



STATE OF WISCONSIN
Division of Hearings and Appeals

In the Matter of

Office of the Inspector General, Petitioner

vs.

██████████ Respondent

DECISION
Case #: FOF - 153914

Pursuant to a petition filed December 4, 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 (OIG) to disqualify ██████████ ██████████ from receiving FoodShare benefits (FS) for one year, a telephonic hearing was held on Wednesday, January 22, 2014 at 10:00 AM, 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:

██████████
██████████
██████████

ADMINISTRATIVE LAW JUDGE:

Kelly Cochrane
Division of Hearings and Appeals

FINDINGS OF FACT

1. The respondent (CARES # [REDACTED]) is a resident of Milwaukee County who received FS benefits in Milwaukee County from March 5, 2010 through February 13, 2011.
2. During that period the respondent made FS purchases at [REDACTED] Market (FNS # [REDACTED]), a small store that since has been disqualified for trafficking FS with FS recipients.
3. [REDACTED] Market was disqualified because, in part, it met at least three specific bases that are tied to FS 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. The store had only one cash register and point of sale device, and little counter space on which to place items for purchase. There were no shopping baskets or carts for customers to place multiple items that would add up to large purchase amounts.
4. The respondent made purchases on her FS card that fit three of the categories of trafficking.
5. On December 19, 2013, the petitioner prepared an Administrative Disqualification Hearing Notice alleging that respondent trafficked her FS benefits at [REDACTED] Mart..

DISCUSSION

An IPV of the FS program occurs when a recipient intentionally does the following:

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.

FoodShare Wisconsin Handbook, §3.14.1; *see also* 7 C.F.R. §273.16(c) and Wis. Stat. §§49.795(2-7).

An IPV 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 FS 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 petitioner 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 a program violation per 7 C.F.R. § 273.16(e)(6). 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. ...

Kuehn, 11 Wis.2d at 26.

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.

In order to prove the second element, i.e., intention, 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 agency reviewed all of the transactions at this store and determined that 95% of all purchases made at this store were for \$.01-\$29.99 during this timeframe. The agency thus considered any purchase over \$30 (or 5% of all transactions) a high dollar purchase. The evidence presented by the agency showed that the respondent made multiple high dollar purchases with her Quest card at ██████████ Market. This is a store without carts or baskets and very limited counter space, and therefore purchasing many items at one time would be extremely difficult and no evidence was presented to the contrary. Specifically, she had a \$99.86 transaction on 4/7/10, but 27 minutes prior to that transaction she had used her FS at an Aldi (where more purchase options were available and likely at a lower cost) and spent \$157.69. This same fact pattern of making large purchases at well-known stores prior to making a large purchase at ██████████ Market on the same day also occurred on 9/6/10, 9/8/10, 10/6/10, 11/5/10, 11/11/10, 1/14/11 and 2/7/11. Her transactions also showed multiple occasions in the tested period where she made more than one transaction within 24 hours at ██████████ Market. I specifically highlight 4/8/10 where in less than 3 hours she spent \$50.59 on the first transaction, and \$52.95 on the second; 8/10/10 where she spent \$40.00 and approximately 3 ½ hours later she again spent exactly \$40.00 (she also spent \$52.60 the next day, and \$60.97 the day after that); on 9/6/10 she spent \$57.55 and about two hours later spent \$54.35; on 10/6/10 she spent \$59.99 and two minutes later she spent \$46.00; on 11/17/10 she spent \$39.98 and much later that day spent \$39.85; and on 12/10/10 where she spent \$81.29, \$5.00 and \$49.98. There were also numerous examples of purchases ending in the same cent value, and several purchases made for the exact same amount (note the two \$40.00 examples above as well as \$50.59 spent on 3/5/10, 3/9/10, and 4/8/10.)

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 31st day of January, 2014

\sKelly Cochrane
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 January 31, 2014.

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