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	U·S·DEPARTMENT OF THE INTERIOR OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT DIRECTIVES SYSTEM	Subject Number: CAA-3 Transmittal Number: 580 Date: OCT 1 3 1989

Subject: Abandoned Mine Land (AML) Fee Collection Procedures

Approval: [signature] | Title: Director

1. Purpose. This directive establishes Office of Surface Mining Reclamation and Enforcement (OSM) procedures for the collection of reclamation fee debts owed by operators who failed to comply with Title IV of the Surface Mining Control and Reclamation Act of 1977 (SMCRA) (Public Law 95-87).

2. Definitions. All definitions are found in the attachment under "Glossary of Terms" Section 2 of the Branch of AML Collections Procedures Manual.

3. Policy and Procedures. Title IV of SMCRA provides that a special fund be established on the books of the U.S. Department of Treasury for the purpose of accumulating revenues designated for reclamation of Abandoned Mine Lands (AML) and other authorized activities. The attached AML Collection Procedures Manual provides standardized guidance and instructions for the efficient and effective collection of these unpaid reclamation fees.

a. Responsibilities.

(1) The Assistant Director, Finance and Accounting, is responsible for the overall management and administration of AML collections within OSM.

(2) The Chief, Division of Debt Management, is responsible for ensuring that all AML collection activities conform with the attached guidelines.

(3) The Chief, Branch of AML Collections, is responsible for implementing, directing, and administering the AML Collection Procedures. Additionally, advice and guidance must be provided to OSM employees and private collection agency contractors on the various aspects of OSM collections activities.

(4) The Office of the Solicitor is responsible for implementing, directing, and administering the attached guidelines with respect to its Field Attorneys involved in the collection of delinquent debts. In addition, the Solicitor's Office will provide legal guidance, as necessary, with regard to collection activities. The Solicitor's Office will also provide concurrence on all compromise offers.

(5) Other specific functional responsibilities are outlined in each directive section.

4. Reporting Requirements. None.

5. References.

a. The Surface Mining Control and Reclamation Act of 1977, 30 U.S.C. 201 et. seq.

b. Office of Surface Mining Reclamation and Enforcement, Department of the Interior, 30 CFR Parts 700 to 999.

c. Debt Collection Act of 1982 (31 U.S.C. 1301 et. seq.).

d. Federal Claims Collection Act of 1966, 31 U.S.C. 1355 and 1395.

e. Departmental Manual, Part 344, Debt Collection.

f. General Services Administration Federal Supply Schedule, Basic Edit, January 12, 1988. (Debt Collection Services).

g. Federal Claims Collection Standards, 4 CFR Parts 101-105.

h. Settlement Guidelines Directive No. 485, 11/15/88.

i. Abandoned Mine Land (AML) Fee Citations, Directive No. 501, 12/22/88.

6. Effect on Other Directives. None.

7. Effective Date. Upon issuance.

8. Contact. Branch of AML Collections (202) 343-3603.

BRANCH OF AML COLLECTIONS

PROCEDURES MANUAL

OFFICE OF SURFACE MINING

RECLAMATION AND ENFORCEMENT

TABLE OF CONTENTS

SECTION		PAGE
1.	**INTRODUCTION AND OVERVIEW**	1-1
	1.1 BACKGROUND	1-1
	1.1.1 Reclamation Fee	1-2
	1.1.2 Fee Computations	1-2
	1.1.3 Reclamation Fee Payment	1-3
	1.2 RESPONSIBILITY	1-6
2.	**GLOSSARY OF TERMS**	2-1
3.	**ORGANIZATIONAL RESPONSIBILITIES/PURPOSE/FUNCTIONS**	
	3.1 BRANCH OF AML COLLECTIONS	3-1
	3.1.1 Responsibilities	3-1
	3.2 AML RESEARCH SECTION	3-2
	3.3 AML DEBT PROCESSING SECTION	3-2
	3.4 SHARED RESPONSIBILITIES	3-3
4.	**INTERNAL ANALYSIS AND COLLECTION**	
	4.1 INTRODUCTION	4-1
	4.1.1 References	4-1
	4.1.2 Scope	4-1
	4.1.3 Responsibility	4-2
	4.2 DELINQUENT DEBT - BILLING, ANALYSIS, AND DEBT ASSESSMENT	4-2
	4.2.1 Case File Documentation - History Sheet	4-3
	4.3 TELEPHONE PROCEDURES	4-4
	4.3.1 Incoming Calls	4-4
	4.3.2 Outgoing Calls	4-5
	4.3.3 General Guidelines	4-5
	4.3.4 Conducting a Collection Interview	4-7
	4.3.5 Closing the Interview	4-9
	4.4 FINANCIAL ANALYSIS AND PAYMENT TYPE	4-10
	4.4.1 Financial Analysis Procedures	4-11
	4.4.1.1 Financial Information Required	4-11
	4.4.1.2 Analysis of Financial Information	4-12
	4.4.2 Payment Procedures	4-14

SECTION **PAGE**

4.4.2.1 Lump Sum Payment 4-14
4.4.2.2 Installment Plan Payment 4-14
4.4.2.2.1 Preparing an Installment Agreement 4-14
4.4.2.2.2 Monitoring Installment Payments 4-16
4.4.2.3 Compromise of Debt 4-16
4.4.2.3.1 Compromise Authority 4-17

4.5 COLLECTION WORKLOAD AND PROCEDURES 4-17
4.5.1 Applicant Violator System (AVS) Requests..... 4-18
4.5.2 Collection Contractors 4-18
4.5.3 Solicitor Referrals 4-18
4.5.4 Reclassification 4-18
4.5.5 Tennessee Valley Authority (TVA) Requests 4-18
4.5.5.1 TVA Request Procedures 4-18
4.5.5.1.1 Tracking and Research 4-18
4.5.5.1.2 Documentation and Approval 4-19
4.5.5.1.3 Timeframe and Response 4-19
4.5.6 Small Business Administration (SBA) Requests 4-19
4.5.7 Issuance of Citation for Failure to File OSM-1's or Pay AML Fees 4-20
4.5.7.1 Sources of Identification 4-20
4.5.7.2 Research and Analysis 4-20
4.5.7.3 Criteria 4-21
4.5.7.4 Frequency of List 4-21
4.5.7.5 Notification of Abatement Status 4-21
4.5.7.6 List Format 4-22
4.5.7.7 Affidavit 4-23
4.5.7.8 Public Hearings 4-23
4.5.8 Outstanding Bills Register (Bill of Collection) 4-23
4.5.8.1 Review and Analysis 4-23
4.5.8.2 Operator Contact Timeframe 4-24
4.5.8.3 Operator Contact Achieved 4-24
4.5.8.3.1 Successful Collection (Outstanding Bills Register).... 4-25
4.5.8.3.2 Unsuccessful Collection 4-25
4.5.8.3.3 Tracking 4-26
4.5.8.3.4 Documentation 4-26
4.5.9 Audits 4-26
4.5.9.1 Verification, Signature, and Assignment 4-27
4.5.9.2 Review and Analysis 4-27
4.5.9.3 Operator Contact Timeframe 4-28
4.5.9.3.1 Successful Collection (Audit) 4-29
4.5.9.3.2 Unsuccessful Collection 4-30
4.5.9.4 Tracking 4-30

4.5.9.5 Documentation 4-30

SECTION **PAGE**

5. OFFSET/REFUND PROCEDURES

5.1 PURPOSE 5-1
5.1.1 References 5-1
5.1.2 Scope 5-1
5.1.3 Responsibility 5-1

5.2 OFFSET/REFUND PROCEDURES 5-2
5.2.1 Denver Branch of AML Fee Collections 5-2
5.2.2 Division of Compliance Management 5-3
5.2.3 Branch of Civil Penalty Collections 5-4
5.2.4 Branch of AML Collections 5-5
5.2.4.1 Documentation 5-6

