



STATE OF WISCONSIN
Division of Hearings and Appeals

In the Matter of

Milwaukee Enrollment Services, Petitioner

DECISION

v.

[Redacted] Respondent

FOF/155473

PRELIMINARY RECITALS

Pursuant to a petition filed February 14, 2014, under Wis. Admin. Code §HA 3.03, and see, 7 C.F.R. § 273.16, to review a decision by the Milwaukee Enrollment Services to disqualify [Redacted] from receiving FoodShare benefits (FS) for a period of one year, a hearing was held on April 07, 2014, at Milwaukee, Wisconsin.

The issue for determination is whether the 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: Katherine May, HSPC Sr.
Milwaukee Enrollment Services
1220 W. Vliet St., Room 106
Milwaukee, WI 53205

Respondent:



ADMINISTRATIVE LAW JUDGE:

Mayumi M. Ishii
Division of Hearings and Appeals

FINDINGS OF FACT

- 1. Petitioner (CARES # [Redacted]) is a resident of Milwaukee County who received FS in Milwaukee Enrollment Services

2. Respondent received FoodShare benefits between January 1, 2011 through January 8, 2013. (Confirmed Assistance Group Eligibility History - Exhibit 1, pg. 7)
3. On July 8, 2011, the Respondent electronically signed an ACCESS application, indicating "I understand the penalties for giving false information or breaking the rules." (Exhibit 1, pg. 19)
4. The owner of [REDACTED] was no longer a subcontractor distributing seafood and meat, at the time he became an authorized SNAP vendor in August 2010. Instead, he was purchasing FoodShare benefits for cash, paying the benefit recipients only a percentage of the face value of the card. (Exhibit 1, pgs. 29-31)
5. FoodShare disbursements were made to the Respondent on the 8th of the month. (Exhibit 1, pg. 10)
6. The Respondent's EBT card was used to redeem \$1,120 in benefits with [REDACTED] between January 8, 2011 and January 8, 2013, over the course of eight transactions:
  - 1/8/11 \$200 with card 1742
  - 2/8/11 \$80 ""
  - 2/8/11 \$100""
  - 3/08/11 \$140""
  - 9/8/12 \$200 with card 5719
  - 11/08/12 \$200 with card 1532
  - 1/08/13 - \$100""
  - 1/08/13 - \$100""

(Exhibits 32 -33)

7. On November 22, 2010, the agency issued to the Respondent an EBT card ending in 1742. That card was reported lost, stolen or destroyed and replaced on July 13, 2011, with a card ending in 8543. (Exhibit 1, pg. 33)
8. A card ending in 5719 was issued to the Respondent on April 19, 2012; the agency replaced this card, with a new card ending in 1532 on October 22, 2012. (Exhibit 1, pg. 33)
9. At some point the card ending in 1532 was reported lost. (Exhibit 1, pg. 34)
10. On February 26, 2014, the Department of Health Services, Office of the Inspector General sent the Petitioner an Administrative Disqualification Hearing notice, indicating that it believed he trafficked his FoodShare benefits with [REDACTED] between January 8, 2011 and January 8, 2013. (Exhibit 1, pg. 5)

### DISCUSSION

#### *Respondent's Non-appearance*

The Respondent did not appear for this hearing. This circumstance is governed by the regulation in 7 C.F.R. §273.16(e)(4), which states in part:

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.* If the household member is found to have committed an intentional program violation but a hearing official later determines that the household member or representative had good cause for not appearing, the previous decision shall no longer

remain valid and the State agency shall conduct a new hearing. The hearing official who originally ruled on the case may conduct a new hearing. In instances where the good cause for failure to appear is based upon a showing of nonreceipt of the hearing notice, the household member has 30 days after the date of the written notice of the hearing decision to claim good cause for failure to appear. In all other instances, *the household member has 10 days from the date of the scheduled hearing to present reasons indicating a good cause for failure to appear. A hearing official must enter the good cause decision into the record.*

*Emphasis added*

The hearing in this case took place on April 7, 2013. The Respondent was advised of the date and time of the hearing, in an Administrative Disqualification Hearing Notice that was sent to him at 4601 S. 1<sup>st</sup> Street. Ms. Mays indicated that this was the Respondent's last known address and that there is no indication in the record that the agency received any returned mail.

The Respondent did not appear at the hearing and the Respondent did not contact the Division of Hearings and Appeals within 10 days to explain his failure to appear. As such, it is found that the Respondent did not have good cause for his non-appearance.

#### *The Merits of OIG's Claim*

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).

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

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.

In the case at hand, Milwaukee Enrollment Services has established, by clear and convincing evidence that the Respondent was selling his FoodShare benefits. First, the Respondent's EBT card was used to redeem \$1,120 in benefits with [REDACTED] between January 8, 2011 and January 8, 2013, over the course of eight transactions:

1/8/11 \$200 with card 1742

2/8/11 \$80 ""

2/8/11 \$100""  
 3/08/11 \$140""  
 9/8/12 \$200 with card 5719  
 11/08/12 \$200 with card 1532  
 1/08/13 - \$100""  
 1/08/13 - \$100""

(Exhibit 1, pgs. 32 -33)

Second, all the transactions took place on the 8<sup>th</sup> of the month, when the Respondent received his Foodshare benefits. (Exhibit 1, pg. 10) Third, during this time, [REDACTED] was no longer a subcontractor distributing meat and seafood; but was instead purchasing EBT benefits for a fraction of face value. (Exhibit 1, pgs. 29-31) As such, the Respondent had to have been selling his benefits.

One could argue that because the Respondent's cards were either reported lost, stolen or otherwise deactivated, that it is possible someone else was using Petitioner's cards during the times in question. However, I note that the Respondent had 12 different cards over the span of four years and it is extremely difficult to believe that anyone who is legitimately using an EBT card would have need to replace their EBT cards an average of three times a year.

Based upon the foregoing, it is found that the Respondent was trafficking his FoodShare benefits between January 8, 2011 and January 8, 2013.

It should be noted that one transaction for March 16, 2012 for \$90.00 was not included in the list above, because the transaction was conducted using a recipient card number ending in 6595. (Exhibit 1, pg. 32) However, that recipient card number is not among the card numbers listed for the Respondent in the EBT Card Issuances listed on pg. 33 of Exhibit 1. As such, there is nothing in the record connecting the Respondent to that March 16, 2012 transaction.

It is found that the agency has met its burden to prove, by clear and convincing evidence the Respondent sold his FoodShare benefits.

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). There is nothing in the record to rebut the presumption that the Respondent intentionally sold his benefits to [REDACTED].

### **CONCLUSIONS OF LAW**

The Respondent committed an intentional program violation (IPV) by trafficking his benefits with [REDACTED] between January 8, 2011 and January 8, 2013.

**THEREFORE, it is**

**ORDERED**

That the IPV for claim number [REDACTED] is sustained and that the Respondent is hereby ineligible to participate in the FoodShare program for a period of 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**

If you disagree with this decision, you may 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 21st day of April, 2014.

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\sMayumi M. Ishii  
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 April 21, 2014.

Milwaukee Enrollment Services  
Public Assistance Collection Unit  
Division of Health Care Access and Accountability