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# STATE OF WISCONSIN
## Division of Hearings and Appeals

In the Matter of

Marinette County Department of Human Services,
Petitioner

v.

[redacted], Respondent

DECISION

FOF/148299

## PRELIMINARY RECITALS

Pursuant to a petition filed March 26, 2013, under Wis. Admin. Code §HA 3.03, and see, 7 C.F.R. § 273.16, to review a decision by the Marinette County Department of Human Services in regard to FoodShare benefits, a hearing was held on May 14, 2013, at Marinette, Wisconsin.

The issue for determination is whether the respondent committed an Intentional Program Violation(IPV).

There appeared at that time and place the following persons:

PARTIES IN INTEREST:

Petitioner:

Department of Health Services
Division of Health Care Access and Accountability
1 West Wilson Street
Madison, Wisconsin 53703
By: Sandra Waugus
Marinette County Department of Human Services
Wisconsin Job Center Suite B
1605 University Drive
Marinette, WI 54143

Respondent:

[redacted]

ADMINISTRATIVE LAW JUDGE:
Peter McCombs (telephonically)
Division of Hearings and Appeals

## FINDINGS OF FACT

1. Respondent (CARES # [redacted]) is a resident of Marinette County who received FS in Marinette County Department of Human Services during the time period of May, 2011 to August, 2012.

2. The respondent obtained FoodShare (FS) benefits by claiming that was a Wisconsin resident, and denying that he was receiving FS benefits in another state (Michigan).

3. The respondent received FS benefits from both Wisconsin and Michigan from at least May, 2011, through August, 2012. When applying for Wisconsin FS benefits, respondent acted to conceal his receipt of Michigan FS benefits; when applying for Michigan FS benefits, respondent acted to conceal his receipt of Wisconsin FS benefits

4. As a result of fraudulently applying for and receiving FS benefits in both Wisconsin and Michigan, the respondent received $861.00 more in FoodShare benefits than he was entitled to.

5. The respondent failed to appear for his scheduled May 14, 2013 IPV hearing, and did not provide any good cause for said failure to appear.

## DISCUSSION

An IPV is defined at 7 C.F.R. §273.16(c) as intentionally: making a false or misleading statement or misrepresenting; concealing or withholding facts; or committing any act that constitutes a violation of the Food Stamp Act, federal regulations or any Wisconsin statute relating to the use, presentation, transfer, acquisition, receipt or possession of food stamp coupons or an authorization to participate (ATP) card.

The Department 's written policy restates federal law, below:

**3.14.1 IPV Disqualification**
7 CFR 273.16
A person commits an Intentional Program Violation ( IPV) when s/he intentionally:

1. makes a false or misleading statement, or misrepresents, conceals or withholds facts; or
2. commits any act that constitutes a violation of the Food Stamp Act, the Food Stamp Program Regulations, or any Wisconsin statute for the purpose of using, presenting, transferring, acquiring, receiving, possessing or trafficking of FoodShare benefits or QUEST cards.

An IPV may be determined by the following means:

1. Federal, state, or local court order,
2. Administrative Disqualification Hearing (ADH) decision,
3. Pre-charge or pretrial diversion agreement initiated by a local district attorney and signed by the FoodShare recipient in accordance with federal requirements, or
4. Waiver of the right to an ADH signed by the FoodShare recipient in accordance with federal requirements.

*FoodShare Wisconsin Handbook, § 3.14.1.*

Wisconsin statutes provide, in the parts relevant here, as follows:

> (2) No person may misstate or conceal facts in a food stamp program application or report of income, assets or household circumstances with intent to secure or continue to receive food stamp program benefits.
>
> (2m) No person may knowingly fail to report changes in income, assets or other facts as required under 7 USC2015(c)(1) or regulations issued under that provision.

> (3) No person may knowingly issue food coupons to a person who is not an eligible person or knowingly issue food coupons to an eligible person in excess of the amount for which the person's household is eligible.
>
> (4) No eligible person may knowingly transfer food coupons except to purchase food from a supplier or knowingly obtain food coupons or use food coupons for which the person's household is not eligible.
>
> (5) No supplier may knowingly obtain food coupons except as payment for food or knowingly obtain food coupons from a person who is not an eligible person.
>
> (6) No unauthorized person may knowingly obtain, possess, transfer or use food coupons.
>
> (7) No person may knowingly alter food coupons.

Wis. Stat. §§ 49.795(2-7).

Individuals who fraudulently obtain multiple FS benefits may be disqualified for a period of ten (10) years.