6. REFERRAL TO PRIVATE COLLECTION CONTRACTOR

6.1 PURPOSE 6-1
6.1.1 References 6-1
6.1.2 Scope 6-1
6.1.3 Responsibility 6-2

6.2 PROCEDURES FOR REFERRING
ELIGIBLE DELINQUENT ACCOUNT 6-2
6.2.1 Preparation of Appropriate Referral Form 6-3
6.2.2 Blanket Purchase Order and Cover Memorandum 6-3
6.2.3 System Update and Recordkeeping..... 6-4

6.3 CONTRACTOR COLLECTION PROCEDURES 6-4
6.3.1 Payment Types 6-4
6.3.1.1 Lump Sum Payment 6-4
6.3.1.2 Installment Payments 6-5
6.3.1.3 Compromises 6-5
6.3.2 Payment Processing 6-6
6.3.3 Payment Verification 6-6
6.3.4 Invoicing 6-6

6.4 COLLECTION FEE GUIDELINES 6-7
6.4.1 Full Payment by Debtor 6-7
6.4.2 Installment Payments by Debtor 6-7
6.4.3 Items Exempt from Payment 6-8

6.5 SECONDARY REFERRALS 6-8
6.5.1 Eligibility Criteria 6-8
6.5.2 Secondary Referral Procedures 6-9

SECTION **PAGE**

7. AML REFERRALS TO THE OFFICE OF THE SOLICITOR

7.1 INTRODUCTION 7-1
7.1.1 Purpose 7-1
7.1.2 References 7-1
7.1.3 Scope 7-1
7.1.4 Responsibility 7-2

7.2 RESPONSIBLE SOLICITOR'S OFFICE 7-2
7.2.1 Knoxville, TN 7-2
7.2.2 Pittsburgh, PA 7-2
7.2.3 Denver, CO 7-3

7.3 TYPES OF SOLICITOR REFERRALS 7-3
7.3.1 Company Debt Consolidation 7-3
7.3.2 Accounts Returned from the Collection Contractor 7-3
7.3.3 Litigation, Ownership, Control Issues 7-4
7.3.4 Bankruptcy 7-4
7.3.5 Special Request 7-4

7.4 REFERRAL REQUIREMENTS 7-4
7.4.1 Format Requirements 7-4
7.4.2 Debtor Information Requirement 7-5
7.4.2.1 Company Information 7-5
7.4.2.2 Statement of Case 7-6
7.4.2.3 Documentation of Claim 7-7

7.5 TRANSMITTAL OF THE REFERRAL PACKAGE 7-7

7.6 SOLICITOR ACTION AND FOLLOW-UP 7-8

8. RECLASSIFICATION PROCEDURES (RESERVED)

9. AML CODING PROCEDURES

9.1 AML FEE COLLECTION SYSTEM 9-1
9.1.1 Purpose 9-1
9.1.2 Scope 9-1
9.1.3 Responsibility 9-2

9.2 ACTION/AREAS OF DATA UPDATE OR CHANGE 9-2
9.2.1 Case Management System (CMS) 9-2
9.2.1.1 Correspondence Receipt and Timeframe 9-3
9.2.1.2 Research Coding 9-3
9.2.1.3 Data Entry and Closing Date 9-3

SECTION **PAGE**

9.3 INSTRUCTIONS FOR CODING FORMS 9-3
9.3.1 Mine Information Coding Form OSM 121-A 9-5
9.3.1.1 Required Fields 9-5
9.3.1.2 New Records 9-6
9.3.1.3 Changes 9-8
9.3.1.4 Deletions 9-8

9.3.2 Bill Payment/Account Status Change Form OSM 121-B 9-8
9.3.2.1 Required Fields - Bill Payment/Acct. Status Changes 9-9
9.3.2.2 Required Fields - Payment Distribution/Terminations 9-10

9.3.3 Tonnage Amendments, Tonnage Money Transfers, Mine Status Changes Form OSM 121-C 9-11
9.3.3.1 Tonnage Amendments/ Corrections 9-11
9.3.3.2 Tonnage/Money Transfers (including Refund Offsets) 9-12
9.3.3.3 Mine Status Changes 9-12
9.3.3.3.1 Mine Status Types 9-13
9.3.3.3.2 Reason for Status Change 9-13
9.3.3.3.3 Time Period Status Change is Effective 9-13

9.4 REASON CODES USED FOR COMPLETION OF OSM-121-A, OSM-121-B, AND OSM-121C 9-14

10. APPLICANT VIOLATOR SYSTEM (AVS) PROCEDURES

10.1 PURPOSE 10-1
10.1.1 References 10-1
10.1.2 Scope 10-1
10.1.3 Responsibility 10-1

10.2 AVS CLEARINGHOUSE PROCEDURES 10-2
10.2.1 Permit Denial 10-3
10.2.2 Permit Approval 10-3

10.3 BRANCH OF AML COLLECTIONS DATA RESOLUTION PROCEDURES 10-3
10.3.1 Chief, AML Research Section 10-3
10.3.2 Program Assistant 10-4
10.3.3 Collection Specialist 10-4
10.3.4 Closing Procedures 10-5

1. INTRODUCTION AND OVERVIEW

TABLE OF CONTENTS

SECTION		PAGE
1.	INTRODUCTION AND OVERVIEW	1-1
1.1	Background	1-1
1.1.1	Reclamation Fee	1-2
1.1.2	Fee Computations	1-2
1.1.3	Reclamation Fee Payment	1-3
1.2	Responsibility	1-6

1. INTRODUCTION AND OVERVIEW

1.1 BACKGROUND

The Surface Mining Control and Reclamation Act of 1977 (SMCRA) (Public Law 95-87) created the Office of Surface Mining Reclamation and Enforcement (OSM). SMCRA provides for the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines. Title IV of SMCRA addresses "Abandoned Mine Reclamation" and provides that a special fund be established on the books of the U.S. Department of Treasury for the purpose of accumulating revenues designated for reclamation of abandoned mine lands and other authorized activities. Title IV is implemented through the procedures contained in 30 CFR Part 870 -- Abandoned Mine Reclamation Fund -- Fee Collection and Coal Production Reporting.

The regulations in this part apply to all surface and underground coal mining operations except -

(1) The extraction of coal by a landowner for his/her own noncommercial use from land owned or leased by him/her;

(2) The extraction of coal as an incidental part of Federal, State, or local government-financed highway or other construction;

(3) The extraction of coal incidental to the extraction of other minerals where coal does not exceed 16 2/3 percent of the mineral tonnage removed for commercial use or sale in any 12 consecutive months; and

(4) The extraction of less than 250 tons of coal within 12 consecutive months.

1.1.1 Reclamation Fee

The operator shall pay a reclamation fee on each ton of coal produced for sale, transfer, or use, including the products of in situ mining.

The fee shall be determined by the weight and value at the time of initial bona fide sale, transfer of ownership, or use by the operator.

1.1.2 Fee Computations

(1) **Surface mining fees.** The fee for anthracite, bituminous, and subbituminous coal, including reclaimed coal, is 35 cents per ton unless the value of such coal is less than $3.50 per ton, in which case the fee is 10 percent of the value.

(2) **Underground mining fees.** The fee for anthracite, bituminous, and subbituminous coal is 15 cents per ton unless the value of such coal is less than $1.50 per ton, in which case the fee is 10 percent of the value.

