



**DEPARTMENT OF THE NAVY**

COMMANDING OFFICER  
NAVAL SUPPORT ACTIVITY, NORFOLK  
7918 BLANDY ROAD SUITE 100  
NORFOLK, VIRGINIA 23551-2419

NAVSUPPACTNORVAINST 1740.4

N4

21 Jul 03

NAVSUPPACT NORFOLK INSTRUCTION 1740.4

Subj: GUIDANCE ON THE POLICIES AND PROCEDURES FOR PROCESSING  
FINANCIAL COMPLAINTS CONCERNING MILITARY PERSONNEL

Ref: (a) MILPERSMAN 7000-020  
(b) MILPERSMAN 7000-010  
(c) MILPERSMAN 1754-030  
(d) MILPERSMAN 1910-140  
(e) MCM, 2002, Article 123a, UCMJ, Paragraph 49  
(f) MCM, 2002, Article 134, UCMJ, Paragraph 71  
(g) MCM, 2002, Article 133, UCMJ, Paragraph 59  
(h) Fair Debt Collection Practice Act (15 USC 1601)  
(i) MCM, 2002, Article 31, UCMJ

Encl: (1) Sample Page 13, Counseling/Warning  
(2) Flowchart for Letters of Indebtedness/Complaints  
(3) Sample Department Head Action Memorandum  
(4) Sample Letter to Creditor

1. Purpose. To promulgate procedures for processing general indebtedness, worthless checks, and nonsupport complaints concerning personnel attached to Commanding Officer (CO), Naval Support Activity (NAVSUPPACT), Norfolk.

2. Cancellation. LANTFLTHEDSUPPACTINST/REGSUPSVCSINST 1740.1A.

3. Policy

a. Members of the Naval Service are expected to pay their just financial obligations in a proper and timely manner. Failure to pay just debts or repeatedly incurring debts beyond ability to pay may be grounds for disciplinary action and/or administrative discharge.

b. A just financial obligation means one acknowledged by the military member, in which there is no reasonable dispute as to the facts or the law, or one reduced to judgment, which conforms to the Soldiers and Sailors Civil Relief Act, 50 U.S.C., if applicable.

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c. In a proper and timely manner, means in a manner which does not reflect discredit upon the Naval Service.

d. Complaints of indebtedness, worthless checks, and nonsupport are a source of continuing concern to the CO, and processing these complaints places extra administrative burden on everyone concerned. Per the guidelines established in references (a) through (c) all complaints must be handled effectively, expeditiously, and courteously.

e. It is the policy of this command to provide adequate counseling with regard to moral, legal, and financial responsibilities, to encourage all personnel to conduct their affairs in such a manner as not to reflect discredit upon themselves, the command, and the Naval Service. Per references (a), (d) through (g) administrative and/or disciplinary proceedings will be initiated against those personnel who demonstrate a pattern of dishonorable failure to pay just debts. Prior to the initiation of administrative separation processing, a member must be counseled and an entry made in his/her service record in the format using enclosure (1). Refer to reference (h) and enclosure (2) for guidance on the process and procedures for responses to Letters of Indebtedness and Complaints.

#### 4. Action

##### a. General Indebtedness Complaints

(1) Officer Receiving Complaint. Complaints received by this activity will be forwarded immediately to the Legal Office for initial action.

(2) Legal Officer. Indebtedness complaints are set forth in reference (b). In order to facilitate compliance with reference (b), the Legal Officer will take action as follows upon receipt of an indebtedness complaint:

(a) Log the correspondence in an indebtedness log.

(b) Determine if the member is attached to NAVSUPPACT Norfolk and to which department/division/program attached. (If the service member is not attached to this command and the new duty station is known, the letter of complaint will be forwarded to the appropriate command and the creditor will be informed by a transmittal). If the service member's address is unknown, the creditor will be advised the address may be obtained by contacting the Worldwide Locator Service of the Commander, Navy Personnel Command (COMNAVPERSCOM) at DSN 882-3388 or commercial (901) 874-3388.

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(c) Ensure the creditor has complied with the Standards of Fairness, submitted a Certificate of Compliance, and made a full disclosure of the terms of the contract, as outlined in Notice of Indebtedness of references (b) and (d).

(d) Forward the letter of complaint utilizing enclosure (3), and in appropriate cases, a financial statement, to the appropriate department head/program manager via the Command Financial Specialist (CFS) for action as set forth in subparagraph 4.a.(3) below.

