



State of New Jersey

MIKIE SHERRILL
Governor

DEPARTMENT OF HUMAN SERVICES
DIVISION OF FAMILY DEVELOPMENT
PO BOX 716

TRENTON, NJ 08625-0716

STEPHEN CHA, MD, MHSR
Commissioner

DR. DALE G. CALDWELL
Lt. Governor

NATASHA JOHNSON
Assistant Commissioner

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STATE OF NEW JERSEY
DEPARTMENT OF HUMAN SERVICES

FINAL DECISION

OAL DKT. NO. HPW **22168-25 S.H.**

AGENCY DKT. NO. **C140863015 (OCEAN COUNTY BOARD OF SOC. SVCS.)**

Petitioner challenges the correctness of the Respondent Agency's claim for recovery of Supplemental Nutrition Assistance Program ("SNAP") benefits issued to Petitioner from 2020 through 2024. The Agency asserts that Petitioner received SNAP benefits to which he was not entitled, thereby resulting in the overissuance of benefits which must be repaid. Because Petitioner appealed, the matter was transmitted to the Office of Administrative Law ("OAL") for a hearing. On March 9, 2026, the Honorable Advia Knight Foster ("ALJ"), held the plenary hearing, took testimony, admitted documents into evidence. Thereafter, the record was held open to allow for the submission of post-hearing closing summations and closed on March 24, 2026. On April 6, 2026, the ALJ issued an Initial Decision, affirming the Agency's determination.

Exceptions to the Initial Decision were filed on behalf of Petitioner, by his counsel, on April 22, 2026.

As Assistant Commissioner, Division of Family Development ("DFD"), Department of Human Services, I have considered the ALJ's Initial Decision, and following an independent review of the record, I hereby ADOPT the ALJ's Initial Decision, MODIFY the Agency actions, and REMAND the matter to the Agency for a recalculation, based on the discussion below.

In the instance of an overpayment of benefits, the Agency must recoup the overissuance. See N.J.A.C. 10:87-11.20. One type of overpayment which is subject to recoupment is one which results from "a misunderstanding or unintended error on the part of the household" receiving benefits, called an "Inadvertent Household Error" ("IHE"). See N.J.A.C. 10:87-11.20(e)(2). Repayment of overissuances may be sought for up to six years following the time that the Agency becomes aware of the overpayment. See N.J.A.C. 10:87-11.20(f)(1)(i).

Here, Petitioner applied for SNAP benefits on April 29, 2020, which application was approved by the Agency and the SNAP household began to receive benefits on June 3, 2020. See Initial Decision at 2; see also Exhibit R-2. On June 2, 2020, Petitioner informed the Agency that he was unemployed, had no income, and was seeking unemployment benefits. See Initial Decision at 2; see also Exhibit R-7.

Bank records indicate that Petitioner, and his wife ("M.H.") have five separate business bank accounts which list Petitioner as the business manager as well as three personal bank accounts for Petitioner and M.H. See Initial Decision at 2-3; see also Exhibit R-3. The business address used for the bank accounts is Petitioner's home address. See Initial Decision at 3; see also Exhibit R-14. Petitioner's mother ("C.H.") and her husband are the owners of the business. See Initial Decision at 3; see also Exhibit R-3.

From 2020 through 2024, Petitioner received income from the businesses. See Initial Decision at 3; see also Exhibit R-3. From January 2020 to April 2020, Petitioner received payroll from one business (hereinafter "B. LLC"), and during



March, 2020 and April, 2020, Petitioner received money when he transferred funds from B. LLC to a different business (hereinafter "R.F."), a business for which he was signatory and the sole member. Ibid. Petitioner testified that his parents lent him the funds to invest in stock options. See Initial Decision at 3.

On August 11, 2021, a domestic wire transfer occurred from B. LLC for the purchase of a property for \$250,000 (hereinafter the "14th Street property"). See Initial Decision at 3; see also Exhibits R-5, R-6. Thereafter, mortgage payments and other payments were made from B. LLC to pay for the 14th Street property. See Initial Decision at 3; see also Exhibit R-3. At the time of such transactions in 2021, Petitioner was the sole member and signatory for B. LLC. Ibid. Petitioner testified that his parents lent him the money for an investment to purchase the 14th Street property, upon which he intended to build and sell houses. See Initial Decision at 3. Petitioner also testified that payments to the property mortgage company were made directly from his parents. Ibid.

During December, 2021, Petitioner received transfers from B. LLC to his personal bank account. See Initial Decision at 3; see also Exhibit R-3. During April, 2024, M.H. (Petitioner's wife) received payments from B. LLC to her American Express account. Ibid. Petitioner testified that such payments were for purchases made on his parent's behalf. Ibid.

Petitioner also received three separate rental income deposits into his personal bank account from his father's tenants, which Petitioner claimed he then passed on to his father, however, he was unable to recall when such transfers to his father were processed. See Initial Decision at 4.

