



Billing Code 4410-AR-P

DEPARTMENT OF JUSTICE

Office of the Attorney General

28 CFR Part 11

JMD Docket No. 152; A.G. Order No. 3689-2016

RIN 1105-AB44

Department of Justice Debt Collection Regulations

AGENCY: Department of Justice.

ACTION: Final rule.

SUMMARY: This rule amends the regulations that govern debt collection at the Department of Justice (Department) to bring the regulations into conformity with government-wide standards, to update or delete obsolete references, and to make other clarifying or technical changes.

DATES: Effective [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Dennis Dauphin, Director, Debt Collection Management Staff, or Morton J. Posner, Assistant General Counsel, Justice Management Division, U.S. Department of Justice, Washington, D.C. 20530, (202) 514-5343 or (202) 514-3452.

SUPPLEMENTARY INFORMATION:

On February 18, 2015, the Department published a proposed rule to revise its existing debt collection regulations. *See* 80 FR 8580-01. Following a public comment period, the Department received two comments. One commenter generally endorsed the rulemaking proposal. Another commenter recommended editorial revisions to clarify the proposed rule without making substantive changes. After due consideration, the Department adopts several of that commenter's suggestions.

The Department also makes other clarifying changes to the proposed rule. In § 11.11(a), the definition of “debt” will clarify that it is an amount determined to be owed to the United States by an appropriate official of the Federal Government “or by a court of competent jurisdiction,” and that it includes “any amounts owed to the United States for the benefit of a third party.” In § 11.11(e), the definition of “legally enforceable” will clarify that there has been a final agency “or court” determination that a debt is due and collectible by offset. Section 11.21(a) will refer to administrative wage garnishment as a tool to collect delinquent nontax debt owed to the United States “through operation of Department programs.” Similarly, the definition of “agency” in § 11.21(c) will refer specifically to the Department. The headings of § 11.21(f)(3) and (f)(4) are also revised for clarity.

Regulatory Flexibility Act

The Attorney General, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed this regulation and by approving it certifies that this regulation will not have a significant economic impact on a substantial number of small entities. The Department proposes to collect delinquent nontax debt owed it through an administrative wage garnishment (AWG) process. When an AWG order is issued, employers (including small businesses) that employ workers from whom the Department is collecting a delinquent debt will be required to certify the employee’s employment and earnings, garnish wages, and remit withheld wages to the Department. Such procedures are mandated by Department of the Treasury regulations issued to implement the Debt Collection Improvement Act. Employment and salary information is contained in an employer’s payroll records. Therefore, it will not take a significant amount of time or result in a significant cost for an employer to certify employment and earnings. Employers of delinquent debtors may be subject at any time to garnishment orders issued by a court to collect delinquent debts of their employees owed to governmental or private creditors.

The addition of an AWG process will not significantly increase the burden to which employers are already subject to collect the delinquent debt of their employees.

Executive Orders 12866 and 13563 - Regulatory Review

This regulation has been drafted and reviewed in accordance with Executive Order 12866, “Regulatory Planning and Review,” section 1(b), Principles of Regulation, and in accordance with Executive Order 13563, “Improving Regulation and Regulatory Review,” section 1(b), General Principles of Regulation.

The Department of Justice has determined that this rule is not a “significant regulatory action” under Executive Order 12866, section 3(f), Regulatory Planning and Review, and accordingly this rule has not been reviewed by the Office of Management and Budget.

Further, both Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. The Department has assessed the costs and benefits of this regulation and believes that the regulatory approach selected maximizes net benefits.

Executive Order 12988—Civil Justice Reform

This regulation meets the applicable standards set forth in sections 3(a) and 3(b)(2) of Executive Order 12988.

Executive Order 13132—Federalism

This regulation will not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, in accordance with

Executive Order 13132, it is determined that this rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

Unfunded Mandates Reform Act of 1995

This rule will not result in the expenditure by State, local and tribal governments, in the aggregate, or by the private sector, of \$100,000,000 or more in any one year, and it will not significantly or uniquely affect small governments. Therefore, no actions were deemed necessary under the provisions of the Unfunded Mandates Reform Act of 1995.

Small Business Regulatory Enforcement Fairness Act of 1996

This rule is not a major rule as defined by section 251 of the Small Business Regulatory Enforcement Fairness Act of 1996, 5 U.S.C. 804. This rule will not result in an annual effect on the economy of \$100,000,000 or more; a major increase in costs or prices; or significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets.