(e) Maintain a tickler file for all letters forwarded to department head/program managers to ensure that each is answered promptly.

(f) Upon return of the indebtedness letter, along with a copy of the member's reply, prepare a separate reply to the creditor, per enclosure (4) of reference (d).

(g) File all correspondence affecting each individual in a financial complaint folder to ensure a complete and precise record of each transaction.

(h) Retain in an inactive file, correspondence concerning individuals who have been transferred from this command. Upon receipt of an indebtedness complaint against a member who has been transferred, the complaint and entire indebtedness file will be forwarded to the CO of the member's new duty station.

(3) Command Financial Specialist. The CFS will be consulted for assistance by the department head/program manager pertaining to indebtedness of command personnel. Upon receipt, a copy of all indebtedness letters and complaints will be routed via the CFS. Where indebtedness is alleged, the CFS will review each letter of indebtedness and/or complaint and, if needed, consult with the service member to establish a financial worksheet to assist in handling their financial concerns and matters.

(4) Department Head/Program Manager. The department head/program manager of the member in question will be made aware of the financial condition of the member and will closely track the member's efforts to repay creditors. The department head/program manager will:

(a) Discuss the financial condition of the member with the member's division officer.

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(b) Ensure a copy of the letter of indebtedness and/or complaint is provided to the CFS to assist the service member in financial planning.

(c) Ensure the member's division officer counsels the member, and

(d) Monitor the member's progress toward repayment of lawful debts.

(5) Division Officer. Upon receipt of a letter of indebtedness and other related papers from the department head/program manager concerning a member of the division, the division officer will:

(a) Counsel the member regarding the policy of the Department of the Navy (DON) in matters of indebtedness. Since disciplinary action could possibly be involved, the member should be advised of the right against self-incrimination per reference (i).

(b) Ensure the member corresponds in a courteous manner with the creditor. The member's letter will contain no profanity and will be couched in temperate language, even though it may be a denial of the existence of the alleged debt. The letter will state clearly the member's intentions regarding the debt, including a realistic payment schedule. Subsequent dishonorable failure to affect the announced repayment schedule may result in the member being placed on report per reference (f).

(c) Review the member's letter and ensure the original is mailed to the creditor.

(d) Ensure the financial statement, if involved, is completely and accurately filled out.

(e) If, during the interview with the member, it appears extreme financial difficulties exist, encourage the member to contact the Legal Officer or CFS for counseling.

(f) If unethical or undesirable practices by the creditor appear to be involved, bring the matter to the Legal Officer's attention for such disposition as may be appropriate. (Note: The Legal Officer may not be personally aware of the specific details at this point, since all action may have been merely administrative to date.)

(g) If the member contests the existence of the amount of indebtedness, then call the Legal Office and make an appointment for the member to speak with the Legal Officer for a final legal determination as to the status of the debt.

(h) Return to the Legal Office, via the department head/program manager, the indebtedness complaint, Legal Officer's forwarding memorandum, copy of the member's reply, and any other correspondence (i.e. financial statement, etc.) relating to the case.

b. Worthless Check Complaints

(1) All NAVSUPPACT Norfolk Check Receiving Activities. The issuance of worthless checks by members of the Navy and their dependents is not acceptable. Presenting a check with intent to defraud is a felony. Dependents and civilians are subject to similar state and federal laws. All nonappropriated fund activities, under the control of NAVSUPPACT Norfolk (i.e. clubs, messes, and civilian cafeterias), receiving returned checks will prepare a report for signature by the CO or an authorized representative within five working days, addressed to the CO of the drawer or the CO of the military sponsor of a civilian dependent drawer. In the case of a retired member of the Navy, an inactive duty member of the Naval Reserve, or a member of the Fleet Reserve, this report will be made to area coordinator Commander, Navy Region, Mid-Atlantic, in the area in which the member or sponsor resides.

(2) Officer Receiving Report of Worthless Check. All correspondence received by this activity relating to the issuance of worthless checks by individuals attached to this command will be forwarded immediately to the Legal Office for initial action.

(3) Legal Office. Upon receipt of correspondence regarding the issuance of worthless checks, the Legal Office will:

(a) Log the correspondence in a worthless check log.

