

P.S. Docket No. DCA 19-149

March 6, 2020

In the Matter of the Debt Collection Act Petition

DEBORAH HART v. UNITED STATES POSTAL SERVICE

P.S. Docket No. DCA 19-149

APPEARANCE FOR PETITIONER

Albert E. Lum

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APPEARANCE FOR RESPONDENT

John F. Holly

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United States Postal Service

FINAL DECISION UNDER THE DEBT COLLECTION ACT OF 1982

The Postal Service seeks to collect a debt from Deborah Hart based on a shortage in a special events account. An audit of the account in August 2016 revealed a \$63,994.10 shortage. The Postal Service failed to meet its burden of proof.¹ Accordingly, the Petition is granted.

FINDINGS OF FACT

1. Ms. Hart began working for the Postal Service in 1986. From 2008 through 2016, Ms. Hart was the supervisor of claims and inquiry with the New York District. She was domiciled at the James A. Farley Main Post Office in New York City. (Tr. 87–88).
2. The Main Post Office has a unit reserve account, which holds stamp stock. A segment of the unit reserve account is the special events stamp stock account, which is used for philatelic and marketing events. (Tr. 19–21).
3. In March 2010, the marketing manager asked Ms. Hart to be the special events stamp stock custodian. The manager specifically asked Ms. Hart to assume this role because the custodian would be required to cancel stamps at events, and Ms. Hart was familiar with that process based on her previous experience. (Tr. 88-89).
4. Ms. Hart accepted the role, and the manager handed her the keys to the cage where the stock was kept (Tr. 22–23, 51, 66, 88–89, 109).
5. Ms. Hart did not complete a PS Form 3369, Consigned Credit Receipt (Tr. 89–90, 95–96).
6. Additionally, no one conducted an audit of the special events stamp stock when Ms. Hart accepted the new role. The record also does not include a PS Form 3294, Cash and Stamp Stock Count Summary. (Tr. 89–90, 95–96, 115).
7. In May 2016, the Postal Service hosted the World Stamp Show in New York City. Ms. Hart, the unit reserve custodian for the James A. Farley Main Post Office, and an employee from the Stamp Distribution Center furnished stamps and other stamp-related products for the event. (Tr. 17-18). Following the event, the remaining stock was returned, but some of the stock ended up in the wrong accounts. The custodians worked together to try to correct the mistakes. (Pet. Exh. 1).
8. In June 2016, Ms. Hart accepted a position in New Jersey. In anticipation of transferring the special events stock over to another employee, Ms. Hart and a witness started to perform an audit. The audit was not completed or recorded. (Tr. 55–56).

9. On August 1, 2016, Ms. Hart and a witness completed an audit of the stock. This audit indicated a shortage of \$63,994.10. (Tr. 26–27, 29, 33–34, 55–56, 66, 76, 95; Resp. Exh. 1).
10. Ms. Hart transferred to a new position with the Postal Service in New Jersey in September 2016. At that time, the stock was secured and the keys to the cage were given to the marketing manager, but the stock was not officially transferred to another employee. (Tr. 21, 27, 51–53, 111).
11. After Ms. Hart left, a special task force conducted a count of the special events stamp stock over several months. Following the count, the contents of the special events stamp stock was returned to the unit reserve, headquarters, stamp fulfillment services, or prepared for destruction. (Tr. 27–30, 33–35, 38–39).
12. On March 9, 2019, the Postal Service presented Ms. Hart with a Notice of Involuntary Administrative Salary Offsets for \$63,994.10 based on the August 1, 2016 audit.
13. Ms. Hart then filed a timely Petition.

DECISION

To hold Ms. Hart accountable for a shortage in the unit reserve’s segmented special events inventory, the Postal Service has the initial burden to establish that an actual loss exists in the account. If the Postal Service meets this initial burden, the burden shifts to the employee to come forward with evidence sufficient to alleviate or offset the shortage. See *Chavis-White v. United States Postal Service*, DCA 16-182, 2017 WL 5516568 (April 19, 2017). The Postal Service has specific regulations for transferring the accountability of a unit reserve’s stamp stock from one employee to another. See Handbook F-101, Field Accounting Procedures, § 11-10.2.2, How to Transfer Accountability. “These procedures are not mere formalities. They help to establish (1) the identity of the unit reserve custodian, and (2) the baseline balance against which to measure any future shortages in the unit reserve account.” *Melendez v. United States Postal Service*, DCA 14-313, 2015 WL 13647634 (June 11, 2015). With regard to the first requirement of being formally appointed, Handbook F-101, § 11-10.2.2 identifies the form which needs to be completed to transfer the accountability.² Both the issuing employee and the receiving employee sign a PS Form 3369, Stamp Credit Receipt. It shows the amount of the stamp credit being received and the date of receipt. Neither Ms. Hart nor her manager executed this form. Therefore, we do not know the amount of the credit or the specific date of her assuming the accountability. Instead of completing the PS Form 3369, the marketing manager simply handed her the keys.

With regard to the second requirement, Handbook F-101, § 11-10.2.2 also requires a count, with a witness, of the unit reserve showing the specific contents of the accountability and its total value, which is then memorialized on a PS Form 3294, Cash and Stamp Stock Count and Summary. The Postal Service presented no evidence of a completed count.³

Without a specific starting date for when Ms. Hart assumed the accountability and a baseline balance of the special events stock account, we have no way of knowing whether a shortage preceded her assuming responsibility for the special events stamp stock or the amount of the shortage. The Postal Service has therefore not proved the amount of an actual loss. *Melendez*, DCA 14-313; *Jahn M. Harris*, P.S. Docket No. DCA 11-39, 2009 WL 13238593 (July 29, 2011); *Bales v. United States Postal Service*, DCA 16-64, 2016 WL 10572247 (September 9, 2016). The Postal Service argues that it was unprepared to defend against Ms. Hart’s position that no one performed an audit when she assumed accountability of the special events stamp stock because she only brought it to light during the hearing. This argument is simply untrue. Ms. Hart stated in her petition that “[a]n audit was not performed on the unit reserve as per Handbook F-101, § 13-2.5, transferring the accountability to Petitioner.” Ms. Hart reiterated the same argument in her prehearing submission by citing to Handbook F-101, § 13-2.5. The Postal Service had notice that Ms. Hart would be arguing an audit was not performed when the stock was transferred and failed to rebut this argument.

As the Postal Service has not met its initial burden, I need not address any of its other arguments.

CONCLUSION AND ORDER

The Petition is granted. The Postal Service may not collect \$63,994.10 by administrative salary offsets.

[1](#) A hearing was held in New York City where both parties provided testimony.

[2](#) This requirement is repeated in Handbook F-101, Field Accounting Procedures, § 13-2.5, Unit Reserve Stock Assignment (“After the supervisor and the designated unit reserve stock custodian count the unit reserve stock to be assigned, the supervisor must do the following . . . [c]omplete PS Form 3369 in duplicate . . .”).

[3](#) The record also does not include a PS Form 3959, Stamp Stock Transaction and Daily Recap, which would have included the same information. See Handbook F-101, Field Accounting Procedures, § 13-4.