Paperwork Reduction Act

This rule imposes no information collection or record keeping requirements.

List of Subjects in 28 CFR Part 11

Administrative practice and procedure, Claims, Debt collection, Government contracts, Government employees, Income taxes, Lawyers, Wages.

Accordingly, by virtue of the authority vested in me as Attorney General, including 5 U.S.C. 301 and 28 U.S.C. 509 and 510, part 11 of title 28 of the Code of Federal Regulations is amended as follows:

PART 11—DEBT COLLECTION

1. The authority citation for part 11 is revised to read as follows:

Authority: 5 U.S.C. 301, 5514; 28 U.S.C. 509, 510; 31 U.S.C. 3711, 3716, 3718, 3720A, 3720D.

Subpart A—Retention of Private Counsel for Debt Collection

§ 11.1 [Amended]

2. Amend §11.1 as follows:

- a. Remove the word “pilot” from the first sentence; and
- b. Remove the word “Adminstration” and add in its place the word “Administration”.

3. Amend § 11.2 as follows:

- a. Revise the section heading;
- b. In the first two sentences, remove the word “pilot”;
- c. In the third sentence, remove the words “Contracting Officer’s Technical Representative (COTR)” and add in their place the words “Contracting Officer’s Representative (COR)”;
- d. In the fourth sentence, remove the term “COTRs” and add in its place the term “CORs”.

The revision reads as follows:

§ 11.2 Private counsel debt collection program.

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§ 11.3 [Amended]

4. Amend § 11.3 as follows:

- a. In the first sentence, remove the words “the Federal Property and Administrative Services Act of 1949, 41 U.S.C. 251 *et seq.*” and add in their place the words “41 U.S.C. 3307.”

- b. In the second sentence, add the phrase “and law firms that are qualified HUBZone small business concerns” after the phrase “socially and economically disadvantaged individuals”;
- c. In the second and third sentences, remove the word “pilot” and add in its place the word “program”; and
- d. In the third sentence, remove the words “the Commerce Business Daily” and add in their place the term “FedBizOpps”.

Subpart B—Administration of Debt Collection

§ 11.4 [Amended]

- 5. Amend § 11.4 as follows:
 - a. Remove the second sentence of paragraph (a); and
 - b. In paragraph (b)(3)(i), add the number “1” after the words “26 U.S.C.”
- 6. Revise the heading of subpart C to read as follows:

Subpart C—Collection of Debts by Administrative and Tax Refund Offset

- 7. Revise §11.10 to read as follows:

§ 11.10 [Amended]

(a) The provisions of 31 U.S.C. 3716 allow the head of an agency to collect a debt through administrative offset. The provisions of 31 U.S.C. 3716 and 3720A authorize the Secretary of the Treasury, acting through the Bureau of the Fiscal Service (BFS) and other Federal disbursing officials, to offset certain payments to collect delinquent debts owed to the United States. This subpart authorizes the collection of debts owed to the United States by persons, organizations, and other entities by offsetting Federal and certain state payments due to the debtor. It allows for collection of debts that are past due and legally enforceable through offset, regardless of whether the debts have been reduced to judgment.

(b) Nothing in this subpart precludes the Department from pursuing other debt collection procedures to collect a debt that has been submitted to the Department of the Treasury under this subpart. The Department may use such debt collection procedures separately or in conjunction with the offset procedures of this subpart.

8. Amend § 11.11 by revising paragraphs (a) and (b), and adding a paragraph (e) to read as follows:

§11.11 Definitions.

(a) *Debt.* Debt means any amount of funds or property that an appropriate official of the Federal Government or a court of competent jurisdiction determines is owed to the United States, including any amounts owed to the United States for the benefit of a third party, by a person, organization, or entity other than another Federal agency. For purposes of this section, the term debt does not include debts arising under the Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.), the tariff laws of the United States, or the Social Security Act (42 U.S.C. 301 et seq.), except that “delinquent amounts” as defined in sections 204(f) and 1631(b)(4) of such Act (42 U.S.C. 404(f) and 1383(b)(4)(A), respectively) are included in the term debt, as are “administrative offset[s]” collectible pursuant to 31 U.S.C. 3716(c). Debts that have been referred to the Department of Justice by other agencies for collection are included in this definition.

(b) *Past due.* A past due debt means a debt that has not been paid or otherwise resolved by the date specified in the initial demand for payment, or in an applicable agreement or other instrument (including a post-delinquency repayment agreement), unless other payment arrangements satisfactory to the Department have been made. Judgment debts remain past due until paid in full.

