STATE OF WISCONSIN
Division of Hearings and Appeals

In the Matter of

Office of the Inspector General, Petitioner

vs.

[redacted], Respondent

DECISION
Case #: FOF - 152350

Pursuant to petition filed September 23, 2013, under Wis. Admin. Code §HA 3.03, and 7 C.F.R. § 273.16, to review a decision by the Office of the Inspector General to disqualify [redacted] from receiving FoodShare benefits (FS) for one year, a hearing was held on Tuesday, November 12, 2013 at 01:30 PM, at Milwaukee, Wisconsin.

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

There appeared at that time the following persons:

PARTIES IN INTEREST:
Petitioner:

Office of the Inspector General
Department of Health Services - OIG
PO Box 309
Madison, WI 53701

Respondent:
[redacted]

ADMINISTRATIVE LAW JUDGE:
David Fleming
Division of Hearings and Appeals

FINDINGS OF FACT

1. The respondent (CARES #[redacted]) is a resident of Milwaukee County who received FoodShare benefits in Milwaukee County from July 1, 2013 through October 1, 2012.

2. Respondent was sent an Administrative Disqualification Hearing Notice that, though dated September 4, 2013, was sent to Respondent in early October 2013. The Notice alleged that Respondent trafficked her FoodShare benefits at [redacted] Convenience Store and Cigarette Depot ([redacted]) during the period from July 1, 2012 to October 31, 2012. The Notice advised Respondent of the allegation that she had trafficked her FoodShare and that a hearing was scheduled to review the allegations. Petitioner seeks to disqualify Respondent from receipt of FoodShare for one year.

3. [redacted] is a small neighborhood store that has been disqualified for trafficking FoodShare with FoodShare recipients. [redacted] was disqualified for at least three specific bases that are tied to FoodShare trafficking according to the USDA Food and Nutrition Services (FNS): (1) an unusual number of transactions ending in the same cents value, (2) multiple transactions made by the same purchaser in unusually short time frames, and (3) excessively large purchase transactions. [redacted] was a small store of about 500 square feet; with very little fresh produce or meat and one sales register. There were no shopping baskets or carts for customers to place multiple items that would add up to large purchase amounts.

4. Respondent made purchases or transactions on 44 occasions using her FoodShare card at [redacted] totaling $972.37. This sum consisted of $104.08 in July 2012, $343.06 in August 2012 and $525.23 in September 2012.

5. [redacted]'s address was [redacted]. Respondent's address at times relevant here was [redacted]. The house was a duplex and she lived at that address with her 5 children. Her aunt and cousin lived in the other unit.

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.

The 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).

An intentional program violation can be proven by a court order, a diversion agreement entered into with the local district attorney, a waiver of a right to a hearing, or an administrative disqualification hearing, *FoodShare Wisconsin Handbook,* § 3.14.1. The Petitioner can disqualify only the individual found to have committed the intentional violation; it cannot disqualify the entire household. Those disqualified on grounds involving the improper transfer of FS benefits are ineligible to participate in the FoodShare program for one year for the first violation, two years for the second violation, and permanently for the third violation. Although other family members cannot be disqualified, their monthly allotments will be reduced unless they agree to make restitution within 30 days of the date that the FS program mails a written demand letter. 7 C.F.R. § 273.16(b).

In order for the 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).

The Wisconsin Supreme Court viewed the various standards of proof as degrees of certitude. In Kuehn v. Kuehn, 11 Wis.2d 15, 26 (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.

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 FNS did substantial research on trafficking activity and actions associated with trafficking. [redacted] was disqualified as a FoodShare vendor for taking part in trafficking activities with recipients. This case is not a clear cut situation because there is no first hand evidence that the Respondent engaged in trafficking, i.e. no witnesses saw her do so. I conclude, however, that Respondent was also participating in trafficking.

Respondent testified that she has 5 children and that her aunt and cousin also lived in the house. She testified that she had her PIN taped to the back of the card and would send her children to [redacted] because it was the closest store. She testified that prices were high, e.g., sugar might cost about $2.00 more than at a more mainstream store but [redacted] was close and she had no car. She also indicated that her aunt and cousin would also make use of the card without her permission but, as they were relatives, she did not report them. Petitioner's testimony presented a picture of a chaotic household. Indeed, she indicated that she was evicted from the N. 45 street address and, apparently, had been evicted before.

Nonetheless, Respondent made almost $1000.00 in purchases at [redacted] during the period involved. Ultimately, I cannot ignore the documentary records. The tipping point for me is the fact that rapid, high dollar and even dollar transactions were made. For example, Respondent's card was used to make purchases every day from September 16 through September 23. On 9/16 a $25.00 transaction was made and 6 minutes later a $24.00 transaction was made. On 9/17 at 8:55AM a transaction was made for $40.85 and 44 minutes late a transaction for $30.50. On 9/19 at 9:10 AM a transaction was made in the amount of $35.80 and 1 hour and 20 minutes later a transaction for $40.85. This was not unusual, e.g., on August 19 the following purchase were made at the following times (using 24 hour time nomenclature): 1218 - $7.25, 1237 - $14.25, 1243 - $20.54, 1336 - $18.98, 1444 - $15.00. This was at a convenience store without a scanner, carts or baskets and a very limited assortment of convenience foodstuffs. It does not make sense that so many purchases were made so often for such large dollar amounts and within such short time frames. Finally, that Respondent had no idea what was happening with her card and benefits is not believable.

CONCLUSIONS OF LAW

1. That there is clear and convincing evidence that this Respondent intended to commit the IPV.

2. That the agency can disqualify the Respondent from the FoodShare program for one year under an IPV sanction.

NOW, THEREFORE, it is **ORDERED**

That the Petitioner's determination is sustained, and that the Petitioner may make a finding that the Respondent committed a first IPV of the FoodShare program and disqualify the Respondent from the program for one year, effective the first month following the date of receipt of this decision.

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 Petitioner 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, Room 651, Madison, WI 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 225.53.

Given under my hand at the City of Milwaukee, Wisconsin, this 11th day of December, 2013

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\sDavid Fleming
Administrative Law Judge
Division of Hearings and Appeals

c: Office of the Inspector General - email
Public Assistance Collection Unit - email
Division of Health Care Access and Accountability - email

State of Wisconsin\DIVISION OF HEARINGS AND APPEALS

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The preceding decision was sent to the following parties on December 11, 2013.

Office of the Inspector General
Public Assistance Collection Unit
Division of Health Care Access and Accountability