



**UNITED STATES MARINE CORPS**  
MARINE CORPS COMMUNITY SERVICES  
MARINE AIR GROUND TASK FORCE TRAINING COMMAND  
MARINE CORPS AIR GROUND COMBAT CENTER  
BOX 788150  
TWENTYNINE PALMS, CALIFORNIA 92278-8150

MCCSINST 12550.1

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**JUL 10 2006**

MARINE CORPS COMMUNITY SERVICES INSTRUCTION 12550.1

From: Director

To: Distribution List

Subj: COLLECTION OF INDEBTEDNESS TO MARINE CORPS COMMUNITY SERVICES (MCCS)  
NONAPPROPRIATED FUND (NAF) ACTIVITIES FROM MCCS NAF EMPLOYEES—INVOLUNTARY

Ref: (a) CMC Policy ltr 1754, MRL dtd 7 Aug 03  
(b) CCO 1610.1G

Encl: (1) Due Process Procedures  
(2) NAF Employee Notification

1. Situation. This Instruction implements the policy presented in reference  
(a) for dealing with indebtedness by NAF employees to MCCS NAF activities.

2. Mission. The policies and procedures to be used in addressing NAF employee  
indebtedness to a NAF activity are based in the common law right of set-off  
against monies owed the employee by the activity.

3. Execution. Primary execution of this Instruction will be by the Finance  
Division.

a. Director's Intent. Per reference (a), procedures for liquidation of  
indebtedness of NAF employees may be different from those for other individuals,  
as presented in reference (b). MCCS will provide NAF employees who become  
indebted with a minimum of thirty (30) days written notice informing him/her of  
the nature and amount of the indebtedness, and the intention to initiate  
proceedings to collect the debt.

(1) The following policies apply to any NAF employee who becomes  
indebted to MCCS.

(a) A NAF employee who tenders a dishonored check to any MCCS  
activity will be placed immediately on the dishonored checklist.

(b) The case of a NAF employee who becomes indebted to a NAF by  
reason of alleged criminal conduct shall be handled in accordance with the  
instructions of the Staff Judge Advocate, or the Federal District Attorney.

(c) A NAF employee who becomes indebted to a NAF through other than  
criminal activity shall be afforded the opportunity to liquidate the debt by  
redemption of the dishonored check, or by direct payment of the debt.

(2) Employees shall, except for cases involving termination for cause or  
resignation, be provided an opportunity to enter into a written agreement to  
establish a schedule for debt repayment.

b. Concept of Operations

(1) Chief Financial Officer (CFO)

(a) Provide indebted employees with a copy of each of the  
enclosures.

(b) Provide an opportunity for an informal hearing on the validity of the debt, and on the terms of an involuntary repayment schedule.

(c) Provide Supervisor and Personnel Office a copy of enclosure (2), if a second request is required.

(d) Ensure that all administrative remedies have been exhausted before taking action to garnish employee pay.

(e) Deductions from employees' pay are limited to fifteen percent (15%) of disposable pay unless the employee will soon separate from employment. In the latter case, MCCS is authorized to garnish the remaining balance of the debt against any pay due.

(f) Provide the Director with information on the number of indebted employees, the cause(s) of the indebtedness, and the gross amount of indebtedness to MCCS.

(2) Division Heads Shall

(a) Ensure that employees who become indebted to MCCS are treated per the provisions of this Instruction.

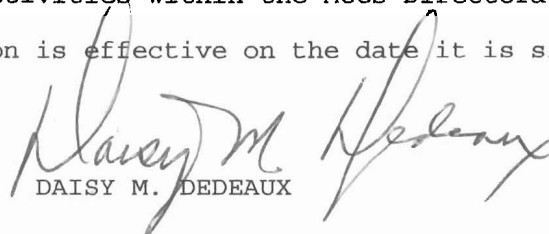
(b) Counsel indebted employees on the implications of the enclosures.

4. Administration and Logistics. Distribution Statement A directives are published electronically. Additional or replacement copies can be obtained from the Management Analysis and Control (M.A.C.) Branch.

5. Command and Signal.

a. Command. This Marine Corps Community Services Instruction is applicable to all Divisions and Activities within the MCCS Directorate.

b. Signal. This Instruction is effective on the date it is signed.

  
DAISY M. DEDEAUX

Distribution A:

A DUE PROCESS PROCEDURES  
FOR  
INVOLUNTARY  
PAY OFFSET FROM MCCS NAF EMPLOYEES  
TO SATISFY DEBTS OWED THE NAF ACTIVITY

The following due process guidelines have been patterned after those contained in 5 U.S.C. sec. 5511 and 5514. Although those statutes do not apply to debts owed an MCCS NAF activity by a NAF employee, the procedures therein contain reasonable guidelines that may be used by commands. Changes should be discussed with MCCS Counsel.