* * * * *

(e) *Legally enforceable*. Legally enforceable means that there has been a final agency or court determination that the debt, in the amount stated, is due, and there are no legal bars to collection by offset.

9. Amend §11.12 as follows:

a. Remove paragraph (b)(4);

b. In paragraph (d)(5), remove the number “65” and add in its place the number “60”;

c. In paragraph (d)(6) and paragraph (e), remove the term “IRS” and add in its place the term “BFS” ;

d. In the second sentence of paragraph (d)(6), remove the word “of” the second time it occurs and add in its place the word “or”; and

e. Revise the section heading and paragraphs (a), (b)(2), (b)(3), (c), and (f) to read as follows:

§11.12 Centralized offset.

(a) The Department must refer any legally enforceable debt more than 120 days past-due to BFS for administrative offset under 31 U.S.C. 3716(c)(6). The Department must refer any past-due, legally enforceable debt to BFS for tax refund offset purposes pursuant to 31 U.S.C. 3720A(a) at least once a year. Before referring debts for offset, the Department must certify to BFS compliance with the provisions of 31 U.S.C. 3716(a) and 3720A(b). There is no time limit on when a debt can be collected by offset.

(b) * * *

(2) The Department intends to refer the debt to BFS for offset purposes;

(3) Before the debt is referred to BFS for offset purposes, the debtor has 60 days from the date of notice to present evidence that all or part of the debt is not past due, that the amount is not the amount currently owed, that the outstanding debt has been satisfied, or, if the debt is a

judgment debt, that the debt has been satisfied, or that collection action on the debt has been stayed.

* * * * *

(c) If the debtor neither pays the amount due nor presents evidence that the amount is not past due or is satisfied or that collection action is stayed, the Department will refer the debt to BFS for offset purposes.

* * * * *

(f) If more than one debt is owed, payments eligible for offset will be applied in the order in which the debts became past due.

10. Add § 11.13 to read as follows:

§ 11.13 Non-centralized offset.

(a) When offset under § 11.12 of this part is not available or appropriate, the Department may collect past-due, legally enforceable debts through non-centralized administrative offset. See 31 CFR 901.3(c). In these cases, the Department may offset a payment internally or make an offset request directly to a Federal payment agency.

(b) At least 30 days before offsetting a payment internally or requesting a Federal payment agency to offset a payment, the Department will send notice to the debtor in accordance with the requirements of 31 U.S.C. 3716(a). When referring a debt for offset under this paragraph (b), the Department will certify, in writing, that the debt is valid, delinquent, legally enforceable, and that there are no legal bars to collection by offset. In addition, the Department will certify its compliance with these regulations concerning administrative offset. See 31 CFR 901.3(c)(2)(ii).

11. Add subpart D to read as follows:

Subpart D—Administrative Wage Garnishment

§ 11.21 Administrative wage garnishment.

(a) *Purpose.* In accordance with the Department of the Treasury government-wide regulation at 31 CFR 285.11, this section provides procedures for the Department of Justice (Department) to collect money from a debtor's disposable pay by means of administrative wage garnishment to satisfy delinquent nontax debt owed to the United States through operation of Department programs.

(b) *Scope.* (1) This section shall apply notwithstanding any provision of State law.

(2) Nothing in this section precludes the compromise of a debt or the suspension or termination of collection action in accordance with applicable law. See, for example, the Federal Claims Collection Standards (FCCS), 31 CFR parts 900-904.

(3) The receipt of payments pursuant to this section does not preclude the Department from pursuing other debt collection remedies, including the offset of Federal payments to satisfy delinquent nontax debt owed to the United States. The Department may pursue such debt collection remedies separately or in conjunction with administrative wage garnishment.

(4) This section does not apply to the collection of delinquent nontax debt owed to the United States from the wages of Federal employees from their Federal employment. Federal pay is subject to the Federal salary offset procedures set forth in 5 U.S.C. 5514 and other applicable laws.

(5) Nothing in this section requires the Department to duplicate notices or administrative proceedings required by contract or other laws or regulations.

(c) *Definitions.* As used in this section the following definitions shall apply:

Agency means the Department of Justice.

Business day means Monday through Friday. For purposes of computation, the last day of the period will be included unless it is a Federal legal holiday.

Day means calendar day. For purposes of computation, the last day of the period will be included unless it is a Saturday, a Sunday, or a Federal legal holiday.

Debt or *claim* means any amount of money, funds or property that an appropriate official of the Federal Government determines is owed to the United States by an individual, including debt administered by a third party as an agent for the Federal Government.

