



**STATE OF WISCONSIN  
Division of Hearings and Appeals**

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In the Matter of

Office of the Inspector General, Petitioner

AMENDED DECISION

v.

[REDACTED], Respondent

FOF/153900

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*This Decision is amended for the sole purpose of correcting scrivening and cut and paste errors. Specifically, A. the disqualified grocer here is [REDACTED] and it was mistakenly noted to be [REDACTED] in a Finding and a Discussion paragraph and B. to replace the legal framework portion of Discussion section generally to eliminate duplicate paragraphs and refine the flow. The outcome has not changed.*

**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 in regard to impose a FoodShare intentional program violation, 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:**

[REDACTED]

**ADMINISTRATIVE LAW JUDGE:**

David D. Fleming  
Division of Hearings and Appeals

**FINDINGS OF FACT**

1. Petitioner (CARES # [REDACTED]) is a resident of Milwaukee County

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 his 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 29 occasions over 10 months using his FoodShare card at [REDACTED]. Of the 29 transactions 2 were for more than \$10.00 – on 4/2/10 for \$15.16 and on 2/5/11 for \$65.21. 2 ended in a 50 cent amount and 11 ended on the even dollar amount. The largest even dollar purchase was \$6.00. Only two of those even dollar amounts occur on the same day – on 4/2/10 a \$6 transaction at 18:59 and a \$4.00 at 20:57. 21 of the transactions are for less than \$5.00 and 6 between \$5.00 and \$9.38.
6. Respondent did not appear for the hearing. He did not contact the Division of Hearings and Appeals within 10 days with a good cause argument for missing the hearing.

### 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., 4<sup>th</sup> 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 FS recipient knew that the act or omission was a violation of the FS Program but committed the violation anyway.

Finally, 7 C.F.R. §273.16(e)(4) provides that the hearing shall proceed if the Respondent cannot be located or fails to appear without good cause. Respondent did not appear or claim a good cause reason for not attending the hearing. Respondent did not call to provide a number where he could be reached for the hearing. Therefore, I must determine whether the Respondent committed an IPV based solely on what the agency presented at hearing.

Respondent made purchases 29 purchases on his FoodShare card at [REDACTED] over the time from April 2, 2010 to February 8, 2011 – a period of 10 months. 11 of those were transactions that ended on the even dollar amount. Two ended on the half dollar amount. Only 2 of the 29 transactions exceeded \$10.00. There was a \$15.16 purchase on 4/2/10 followed about 4 hours later by a \$6 transaction followed 2 hours later by a \$4 transaction. There was a \$65.21 transaction on February 5, 2011 that occurred about 20 hours after a \$40.54 purchase at a [REDACTED]. 21 of the transaction are for less than \$5.00 and 6 between \$5.00 and \$9.38. On only one date once were transactions very close together in time – within 12 minutes on 1/14/11 Respondent used his FoodShare benefits to makes purchases totaling \$5.79.

Respondent has not responded to the allegations by appearing for this hearing. There is a negative inference to be drawn from this lack of a response. Nonetheless, the Federal regulations require that:

...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 intentional Program violation was committed based on clear and convincing evidence. ...

*7 CFR 273.16(e)(4).*

Upon that careful consideration of the evidence I do not find clear and convincing evidence that Respondent is guilty of trafficking his FoodShare benefits. While there are some troublesome aspects to the transactions, e.g., the even dollar amounts and a large purchase (the \$65.21 on 2/5/11) there is just one large purchase and the even dollar transactions are quite small and scattered in time over the 10 months. That one large purchase was in the same 24 hour period as a purchase at a [REDACTED] but there is a 20 hour time lapse between the two purchases. The 3 purchases on 1/14/11 total just \$5.79. I cannot conclude that there is a theory of the case here which leads to the clear and convincing conclusion that Respondent was 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.

### **CONCLUSIONS OF LAW**

That the available evidence is not sufficient to demonstrate by clear and convincing evidence that Respondent committed a FoodShare IPV by engaging in FoodShare trafficking at a grocery store that later was disqualified by the FNS.

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

That the IPV that was the subject of this hearing is reversed.

**REQUEST FOR A REHEARING ON GROUNDS OF GOOD CAUSE FOR FAILURE TO APPEAR**

In instances where the good cause for failure to appear is based upon a showing of non-receipt of the hearing notice, the respondent has 30 days after the date of the written notice of the hearing decision to claim good cause for failure to appear. See 7 C.F.R. sec. 273.16(e)(4). That good cause request must be sent to the Division of Hearings and Appeals, 5005 University Avenue, Suite 201, Madison, WI 53705-5400.

**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 24th day of February, 2014

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\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 February 24, 2014.

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