The Agency noted that Petitioner experienced significant income fluctuations and, as such, calculated the SNAP household income on a yearly basis. See Initial Decision at 4. At the time of the income calculations, the Agency did not include all the income from B. LLC to Petitioner, only the funds which the Agency determined "inured to the benefit of S.H. or the household." Ibid.; see also Exhibit R-3. The Agency determined that eight checks from the account constituted personal expenses, identifying that the expenses were paid out of the business account and benefitted Petitioner. See Initial Decision at 4; see also Exhibit R-9. Petitioner contended that the checks were not related to his expenses. Ibid.

In evaluating the banking records in this matter, the ALJ found that the Agency did not provide a "residuum of corroborative competent evidence to support inclusion of the personal expenses to S.H.'s income." See Initial Decision at 4. Further, the signatures on the bank expenses checks did not match the signatures on the personal expense checks, and Petitioner testified that he did not recognize the signatures on the personal expense checks. Ibid.; see also Exhibits R-8, R-9.

When the Agency considered the household's income, it was determined that Petitioner did not report any income from 2020 to 2024, and that the income from the various accounts exceeded the income limit for the period of time during which the household received SNAP benefits. See Initial Decision at 5. The Agency therefore terminated the household's SNAP benefits and determined that the household had received an overissuance of \$49,911. Ibid.; see also Exhibit R-2. Subsequent to the overissuance claim being sent to Petitioner, he claimed that the various income sources were proceeds from a loan from his parents. Ibid.; see also Exhibit P-3. At the time of the hearing, Petitioner produced an agreement between himself, and his father, B.H., known as a Heter Iska, dated June 7, 2023, which he contended was a loan agreement with his parents for the 14th Street property. See Initial Decision at 5; see also Exhibit P-1. The language of the Heter Iska provides that "although the funds may have been advanced as a loan, the parties would treat it as an investment". Ibid.

The ALJ acknowledges that, in this matter, because the household income fluctuated significantly, that the Agency appropriately averaged the household income over a twelve-month time frame, including the inclusion of time from January, 2020, which predated the SNAP application, in order to properly conducting the annual income averaging. See Initial Decision at 7; see also N.J.A.C. 10:98-6.9(f).

Based upon the testimonial and documentary evidence produced in this matter, the ALJ found that from June, 2020 to April, 2024, Petitioner received SNAP benefits while also receiving income which was not disclosed to the Agency from five separate sources. See Initial Decision at 5. The ALJ did not find the testimony of Petitioner as to the payment's to M.H.'s American Express account to be credible. Ibid. Further, the ALJ did not find the funds from Petitioner's parents to be a loan but rather an investment. Ibid. Specifically, the ALJ found that Petitioner did not establish that the funds received from his parents was a loan, and therefore excludable income, as the Heter Iska was not signed by both parties and did not include a repayment schedule as required by the regulatory authority of N.J.A.C. 10:87-2.20(d)(1). See Initial Decision at 6; see also N.J.A.C. 10:87-5.9(a)(8). The ALJ concluded that the Heter Iska, on its face, indicated that it was an investment, not a loan, and that no documentation was provided prior to the date of the document of June 7, 2023, which provided no explanation for any transfer of funds that predated the agreement. See Initial Decision at 6. Lastly, the



ALJ found that the personal expenses delineated by the Agency were not clearly determined as income to Petitioner. See Initial Decision at 5.

The ALJ notes that Petitioner never informed the Agency about B. LLC, nor any subsidiary of the company, nor did he ever inform the Agency about the proceeds he received from loans from his parents until after receiving the overissuance claim demanding repayment of previously paid SNAP benefits. See Initial Decision at 7. The ALJ concludes that Petitioner did not establish that the funds received from his parents were a loan, in accordance with the regulatory requirements set forth in N.J.A.C. 10:87-2.20(d), and that, the document was dated June 7, 2023, which did not account for the time during which Petitioner received SNAP benefits from 2020 through June 6, 2023, thus concluding that the income was not excludable as a loan. See Initial Decision at 7. I agree.

Separately, the ALJ concluded that, although the Agency produced bank records from 2020 to 2024, with the exception of eight personal expenses which were identified, the Agency provided no explanation as to how it arrived at the calculations for personal expense, which transactions/checks the Agency considered as personal expenses, or the reasons why the Agency determined such transactions to be personal expenses. See Initial Decision at 7-8. As such, the ALJ concluded that the eight personal expenses identified by the Agency in this matter should be excluded from the calculation of the overissuance in this matter and remanded the matter to the Agency for a recalculation of the overissuance excluding the personal expenses previously identified. Ibid. I further agree.

By way of comment, I have reviewed Petitioner's Exceptions, and I find that the arguments made therein do not alter my decision in this matter.

Accordingly, the Initial Decision in this matter is hereby ADOPTED, and the Agency's determination is MODIFIED, and the matter REMANDED, as outlined above.

Officially approved final version. September 04, 2026

Natasha Johnson
Assistant Commissioner