1. The MCCS Director, his or her designee, or other official appointed by the installation commander must make a determination that the MCCS NAF employee is indebted to the MCCS NAF activity.
2. If the debt resulted from alleged criminal activity on the part of the employee, MCCS should coordinate with the Staff Judge Advocate prior to collection. Collection through involuntary pay withholding does not preclude criminal prosecution of the employee. A criminal conviction is not necessary to sustain an offset provided there is satisfactory evidence of the theft and resultant debt to the NAF activity.
3. The indebtedness may be collected through deductions from the pay account of the NAF employee; such deductions are limited to fifteen percent (15%) of disposable pay; except, if the individual's employment ends or will end before collection of the total amount of the indebtedness, MCCS is authorized to offset the remaining balance of the debt against any final pay due the employee. Any balance still owing may be processed through federal statutory debt collection procedures, such as the Treasury Offset Program. Court ordered restitution is also available in criminal cases.
4. Prior to initiating action to offset the pay of a NAF employee, MCCS will provide the individual with:
  - a. A minimum of thirty (30) days written notice informing the individual of the nature and amount of the indebtedness, the intention of the MCCS activity to initiate proceedings to collect the debt through deductions from pay, and an explanation of the individual's rights in regard to this action. In the case of an employee in whose case waiting the recommended period after notice would prejudice the ability of the MCCS activity to fully collect, the MCCS Director may authorize a shorter notice period.
  - b. An opportunity to inspect evidence in the possession of MCCS that relates to the debt. In a criminal case, coordinate first with the Staff Judge Advocate before disclosing any evidence.
  - c. Except for cases involving termination for cause or resignation, an opportunity to enter into a written agreement with the MCCS activity, under terms acceptable to the MCCS Director or his or her designee and to establish a schedule for the repayment for the debt; and
  - d. An opportunity for an informal hearing on the validity of the debt and on the terms of an involuntary repayment schedule. A hearing shall be provided if the individual provides a written request within fifteen (15) days of the notification letter. If the notice period in 4c has been shortened, then shortening the hearing request period is also appropriate. The hearing officer should be from outside MCCS and, at the commander's discretion, may be the Installation Inspector. Except when employment is being terminated for cause or resignation, collection of the debt should be stayed until the requested hearing is conducted. The employee does not have the right to have an attorney present at the hearing. The employee may present written evidence and/or appear in person.
5. Contact your regional MCCS counsel if you need assistance in regard to the implementation of these procedures.

NAF EMPLOYEE NOTIFICATION LETTER  
(SAMPLE)

**UNITED STATES MARINE CORPS**  
MARINE CORPS COMMUNITY SERVICES  
MARINE AIR GROUND TASK FORCE TRAINING COMMAND  
BOX 788150  
TWENTYNINE PALMS, CALIFORNIA 92278-8150

CERTIFIED MAIL

DATE:

From: MCCS Director or Designee  
To: NAF Employee Liable to MCCS NAF Activity  
ADDRESS

Subj: INVOLUNTARY PAY WITHHOLDING TO SATISFY DEBT OWED TO MCCS NAF ACTIVITY

1. It has been determined that you are indebted to the MCCS Nonappropriated Fund (NAF) activity in the amount of \$ \_\_\_\_\_. This debt is the result of \_\_\_\_\_ (theft, dishonored checks, DPP, etc.)

2. The MCCS activity intends to collect this indebtedness through deductions from your regular NAF pay as a common law right of set-off. The amount of this deduction will be limited to fifteen percent (15%) of your disposable pay. If your NAF employment ends or will end before collection of the total amount of the indebtedness, MCCS is authorized to set-off the remaining balance of the debt against any final pay due you. Any amount still outstanding may be collected through federal statutory debt collection procedures, such as the Treasury Offset Program. If criminal activity was involved, a court may also order restitution.

3. The following rights are provided to you in regard to the collection of this debt through pay withholding:

a. An opportunity to inspect evidence in the possession of MCCS that relates to the debt. If criminal activity was involved, however, an opportunity to inspect evidence will be determined by the Staff Judge Advocate's Office.

b. Except in cases involving termination for cause or resignation, an opportunity to enter into a written agreement with the MCCS activity, under terms acceptable to the MCCS Director or his or her designee and to establish a schedule for the repayment for the debt; and

c. An opportunity for an informal hearing on the validity of the debt and on the terms of an involuntary repayment schedule. A hearing shall be provided to you if you provide a written request within \_\_\_\_\_ days of this notification letter to the Director, MCCS at the letterhead address. Unless your employment is being terminated for cause or due to resignation, collection of the debt will be stayed until the requested hearing is conducted. You do not have the right to have an attorney present at the hearing. You may present written evidence and/or appear in person.

4. The foregoing collection in no way prevents criminal prosecution for alleged criminal conduct associated with this debt.

5. If you have any questions in regard to this proposed action, please contact \_\_\_\_\_ at \_\_\_\_\_

Sincerely,

Enclosure (2)