(b) Determine if the individual to whom the letter refers is attached to NAVSUPPACT Norfolk and which department assigned. (If a letter concerns a person not attached to this command, the letter will be forwarded to the appropriate command, if this can be determined. If the person cannot be located, the originator will also be so informed).

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(c) Contact the individual concerned personally, advise the member of their rights provided under reference (i), and that, as the drawer of the check, the member has five days to redeem the check. Further advise the individual, their failure to redeem within the time specified constitutes prima facie evidence the check was presented with the intent to defraud, which is a violation of reference (f).

(d) Counsel the person concerning the policy of the DON relating to the issuance of worthless checks.

(e) Advise the member to contact the complainant as to when and how restitution will be made. If the member does not desire to contact the complainant, a written statement will be executed to that effect.

(f) Maintain a tickler file on all letters received to ensure that prompt action is taken in each case.

(g) Forward an information memorandum to the department indicating the issuance of a worthless check, who allegedly issued it, and what action the Legal Office is taking.

(h) File all correspondence affecting each individual in a financial complaint folder to ensure a complete and precise record.

(i) The second and each additional worthless check complaint received concerning an active duty commissioned officer, warrant officer, or their dependents, will be reported to the COMNAVPERSCOM (PERS 83) by the CO per reference (b).

c. Nonsupport Complaints

(1) Officer Receiving Complaint. All complaints (written, telephonic, or in person) concerning the nonsupport of dependents (including court-ordered child support and/or alimony payments) will be referred to the Legal Office for initial action.

(2) Legal Office. Upon receipt of a nonsupport complaint, the Legal Office will:

(a) Log the complaint in the Indebtedness Log.

(b) Determine if the member is attached to NAVSUPPACT Norfolk and the department/program assigned.

(c) Interview and advise the member of all applicable military and civil law. The member will be specifically advised of the policy of the DON, set forth in reference (b). The division officer will be advised of the Legal Officer's determination as to the status of the complaint.

(d) File all correspondence affecting each individual in a financial complaint folder to ensure a complete and precise record.

(3) A complaint against an officer will be acted on by the CO, after advising the officer of his/her rights, per reference (i). If the CO determines the officer has acted in such a manner as to bring discredit upon the Naval Service, the CO should consider one or more of the following as the appropriate disposition:

(a) Notation in the officer's next regular report of fitness, per reference (e), or

(b) Commanding Officer's non-judicial punishment per reference (g) and recommendation for courts-martial per references (b) and (c).

d. Repeated Complaints

(1) General Policy. Repeated complaints concerning personnel attached to NAVSUPPACT Norfolk, indicating a member's failure to establish an acceptable financial status, will be considered as evidence of irresponsibility and may jeopardize the member's security clearance status, advancement status, duty assignment, and qualification for reenlistment or extension of enlistment. Unsatisfactory progress toward a solution of financial difficulty may become grounds for disciplinary action or administrative discharge.

(2) Administrative Policy

(a) Upon receipt of an initial letter of indebtedness, complaint of a worthless check and/or nonsupport, the member's department head/program manager should document that the member was formally counseled as to their financial obligations by his/her division officer.

(b) Upon receipt of a second letter of indebtedness, a complaint of a worthless check and/or nonsupport, the member should be formally counseled and informed he/she will be required to sign a Page 13 (enclosure (1)), to the effect that the member has been previously advised of the deficiency and

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solutions on how to correct their indebtedness matter. If no improvement is forthcoming within a reasonable time, the member will be processed for administrative discharge or other appropriate action taken.

(3) Disciplinary Policy. Upon receipt of the third complaint from the same creditor indicating no improvement in the status of the indebtedness, the member will be placed on report, per references (e), (f), and/or (g) as appropriate.

  
J. M. MCDONNELL

Distribution: (NAVSUPPACTNORVAINST 5216.1P)  
List II and IV  
NAVBRIG Norfolk (Code 10)

Stocked by:  
NAVSUPPACT Norfolk (N1)  
7918 Blandy Road, Suite 100  
Norfolk, VA 23551-2419  
(757) 836-1844

