STATE OF WISCONSIN
Division of Hearings and Appeals

In the Matter of

Office of the Inspector General, Petitioner

vs.

DECISION
Case #: FOF - 154166

[redacted], Respondent

Pursuant to petition filed December 17, 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 Wednesday, April 9, 2014 at 3:00 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
By: Erica Dresen, Trafficking Agent

Respondent:
[redacted]

ADMINISTRATIVE LAW JUDGE:
Nancy Gagnon
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 October 1, 2011 through December 31, 2011.

2. During October and December 2011, the respondent engaged in behavior consistent with trafficking, which is forbidden by federal regulation. He repeatedly made large "purchases" at a small convenience store, [redacted]'s Convenience Store ([redacted]), in addition to some purchases at legitimate grocery stores. Multiple purchases often occurred on the same day, and purchases ended in "0" for an abnormal 38 percent of the items. [redacted] has no carts or baskets to facilitate large purchases, as the overwhelming majority of purchases by all customers made at the store are for less than $30. The store has one cash register, and no counter. [redacted] stocks minimal amounts of groceries, and has more of an emphasis on snack items.

3. [redacted], located at [redacted], Milwaukee, has been permanently disqualified from participation in the Foodshare program by the federal government.

4. The respondent engaged in two FS transactions at [redacted] on October 7, 2011: $30.36 and $25.00. On October 7 he performed two transactions there: $24.00 and $21.00. On October 8, 2011, he performed five FS transactions there: $24.00, $15.75, $20.00 and $26.94. On December 5, 2011, he performed *nine* FS transactions there: $50.00, $25.84, $25.86, $18.25, $25.89, $25.79, $25.69, $21.45, and $8.07. Multiple same day purchases constitute a suspicious behavior under FNS trafficking profiling standards. The single transaction for $8.10 on October 24 was not suspicious.

5. The respondent's address in 2011 ([redacted]) was over six miles from [redacted]. At least 10 grocery stores were closer to his address, with a [redacted] store being three blocks from his residence. Thus, the disqualified establishment was not the respondent's nearest store.

6. On January 17, 2014, the petitioner prepared and issued an *Administrative Disqualification Hearing Notice* alleging that the respondent engaged in trafficking in the amount of $556.20 in September 2011. The matter was set for hearing on February 25, 2014, but was rescheduled at the Department's request.

7. The respondent failed to appear for the re-scheduled April 9, 2014, Intentional Program Violation (IPV) hearing (notice dated 3/10/2014) and did not provide any good cause for said failure to appear.

DISCUSSION

An intentional program violation of the FoodShare 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 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).

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. 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 the evidence that the petitioner presented at hearing.

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.

CONCLUSION

I conclude that the agency has established, by clear and convincing evidence, that the respondent intentionally trafficked a portion of his FS benefits. The respondent engaged in suspicious transactions at a store that has been disqualified as a Foodshare vendor by the federal government, due to trafficking. During the subject period in 2011, the respondent engaged in behavior consistent with trafficking. He made multiple same-day "purchases" at a convenience store, [redacted], which was not near his residence. The purchase amounts ended in zero to an abnormal degree. [redacted] has no carts or baskets to facilitate large purchases. [redacted] stocks minimal amounts of groceries, and has more of an emphasis on snack items. The agency produced documents establishing all of the foregoing. The respondent has provided the Department with no credible explanation for his conduct, because he did not appear. I have no reason to believe that his actions were unintentional. Therefore, I conclude that the respondent committed, and intended to commit, an FS IPV. The Department's decision to disqualify him from FS participation for one year is correct.

CONCLUSIONS OF LAW

1. The respondent violated, and intended to violate, the FS program rule specifying that trafficking is forbidden. See, 7 C.F.R. §§ 271.2 & 273.18(a).
2. The violation specified in Conclusion of Law No. 1 is the first such violation committed by the respondent.

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.

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). Such a claim should be made in writing to the Division of Hearings and Appeals, P.O. Box 7875, Madison, WI 53707-7875.

APPEAL TO COURT

You may also appeal this decision to Circuit Court in the county where you live. Appeals must be filed with the Court **and** served either personally or by certified mail on the Secretary of the Department of Health Services, 1 West Wilson Street, Room 651, Madison, WI 53703, **and** on those identified in this decision as "PARTIES IN INTEREST" **no more than 30 days after the date of this decision** or 30 days after a denial of a timely rehearing request (if you request one).

The process for Circuit Court Appeals may be found at Wis. Stat. §§ 227.52 and 227.53. A copy of the statutes may be found online or at your local library or courthouse.

Given under my hand at the City of Madison, Wisconsin, this 21st day of April, 2014

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\sNancy Gagnon
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
Erica Dresen - email

State of Wisconsin\DIVISION OF HEARINGS AND APPEALS

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The preceding decision was sent to the following parties on April 21, 2014.

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