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CLIENT SERVICES
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FINANCIAL LIABILITY INVESTIGATION OF PROPERTY LOSS FACT SHEET

INTRODUCTION: A Financial Liability Investigation of Property Loss (FLIPL) is the manner in which the Army accounts for the circumstances surrounding the loss, damage or destruction (LDD) of Government property. The FLIPL serves as documentation allowing for the adjustment of property books. The FLIPL also documents a charge or relief from financial liability. FLIPLs are governed by Army Regulation 735-5, Chapter 13.

FLIPL PROCESS: The FLIPL process begins once the loss is discovered. A Financial Liability investigating officer (IO) is appointed to conduct an investigation. There are four elements which the IO must address while conducting the investigation and preparing their findings. **All four elements must be proven to hold an individual financially liable.**

1. **Loss, Damage or Destruction:** The item must be lost, damaged, or destroyed in order to hold a person financially liable. If the item was found or was scheduled to be destroyed by the Army, then the Respondent/Soldier may not be held financially liable.

2. **Responsibility:** There are many different ways a SM can have responsibility over property. Just because a person has responsibility of the property does not, in itself, make the person financially liable.

3. **Culpability:** A determination of fault. Before a person can be held financially liable, the findings must show that he or she was negligent or committed willful misconduct. Negligence is the failure to exercise due care in a reasonable manner. Willful misconduct is an intentional act or failure to act.

4. **Proximate Cause:** The cause, which in a natural and continuous sequence of events, unbroken by a new cause, produced the loss or damage. Without this cause, the loss or damage would not have occurred. It is further defined as the primary moving cause, or the predominate cause from which the loss or damage followed as a natural, direct, and immediate consequence.

NOTIFICATION: If the investigating officer recommends that the Soldier be held financially liable, the IO must send notification to the Soldier. An individual who receives a hand-delivered FLIPL packet has 7 calendar days from the date of receipt to reply with a rebuttal statement or other additional evidence. An individual who receives a mailed or emailed FLIPL packet has either 15 or 30 calendar days to reply with a rebuttal statement or other additional evidence, depending on whether they are located in the same country as the unit conducting the FLIPL. In any case, a Soldier may request additional time to respond to the FLIPL.

AMOUNT OF LIABILITY: The value of loss is determined using the lost item's current fair market value and depreciation. Generally, no more than one month's base pay can be assessed unless you fall into a special category. Base pay is determined at the time of the loss and not when the FLIPL is completed.

WAIVER: The approving authority may waive or reduce a finding of financial liability in the face of mitigating circumstances. If you intend to request this, you should tell the approving authority why mitigating circumstances warrant a waiver in your case. In your rebuttal, you can contest the finding of financial liability and a waiver due to mitigating circumstances if you are found liable.

RELIEF FOR HARDSHIP: Separate and apart from requesting a waiver from the approving authority, enlisted Soldiers request relief from liability due to financial hardship. To do this, you may submit an application for remission or cancellation of the debt, DA Form 3508 (Application for Remission or Cancellation of Indebtedness) through your commander, per AR 600-4. A copy of the approved DD Form 200 assessing financial liability will be submitted with the application.

EXTENSION OF THE COLLECTION PERIOD: Any Soldier, regardless of rank, may request extension of the collection period following a finding of liability. This means that instead of the entire amount of liability being taken from a single month's paycheck, the debt can be repaid over a period of time. These requests will be forwarded through the approving authority to Finance.

RECONSIDERATION: Individuals assessed financial liability may also submit a request for reconsideration. Requests for reconsideration will be submitted to the approving authority that acted on the financial liability investigation, and must be submitted within 20 days of being notified of a finding of financial liability. The approving authority will, after review and determination that liability will continue, forward requests for reconsideration to the next commander in the chain of command. This will be accomplished within 15 calendar days of receipt by the approving authority. The next commander in the chain of command—the appeal authority—will then determine whether the individual should be held financially liable.

APPEAL TO ABCMR: After an appeal is denied by the appeal authority, an individual may submit a final appeal to the Army Board for Correction of Military Records. These appeals are governed by AR 15-185, and individuals have 3 years from the date notified of denial of reconsideration to submit. These appeals take time, and an individual may not get a ruling from the ABCMR until after they have already repaid the debt. In the event the ABCMR overturns a FLIPL after you have already paid, you would be entitled to back pay.

LEGAL ASSISTANCE: You are entitled to legal assistance to review the FLIPL and assist with your rebuttal. Gather all documents, photos, statements, and other evidence that will support your position. Write a statement that explains why the IO's recommendation is does not prove all four of the previous elements and why your evidence supports your position. Do not include extraneous issues or derogatory or emotional comments within your rebuttal. Simply state the facts. To make an appointment with a Client Services Attorney, please visit our booking application at www.sjaclientservices0366.setmore.com.