**SAMPLE PAGE 13  
COUNSELING/WARNING**

**ADMINISTRATIVE REMARKS**

**NAVPERS 1070/613 (REV. 10-81)**

**S/N 0106-L-F-010-6991**

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COMMANDING OFFICER, NAVAL SUPPORT ACTIVITY, NORFOLK

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1. You are being retained in the Naval Service, however, the following deficiencies in your performance and/or conduct are identified:  
(Insert deficiency(ies) that fit the description of the problem(s)).
2. The following are recommendations for corrective actions:  
(Pay all just debts in a timely manner; do not incur debts for unnecessary items or outside your financial means; seek assistance to prepare a budget and stay within the budget).
3. Assistance is available through your chain of command, Legal Office, Chaplain's Office, Fleet and Family Support Center Command Financial Specialist and Consumer Credit Service.
4. Any further deficiencies in your performance and/or conduct will terminate the reasonable period of time for rehabilitation that this counseling and warning entry implies and may result in disciplinary action and in processing for administrative separation. All deficiencies or misconduct during our current enlistment, occurring before and after the date of this action will be considered. Subsequent violation(s) of the Uniform Code of Military Justice or conduct resulting in civilian conviction(s) could result in administrative separation Under Other Than Honorable Conditions.
5. This counseling and warning entry is made to afford you an opportunity to undertake the recommended corrective action. Any failure to adhere to the guidelines cited above, which is reflected in your future performance and/or conduct, will make you eligible for administrative separation action.
6. This counseling and warning entry is based upon known deficiencies or misconduct. If any misconduct, unknown to the Navy, is discovered after this counseling and warning is executed, this letter of counseling and warning is null and void.

\_\_\_\_\_  
V. A. NOUVEL  
LN1, USN  
Discipline Officer

\_\_\_\_\_: I hereby acknowledge the above Page 13 entry and desire to  
(make a statement/not make a statement).

\_\_\_\_\_  
(Witness)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Member's Signature)

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NAME (Last, First, Middle)