> A person who makes a false or misleading statement or misinterprets, conceals or withholds facts including but not limited to identity or place of residence in order to receive multiple FS benefits simultaneoulsy7 shall be ineligible for a period of 10 years.
>
> Before imposing the 10 year disqualification period:
>
> - A finding of Fraud must be made by a state agency , or
> - A conviction of fraud must be entered by a state or federal court.
>
> The Administrative Disqualification Hearing process, including the offer to sign the ADH waiver, F-16039, may be used for imposing this penalty.

*FoodShare Wisconsin Handbook, § 3.14.1.2.*

The county agency may disqualify only the individual who either has been found to have committed the IPV or has signed a waiver or consent agreement, and not the entire household. If disqualified, an individual will be ineligible to participate in the FS program for one year for the first violation, two years for the second violation, and permanently for the third violation. However, any remaining household members must agree to make restitution within 30 days of the date of mailing a written demand letter, or their monthly allotment will be reduced. 7 C.F.R. §273.16(b).

In order for the county agency to establish that an FS recipient has committed an IPV, it has the burden to prove two separate elements by clear and convincing evidence. The recipient must have: 1) committed; and 2) intended to commit an intentional program violation per 7 C.F.R. §273.16(e)(6).

"Clear and convincing evidence" is an intermediate standard of proof which is more than the "preponderance of the evidence" used in most civil cases and less than the "beyond a reasonable doubt" standard used in criminal cases. It is used in civil cases where a higher standard is required because the outcome could result in serious social consequences for, or harsh effects on an individual. See 32A C.J.S., Evidence §1023. While the terminology for this intermediate standard of proof varies from state to state, it is clear that it is what is required by the FS regulations. See Jackson v. State, 546 So.2d 745 (Fla. App. 2 Dist. 1989).

There is no litmus test to show the trier of facts when properly admitted evidence is of a sufficient degree to be clear and convincing. In Smith v. Department of Health and Rehab. Serv., 522 So.2d 956 (Fla. App. 1 Dist. 1988), the court discussed this issue as it relates to a FS IPV:

In Slomowirtz v. Walker, 429 So.2d 797, 800 (Fla. 4th. DCA 1983), the court held that: Clear and convincing evidence requires that the evidence must be found to be credible; the facts to which the witnesses testify must be precise and explicit and the witnesses must be lacking in confusion as to the facts in issue. The evidence must be of such weight that it produces in the mind of the trier of fact a firm belief or conviction, without hesitancy, as to the truth of the allegations sought to be established.

Smith, 522 So.2d at 958. The Wisconsin Supreme Court viewed the various standards of proof as degrees of certitude. In Kuehn v. Kuehn, 11 Wis.2d 15 (1959), the court held that:

Defined in terms of quantity of proof, reasonable certitude or reasonable certainty in ordinary civil cases may be attained by or be based on a mere or fair preponderance of the evidence. Such certainty need not necessarily exclude the probability that the contrary conclusion may be true. In fraud cases it has been stated the preponderance of the evidence should be clear and satisfactory to indicate or sustain a greater degree of certitude. Such degree of certitude has also been defined as being produced by clear, satisfactory, and convincing evidence. Such evidence, however, need not eliminate a reasonable doubt that the alternative or opposite conclusion may be true. In criminal cases, while not normally stated in terms of preponderance, the necessary certitude is universally stated as being beyond a reasonable doubt.

Kuehn, 11 Wis.2d at 26. Thus, in order to find that an IPV was committed, the trier of fact must derive from the evidence, a firm conviction as to the existence of each of the two elements even though there may exist a reasonable doubt that the opposite is true.

What is needed to prove the first element, that an IPV as defined in 7 C.F.R. §273.16(c) was committed, is clear. In order to prove the second element, there must be clear and convincing evidence that the FS recipient intended to commit the IPV. The question of intent is generally one to be determined by the trier of fact. State v. Lossman, 118 Wis.2d 526 (1984). There is a general rule that a person is presumed to know and intend the probable and natural consequences of his or her own voluntary words or acts. See John F. Jelke Co. v. Beck, 208 Wis. 650 (1932); 31A C.J.S. Evidence §131. Intention is a subjective state of mind to be determined upon all the facts. Lecus v. American Mut. Ins. Co. of Boston, 81 Wis.2d 183 (1977). Thus, there must be clear and convincing evidence that the FS recipient knew that the act or omission was a violation of the FS Program but committed the violation anyway.