(3) **Surface and underground mining fees for lignite coal.** The fee for lignite coal is 10 cents per ton unless the value of such coal is less than $5.00 per ton, in which case the fee charged is 2 percent of the value.

(4) **In situ coal mining fees.** The fee for in situ mined coal, except lignite coal, is 15 cents per ton based on Btu's per ton in place equated to the gas produced at the site as certified

through analysis by an independent laboratory. The fee for in situ mined lignite is 10 cents per ton based on the Btu's per ton of coal in place equated to the gas produced at the site as certified through analysis by an independent laboratory.

1.1.3 Reclamation Fee Payment

Each operator shall pay the reclamation fee based on calendar quarter tonnage no later than 30 days after the end of each quarter. The calendar quarter is a 3-month period within a calendar year. The first calendar quarter begins on January 1 of the calendar year and ends on March 31. The second calendar quarter begins on April 1 and ends on the June 30. The third calendar quarter begins on July 1 and ends on September 30. The fourth calendar quarter begins on October 1 and ends on December 31.

Each operator shall use the Coal Production and Reclamation Fee Report (Form OSM-1) to report tonnage of coal that has been sold, used, or for which ownership was transferred during the applicable calendar quarter.

As of April 1, 1983, delinquent reclamation fee payments are subject to interest at the rate established quarterly by the U.S. Department of the Treasury for use in applying late charges on late payments to the Federal Government. Interest on unpaid reclamation fees shall begin to accrue on the 31st day following the end of the calendar quarter for which the fee payment is owed and will run until the date of payment. OSM will bill

delinquent operators on a monthly basis and initiate whatever action is necessary to secure full payment of all fees and interest. All operators, including those with zero production, must submit a completed Coal Production and Reclamation Fee Report (Form OSM-1), as well as any fee payment due. Fee payments postmarked later than 30 days after the calendar quarter for which the fee was owed are subject to interest.

The 30 CFR 870.15(d) requires that operators who owe total quarterly reclamation fees of $100,000 or more for one or more mines must use the Treasury Financial Communications System, now referred to as Fedwire Deposit System (FDS), to forward payment by electronic transfer and use OSM's approved OSM-1 Form to report production. In order to apply Fedwire deposits in a timely manner, OSM-1 forms must be submitted to the lockbox at the same time the Fedwire is transmitted to Treasury. Depositors should be instructed to inform the financial institution sending the funds transfer to Treasury to use due care and ensure that all information is provided in the prescribed format. Questions regarding FDS should be directed to the Chief, Branch of AML Fee Collection, Division of Financial Management (DFM) on FTS 776-0368 or on commercial (303) 236-0368.

Failure to pay overdue reclamation fees, including interest on late payments or underpayments, failure to maintain adequate records, or failure to provide access to records of a surface coal mining operation may result in one or more of the following actions: (1) initiation of litigation;

(2) reporting to the Internal Revenue Service; (3) reporting to State agencies responsible for taxation; (4) reporting to credit bureaus; (5) referral to collection agencies; or (6) issuance of a notice of violation and an order to cease operations. Such remedies are not exclusive. When a reclamation fee debt is greater than 91 days overdue, a 6 percent per annum penalty shall begin to accrue on the amount owed for fees and will run until the date of payment. This penalty is in addition to the interest described above.

For all delinquent fees, interest and any penalties, the debtor will be required to pay a processing and handling charge which shall be based upon the following components:

(1) For debts referred to a collection agency, the amount charged to OSM by the collection agency;

(2) For debts processed and handled by OSM, a standard amount set annually by OSMRE based upon similar charges by collection agencies for debt collection;

(3) For debts referred to the Solicitor, Department of the Interior, but paid prior to litigation, the estimated average cost to prepare the case for litigation as of the time of payment;

(4) For debts referred to the Solicitor, Department of the Interior, and litigated, the estimated cost to prepare and litigate a debt case as of the time of payment; and

(5) If not otherwise provided for, all other administrative expenses associated with collection, including, but not limited to, billing, recording payment, and follow-up actions.

No prejudgment interest accrues on any processing and handling charges.

1.2 RESPONSIBILITY

The Branch of AML Collections, Division of Debt Management (DDM), has the primary responsibility for collecting unpaid AML reclamation fees, including implementing further action for delinquent debts. The procedures detailed in this document provide overall guidance and instructions for the efficient and effective collection of these unpaid reclamation fees.

More specific responsibilities with regard to the functional areas of debt collection are contained in subsequent chapters.

2. GLOSSARY OF TERMS

TABLE OF CONTENTS

SECTION		PAGE
2	GLOSSARY OF TERMS ..... (Alphabetical Listing)	2-1 thru 13

2. GLOSSARY OF TERMS

GLOSSARY

Term	Definition
Account	Money owed (by Mine ID and quarter; or by bill number for audits) by coal operators for unpaid Abandoned Mine Land reclamation fees.
Administrative Charges	The cost incurred by OSM's attempt to collect the delinquent debt. An administrative charge of $38.00 is assessed the debtor 60 days from the due date. Additional charges for net worth determinations, collection contractor fees or litigation expenses may also be added.
AML Audit Debt	The reclamation fees identified by the Division of Compliance Management during the performance of an audit as being owed by the operator.
AML Database	Automated system maintained by the Division of Financial Management (DFM), Branch of AML Fee Collections (Denver), with input from the Branch of AML Collections, which contains the names and related information on entities owing Abandoned Mine Land reclamation fees.
AML Delinquent Debt Tracking System	An automated system (microcomputer) maintained by the Branch of AML Collections which identifies delinquent debtors (from the Outstanding Bill Register) and provides information concerning the internal and external collection status of the account.
AML Fees	The fee that each operator is required to pay on each ton of coal produced for sale, transfer, or use.
Amount of Debt	The total amount due on a debt owed OSM, including principal, interest, administrative charges and penalties.
Amount Terminated	Total amount due for which collection action has been terminated.
Annual Production Rate	Mine Safety and Health Administration's estimate of annual coal tonnage production for the mine.

Term	Definition
Applicant	An entity seeking a permit, permit revision, renewal, or transfer, assignment, or sale of permit rights from a regulatory authority to conduct surface coal mining and reclamation operations or, where required, seeking approval for coal exploration.
Applicant Violator System (AVS)	A computerized system which identifies permit applicants, permittees, persons, and entities responsible for unabated Federal cessation orders or who owe Abandoned Mine Land (AML) reclamation fees or Federal civil penalties assessed under section 518 (h) of the Surface Mining Control and Reclamation Act of 1977 (SMCRA or "the Act"), and persons who own or control such entities.
Audit Delinquent Debt Tracking System	An automated system (microcomputer) maintained by the Branch of AML Collections which identifies delinquent debtors (from audit reports) and provides Basic Account File information (bill no., company name and address, etc.); DDM Tracking File information (internal status); and DDM Collection File information (external status of the account and amounts collected).
Audit Number (on RFAR)	A unique number assigned to each audit upon the commencement of an audit. The field is 9 digits, consisting of calendar year (2 digits), Region Code (2 digits) Field Office Location Code (2 digits), and the numeric sequence of the audit (3 digits).
Audit Reason Code (on RFAR)	Identifies the reason for conducting an audit. 1 Headquarters Request 2 Two-acre 3 Sol/FOD Request 4 Regularly Scheduled 5 Non-respondent 6 New Companies/Change of Ownership 7 Secondary Source 8 Tipple/Purchased Coal 9 Bankruptcy 0 Severance
AVS Clearinghouse	The Branch of AVS User Support, Division of Debt Management, which provides assistance to the permitting authorities that are the users of AVS.