Debtor means an individual who owes a delinquent nontax debt to the United States.

Delinquent nontax debt means any nontax debt that has not been paid by the date specified in the agency's initial written demand for payment, or applicable agreement, unless other satisfactory payment arrangements have been made. For purposes of this section, the terms "debt" and "claim" are synonymous and refer to delinquent nontax debt.

Disposable pay means that part of the debtor's compensation (including, but not limited to, salary, bonuses, commissions, and vacation pay) from an employer remaining after the deduction of health insurance premiums and any amounts required by law to be withheld. For purposes of this section, "amounts required by law to be withheld" include amounts for deductions such as Social Security taxes and withholding taxes, but do not include any amount withheld pursuant to a court order.

Employer means a person or entity that employs the services of others and that pays their wages or salaries. The term employer includes, but is not limited to, State and local Governments, but does not include an agency of the Federal Government.

Evidence of service means information retained by the agency indicating the nature of the document to which it pertains, the date of mailing of the document, and to whom the document is being sent. Evidence of service may be retained electronically so long as the manner of retention is sufficient for evidentiary purposes.

Garnishment means the process of withholding amounts from an employee's disposable pay and the paying of those amounts to a creditor in satisfaction of a withholding order.

Withholding order means any order for withholding or garnishment of pay issued by the agency, or judicial or administrative body. For purposes of this section, the terms "wage garnishment order" and "garnishment order" have the same meaning as "withholding order."

(d) *General rule.* Whenever the agency determines that a delinquent debt is owed by an individual, the agency may initiate proceedings administratively to garnish the wages of the delinquent debtor.

(e) *Notice requirements.* (1) At least 30 days before initiating garnishment proceedings, the agency shall mail, by first class mail, to the debtor's last known address, a written notice informing the debtor of:

(i) The nature and amount of the debt;

(ii) The intention of the agency to initiate proceedings to collect the debt through deductions from pay until the debt and all accumulated interest, penalties, and administrative costs are paid in full; and

(iii) An explanation of the debtor's rights, including those set forth in paragraph (e)(2) of this section, and the time frame within which the debtor may exercise those rights.

(2) The debtor shall be afforded the opportunity:

(i) To inspect and copy agency records related to the debt;

(ii) To enter into a written repayment agreement with the agency under terms agreeable to the agency; and

(iii) For a hearing in accordance with paragraph (f) of this section concerning the existence or the amount of the debt or the terms of the proposed repayment schedule under the garnishment order. However, the debtor is not entitled to a hearing concerning the terms of the

proposed repayment schedule if these terms have been established by written agreement under paragraph (e)(2)(ii) of this section.

(3) The agency will retain evidence of service indicating the date of mailing of the notice.

(f) *Hearing*—(1) *Request for hearing*. If the debtor submits a written request for a hearing concerning the existence or amount of the debt or the terms of the repayment schedule (for those repayment schedules not established by written agreement under paragraph (e)(2)(ii) of this section), the agency shall provide a hearing, which at the agency’s option may be oral or written.

(2) *Type of hearing or review*. (i) For purposes of this section, whenever the agency is required to afford a debtor a hearing, the agency shall provide the debtor with a reasonable opportunity for an oral hearing when the agency determines that the issues in dispute cannot be resolved by review of the documentary evidence, as, for example, when the validity of the claim turns on the issue of credibility or veracity.

(ii) If the agency determines that an oral hearing is appropriate, the time and location of the hearing shall be established by the agency. An oral hearing may, at the debtor’s option, be conducted either in person or by telephone conference. All travel expenses incurred by the debtor in connection with an in-person hearing will be borne by the debtor. All telephonic charges incurred during the hearing will be the responsibility of the agency.

(iii) In those cases where an oral hearing is not provided under this section, the agency shall nevertheless accord the debtor a “paper hearing,” that is, the agency will decide the issues in dispute based upon a review of the written record. The agency will establish a reasonable deadline for the submission of evidence.

(3) *Effect of agency receipt of hearing request within 15 business days of notice*. Subject to paragraph (f)(12) of this section, if the debtor’s written request is received by the agency on or

before the 15th business day following the mailing of the notice described in paragraph (e)(1) of this section, the agency shall not issue a withholding order under paragraph (g) of this section until the agency provides the debtor the requested hearing and renders a decision in accordance with paragraphs (f)(9) and (10) of this section.

