



STATE OF WISCONSIN
Division of Hearings and Appeals

In the Matter of

[Redacted]
[Redacted]
Redact

DECISION

FOO/165625

PRELIMINARY RECITALS

Pursuant to a petition filed April 22, 2015, under Wis. Admin. Code, §HA 3.03(1), to review a decision by the Office of the Inspector General (OIG) to impose a one-year FoodShare (FS) disqualification, a hearing was held on June 11, 2015, by telephone. A hearing set for May 12, 2015 was rescheduled at the petitioner's request.

The case was given the case number FOF/165625. After the hearing I changed the three-letter code to FOO, as seen in the caption above. FOF is a code given specifically by the Division of Hearings and Appeals for Administrative Disqualification hearings brought by the agency, in which the agency is the petitioner and the FS recipient is the respondent. This appeal was filed by the recipient and did not follow the disqualification hearing process. It thus is properly coded as FOO.

The issue for determination is whether a default judgment resulting from a fraud ordinance citation is sufficient to impose an FS Intentional Program Violation (IPV) disqualification.

PARTIES IN INTEREST:

Petitioner:

[Redacted]
[Redacted]
Redact

Petitioner's Representative:

Atty. [Redacted]
Legal Action of Wisconsin, Inc.
[Redacted]
[Redacted]

Respondent:

Department of Health Services
1 West Wilson Street, Room 651
Madison, Wisconsin 53703

By: [Redacted]
Office of the Inspector General
P.O. Box 8938
Madison, WI 53708-8938

ADMINISTRATIVE LAW JUDGE:

Brian C. Schneider
Division of Hearings and Appeals

FINDINGS OF FACT

1. Petitioner (CARES no. Redact) is a resident of Virginia who formerly received FS in Brown County.
2. On December 1, 2014, the Brown County Sheriff mailed to petitioner at her Virginia address a citation for violating Brown County ordinance 30.05(7), fraud in public assistance. The letter sent with the citation stated the charge was made under ordinance numbers 30.05(2), (4) and (14). The letter indicated that if petitioner failed to appear in court on the date and time in citation, a bench warrant may be issued. It stated further that if found guilty, or if a no contest plea is entered, petitioner can be barred from receiving FS. Neither the citation nor the letter informed petitioner that a no contest plea would be entered on her behalf if she failed to appear.
3. The allegation against petitioner was that she participated in FS trafficking.
4. Petitioner did not appear at the court date on March 4, 2015. She was found guilty on a no contest plea of violating ordinance no. 30.05(7).
5. On March 11, 2015, the OIG notified petitioner that she was disqualified from Wisconsin FS for one year beginning April 1, 2015. A second disqualification notice was sent to petitioner on March 12 by the Centralized Document Processing Unit.

DISCUSSION

7 C.F.R. §273.16(b) provides as follows:

(1) Individuals found to have committed an intentional Program violation either through an administrative disqualification hearing or by a Federal, State or local court, or who have signed either a waiver of right to an administrative disqualification hearing or a disqualification consent agreement in cases referred for prosecution, shall be ineligible to participate in the Program:

(i) For a period of twelve months for the first intentional Program violation....

Similarly, the Department's FS Handbook, §3.14.1, provides:

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.

The definition of an IPV is found at 7 C.F.R. §273.16(c):

Intentional Program violations shall consist of having intentionally:

- (1) Made a false or misleading statement, or misrepresented, concealed or withheld facts;
or
- (2) Committed any act that constitutes a violation of the Food Stamp Act, the Food Stamp Program Regulations, or any State statute for the purpose of using, presenting,

transferring, acquiring, receiving, possessing or trafficking of coupons, authorization cards or reusable documents used as part of an automated benefit delivery system (access device).

If the agency files an ADH, the person must be notified at least 30 days before the hearing and have the opportunity to defend the charge. 7 C.F.R. §273.16(e)(3). The agency must prove the IPV by clear and convincing evidence. 7 C.F.R. §273.16(e)(6). If the person fails to appear for the ADH, the agency still must present its evidence to the administrative law judge, and the judge must determine if the IPV was committed based on clear and convincing evidence. 7 C.F.R. §273.16(e)(4).

