

UNITED STATES POSTAL SERVICE

Washington, DC 20260 -

DATE: August 30, 1989

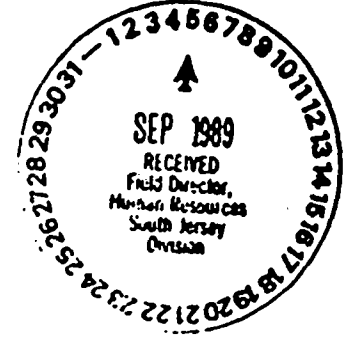
OUR REF: LR420:NA Becker

SUBJECT: Letters of Demand

TO: Field Directors  
Human Resources  
  
Regional Managers  
Labor Relations

*A. Burke*  
*Copies - P. Smith*  
*[Signature]*  
*[Signature]*

*29/5*



This is in further regard to my July 13 memorandum concerning the Inspection Service's policy of issuing letters of demand to bargaining-unit employees who are currently on-the-rolls.

For clarification, paragraph 2 of the July 13 memorandum indicated that "employee salary checks may not be withheld." While Inspectors may not withhold funds, section 852.3 of the F-1 handbook, Terminated Employees, states, "an employee's final salary or terminal leave check must not be released by the postmaster or other installation official until all U.S. Postal Service property charged to the employee has been accounted for and all known indebtedness has been liquidated."

Attached is a copy of the policy guidance statement issued by the Inspection Service concerning letters of demand. The major modification to the regulations of the Inspection Service relate to the redefining of a former employee, a transmittal letter to the postmaster/installation head indicating that the Inspection Service is freezing the assets of the employee, and the notification to the employee of the Inspection Service's intent to pursue collection should his status as a current employee change.

Of utmost importance in Inspection Service initiated cases is the use of open-ended communication between the Labor Relations office and the Inspection Service to ensure no duplication of effort.

Should you have any questions regarding the foregoing, please contact Nora Becker at 268-3835.

*William J. Downes*  
William J. Downes, Director  
Office of Contract Administration  
Labor Relations Department

Attachment

RECEIVED  
SEP 07 1989  
E & LR  
MSC Southeastern PA

AUG 02 1989

15704: J. M. Parrott

Letters of Demand

Regional Chief Inspector  
Northeast Region  
Eastern Region  
Central Region  
Southern Region  
Western Region

Attention: ARCI-Criminal Investigations

Due to the duplication of efforts and possible adverse consequences to the Postal Service, the Inspection Service and Labor Relations have agreed Inspectors will not issue letters of demand to employees until the employees are finally removed from the rolls of the Postal Service and all appeal rights have been exhausted.

Attached is a memorandum dated July 3, 1989, sent to Field Director, Human Resources, and Regional Managers, Labor Relations, by Mr. William J. Downes, Director, Office of Contract Administration, Labor Relations Department, Postal Service Headquarters. This letter refers to procedures for implementing set off of employee retirement funds. The Inspection Service Manual, Section 518.31, defines for collection purposes, a "former employee" as an employee who has resigned or an employee who is in the process of being removed from the Postal Service even though the employee may still be on the rolls pending removal appeals. Section 518.12A states, "Inspectors are responsible for making collection, if appropriate, from former employees." This has created some confusion since letters of demand are issued by Inspectors and Postal Service management simultaneously.

The procedure for Inspection Service initiated set off demands will be modified as follows:

1. We will redefine former employee to be one who is finally removed from the rolls of the Postal Service and has exhausted all appeal rights;
2. The Inspection Service will freeze the retirement funds of the employee as opposed to requesting that the installation head freeze those funds. The funds may be frozen by calling the PDC Retirement Section at PEM 725-9620, 21 or 22 and speaking with the manager or a supervisor. The Inspector will follow-up with a letter stating the employee's name, social

security number and reason for withholding retirement funds (criminal investigation or fraud);

3. The Inspector investigating the case will work in conjunction with the installation head to insure there is no duplication of effort;
4. If at the time of the investigation it is determined that the individual is responsible to the Postal Service for a loss of funds, the Inspector will issue a claim letter. The claim letter will outline the steps the Inspection Service will pursue, giving notice to the employee that once they are finally removed, unless the debt is liquidated by them prior to that time, it is the intention of the Inspection Service to offset their retirement funds;
5. The Inspection Service is the only part of the Postal Service which has the authority to set off the retirement funds of former employees; and
6. The funds which have been frozen by the Inspection Service can only be released by the Inspection Service.

These procedures apply to bargaining unit employees only. For non-bargaining unit employees, the procedures are unchanged.