Term	Definition
Bill Date	Date Bill for Collection (DI-1040) was originally issued to the Operator/Permittee.
Bill Number	Six-digit number assigned to Bill for Collection (DI-1040) issued to Operator/Permittee.
Bill of Collection	See Outstanding Bills Register.
Bill Status	Two-digit code which reflects current status of a Bill for Collection - 01, actively being pursued; 02, approved installment plan - bill sent; 03, approved installment plan - bill not sent; 04, referred to SOL; 05, referred to Collection Agency; 06, forwarded to Department of Justice; 07, bill issued in error; 08, bill paid in full; and 09, debt in bankruptcy court.
Billing Statement	The document prepared and sent by the collection contractor which informs the debtor of the amount that is owed. The billing statement provides a detailed breakdown of the principal, interest, and any additional charges and includes instructions for paying the debt.
Category (Mine Category)	Category of mineral being mined (Coal = 01).
Check Amount	Total dollar amount of check received as payment for fee and/or interest.
Check Date	Date of check or money order received.
Check Number	Check or money order number.
CMIS	The Collection Management Information System (CMIS) maintained by OSM to track the disposition of Federal violations and Federal civil penalties.
Collection Contractor's Invoice	A listing of the amount owed by OSM to the collection contractor for the debts collected in the monthly period. It reflects the appropriate collection fee percent, the amount collected by the contractor (which will include collection fees added to the debt), and the amount due the contractor for services performed. The invoice amount shall include adjustments for uncollectible amounts (i.e., returned checks) and other adjunct services rendered.

Term	Definition
Collection Fee	The charges for collection services. The Debt Collection Act of 1982, as amended, authorizes the payment of collection services from the collection receipts.
Collectible Refund Due	An amount equal to the overpayment of a refund to the Operator/Permittee resulting in an amount due OSM.
Collectible Refund Paid	The amount of a collectible refund due that has been paid. See definition of collectible refund due.
Collection Contractor	The entity that has been awarded a contract to provide debt collection services to OSM. The primary functions of the contractors are to resolve the debt by: (1) initiating collection action with debtors; (2) generating the billing statement to the debtors; (3) providing detailed collection data and status to the agency; (4) billing the agency for the services rendered; (5) recommending disposition of each returned account to the ordering agency; and (6) performing adjunct services as requested by OSM.
Compliance Problems	Violations of the Surface Mining Control and Reclamation Act of 1977 (SMCRA) which may cause a permit to be conditionally approved or blocked.
Contact Name/Person	Name of person designated by coal mine Operator/Permittee as the individual with whom OSM should always make initial contact.
Contact Phone No.	Phone number of contact person designated by Operator/Permittee.
County FIPS Code	Federal Information Processing Systems (FIPS) 3-digit code for County in which mine is located (See Exhibit 9-7).
Create Date	Date Constant or Amount Record was established on the Master File. Date taken from computer on date transaction was processed.
Current Status Date	Date latest mine status was recorded on the Master File for the mine.

Term	Definition
Debit Voucher	A Treasury document (SF-5515) used as a credit memo by Treasury when a check which was originally deposited is returned for insufficient funds, no signature, no account, etc. It results in the amount being subtracted from the total deposits.
Debit Voucher Amount	Dollar amount of Debit Voucher (SF-5515) received from Treasury.
Debit Voucher Date	Date of Debit Voucher (SF-5515) received from Treasury.
Debit Voucher Number	Seven-digit number of the Debit Voucher (SF-5515). First two digits represent the fiscal year, and the last five digits are assigned by Treasury.
Debtor	The individual, partnership, or other entity indebted to OSM.
Demand Date	Date of follow-up notice sent to debtor (Operator/Permittee) for an outstanding Bill for Collection (1st follow up, 2nd follow up, and Region Demand Date).
Delinquent Debt	Either AML Outstanding Bill Register (Bill of Collection) or AML Audit debt that has gone through three billing cycles without effecting payment in full for all money owed.
Deposit Ticket	A Treasury document (SF-215) used to record deposits into the Abandoned Mine Land Reclamation Fund. It serves the same purpose as a deposit slip for a personal checking account.
Deposit Ticket Amount	Dollar amount of Deposit Ticket which may include several checks or money orders.
Deposit Ticket Date	Date Deposit Ticket was prepared.
EIN/SSN	Employee Identification Number (EIN) or Social Security Number (SSN).
Entity	A person, partnership, company, or group of companies who are conducting or have conducted a coal mining operation(s).

Term	Definition
Failure to Abate Cessation Order (FTACO)	A citation issued by OSM authorized representatives to coal operators who have failed to comply with the required remedial action in the time alloted in the Notice of Violation. Issuance of an FTACO requires that the mining operations be closed and the violation be corrected immediately.
Fee Calculated	Total amount of fee liability by the Operator/Permittee for the calendar quarter. It equals the reported tonnage times the appropriate rate per ton.
Fee Due	The amount of unpaid reclamation fees (net of any amount terminated) by the Operator/Permittee.
Fee Paid	The amount of reclamation fees paid by the Operator/Permittee.
Fee Terminated	The amount of unpaid fee liability by the Operator/Permittee for which collection action has been terminated.
Field Office	A satellite office established within a Region/State Office.
Interest	The sum paid for or charged as a result of extending credit. It begins to accrue on the delinquency date.
Interest Calculated	Total interest penalty assessed an Operator/Permittee for failure to pay all or part of the reclamation fee within the payment deadline for the appropriate calendar quarter. It is calculated on a monthly basis.
Interest Due	The amount of unpaid interest penalty assessed an Operator/Permittee. It is the net of any amount for which collection action was terminated.
Interest Paid	The amount of interest penalty paid by the Operator/Permittee.
Interest Terminated	The amount of unpaid interest penalty for which collection action has been terminated.
Inventory - September 30, 1977	The amount of stockpiled coal from the mine as of September 30, 1977. This coal was not subject to the reclamation fee.

Term	Definition
Mail Code	A 1-digit code to designate which party (Operator, Permittee, or Owner) is to receive the Form OSM-1.
Mine ID - MSHA	Identification number (7 digits) assigned to the mining operation by the Mine Safety and Health Administration (MSHA).
Mine Name	Name given the coal mine by the Operator/ Permittee.
MSHA Status Code	A one-character alpha code assigned the mine by the Mine Safety and Health Administration (MSHA). It is not stored on the Master File but is obtained from the MSHA tape when new mines are added to the OSM file and compared to the OSM mine status. Differences are reported on the "Mine Status Comparison Report" (LF7-312).
Nearest Town	Name of town (city) that is nearest to the mine site.
Net Worth Determination (NWD)	Evaluation of a violator's net financial worth made to determine the possibility of the government's collecting debt owed.
Net Worth Determination (NWD) Reports	A report which contains credit information on business entities or individuals.
Non-Pay Code	A 2-digit code indicating reason for non-payment of reclamation fees.
Non-respondency and non-respondent	All operators with any coal production and all operators who receive an OSM-1 form, including those with zero production, must submit a completed OSM-1 form within 30 days after the end of the applicable calendar quarter. The act of not completing and returning this form is known as non-respondency, and the operator is termed "non-respondent."
Notarization (Notary)	Identifier (Y or N on the AML Mine Detail Printout) stating whether Form OSM-1 was notarized (signed in the presence of a Notary Public).
Notice of Violation (NOV)	A citation issued by OSM authorized representatives to coal operators who fail to comply with the Surface Mining Control and Reclamation Act of 1977 (SMCRA) and its implementing regulations.