The issue in this case is whether the finding of guilty of an ordinance violation on a default, no contest verdict is sufficient to warrant disqualification from the FS program. I conclude that it does not.

As acknowledged by Ms. **Redact**, the ordinance subsection under which petitioner was found guilty was incorrect. Ordinance no. 30.05(7) is concerned with providing false information or failing to provide information to increase benefits unlawfully. Ms. **Redact** notes that the correct number is 30.05(2): “No person shall willfully do any act designed to interfere with the proper administration of the public assistance program....” See OIG Exhibit 3, page 8.

Immediately there is a problem in that the ordinance on its face does not provide specifically that the person committed an act for the “purpose of using, presenting, transferring, acquiring, receiving, possessing or trafficking of coupons.”

A second problem is that the letter sent to petitioner with the citation does not say that a failure to appear at the March 4, 2015 hearing would lead to a guilty verdict by no contest.

A third problem, and the biggest one, is that the agency did not show to the tribunal, by clear and convincing evidence, that the petitioner committed an IPV. Because petitioner did not appear at the ordinance citation hearing, she was found guilty with no additional proceeding. It contradicts the requirements of the 7 C.F.R. §273.16 that a person can be disqualified from the FS program with no showing by clear and convincing evidence (or a higher level of proof) that an IPV occurred. If a recipient fails to appear for an administrative disqualification hearing (ADH), the agency still must convince an administrative law judge that an IPV occurred. It makes no sense that the burden would be so high on an administrative tribunal with experience in handling ADHs, but that no such burden would be required before a local court that likely has little or no working knowledge of FS IPV procedures.

Finally, a fourth problem with the sanction is that, by virtue of her non-appearance in the ordinance case, the court entered a plea of no contest on petitioner’s behalf. Wis. Stat., §904.10 provides that a plea of no contest is not admissible in any civil or criminal proceeding against the person who made the plea. The OIG thus cannot utilize the no contest plea as a basis for moving against petitioner in an IPV action.

This decision does not prevent the OIG from moving forward with an IPV action against petitioner.

CONCLUSIONS OF LAW

A default judgment finding petitioner guilty of violating a Brown County welfare fraud ordinance is insufficient to impose an IPV sanction because (1) the ordinance does not refer to FS trafficking, (2) the citation did not inform petitioner that she would be found guilty if she failed to appear at the ordinance hearing, (3) there was no showing by clear and convincing evidence to the Brown County court that petitioner committed an IPV before the court imposed the guilty verdict, and (4) a no contest plea is not admissible as a basis for a later proceeding against the person.

THEREFORE, it is

ORDERED

That the matter be remanded to the OIG with instructions to rescind the one-year IPV sanction against petitioner, within 10 days of this decision.

REQUEST FOR A REHEARING

You may request a rehearing if you think this decision is based on a serious mistake in the facts or the law or if you have found new evidence that would change the decision. Your request must be **received within 20 days after the date of this decision**. Late requests cannot be granted.

Send your request for rehearing in writing to the Division of Hearings and Appeals, 5005 University Avenue, Suite 201, Madison, WI 53705-5400 **and** to those identified in this decision as "PARTIES IN INTEREST." Your rehearing request must explain what mistake the Administrative Law Judge made and why it is important or you must describe your new evidence and explain why you did not have it at your first hearing. If your request does not explain these things, it will be denied.

The process for requesting a rehearing may be found at Wis. Stat. § 227.49. A copy of the statutes may be found online or at your local library or courthouse.

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, Wisconsin 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 (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 19th day of June, 2015

\sBrian C. Schneider
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 June 19, 2015.

Office of the Inspector General
Division of Health Care Access and Accountability
Attorney Redact
Redact [@wisconsin.gov](mailto:Redact@wisconsin.gov)