Paragraph 2 of Mr. Downes' memorandum indicates that "employee salary checks may not be withheld." While Inspectors may not withhold funds, section 852.3, F-1 Handbook, Terminated Employees states, "an employee's final salary or terminal leave check must not be released by the postmaster or other installation official until all Postal Service property charged to the employee has been accounted for and all known indebtedness has been liquidated."

The major modification of the regulations of the Inspection Service relate to the redefining of a former employee, the transmittal letter to the postmaster indicating that the Inspection Service is freezing the assets of the employee, and the notification to the employee of the Inspection Service's intent to pursue collection.

IS/  
H. J. Bauman  
Manager  
Legal Liaison Branch  
Office of Administration

IS704:JMParrott:mb:890802:JMP/01/RCIS

Signed by: \_\_\_\_\_

FOR TRANSMITTAL OF COMPLETE INVESTIGATIVE MEMORANDUMS  
IN CASES INVOLVING A COLLECTION FEATURE

Our Ref:

Date:

Subject: Name of Employee, Title, and Date of Employment

To: Mr./Ms. (Postmaster, Installation Head or Field Division General  
Manager/Postmaster)  
(Address)

Herewith is an Investigative Memorandum (and Exhibits) relating to the conduct of \_\_\_\_\_ (subject). The information is submitted for your consideration and decision as to whether any administrative or collection action is warranted. The Inspection Service is not authorized to make decisions concerning discipline or administrative actions.

Please advise me in writing, within 30 days, of your decision in this matter. If you decide to initiate administrative or collection action, please furnish me with a copy of the letter to the employee and your final decision letter. Additionally, if your original decision is subsequently modified in any way, as a result of a grievance appeal or arbitration proceeding, please advise me of the final results of the action taken. Procedures have been initiated to freeze the retirement funds of \_\_\_\_\_ (employee's name). As outlined in Section 852.3, F-1 Handbook, Post Office Accounting Procedures, an employee's final salary or terminal leave check must not be released by the postmaster or other installation official until all Postal Service property charged to the employee has been accounted for and all known indebtedness has been liquidating.

If any known debt has not been satisfied by payment to you or the Postal Data Center, it is the intention of the Postal Inspection Service to initiate set off procedures if \_\_\_\_\_ (employee's name) is terminated for any reason. Any agreement you should reach with this employee regarding the liquidation of this debt should be coordinated with me.

Postal Inspector

Enclosure: Investigative Memorandum

Date

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

RE: Case No. \_\_\_\_\_

Dear \_\_\_\_\_:

We have completed our examination of losses to the Postal Service that were reported as a result of your activity while employed by the United States Postal Service. The final review disclosed that you are responsible for government losses totalling \_\_\_\_\_ (this amount is in addition to any articles or funds received from you previously). The (Postmaster/installation head) has been notified of your indebtedness to the Postal Service for which he/she may make a demand. If your employment with the Postal Service is terminated, it is the intention of the Inspection Service to pursue collection in this matter unless other arrangements are made. This collection may be either through voluntary contribution by you or offset of your retirement funds.

The purpose of this letter is to give you formal notification that the Inspection Service has frozen your retirement funds until this matter has been resolved and may at some future point result in an offset of your retirement funds equal to the amount of debt owed to the Postal Service. You will receive formal notification in the form of a Letter of Demand, if warranted. If you have questions concerning this matter, please do not hesitate to contact me at telephone number \_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
Postal Inspector



## American Postal Workers Union, AFL-CIO

1300 L Street, NW, Washington, DC 20005

DATE: 09/19/91

PRESIDENT, APWU  
STATEN ISLAND LOCAL  
P. O. BOX 83  
STATEN ISLAND , NY 10314

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GRIEVANT: TANNA, M. #H7C-1M-C-25758  
STATEN ISLAND , NY 10312 #N7C-1M-C-25758  
CONTRACT ARTICLE 028. . LOCAL NO. #89844  
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Dear Local President:

The above referenced case has been processed through Step 4 of the grievance procedure and after considering all the arguments and facts we have decided to REMAND THE CASE TO STEP 3.

The reasons for this action are as follows:

The following case is remanded with the understanding that it includes all the procedural questions previously held for discussion at the Step 4 level.

If there are any questions by management pertaining to this understanding have them contact David A. Stanton, Grievance and Arbitration Division-United States Postal Service Headquarters, Washington, D.C.

If you have any questions  
contact T. THOMPSON

Authorized Step 4 Representative

cc: File  
Coordinator  
NBA #GIORDANO, F.