requested a hearing disputing the Department's actions with respect to the SSP and FAP. (Exhibit A, pp. 3-5)
10. On or around January 5, 2025, the Department issued a ■42 replacement supplement to Petitioner for SSP benefits for the period of April 1, 2024, through June 30, 2024. (Exhibit B)
11. Petitioner confirmed that she received a replacement ■42 payment of SSP benefits for the April 1, 2024, through June 30, 2024 period.

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).

SSP

The State SSI Payments (SSP) program is established by 20 CFR 416.2001-.2099 and the Social Security Act, 42 USC 1382e. The Department administers the program pursuant to MCL 400.10.

In this case, Petitioner requested a hearing disputing the Department's actions with respect to her SSP benefits. During the hearing, the Department acknowledged that Petitioner did not receive her ■42 quarterly SSP in June 2024, to cover the period of April 1, 2024, to June 30, 2024. (Exhibit A, p. 12). However, after receiving Petitioner's request for hearing, on or around January 5, 2025, the Department issued a ■42 replacement supplement to Petitioner for SSP benefits for the period of April 1, 2024, through June 30, 2024. (Exhibit B). While Petitioner confirmed that she received a replacement ■42 payment of SSP benefits for the April 1, 2024, through June 30, 2024, period, Petitioner asserted that she did not receive her SSP benefits for three additional periods in 2024. The Department reviewed the Petitioner's case file and testified that benefits were issued to Petitioner and identified the warrant numbers associated with each payment, noting that the payment status reflected that the warrant was paid. (Exhibit B). The Benefit Summary Inquiry presented for review shows SSP benefits paid to Petitioner for all four quarters in 2024, specifically, on March 14, 2024 for the first quarter of 2024, January 5, 2025 for the second quarter of 2024, September 13, 2024 for the third quarter of 2024, and December 12, 2024 for the fourth quarter of 2024.

Petitioner testified that her SSP benefits are issued as paper checks mailed to her home and because she was in and out of the hospital, it is possible that the checks may have been stolen from her mailbox. BAM 500 outlines the Department's policy regarding replacement of warrants lost, stolen, not received or destroyed. BAM 500 (July 2024), pp. 1-8. A payee on the warrant claiming it was lost or stolen must complete and sign a 1778, Affidavit Claiming Lost, Destroyed, Not Received or Stolen State Treasurer's Warrant. For stolen warrants, clients must also be encouraged to file a police report. Replacement is made only after recovery of the warrant amount; see Stop Payment and Replacement policy. The payee must complete a 1778 to initiate a stop payment and request a replacement warrant. BAM 500, pp.1-3. The Department is to follow the steps outlined in BAM 500 in order to determine whether a replacement warrant will be issued, including completion of the 1354, Affidavit Claiming Forged Endorsement on a State Treasurer's Warrant Process, if necessary. BAM 500, pp. 1-8.

When a warrant is reported lost or stolen, the Department is to check the warrant status to determine if a warrant has been issued and:

- If the warrant status shows returned/cancelled, do not proceed with a stop payment.
- If the warrant status shows tax offset, do not proceed with a stop payment. This status indicates the warrant was pulled by Treasury; see Warrants Pulled By Treasury in this item.

- If the warrant status is paid, this indicates the warrant has been cashed.
- If the payee still claims they did not receive and cash the warrant, proceed with the 1778 affidavit; see Stop Payment and Replacement in this item.
- Once the Forgery Analysis has been requested, follow the 1354, Affidavit Claiming Forged Endorsements On A State Treasurer's Warrant Process in this item.
- If the warrant status was an Electronic Funds Transfer (EFT) and shows as paid, do not proceed with a stop payment.

BAM 500, pp. 6-8. When the client requests a warrant replacement and the request is processed, the specialist will receive an alert when the stop payment is completed. The specialist is then able to replace the warrant. Note: Forged warrants are replaced by the Payment Processing unit. The Payment Processing Unit denies the replacement if it is determined that the payee cashed the warrant or benefited from its cashing. When Payment Processing informs the local office of the denial, notify the client via MDHHS-176, Benefit Notice. BAM 500, p.3.