(4) *Effect of agency receipt of hearing request after 15 business days of notice.* If the debtor's written request is received by the agency after the 15th business day following the mailing of the notice described in paragraph (e)(1) of this section, the agency shall provide a hearing to the debtor. However, the agency will not delay issuance of a withholding order unless the agency determines that the delay in filing the request was caused by factors over which the debtor had no control, or the agency receives information that the agency believes justifies a delay or cancellation of the withholding order.

(5) *Hearing official.* A hearing official may be any qualified individual, as determined by the head of the agency, including an administrative law judge.

(6) *Procedure.* After the debtor requests a hearing, the hearing official shall notify the debtor of:

- (i) The date and time of a telephonic hearing;
- (ii) The date, time, and location of an in-person oral hearing; or
- (iii) The deadline for the submission of evidence for a written hearing.

(7) *Burden of proof.* (i) The agency will have the initial burden of proving, by a preponderance of the evidence, the existence or amount of the debt.

(ii) If the agency satisfies its initial burden, and the debtor disputes the existence or amount of the debt, the debtor must prove, by a preponderance of the evidence, that no debt exists or that the amount of the debt is incorrect. In addition, the debtor may present evidence

that the terms of the repayment schedule are unlawful or would cause a financial hardship to the debtor, or that collection of the debt may not be pursued due to operation of law.

(8) *Record.* The hearing official must maintain a summary record of any hearing provided under this section. A hearing is not required to be a formal evidentiary-type hearing. However, witnesses who testify in in-person or telephonic hearings will do so under oath or affirmation.

(9) *Date of decision.* The hearing official shall issue a written opinion stating the decision as soon as practicable, but not later than 60 days after the date on which the request for such hearing was received by the agency. If an agency is unable to provide the debtor with a hearing and render a decision within 60 days after the receipt of the request for such hearing:

(i) The agency may not issue a withholding order until the hearing is held and a decision rendered; or

(ii) If the agency had previously issued a withholding order to the debtor's employer, the agency must suspend the withholding order beginning on the 61st day after the receipt of the hearing request and continuing until a hearing is held and a decision is rendered.

(10) *Content of decision.* The written decision shall include:

(i) A summary of the facts presented;

(ii) The hearing official's findings, analysis, and conclusions; and

(iii) The terms of any repayment schedules, if applicable.

(11) *Final agency action.* The hearing official's decision will be final agency action for purposes of judicial review under the Administrative Procedure Act (5 U.S.C. 701 et seq.).

(12) *Failure to appear.* In the absence of good cause shown, a debtor who fails to appear at a hearing scheduled pursuant to paragraph (f)(3) of this section will be deemed as not having timely filed a request for a hearing.

(g) *Wage garnishment order.* (1) Unless the agency receives information that the agency believes justifies a delay or cancellation of the withholding order, the agency will send, by first class mail, a withholding order to the debtor's employer:

(i) Within 30 days after the debtor fails to make a timely request for a hearing (i.e., within 15 business days after the mailing of the notice described in paragraph (e)(1) of this section), or,

(ii) If the debtor makes a timely request for a hearing, within 30 days after a final decision is made by the agency to proceed with garnishment, or

(iii) As soon as reasonably possible thereafter.

(2) The withholding order sent to the employer under paragraph (g)(1) of this section shall be in a form prescribed by the Secretary of the Treasury. The withholding order shall contain the signature of, or the image of the signature of, the head of the agency or that person's delegatee. The order shall contain only the information necessary for the employer to comply with the withholding order. Such information includes the debtor's name, address, and Social Security Number, as well as instructions for withholding and information as to where payments should be sent.

(3) The agency will retain evidence of service indicating the date of mailing of the order.

(h) *Certification by employer.* Along with the withholding order, the agency shall send to the employer a certification in a form prescribed by the Secretary of the Treasury. The employer shall complete and return the certification to the agency within the time frame prescribed in the instructions to the form. The certification will address matters such as information about the debtor's employment status and disposable pay available for withholding.

(i) *Amounts withheld.* (1) After receipt of the garnishment order issued under this section, the employer shall deduct from all disposable pay paid to the applicable debtor during each pay period the amount of garnishment described in paragraph (i)(2) of this section.

(2)(i) Subject to the provisions of paragraphs (i)(3) and (4) of this section, the amount of garnishment shall be the lesser of:

(A) The amount indicated on the garnishment order up to 15% of the debtor's disposable pay; or

(B) The amount set forth in 15 U.S.C. 1673(a)(2) (Restriction on Garnishment). That amount is the amount by which a debtor's disposable pay exceeds an amount equivalent to thirty times the Federal minimum wage. See 29 CFR 870.10.

