# Credit card write-offs drop sharply after Pentagon begins docking paychecks of abusers

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WASHINGTON (AP) _ The Pentagon has sharply reduced the write-offs of unpaid credit card debt of soldiers and defense contractors by docking their paychecks, but still has 400,000 too many cards in circulation, a task force concluded Thursday. The task force, created in March at the direction of Defense Secretary Donald H. Rumsfeld, made 25 recommendations to tighten controls over the Pentagon's 1.6 million credit cards and to increase prosecutions of those who abuse or misuse them. Sen. Charles Grassley, R-Iowa, a frequent critic of the Pentagon's credit card abuses, said the recommendations are "a giant step in the right direction. The momentum is good, but we still have a ways to go before we can claim victory." Another critic, Rep. Jan Schakowsky, D-Ill., said the "question is whether the Bush administration will implement those recommendations and root out all abuse at the Pentagon." Dov S. Zakheim, the Pentagon's comptroller and chief financial officer, said the recommendations "will greatly reduce the likelihood of any misuse." One called for the cancellation of the 400,000 credit cards issued to individuals for travel but unused in the past 12 months. Supervisors should have to justify retaining these cards, the task force said. "You don't want the accounts floating out there," Zakheim said. "That's always dangerous." Zakheim set up the task force after Rumsfeld told him to investigate reports from congressional auditors that the military services had done little to correct credit card abuses first uncovered last summer. At the time, investigators found that banks had written off tens of millions of dollars in delinquent charges on defense credit cards. The task force said it found that bad debt write-offs on cards issued to individuals for travel dropped substantially after October, when the Pentagon began docking the pay of soldiers and many civilian defense workers who had delinquent accounts. Congress in 1998 gave government agencies the right to withhold up to 15 percent of pay to cover delinquent charges on official accounts. The average bad debt write-off dropped from $1.7 million a month before October to $300,000 a month afterward. The total accumulated write-off increased just $2 million in those six months, from $58.6 million in October to $60.7 million in April. Like other government agencies, the Defense Department has two main types of credit cards: purchase cards, which are billed directly to the government, and travel cards, billed mostly to individual employees. Last year, the Defense Department had 207,000 purchase cards that were used to buy $6.1 billion in goods and services. The delinquency rate on those cards was 7.5 percent last year. Zakheim said Thursday it had dropped to 3.4 percent in April. There were 1.4 million travel cards in circulation in the Defense Department last year and $3.4 billion was charged on them. The delinquency rate on individually billed travel cards averaged 9.3 percent during 2001, but dropped to 6.9 percent in April. The task force recommended that supervisors who approve charge card statements be held financially liable for any abuses. While current law permits such

accountability, "there is no evidence that any action has been taken against an approving official under this authority," the report said. The task force recommended bypassing overworked U.S. attorneys and using state and local prosecutors, the Justice Department's Public Integrity Section and civil enforcement actions to press charges against credit card abusers.