441—170.8(237A) Client fraud.

170.8(1) *Program violation.* An individual who is found by the department of inspections, appeals, and licensing in an administrative proceeding, or by a court in a judicial proceeding, to have committed an intentional program violation or has agreed to entry of a civil judgment or judgment by confession that includes a conclusion of law that the individual has committed an intentional program violation, is disqualified from receiving the child care assistance benefits. If an individual is found to have committed an intentional program violation, a sanction must be imposed on the individual found to have committed the intentional program violation and the household as set forth in 45 CFR Section 98.68(b)(2) as amended to August 1, 2026. The sanction will be determined by the department after the administrative or judicial proceeding or without a hearing if the individual waives the right to a hearing by agreement to entry of a civil judgment or judgment by confession.

170.8(2) *Potential client sanctions resulting from fraud.* The period of disqualification is:

a. For a first violation, the individual is disqualified for one year;

b. For a second violation, the individual is disqualified for two years; and

c. For a third violation, the individual is permanently disqualified.

[**ARC 0773D**, IAB 11/25/26, effective 1/1/27]