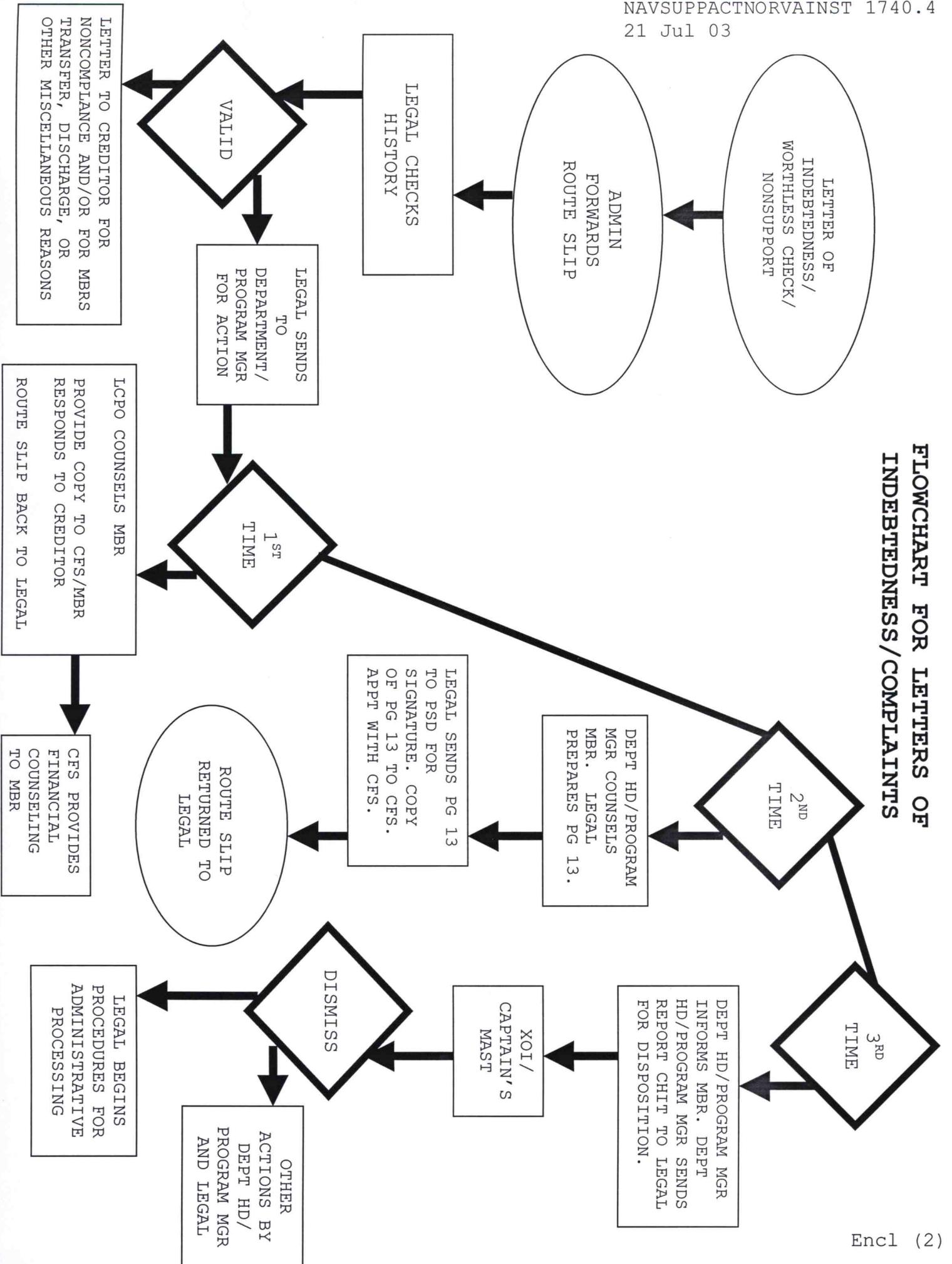
SSN

BRANCH OF SERVICE

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# FLOWCHART FOR LETTERS OF INDEBTEDNESS/COMPLAINTS



**SAMPLE DEPARTMENT HEAD ACTION  
MEMORANDUM**

7000  
Ser N4/

MEMORANDUM FOR (Department/Program Manager)

Subj: INDEBTNESS/WORTHLESS CHECK/NONSUPPORT IN THE CASE OF

Ref: (a) Appropriate MILPERSMAN Article

Encl: (1) Creditor/Complainant's Letter

1. Per reference (a), subject member should be interviewed regarding enclosure (1). The division officer should ensure that the member corresponds in a courteous manner with the creditor about her intentions. The member should sign below that he/she has been counseled regarding the Navy's policy in matters of indebtness.

2. This memorandum, the indebtness letter, and a copy of subject matter's reply to the creditor, or your reply as to how the situation was or is going to be resolved, must be returned to the Legal Office within 10 days from the date of this memorandum.

V. A. NOUVEL  
LN1, USN  
Discipline Officer

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Repeated complaints against NAVSUPPACT Norfolk and Program Manager, Regional Support Services, Norfolk personnel indicating a failure to establish an acceptable financial status will be considered as evidence of irresponsibility and may jeopardize the member's security clearance status, duty assignment, advancement status, and qualification for reenlistment or extension of enlistment. Unsatisfactory progress toward a solution of the financial difficulty may become grounds for disciplinary action or administrative discharge. Upon receipt of two complaints from the indebtness, the member will be required to sign an entry on Page 13 of subject's service record to the effect that member has been advised of the deficiency per reference (a). If no improvement is observed within reasonable time, the member may be processed for discharge. Additionally, after counseling, the member and/or member's dependents may be temporally or permanently excluded from using some or all Naval facilities (especially in cases of worthless check complaints).

I have read and understand the above information.

\_\_\_\_\_  
Witness (Division Officer)

\_\_\_\_\_  
Member's Signature

**SAMPLE LETTER TO CREDITOR**

7000  
Ser N4/

From: Commanding Officer, Naval Support Activity, Norfolk  
To: (Creditor Name and Address)

Subj: LETTER OF INDEBTEDNESS ICO (Rate, Name, SSN)

Ref: (a) Your ltr

Encl: (1) Member's response letter/receipt of payment

1. In response to reference (a), your correspondence has been forwarded to the above service member for counseling regarding his/her financial matters per Navy directives. Per enclosure (1), (Rate/Name) has communicated their intentions to your company as to their indebtedness matter. It is hoped that the above action will result in the matter being satisfactorily resolved.

2. It is the policy of the Navy that all members of the Naval Service are expected to pay their just debts and financial obligations in a proper and timely manner. The Navy is without legal authority to require a member to pay a private debt, or to deduct any part of their pay to reimburse the creditor even if the indebtedness has been reduced to judgment by a civil court, unless the member's pay is to be garnished to provide child support or alimony under 42 U.S.C. 659.

V. A. NOUVEL  
By direction