Term	Definition
Number of Audits	Number of audits of the mine's production records by a Fee Compliance Specialist.
Number of Permits	Number of active State permits issued to the mine.
Offset	The withholding of money held by OSM to satisfy debt owed by an operator/permittee.
Operator	Any person, organization, or entity in the business of developing, producing, preparing or loading bituminous coal, sub-bituminous coal, anthracite, or lignite, or of reclaiming the areas upon which such activities occur.
Operator Address	Mailing address of the mine's Operator. Includes the street/post office box number, city, state, and zip code.
Operator Code	Five-digit alphanumeric code assigned to all mines with same operator name and address.
Operator - Date Changed	Date mine changed operator.
Operator Name	Name of party operating the mine.
Operator Phone No.	Phone number of mine's Operator.
OSM-1 Form	The Coal Production and Reclamation Fee Report used to report to OSM tonnage of coal sold, used, or transfered during the applicable calendar quarter.
Outstanding Bills Register (Also referred to as Bill of Collections)	A monthly listing generated by the Denver Branch of AML Collections. The listing identifies all operators in the AML system that have received at least two bills for delinquent AML fees. The report is sorted by bill status within a region and State and includes company name, mine ID, year/quarter, debt amount, and status of referral action for the debt.
Owner Address	Mailing address of the mine's owner. Includes the street/post office box number, city, State, and zip code.
Owner - Date Changed	Date mine changed owner.

Term	Definition
Owner Phone Number	Phone number of mine's owner.
Penalty	The punitive charge assessed due to a failure to pay a debt. A 6 percent per annum charge assessed on debts 91 days past due.
Permit Expiration Date	Date State permit for the mine expires.
Permittee	Any entity holding or required by the Act to hold a permit to conduct coal mining and reclamation operations issued by a permitting authority.
Permittee Address	Mailing address of the mine's Permittee. Includes the street/post office box number, city, state, and zip code.
Permittee Code	Five-digit alphanumeric code assigned to all mines with same Permittee name and address.
Permittee - Date Changed	Date mine changed permittee.
Permittee Name	Name of party who has the mine's permit to mine.
Permitting Action	The issuance of a new permit, or any revision, renewal or modification of an existing permit.
Permitting Authority	Any State regulatory authority which has primacy and regulates its own coal mining industry, including permitting; or, where OSM is the regulatory authority, and is responsible for coal mining permitting actions (such as Tennessee), and in States where OSM has the authority to regulate on Federal or Indian lands.
Postmark Date	Postmark date of any submission of dollar or tonnage information for a mine by the Operator/ Permittee.
Quarter	Calendar quarter. The first calendar quarter is for the period January to March, the second calendar quarter is from April to June, etc.
Rate	Rate per ton used to compute the reclamation fee due for the mine. The rate is 10 percent of the selling price of the coal with a maximum rate of 10 cents for lignite coal, 15 cents for underground mined coal, and 35 cents for surface mined coal.

Term	Definition
Reason Code (Status Reason Code)	Two-digit code to reflect reason for mine status given.
Reclassification of Debt	Collection efforts are terminated on those accounts which appear to have little chance of obtaining payment. The debt is reclassified as uncollectible and remains on the AVS for permit blocking or revocation.
Refund	Money returned to the operator after all debt to OSM has been satisfied.
Refund Code	Code 01 assigned to refunds to mine Operators/ Permittees where the check was returned because Operator/Permittee could not be found. Returned refunds are not re-deposited in the Abandoned Mine Land Reclamation Fund but deposited to the Treasury Miscellaneous Receipts Account.
Refund Due	Refund payment due mine Operator/Permittee due to overpayment of fees and/or interest.
Reclamation Fee Audit Report (RFAR)	The results and findings of audits conducted by Division of Compliance Management on operators.
Refund Paid	Dollars refunded to mine's Operator/Permittee due to overpayment of fees and/or interest after administrative offset.
Refund Schedule	A document entitled "Voucher and Schedule of Payments" (SF-1166) which authorizes Treasury to issue a check to the mine's Operator/Permittee for overpayment of reclamation fees and/or interest.
Refund Schedule Date	Date SF-1166 was processed for payment by Treasury.
Refund Schedule Number	Seven-character identifier assigned to SF-1166 by Bureau of Mines, Finance Branch. Effective October 1, 1981, the first two characters are always zero, the third character represents the fiscal year (1982=2), the fourth character is alphabetic to represent the type of payment (usually "R"), and the last three characters are numeric and assigned sequentially.

Term	Definition
Relatedness Report	One of the reports generated by AVS, the Relatedness Report shows whether an applicant has, or is linked to entities having, unabated Federal cessation orders, unpaid AML reclamation fees or unpaid Federal civil penalties.
Research and Source Documents	Collection Specialists will conduct necessary research to assure the current and correct status of accounts. This research may involve but is not limited to: Bankruptcy listings, Reclassification listings, Collection Agency Referrals, Solicitor Referrals, AML Summary and/or Detail Reports, MSHA Inquiry Reports, Library manilas for the citations involved, Contact with Field Office Auditors, Contact with Field Solicitor Offices, Contact with the Denver Branch of AML Fee Collections.
Respondency Code	Indicator as to whether mine Operator/Permittee has submitted a Form OSM-1 for the applicable calendar quarter. "A" blank indicates no Form OSM-1 has been submitted, "AN" indicates that the Operator/Permittee responded with no tons and fee, and "AR" indicates the Operator/Permittee submitted a Form OSM-1 (may not have reported tonnage or fees).
Second Referrals	Accounts placed with a private sector debt collection contractor after collection efforts by the first collection contractor have been unsuccessful. Accounts that have been turned over to contractors under a previous contract may be referred under the new contract as second referrals.
Sequence	Number assigned sequentially when there is a change in Operator/Permittee with no change in MSHA Mine ID or when two or more parties are reporting for the same MSHA Mine ID.
State FIPS (ST)	Federal Information Processing Standards (FIPS) 2-digit numeric code for the State in which the mine is located (See Exhibit 9-6).

Term	Definition
State Mine Permit Number	Number of mining permit issued by the State for the mine.
State Office	OSM State Office which has jurisdiction over the coal mine.
Status Code (Mine)	One-character status code assigned to mine by OSM. It includes A (Active), I (Inactive), E (Exempt), N (Non-Mine Facility), and X (Prior to Existence of Mine). Each Calendar Quarter stands alone with its own Status Code.
Sub-unit Operator Code	A 2-digit numeric code assigned a MSHA Mine-ID by MSHA which is descriptive of the type of mining operation the Mine-ID represents (underground, surface, auger, culm bank, dredge, etc.). The codes are not stored on the OSM Master File.
Termination Code	A 2-digit numeric code which represents the reason termination of collection activity was taken on a delinquent Bill for Collection.
Tonnage	Tons of coal reported by the Operator/Permittee as being subject to the reclamation fee.
Tennessee Valley Authority (TVA) Tracking System	An automated system (microcomputer) maintained by the Branch of AML Collections which identifies TVA requests for SMCRA compliance reviews on companies, specifies any AML or Civil Penalty violations, as well as the date of, and response to, the request.
Type of Mine	Type of mine: S = Surface Mine U=Underground Mine L=Lignite Mine (surface and underground)
Variance/Waiver Code	Set of codes established to identify approval of variances from fee collection reporting requirements such as lack of notarized Form OSM-1 and non-standard rate per ton used in calculating fee due.