(3) When a debtor's pay is subject to withholding orders with priority the following shall apply:

(i) Unless otherwise provided by Federal law, withholding orders issued under this section shall be paid in the amounts set forth under paragraph (i)(2) of this section and shall have priority over withholding orders that are served later in time. Notwithstanding the foregoing, withholding orders for family support shall have priority over withholding orders issued under this section.

(ii) If amounts are being withheld from a debtor's pay pursuant to a withholding order served on an employer before a withholding order issued pursuant to this section, or if a withholding order for family support is served on an employer at any time, the amounts withheld pursuant to the withholding order issued under this section shall be the lesser of:

(A) The amount calculated under paragraph (i)(2) of this section, or

(B) An amount equal to 25% of the debtor's disposable pay less the amount(s) withheld under the withholding order(s) with priority.

(iii) If a debtor owes more than one debt to the agency, the agency may issue multiple withholding orders if the total amount garnished from the debtor's pay for such orders does not exceed the amount set forth in paragraph (i)(2) of this section.

(4) An amount greater than that set forth in paragraphs (i)(2) and (3) of this section may be withheld upon the written consent of the debtor.

(5) The employer shall promptly pay to the agency all amounts withheld under the withholding order issued pursuant to this section.

(6) An employer shall not be required to vary its normal pay and disbursement cycles in order to comply with the withholding order.

(7) Any assignment or allotment by an employee of the employee's earnings shall be void to the extent it interferes with or prohibits execution of the withholding order issued under this section, except for any assignment or allotment made pursuant to a family support judgment or order.

(8) The employer shall withhold the appropriate amount from the debtor's wages for each pay period until the employer receives notification from the agency to discontinue wage withholding. The garnishment order shall indicate a reasonable period of time within which the employer is required to commence wage withholding.

(j) *Exclusions from garnishment.* The agency may not garnish the wages of a debtor who it knows has been involuntarily separated from employment until the debtor has been reemployed continuously for at least 12 months. To qualify for this exclusion, upon the request of the agency, the debtor must inform the agency of the circumstances surrounding an involuntary separation from employment.

(k) *Financial hardship.* (1) A debtor whose wages are subject to a wage withholding order under this section, may, at any time, request a review by the agency of the amount garnished, based on materially changed circumstances such as disability, divorce, or catastrophic illness that result in financial hardship.

(2) A debtor requesting a review under paragraph (k)(1) of this section shall submit the basis for claiming that the current amount of garnishment results in a financial hardship to the debtor, along with supporting documentation. The agency shall consider any information submitted in accordance with procedures and standards established by the agency.

(3) If the agency finds financial hardship, it shall downwardly adjust, by an amount and for a period of time agreeable to the agency, the amount garnished to reflect the debtor's financial condition. The agency will notify the employer of any adjustments to the amounts to be withheld.

(1) *Ending garnishment.* (1) Once the agency has fully recovered the amounts owed by the debtor, including interest, penalties, and administrative costs consistent with the FCCS, the agency shall send the debtor's employer notification to discontinue wage withholding.

(2) At least annually, an agency shall review its debtors' accounts to ensure that accounts that have been paid in full are no longer subject to garnishment.

(m) *Actions prohibited by the employer.* An employer may not discharge, refuse to employ, or take disciplinary action against the debtor due to the issuance of a withholding order under this section.

(n) *Refunds.* (1) If a hearing official, at a hearing held pursuant to paragraph (f)(2) of this section, determines that a debt is not legally due and owing to the United States, the agency shall promptly refund any amount collected by means of administrative wage garnishment.

(2) Unless required by Federal law or contract, refunds under this section shall not bear interest.

(o) *Right of action.* The agency may sue any employer for any amount that the employer fails to withhold from wages owed and payable to an employee in accordance with paragraphs (g) and (i) of this section. However, a suit may not be filed before the termination of the

collection action involving a particular debtor, unless earlier filing is necessary to avoid expiration of any applicable statute of limitations period. For purposes of this section, “termination of the collection action” occurs when the agency has terminated collection action in accordance with the FCCS or other applicable standards. In any event, termination of the collection action will be deemed to have occurred if the agency has not received any payments to satisfy the debt from the particular debtor whose wages were subject to garnishment, in whole or in part, for a period of 1 year.

Dated: June 24, 2016.

Loretta E. Lynch,
Attorney General.

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