The respondent did not appear at the hearing. This circumstance is governed by the regulation at 7 C.F.R. §273.16(e)(4), which states in part:

> If the household member or its representative cannot be located or fails to appear at a hearing initiated by the State agency without good cause, the hearing shall be conducted without the household member being represented. Even though the household member is not represented, the hearing official is required to carefully consider the evidence and determine if an Intentional Program Violation was committed based on clear and convincing evidence. If the household member is found to have committed an Intentional Program Violation, but a hearing official later determined that the household member or representative had good cause for not appearing, the previous decision shall no longer remain valid and the State agency shall conduct a new hearing. The hearing official who originally ruled on the case may conduct a new hearing. In instances where the good cause for failure to appear is based upon a showing of non-receipt of the hearing notice…, the household member has 30 days after the date of the written notice of the hearing decision to claim good cause for failure to appeal. In all other instances, the

household member has 10 days from the date of the scheduled hearing to present reasons indicating a good cause for failure to appear. A hearing official must enter the good cause decision into the record.

The respondent did not appear or claim a good cause reason for not attending the hearing. Therefore, I must determine whether the respondent committed an IPV based solely on what the county agency presented at hearing. Based on the evidence as specified in the above Findings of Fact, I find that there is clear and convincing evidence that the respondent committed, and intended to commit, an IPV involving receipt of multiple FS benefits simultaneously.

As noted above, respondent commenced receiving Michigan FS benefits prior to his application for Wisconsin benefits in May of 2011. His Wisconsin FS commenced that same month. The Wisconsin FS application prepared by respondent specifically asks if the applicant is presently receiving FS benefits. Respondent answered no. As a result, FS issued.

In May of 2011, and from April, 2012, through August of 2012, petitioner continued to pursue and receive FS benefits in both Wisconsin and Michigan, and fraudulently maintained that he was not receiving multiple FS benefits with each renewal/application that he completed. It is evident, therefore, that respondent intentionally failed to report his Michigan State FS benefits in order to obtain public assistance from Wisconsin for which he would have been otherwise ineligible.

## CONCLUSIONS OF LAW

1. [redacted] committed, and intended to commit, an Intentional Program Violation pursuant to 7 CFR §273.16(c).

2. The Intentional Program Violation committed by [redacted] constitutes fraudulent activity with the intent to obtain multiple FS benefits simultaneously.

**THEREFORE, it is** **ORDERED**

That the respondent, [redacted], is hereby ineligible to participate in the FoodShare program for a period of ten (10) years, effective the first month following the date of receipt of this decision.

## REQUEST FOR A REHEARING

This is a final administrative decision. If you think this decision is based on a serious mistake in the facts or the law, you may request a rehearing. You may also ask for a rehearing if you have found new evidence which would change the decision. Your request must explain what mistake the Administrative Law Judge made and why it is important or you must describe your new evidence and tell why you did not have it at your first hearing. If you do not explain these things, your request will have to be denied.

To ask for a rehearing, send a written request to the Division of Hearings and Appeals, P.O. Box 7875, Madison, WI 53707-7875. Send a copy of your request to the other people named in this decision as "PARTIES IN INTEREST." Your request for a rehearing must be received no later than 20 days after the date of the decision. See also, 7 C.F.R. sec. 273.16(e)(4) for the specific time limits for claiming good cause for missing the scheduled hearing. Late requests cannot be granted.

The process for asking for a rehearing is in Wis. Stat. § 227.49. A copy of the statutes can be found at your local library or courthouse.

**APPEAL TO COURT**

You may also appeal this decision to Circuit Court in the county where you live. Appeals must be served and filed with the appropriate court no more than 30 days after the date of this hearing decision (or 30 days after a denial of rehearing, if you ask for one).

For purposes of appeal to circuit court, the Respondent in this matter is the Department of Health Services. After filing the appeal with the appropriate court, it must be served on the Secretary of that Department, either personally or by certified mail. The address of the Department is: 1 West Wilson Street, Madison, Wisconsin 53703. A copy should also be sent to the Division of Hearings and Appeals, 5005 University Avenue, Suite 201, Madison, WI 53705-5400.

The appeal must also be served on the other "PARTIES IN INTEREST" named in this decision. The process for appeals to the Circuit Court is in Wis. Stat. §§ 227.52 and 227.53.

Given under my hand at the City of Madison, Wisconsin, this 5th day of June, 2013

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\sPeter McCombs
Administrative Law Judge
Division of Hearings and Appeals

**State of Wisconsin\DIVISION OF HEARINGS AND APPEALS**

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The preceding decision was sent to the following parties on June 5, 2013.

Marinette County Department of Human Services
Public Assistance Collection Unit
Division of Health Care Access and Accountability