Term	Definition
Violator	Any entity having an unabated Federal cessation order(s), unpaid AML reclamation fees, non-respondent quarters, or unpaid Federal civil penalties.
Work Order	The method of authorizing services to be performed for debt collection under this contract.
Year	Calendar Year (January to December)

3. ORGANIZATIONAL RESPONSIBILITIES/PURPOSE/FUNCTIONS

TABLE OF CONTENTS

SECTION		PAGE
3.1	BRANCH OF AML COLLECTIONS	3-1
3.1.1	Responsibilities	3-1
3.2	AML RESEARCH SECTION	3-2
3.3	AML DEBT PROCESSING SECTION	3-2
3.4	SHARED RESPONSIBILITIES	3-3

LIST OF EXHIBITS

Exhibit		Page
3-1	ORGANIZATIONAL CHART	3-4

3. ORGANIZATIONAL RESPONSIBILITIES/PURPOSE/FUNCTIONS

3.1 BRANCH OF AML COLLECTIONS

The Branch of AML Collections is organizationally within the Division of Debt Management (DDM), reporting to the Assistant Director for Finance and Accounting (Exhibit 3-1). The Branch directs OSM's nationwide program to review, record, track, and collect outstanding AML fees under the provisions of Title IV of the Surface Mining Control and Reclamation Act of 1977 (SMCRA). The Branch interacts with the Division of Compliance Management (DCM) with regard to the receipt and collection of audit debt and the Branch of Civil Penalty Collections with regard to Civil Penalty debt.

3.1.1 Responsibilities

The responsibilities of the Branch of AML Collections include: the development and implementation of debt negotiation techniques; audit trails; fiscal accounting systems for delinquent debt and payments; fund reconciliation; fiscal reporting; financial investigation of debtor's assets; debt and write-off procedures, and procedures to cite violations on coal operators who fail to file or pay required coal fees. The Branch includes two Sections that support the fulfillment of these responsibilities: the AML Research Section and the AML Debt Processing Section.

3.2 AML RESEARCH SECTION

This Section deals with external contacts involving operators, State/Federal officials, permittees, Tennessee Valley Authority (TVA) contract bids, and Small Business Administration (SBA) requests. The Section serves as liaison to the Branch of Civil Penalty Collection and the AVS Clearinghouse for debt research and resolution.

In addition, specialists respond to communication (written and oral) requesting changes to the system via Form OSM-1. Staff members also assist States in their collection programs as they relate to debt collection, civil penalties, and reclamation.

3.3 AML DEBT PROCESSING SECTION

The collection of delinquent AML fees and AML audit debt is an ongoing function of this Section. The responsibilities include: the analysis and internal collection attempts for delinquent AML and AML audit debt; the tracking and management of referrals to the Solicitor's Office; processing, tracking and management of referrals to the collection contractors, including payment verification, account appropriation and invoice payment; IRS referrals, requests and analysis of Net Worth Determinations (NWD's); reclassification recommendations to the Solicitor; and recommending issuance of Notice of Violation (NOV's) and Failure to Abate Cessation Orders (FTACO's) for non-payment of AML fees. Staff members work closely with the Branch of Civil Penalty Collections in the areas of collection contractor and Solicitor referrals.

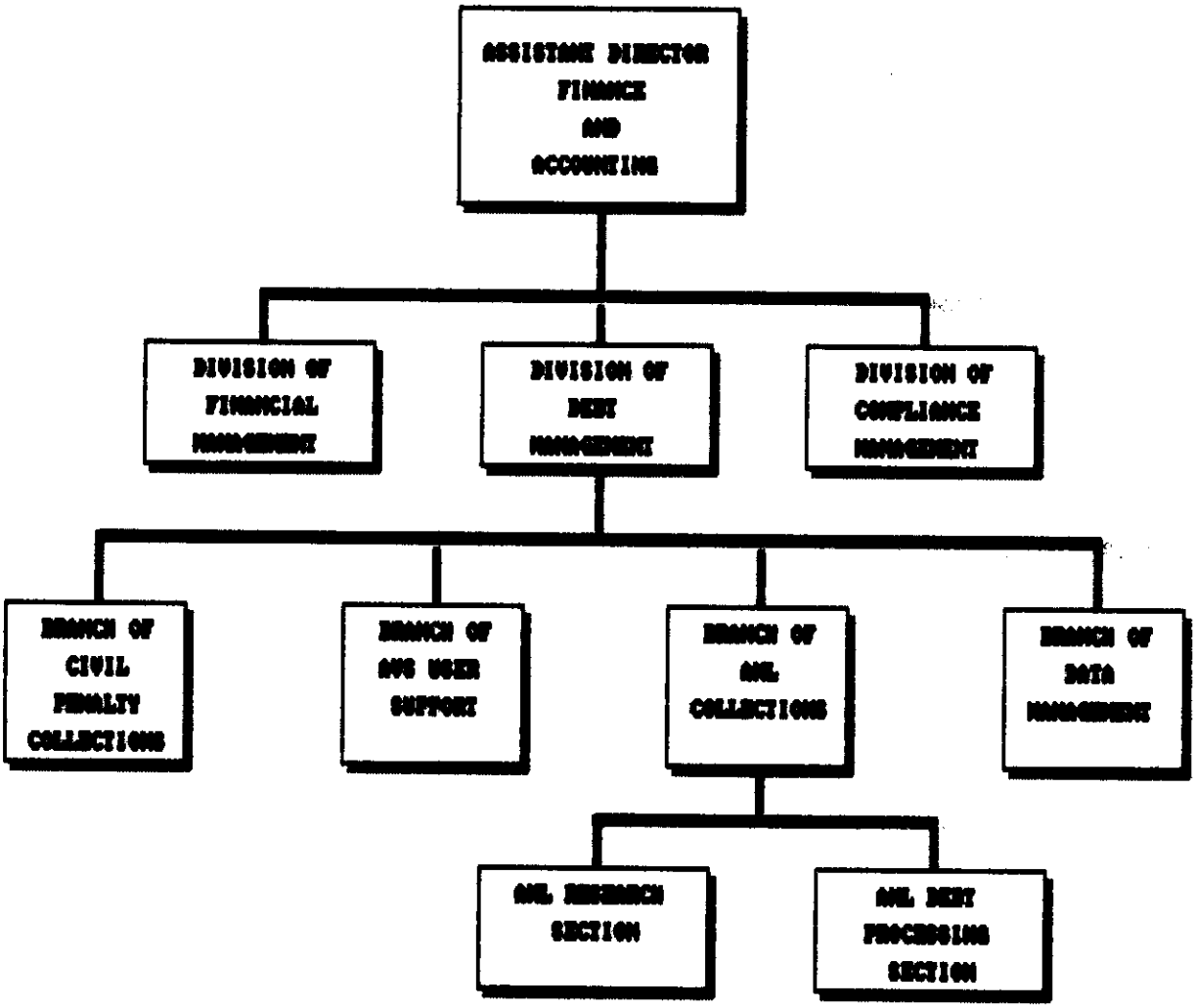
3.4 SHARED RESPONSIBILITIES

The AML Research Section and the AML Debt Processing Section are jointly responsible for several functions within the Branch. Both Sections are responsible for the management of the quality review of the AML database. This involves analyzing AML reports for accuracy and consistency. Both Sections serve as liaisons with the Project Manager for the AML accounting system and the Fee Billing and Collection System (FEEBACS) during its development and implementation. Other shared functions include coding data input, reviewing coding sheets, file/data base reconciliation, other necessary data maintenance support, and oversight of the AML Library.

The responsibilities and functions of the Branch of AML Collections are performed using procedures designed to promote an effective and efficient collection effort. The remaining sections of this manual fully describe these procedures and the specific tasks they support.

