1.0 Purpose

This Manual Section states Peace Corps policy on Volunteer and Trainee in-country debts to third parties and the procedures for handling them.
2.0 Policy

2.1 Peace Corps' Authority to Collect Debts Incurred by Trainees and Volunteers

Peace Corps Volunteers and Trainees are expected to pay their financial and legal obligations promptly. Service in the Peace Corps does not relieve a Volunteer from responsibility for private debts, and the Peace Corps will not permit such service to be used to avoid these responsibilities.

Generally, the Peace Corps has no authority to act as an intermediary to collect private debts on behalf of a claimant whether the debt was incurred before or during Peace Corps service; nor does Peace Corps staff have authority to direct Volunteers to take specific action concerning their financial affairs.

The allowances of Peace Corps Volunteers generally are not subject to garnishment and cannot be diverted, without the Volunteer's permission or as otherwise provided by law, to satisfy private indebtedness. Country Directors who have questions about the application of this policy to particular cases should consult General Counsel (D/GC).

2.2 Volunteer Indebtedness as Grounds for Administrative Separation

Volunteers should make every effort to resolve their financial difficulties and to prevent their becoming matters of controversy. Continued nonpayment of an acknowledged or adjudicated obligation without good cause reflects adversely upon the Volunteer and the Peace Corps. Moreover, the failure of a Volunteer to discharge his or her debts promptly may create difficulty for other Volunteers in dealing with the host country commercial community. Thus, such conduct may be grounds for administrative separation.

3.0 Procedure

3.1 Volunteers or Trainees

When a Country Director receives a claim concerning a Volunteer's or Trainee's in-country indebtedness, the claimant should immediately be advised of the Peace Corps policy with regard to Volunteer or Trainee indebtedness and that the claim will be forwarded promptly to the Volunteer or Trainee. The Volunteer or Trainee should be immediately informed of the claim and the Peace Corps' policy (paragraph 2 above) explained to him or her.

If the Volunteer or Trainee acknowledges the claim and professes a willingness to resolve it, the claimant should be advised when it will be paid. (Generally, the readjustment allowance is not available to settle in-country debts unless the Volunteer or Trainee has terminated or is preparing to do so.) If the Volunteer disavows the debt, this position should be explained to the claimant. In cases of continued financial irresponsibility by a Volunteer or where there are acts of evasion, possible fraud, or lack of good faith, administrative or disciplinary action should be taken, up to and including termination, where appropriate.
3.2 Former Volunteers

3.2.1 Certificate of Non-Indebtedness and Accountability for Property

Terminating Volunteers must sign and print their full names on form PC-477, "Peace Corps Volunteer Certificate of Non-Indebtedness and Accountability for Property" (see Attachment A).

The original, completed Certificate (PC-477) is retained in-country. Indicate on the COS cable that the Certificate is on file and list the amount(s) to be withdrawn from the Readjustment Allowance for debts acknowledged on the PC-477. A copy of the PC-477 should be given to the Volunteer and another copy sent/faxed to Volunteer and Staff Payroll Service (OPBF/F/VSPS).

3.2.2 Withdrawal From the Readjustment Account For In-Country Debts

Pursuant to the terms of the PC-477, if a former Volunteer thereafter fails to satisfy any debts listed on the form as acknowledged debts or if any unsatisfied court judgments against him or her come to the Country Director's attention, and if deductions from the former Volunteer's readjustment allowance are necessary to satisfy such obligations, the Country Director should notify OPBF/F/VSPS. If a sufficient amount remains in the Volunteer's readjustment allowance account, VSPS will authorize the Country Director to satisfy the listed debt or unsatisfied court judgment and will make the appropriate deduction from the Volunteer's readjustment allowance.

The Country Director will report the settlement in U.S. dollars on a form PC-804, Purpose E (see Attachment B). Because readjustment allowances are usually paid within 6 weeks of a former Volunteer's termination, any requests for deduction must be forwarded as soon as possible. If the readjustment allowance has already been paid to the Volunteer, VSPS will notify the Desk Officer who will contact the Volunteer to request that payment of the debt be made directly by the individual to the claimant.

3.2.3 Informing Former Volunteers of Debts

Former Volunteers should be made aware of complaints of indebtedness which they have not acknowledged on the PC-477. When Country Directors become aware of such alleged debts, they should cable OPBF/F/VSPS, which will contact the Volunteer if sufficient funds to settle the debt remain in the Volunteer's account. Volunteers who acknowledge the debt will be asked to satisfy it directly or through deductions in the readjustment allowance, if the account is open. In the latter case, VSPS will notify the Country Director of its clearance for deduction, and will make the appropriate withholding before paying the balance of a Volunteer's readjustment allowance. The Country Director will pay the debt, insuring that the debtor understands payment is being made by the Volunteer and not the Peace Corps, and report the settlement on a form PC-804, Purpose E. If the readjustment allowance has been closed, the Country Desk Officer should contact the Volunteer and request that he or she take immediate steps to resolve the matter.
Note: An individual presenting a claim against a present or former Volunteer should be made aware that Privacy Act regulations preclude the disclosure of Volunteer addresses without the written approval of the Volunteer.

3.2.4 Peace Corps' Authority to Deduct Amounts From a Volunteer's Readjustment Allowance

Other than with the former Volunteer's consent (expressed either in the PC-477 or as a result of a specific inquiry), the Peace Corps usually has no authority to deduct amounts from former Volunteer's readjustment allowances for alleged debts other than debts or liens owed to the U.S. Government. Nor does the Peace Corps usually have authority to pay such debts directly without recourse to deduction. Country Directors should not pay such debts except upon the express authorization of General Counsel.

4.0 Delegation of Authority

The specific duties and responsibilities assigned to named officers in this Manual Section may be performed by persons designated to fill those offices in an "Acting" capacity.

5.0 Effective Date

The provisions of this Manual Section shall become effective upon the date of issuance.