Upon review, although the Benefit Summary Inquiry showed that the warrants were paid, there was no evidence presented by the Department showing that the Department followed the policy outlined in BAM 500 with respect to the SSP benefits for the three remaining quarters that Petitioner asserted her checks were stolen. Furthermore, although there was no explanation provided during the hearing, a review of the case comments indicates that Petitioner submitted a police report, suggesting that she may have reported her benefits lost or stolen. (Exhibit A, p.13). Therefore, the Department failed to establish that it properly processed Petitioner's request for replacement of her lost or stolen SSP benefits.

FAP

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.

Economic Stability Administration (ESA) Memo 2025-02, 2023-53, and the FAP Fraud Replacement Local Office Process Guide (Accessed Here: stateofmichigan.sharepoint.com/sites/DHHS-SPC-Inside-County/Genesee/Shared Documents/Forms/AllItems.aspx?id=%2Fsites%2FDHHS-SPC-Inside-County%2FGenesee%2FShared Documents%2FQuick Links%2FFAP Fraud)

[Replacement LO Process Guide%2Epdf&parent=%2Fsites%2FDHHS-SPC-Inside-County%2FGenesee%2FShared Documents%2FQuick Links](#)) provide guidance for the process the Department is required to follow when a client contracts the Department to report that their FAP benefits have been stolen due to fraud. FAP benefits stolen on or before December 20, 2024, are to be reviewed for replacement following the directions in ESA Memo 2023-53. Additionally, the FAP Bridge Card Fraud Replacement Local Office Process Guide instructs the Department to forward the request to the Central Office/FAP policy for review and a determination of eligibility after the required forms have been submitted and will issue benefits if applicable. A DHS-176 Benefit Notice is used to notify the client of approval or denial.

In this case, Petitioner disputed the Department's actions regarding her request for replacement of FAP benefits that were stolen due to EBT fraud. The Department representative testified that Petitioner's first request was submitted on August 14, 2024, and was denied because Petitioner failed to change her EBT pin number as instructed in the Quick Note dated September 3, 2024. It is noted that there was no eligibility notice, benefit notice, or denial notice issued to Petitioner or presented for review. The Department representative testified that as of the hearing date, Petitioner's second request, submitted on September 11, 2024, was still pending, but provided no details as to its status and whether Central Office had made an eligibility determination. While the evidence showed that Petitioner completed the required DHS-601 Food Replacement Affidavit and the Department instructed Petitioner to change her Bridge card pin number, as of the hearing date, the Department had not completed the processing of Petitioner's request, as DHS-176 Benefit Notice or other eligibility notice had not been issued with respect to either the August 14, 2024, or September 11, 2024, FAP benefit replacement requests. Thus, it was unknown whether Central Office had approved or denied Petitioner's requests for FAP benefit replacement.

The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department failed to satisfy its burden of showing that it acted in accordance with Department policy when it processed Petitioner's request for FAP benefit replacement due to EBT fraud.

DECISION AND ORDER

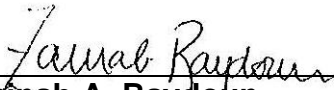
Accordingly, the Department's SSP and FAP decisions are **REVERSED**.

THE DEPARTMENT IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. Process Petitioner's request for replacement of lost/stolen SSP benefits for the first, third, and fourth quarters of 2024 in accordance with the above referenced policy and issue an eligibility determination;

2. Reprocess Petitioner's August 14, 2024, and September 11, 2024, requests for FAP benefit replacement due to EBT fraud in accordance with ESA Memos 2025-02, 2023-53, and the FAP Fraud Replacement Local Office Process Guide and issue an eligibility determination DHS-176 Benefit Notice; and
3. Issue replacement SSP and FAP benefits to Petitioner for any SSP and FAP benefits that she was entitled to receive but did not, in accordance with Department policy.

ZB/ml


Zainab A. Baydoun
Administrative Law Judge

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 Electronic Mail:

DHHS

Tara Roland 82-17

Wayne-Greenfield/Joy-DHHS

8655 Greenfield

Detroit, MI 48228

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Interested Parties

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N Denson-Sogbaka

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MOAHR

Via First Class Mail:

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