



## DEFENSE FINANCE AND ACCOUNTING SERVICE

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ARLINGTON, VA 22240-5291

Mr. Frank J. Chunderlik  
Senior Vice President  
Manager, Contract Administration  
Bank of America  
Two Commercial Place, 9<sup>th</sup> Floor  
Norfolk, VA 23510

JUL 28 2003

Dear Mr. Chunderlik

As you are aware, the National Defense Appropriation Act for Fiscal Year 2003, established the requirement for the Department of Defense to evaluate the creditworthiness of an applicant prior to issuing a government travel card. The Act also prohibits the issuance of a card to those determined not creditworthy. The Department has notified Congress of our plan to implement the legislation through a combination of credit checks for individually billed travel cards and the establishment of a self-disclosure form for individuals assigned a centrally billed account or those who decline a credit check for an individually billed account.

Effective immediately, military personnel who receive a credit score of less than 500 based upon the Fair Isaac scoring model used by the Bank, will no longer be issued a travel charge card. Military personnel who receive a score between 500 and 659 based upon the Fair Isaac scoring model should continue to be issued a restricted card. Military personnel who score 660 or above should be issued a standard card. Labor union bargaining obligations prohibit us from instituting a minimum score threshold for civilian employees until those obligations are met. Therefore, no change in the practice of issuing cards to civilian employees of the Department should be made at this time.

The requirement established in the Appropriation Act did not extend the Department the authority to conduct a credit check without an individual's prior consent. Therefore, the self-disclosure form mentioned above, is intended to be the basis for evaluating creditworthiness where a credit check is not conducted. Once the form is approved and established, individuals who decline both a credit check and the self-disclosure form, military or civilian, will not be issued a government travel card. The same bargaining requirements mentioned above for civilian employees must also be met for establishing the use of the self-disclosure form. Because of the unique aspects of a unit card, we are interested in having individuals assigned a unit card undergo a credit check, if they consent, and therefore, seek your agreement to conduct those credit checks, prior to issuance of any new unit cards.

We appreciate the information that was provided in our earlier discussions with you on the process of evaluating creditworthiness of travel card applicants. With the implementation of salary offset and split disbursement, the sustained decrease in the Department's delinquency rates, and our planned datamining efforts, we believe there are sufficient safeguards in place to mitigate the potential risk associated with issuing charge cards in the manner described above. We are also continuing to evaluate alternatives to the travel charge card that may provide a cost-effective means of meeting the needs of travelers who are not eligible for a travel charge card.

If you have any questions regarding this letter, please contact Mr. Steven Johnson in the Defense Finance and Accounting Service Travel Card Program Management Office at (703) 607-5050.

A handwritten signature in black ink, appearing to read 'M. Gaillard', written in a cursive style.

Mark Gaillard  
Contracting Officer