ORGANIZATION CHART

EXHIBIT 3-1



4. INTERNAL ANALYSIS AND COLLECTION

TABLE OF CONTENTS

SECTION		PAGE
4.1	INTRODUCTION	4-1
	4.1.1 References	4-1
	4.1.2 Scope	4-1
	4.1.3 Responsibility	4-2
4.2	DELINQUENT DEBT-BILLING, ANALYSIS, AND DEBT ASSESSMENT	4-2
	4.2.1 Case File Documentation - History Sheet	4-3
4.3	TELEPHONE PROCEDURES	4-4
	4.3.1 Incoming Calls	4-4
	4.3.2 Outgoing Calls	4-5
	4.3.3 General Guidelines	4-5
	4.3.4 Conducting a Collection Interview	4-7
	4.3.5 Closing the Interview	4-9
4.4	FINANCIAL ANALYSIS AND PAYMENT TYPE	4-10
	4.4.1 Financial Analysis Procedures	4-11
	4.4.1.1 Financial Information Required	4-11
	4.4.1.2 Analysis of Financial Information	4-12
	4.4.2 Payment Procedures	4-14
	4.4.2.1 Lump Sum Payment	4-14
	4.4.2.2 Installment Plan Payment	4-14
	4.4.2.2.1 Preparing an Installment Agreement	4-14
	4.4.2.2.2 Monitoring Installment Payments	4-16
	4.4.2.3 Compromise of Debt	4-16
	4.4.2.3.1 Compromise Authority	4-17
4.5	COLLECTION WORKLOAD AND PROCEDURES	4-17
	4.5.1 Applicant Violator System (AVS) Requests	4-18
	4.5.2 Collection Contractors	4-18
	4.5.3 Solicitor Referrals	4-18
	4.5.4 Reclassification	4-18
	4.5.5 Tennessee Valley Authority (TVA) Requests	4-18
	4.5.5.1 TVA Request Procedures	4-18
	4.5.5.1.1 Tracking and Research	4-18
	4.5.5.1.2 Documentation and Approval	4-19
	4.5.5.1.3 Timeframe and Response	4-19
	4.5.6 Small Business Administration (SBA) Requests	4-19

SECTION **PAGE**

4.5.7 Issuance of Citation for Failure to File OSM-1's or Pay AML Fees 4-20
4.5.7.1 Sources of Identification 4-20
4.5.7.2 Research and Analysis 4-20
4.5.7.3 Criteria 4-21
4.5.7.4 Frequency of List 4-21
4.5.7.5 Notification of Abatement 4-21
4.5.7.6 List Format 4-22
4.5.7.7 Affidavit 4-23
4.5.7.8 Public Hearings 4-23
4.5.8 Outstanding Bills Register 4-23
4.5.8.1 Review and Analysis 4-23
4.5.8.2 Operator Contact Timeframe 4-24
4.5.8.3 Operator Contact Achieved 4-24
4.5.8.3.1 Successful Collection (Outstanding Bills Register)..... 4-25
4.5.8.3.2 Unsuccessful Collection 4-25
4.5.8.3.3 Tracking 4-26
4.5.8.3.4 Documentation 4-26
4.5.9 Audits 4-26
4.5.9.1 Verification, Signature, and Assignment 4-27
4.5.9.2 Review and Analysis 4-27
4.5.9.3 Operator Contact Timeframe 4-28
4.5.9.3.1 Successful Collection (Audit) 4-29
4.5.9.3.2 Unsuccessful Collection 4-30
4.5.9.4 Tracking 4-30
4.5.9.5 Documentation 4-30

LIST OF EXHIBITS

Exhibit		Page
4-1	HISTORY SHEET	4-31
4-2	INSTALLMENT AGREEMENT	4-32 thru 35
4-3	INTERNAL CONTACT RECORD	4-36
4-4	INTERNAL COLLECTION RECORD	4-37

4. INTERNAL ANALYSIS AND COLLECTION

4.1 INTRODUCTION

The Office of Surface Mining Reclamation and Enforcement (OSM) is responsible for developing an internal collection program and prescribing procedures to ensure an orderly collection process. This section establishes guidelines and procedures for the collection of unpaid reclamation fees.

4.1.1 References

(1) Department of the Interior Departmental Manual, Part 344, Debt Collection.

(2) The Surface Mining Control and Reclamation Act of 1977 (SMCRA), 30 U.S.C. 201 et seq.

(3) Office of Surface Mining Reclamation and Enforcement, U.S. Department of the Interior, 30 CFR Parts 700 to 999.

(4) The Debt Collection Act of 1982.

(5) Settlement Guidelines, OSMRE Directive No. 485, 11/15/88.

(6) Abandoned Mine Land (AML) Fee Citations, OSMRE Directive No. 501, 12/22/88.

4.1.2 Scope

These procedures are internal and apply to outstanding reclamation fee inquiries transmitted to and initiated by the Branch of AML Collections.

4.1.3 Responsibility

The Branch of AML Collections is responsible for developing an internal collection program and prescribing procedures to ensure an orderly process of collection effort. This includes:

(1) Establishment and operation of a system for timely and aggressive demands upon a debtor;

(2) Determination of the amount and person(s) legally liable for the indebtedness;

(3) Provision for requesting the cooperation of other Federal agencies in the collection of amounts due the United States;

(4) Recommendation of compromise settlements to the Solicitor under the criteria and standards pursuant to 344 DM 4 and the delegation of authority by the Secretary (see 205 DM 7.);

(5) Determination of administrative uncollectibility of debt and termination or suspension of collection effort (see 344 DM 5);

(6) Determination to refer debts to GAO or the Solicitor for transmittal to Justice where such debts may not be compromised, terminated, or suspended under the standards provided in 344 DM 4 and 5; and

(7) Establishment and operation of a documented system of controls over receivables to ensure that the debt collection function is being carried out as accurately, efficiently, and economically as possible.

4.2 DELINQUENT AML DEBT - BILLING, ANALYSIS, AND DEBT ASSESSMENT

The Branch of AML Fee Collections, Division of Financial Management (Denver), bills non-paying operators on the 15th of each month. If payment is not received, two subsequent monthly billings are made. If full payment is not received after the third billing, the debt is delinquent and is referred to the Division of Debt Management, Branch of AML Collections, via

the "Outstanding Bills Register" (Bill of Collection) for collection. The Division of Compliance Management (DCM) conducts AML fee compliance audits in accordance with annual audit plans. The responsible party for outstanding reclamation fees is billed by DCM. If payment in full is not received after the third billing, the debt is delinquent and is also referred to the Branch of AML Collections.

The initial step in the collection process is the analysis of the operator's payment history to establish a debt. The assessment of debt includes any delinquent reclamation fees identified on the Outstanding Bills Register (Bill of Collection) and any delinquent reclamation fees identified by an audit conducted on the operator.

4.2.1 Case File Documentation - History Sheet

The History Sheet is a chronological record of all decisions and actions taken to collect a debt (even if a form or document relating to the action is in the file). After the amount of debt is determined, the Collection Specialist initiates the collection History Sheet by recording the company name, MSHA Identification Number or Audit Report Number, the date the collection process began, the name of the Collection Specialist working the case, and the determination of debt (see Exhibit 4-1, p. 4-28).

The History Sheet and all related documents accumulated during the collection process must remain attached to the case file. All related case(s) must be cross referenced. This provides continuity, provides a

means to readily assess the progress of collection efforts, and permits management or other Collection Specialists a means to easily determine the most recent action taken on the case.

4.3 TELEPHONE PROCEDURES

A substantial portion of the Collection Specialist's workload involves telephone contact. Both incoming and outgoing calls (Sections 4.3.1 and 4.3.2) require adherence to the procedures presented in Section 4.3.3, "General Guidelines."

