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RYAN I. 180

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LYNN, MA. 4/23/93

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Letters of Demand

*Becker  
3-14*

Regional Managers  
Labor Relations

*[Handwritten mark]*

Reference my previous memoranda to you concerning Inspection Service issuance of letters of demand to bargaining-unit employees indebted to the USPS.

The attached January 16 memorandum issued by Chief Postal Inspector Clauson rescinds the Inspection Service's August 2, 1989, memorandum concerning the same subject. The memorandum provides more detailed instructions to Inspectors concerning their role in ensuring strict compliance with USPS regulations in adhering to the Debt Collection Act of 1972 and contractual obligations of bargaining-unit employees, and further elaborates the use of PS Form 2091, Set-Off Action Request, in Inspection Service initiated cases.

Please ensure that your Divisions are provided with a copy of the Inspection Service's directive.

*WJ*

William J. Downes, Director  
Office of Contract Administration

Attachment  
3/13/90 Tue 13:06:14  
bcc: Mr. Charters--RF  
Mr. Mahon  
Mr. Drumb  
Mr. Vegliante  
Ms. Becker  
Mr. Wm Scott  
Mr. Klepac, Legislative Law  
Mr. Friedman, Labor Law  
Subject (File: Art. 28, ELM 460)  
Reading  
(P9AD08.48)



CHIEF POSTAL INSPECTOR  
Washington, DC 20260-2100

January 16, 1990

Letter No. 90-4

PERSONAL ATTENTION

All Regional Chief Inspectors  
All Inspectors in Charge

LETTERS OF DEMAND

K/18 1123

TL AD	✓	_____
TL AF-1	✓	_____
TL AF-2	✓	_____
TL AD-1	✓	_____
TL AD-2	✓	_____
TL EC	✓	_____
TL EDP	✓	_____
TL F/PM	✓	_____
TL F/PM-SPR	✓	_____
TL ICF	✓	_____
TL ICMT	✓	_____
TL ICN	✓	_____
Tb PV	✓	_____
SSIC	_____	_____
CC SUPR	_____	_____
Secretary	✓	_____

In order to avoid a duplication of effort and to ensure strict compliance with the Postal Service's regulations implementing sections of the Debt Collection Act of 1982, 5 USC 5514(a), the Inspection Service and Labor Relations Department have agreed that Inspectors will not issue a letter of demand to an employee until the employee is finally removed from the rolls of the Postal Service and all of his/her appeal rights have been exhausted or waived. These new procedures will delay the point at which the Inspection Service can issue a letter of demand. In order to ensure that funds due the Postal Service are collected, it will be necessary for Inspectors to keep cases involving debts open until all appeal rights have been exhausted or waived or the Region will have to establish a follow-up system to track these cases.

Enclosed as background information are copies of memorandums dated July 3, and August 30, 1989, which were sent to Field Directors, Human Resources, and Regional Managers, Labor Relations, by Mr. William J. Downes, Director, Office of Contract Administration, Labor Relations Department, Postal Service Headquarters.

Effective immediately, the procedures for Inspection Service initiated set-off demands for former employees are as follows:

1. Section 518.31 of the Inspection Service Manual will be changed to redefine a "former employee" to be one who is finally removed from the rolls of the Postal Service and has waived or exhausted all appeal rights.
2. The investigating Inspector will notify the Postal Data Center (PDC) using the attached version of PS Form 2091, Set-Off Action Request (Exhibit 1), of the individual's postal debt and the Inspection Service's intention to pursue set-off action if the debt is not repaid before the employee's separation from the Postal Service. This notification will direct the Postal Data Center to withhold the employee's final salary check, including bond deductions, unused leave payment, and retirement funds until released by the Inspection Service. In all cases, a second PS Form 2091 will be sent to the PDC either

releasing the funds or initiating set-off action by the Region as outlined in Chapter 9 of the Accounts Receivable Handbook. Current instructions regarding the submission of a collection report by the investigating Inspector to initiate set-off action remain unchanged. The Region will review the collection report and certify as to the amount of loss. The final PS Form 2091 will be issued by the Region.

3. The investigating Inspector will work in conjunction with the installation head to ensure there is no duplication of effort in collecting the funds from the employee.
4. The investigating Inspector will issue a "claim letter" (Exhibit 2) to the employee advising him/her of his/her debt to the Postal Service. The employee will be informed that if his/her employment with the Postal Service is terminated for any reason, it is the intention of the Inspection Service to collect the debt by off-setting his/her final salary check, payment for unused leave, and retirement or any other available funds. A copy of this letter should be forwarded to the installation head as information along with the Investigative Memorandum.
5. Any funds frozen by the Inspection Service can only be released by the Inspection Service.

The initial PS Form 2091, notifying the Postal Data Center to withhold funds, should be directed to the Director, Postal Data Center, promptly after an employee is identified in an investigation and the amount of the debt has been determined. If the amount of the debt is substantial and there is a possibility the employee may resign or retire, an initial report to the Postal Data Center should be submitted reflecting the amount of the debt known at that time. The investigating Inspector should be guided by the requirements of the Inspection Service Manual, section 51B.34, when establishing the amount of debt and freezing the employee's funds. This amount can be increased or decreased later by the submission of an additional PS Form 2091. If the debt amount is revised after a claim letter has been sent to the individual, a second claim letter, reflecting the new amount, must be sent to the employee. An informational copy of the PS Form 2091 should be sent to the installation head along with the transmittal letter and Investigative Memorandum. A copy should also be sent to the Regional Chief Inspector.

Enclosed as Exhibit 3 is a copy of the Transmittal Letter which would be utilized to transmit the Investigative Memorandum in investigations which involve a debt to the Postal Service.

The Investigative Memorandum must include and support all amounts that are included in the employee debt. This will enable the Postmaster to support the amount of demand in the grievance/arbitration procedure.

In situations where the court orders an employee to repay a postal debt from sources other than his/her final salary check, lump sum leave payment or retirement funds, set-off procedures should not be initiated and the employee's funds should be released. The importance of...

restitution will become greater as the number of employees covered by the Federal Employees' Retirement System (FERS) increases since there are fewer funds available in set-off under that system. Accordingly, every effort should be made by the investigating Inspector to have the court address the restitution issue in these cases.

Any questions concerning these procedures should be referred to Inspectors J. M. Parrott, PEN 268-4417, Legal Liaison Branch or W. G. Cunningham, PEN 268-5426, Internal Crimes Branch.

  
C. R. Clauson

Enclosures

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

Our Ref:

Date:

Subject: Name of Employee, Title, and the 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. 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 liquidated.

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. I have attached a copy of PS Form 2091 (Set-Off Action Request) dated \_\_\_\_\_ which was sent to the Postal Data Center instructing them to withhold funds until released by this office. Any agreement you should reach with this employee regarding the liquidation of this debt should be coordinated with me.

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Postal Inspector

Attachments: Investigative Memorandum  
Claim Letter to Employee  
PS Form 2091 - Set-Off Action Request

Date

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

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

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

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, 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 set-off of your retirement funds.

The purpose of this letter is to give you formal notification that the Inspection Service has frozen your retirement funds, final salary, including bond deductions, if any, and unused leave until this matter has been resolved. At some future point we may initiate set-off action of these 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