



STATE OF WISCONSIN
Division of Hearings and Appeals

In the Matter of

Office of the Inspector General, Petitioner
v.
[Redacted] Respondent

DECISION
FOF/153898

PRELIMINARY RECITALS

Pursuant to a petition filed December 04, 2013, under Wis. Admin. Code §HA 3.03, and see, 7 C.F.R. § 273.16, to review a decision by the Office of the Inspector General to impose a FoodShare intentional program violation sanction, a hearing was held on January 21, 2014, at Milwaukee, Wisconsin.

The issue for determination is whether 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, Room 651
Madison, Wisconsin 53703

By: Nadine Stankey
Office of the Inspector General
Department of Health Services
1 West Wilson Street
Madison, WI 53701

Respondent:



ADMINISTRATIVE LAW JUDGE:

David D. Fleming
Division of Hearings and Appeals

FINDINGS OF FACT

- 1. Respondent (CARES # [Redacted]) is a resident of Milwaukee County who received FoodShare during the time relevant here.

2. On December 19, 2013 the agency issued an Administrative Disqualification Hearing Notice to Respondent advising him of the allegation that he had trafficked his FoodShare and that a hearing was scheduled to review the allegations. Petitioner seeks to disqualify Respondent from receipt of FoodShare for one year.
3. Respondent made purchases using her FoodShare benefits at [REDACTED] (hereinafter [REDACTED]) a small neighborhood store that since has been disqualified for trafficking FoodShare with FoodShare recipients.
4. [REDACTED] was disqualified for 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, had 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.
5. Respondent made purchases or transactions on 13 occasions using her FoodShare card at [REDACTED]. Those were:

•	7/17/10	at	15:40		\$49.98
•	7/17/10	at	19:47		\$50.99
•	7/27/10	at	16:40		\$ 1.00
•	7/27/10	at	16:45		\$ 1.25
•	9/23/10	at	00:02		\$79.89
•	11/25/10	at	02:23		\$40.50
•	11/25/10	at	19:01		\$ 2.25
•	12/15/10	at	19:11		\$ 1.00
•	12/15/10	at	22:00		\$ 3.00
•	12/16/10	at	01:53		\$ 1.00
•	12/16/10	at	01:53		\$ 1.00
•	12/23/10	at	17:58		\$ 1.20
•	2/17/11	at	02:24		\$39.98

6. At the following dates and times the following purchases or transactions were made with Respondent's FoodShare card:

•	7/17/10	at	[REDACTED]	at	09:44	\$ 52.43
•	7/17/10	at	[REDACTED]	at	10:31	\$169.05
•	9/22/10	at	a Citgo station	at	05:31	\$ 51.98
•	9/22/10	at	[REDACTED]	at	23:35	\$191.36
•	9/23/10	at	[REDACTED]	at	01:18	\$ 33.14
•	11/24/10	at	[REDACTED]	at	23:06	\$ 39.03.

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; release 10-03.

Finally, 7 CFR §271.2 defines "trafficking" as, "...the buying or selling of coupons, ATP cards or other benefits instruments for cash or consideration other than eligible food; or the exchange of firearms, ammunition, explosives, or controlled substances, as defined in section 802 of title 21, United States Code for coupons."

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).

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.

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.

Wisconsin Jury Instruction – Civil 205 is also instructive. It provides:

Clear, satisfactory and convincing evidence is evidence which when weighed against that opposed to it clearly has more convincing power. It is evidence which satisfies and convinces you that “yes” should be the answer because of its greater weight and clear convincing power. “Reasonable certainty” means that you are persuaded based upon a rational consideration of the evidence. Absolute certainty is not required, but a guess is not enough to meet the burden of proof. This burden of proof is known as the “middle burden.” The evidence required to meet this burden of proof must be more convincing than merely the greater weight of the credible evidence but may be less than beyond a reasonable doubt.

Further, the *McCormick* treatise states that “it has been persuasively suggested that [the clear and convincing evidence standard of proof] could be more simply and intelligibly translated to the jury if they were instructed that they must be persuaded that the truth of the contention is highly probable.” 2 *McCormick on Evidence* § 340 (John W. Strong gen. ed., 4th ed. 1992).

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 FoodShare recipient knew that the act or omission was a violation of the FS Program but committed the violation anyway.

Petitioner argues that 95% of the purchases made at [REDACTED] are under \$30 and 5% over \$30. Given this, Petitioner argues that Respondent’s purchases are an indication of trafficking. Further, Petitioner argues that all of Respondent’s large transactions end in a questionable dollar amount, i.e., \$.50, \$.98, \$.99 or \$.89. Finally Petitioner argues that Respondent is responsible for the use of her card and that an IPV may be imposed where someone else uses the card to make fraudulent purchases.

Respondent testified that she did not misuse her FoodShare benefits for any of the activities identified above as trafficking. She testified that her children would ask for her FoodShare card and are possibly responsible for transactions that are questionable. At the time of the purchases noted in Finding #'s 4 & 5 above Respondent’s children were approximately 16, 18, 19 and 21.

Of the 13 purchases made using Respondent's FoodShare benefits at [REDACTED] Food Market during the time period involved here 8 were for \$4.00 or less. These purchases do not concern me as they are small and there is no clear and convincing evidence to show that they involved trafficking. Nonetheless, I am troubled by the other 5 purchases.

On July 17, 2010 at 9:44 AM Respondent made purchases at \$52.43 at [REDACTED] and at 10:31 AM Respondent made a purchase at [REDACTED] in the amount of \$169.05. Yet at 3:40 PM a transaction for \$49.98 was made at [REDACTED] and then at 7:47 PM \$50.99 was spent at [REDACTED]. Similarly, on 9/22/10 at 11:35 PM Respondent spent \$191.36 at [REDACTED] and 27 minutes later spend \$79.89 at [REDACTED]. On 11/24/2010 at 11:06 PM \$39.03 was spent at [REDACTED] and three hours and 17 minutes later \$40.50 at [REDACTED].

I cannot conceive of why a person would be shopping at a legitimate grocer, [REDACTED], at 11:35 PM on 9/22/2010 and spend \$191.36 and 27 minutes later spend \$79.89 at [REDACTED]. The same question

exists with these other proximate transactions. On 7/17/2010 almost \$100 was spent at [REDACTED] when a short time prior to that about \$220 of groceries was purchased at [REDACTED] and [REDACTED].

Though I do not have a legal cite for the proposition that a FoodShare recipient is liable for misuse of their card by another individual, and none has been noted for me, I find it difficult to believe that Respondent's children were making purchases as large as these on this many occasions without Respondent's knowledge and approval. If this had occurred on one occasion it would make sense that Respondent would then restrict the use of the FoodShare card in the future by the children. Instead, here, there is pattern of significant purchases at [REDACTED] occurring right before or after access to legitimate grocers. It does not make sense that one would spend that much at [REDACTED] Food's after having had an opportunity in such a short amount of time to have made purchases at a legitimate grocer. I am, therefore, sustaining the IPV at issue here.

CONCLUSIONS OF LAW

That Respondent committed a FoodShare IPV by engaging in FoodShare trafficking at a grocery store that later was disqualified by the FNS for the activities that the Respondent engaged in.

THEREFORE, it is

ORDERED

That the IPV that was the subject of this hearing is sustained and Respondent is hereby ineligible to participate in the FoodShare program for a period of one year.

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, Room 651, 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 Milwaukee,
Wisconsin, this 3rd day of March, 2014

\sDavid D. Fleming
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 March 3, 2014.

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