4.3.1 Incoming Calls

Calls made by mine operators/representatives, State Permitting Offices, OSM Offices, etc., to resolve debt and/or collection problems must be handled as soon as possible (within 24 hours). Collection Specialists who receive calls that require research should inform the caller that they will call back as soon as they have an answer to the problem. Calls received by the clerical support staff are documented (caller's name and telephone number, company name, MSHA ID and the nature of the problem). The caller is informed that a Collection Specialist will return the call as soon as possible. The Section Chief is provided a record of the call and designates a Collection Specialist to handle the case.

4.3.2 Outgoing Calls

Before returning a call, the Collection Specialist should secure and review relevant information on the operator/company (AML printouts, case file, and History Sheet). Observe the following guidelines:

(1) Make telephone calls during normal business hours, based upon the time zone of the recipient, unless instructed otherwise.

(2) If the first call is not answered, make two more attempts on different days at different times of day.

(3) When contact is made, follow collection procedures outlined in this document.

(4) Document contact by noting it on the case file History Sheet.

4.3.3 General Guidelines

Telephone interviews are a quick, efficient method of resolving or determining the course of action required to resolve a collection case. A properly conducted telephone interview can provide good relations with individuals who have previously received only form letters from OSM. Therefore, it is important that Collection Specialists conduct themselves in a courteous, professional manner. The following sections provide guidance on general telephone techniques and also guidance on how to conduct a collections interview.

(1) Express Yourself Clearly

When conducting a telephone interview, you must rely on verbal clues. Therefore, your tone of voice should be pleasant but businesslike at all times. In addition to tone, be concerned with two other points regarding your voice: volume and speed. Talking too loudly or softly on the telephone can be

uncomfortable to the listener. You should speak as if the listener is standing three feet away. Speaking too slowly or too rapidly may cause a negative response in your listener and detract from the efficiency of the call. Properly communicating an idea to your listener depends on your selection of words. Keep your word choices as simple as possible. When speaking to an operator/representative, stay away from technical terms and abbreviations. Technical language hinders communication.

(2) Be a Good Listener

The ability to listen is as important as the ability to speak. Sometimes you may repeatedly talk with operators who request or state the same information. The familiarity of the message may cause you to stop listening. You cannot be effective or responsive unless you listen carefully to each caller.

(3) Answer the Telephone Informatively

There are several accepted phrases to use when answering the telephone. Whatever you say, be sure to identify yourself and your office. Say, for example, "Good Morning, Branch of AML Collections, Mrs. Smith speaking." After identifying yourself, it is a good idea to follow with what is called an open-ended question, such as: "May I help you?" This gives the caller an opportunity to state the purpose of the call and does not restrict the caller in making his or her remarks.

4.3.4 Conducting a Collection Interview

Following are some tips for conducting an efficient, effective interview:

(1) Stay in charge. The purpose of staying in charge is to prevent digression to topics unrelated to solving the case. In this way, you do not waste your time or the debtor's. You should control the interview because you are more familiar with the type of information needed to resolve the case. In fact, the debtor will generally rely on you to provide guidance. It is extremely important, however, that you do not misinterpret the concept of "staying in charge." The debtor must be given the opportunity to explain and to contribute what he or she thinks is important to the interview. Be prepared to explain why the debtor's ideas may not be relevant to resolving the case.

(2) Treat the debtor as an equal. It is important to talk in a way that people can understand -- but do not talk down to them. People can detect when they are being patronized, and they rightfully resent it.

(3) Ask for information properly. By beginning your questions with an interrogative pronoun such as "who," "what," "when," "where," "why," and "how," you will encourage the debtor to provide a narrative answer containing the information you need. For example, if you say, "What are the names and address(es) of your banks?" you convey the assumption that there is a bank account and that your intention is to identify all the banks used. On the other hand, if you ask a question that can be answered by "yes" or "no" you will receive limited information and have to

follow up with another question. Continuing the example, if you ask, "Do you have a bank account?" at best the response will be "yes." You will then have to ask for the name(s) and address(es) of the accounts.

(4) Exercise discretion in pacing the questions. An uninterrupted string of questions may make the debtor feel as though he or she is being interrogated. This may cause a defensive or resentful attitude. If you ask several things at the same time, you confuse the debtor, increase the chance for irrelevant comments, and tend to lose control of the interview. Avoid multiple or compound questions.

(5) Wait for an answer. After you ask a question, stop and wait for the answer. You may find the debtor will hesitate before answering while thinking about what to say or trying to remember something. This silence may exert pressure on you to talk. Resist it and wait. If you jump in with a presumed answer, often you don't get the correct answer. You may also irritate the debtor, by indicating that a decision has already been made in the case and that you are not really interested in what he or she has to say.

(6) Never assume. Assumption may slip into conversations as a convenient rationale for speeding up the interview. Why go into an involved discussion about an asset when obviously the debtor does not have that kind of asset? This is a question you may occasionally ask yourself. However, this kind of thinking may cause you

to overlook valuable assets or important information simply because you assumed certain information and did not ask relevant questions.

(7) Keep a positive tone. If you appear harsh or critical and imply that the debtor is behaving inadequately, you may hamper your relationship for the rest of the interview.

(8) Document the interview. While speaking to the debtor, make notes so that you may document the case file History Sheet. This speeds the call, reduces the time between calls, and prevents omission of important information. Always include the next necessary action on the History Sheet, so that only a quick review will be needed for the next contact.

4.3.5 Closing the Interview

The Collection Specialist should close the interview in a way that reinforces the points covered in the conversation and ensures that the debtor understands what is required. At the end of a telephone interview be prepared to:

(1) Summarize the interview. Review what was discussed and repeat what you expect to receive in the mail from the debtor, and the date you expect to receive it.

(2) Explain mail to be sent. If you are to provide documents to the debtor, explain what is to be mailed and what the debtor must do with the documents. If applicable, give a date you expect the documents to be returned.

(3) Advise debtor of enforcement action. Always advise the debtor that procedures allow OSM to initiate enforcement action if he/she fails to take the required action by the specified date.

(4) Say "Thank You." Always thank the debtor for his/her cooperation.

The success of a call depends on how well you conduct it. The collection interview may be the only time the caller has contact with a government official. You want to leave a good lasting impression, but you also want to get the job done. Remember that your job is to collect or otherwise properly close the case.

4.4 FINANCIAL ANALYSIS AND PAYMENT TYPE

Financial analysis of a debtor's ability to pay is fundamental to the Branch of AML Collections' activities. By analyzing a mine operator's financial records, a Collection Specialist obtains the necessary information to determine how to proceed with collection efforts. Depending upon the financial analysis results, the Collection Specialist may decide to:

- Demand a lump sum payment (certified check, cashier's check, or money order) for the full amount owed;
- Arrange an installment payment plan or recommend the debt (company/operator) for issuance of an NOV/CO;
- Refer the debt to a private collection contractor; and
- Refer the debt to the Office of the Solicitor.

Financial analysis is required when a mine operator receives a bill and contacts the Branch of AML Collections, claiming inability to pay. The Collection Specialist's first task is to obtain necessary financial information for analysis.

Financial analysis procedures for lump sum payment and installment plan payment are presented below. Procedures for issuance of NOV/CO's to non-complying company/operators are discussed in 4.5.7, procedures for referral to the private collection contractor in Section 6, referrals to the Solicitor are in Section 7, and Reclassification Procedures (Reserved) are in Section 8.

4.4.1 Financial Analysis Procedures

The Branch of AML Collections analyzes three aspects of the debtor's finances:

- o Tax records;
- o Assets; and
- o Income vs. expenses.

The Collection Specialist must obtain financial information from the debtor and any additional documentation necessary for analysis.

4.4.1.1. Financial Information Required

As a minimum, Collection Specialists should obtain the following from the company/operator: