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DECISION THE COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

FILE: B-207109 **DATE:** November 29, 1982

MATTER OF: Air Force Dental Officers

DIGEST: 1. Two Air Force dental officers maintained part-time private practices in 1979 and 1980, and while doing so they accepted fees from the Veterans Administration for treating veterans. Frequently the veterans came to their private offices as referrals from their military dental clinic, and they personally made some of the referrals themselves. This arrangement was improper, since it produced a direct financial conflict of interest and generally had the effect of interfering with their actual and potential military obligations. The arrangement contravened the established rule that in the absence of specific statutory authority, any agreement by an active duty member of the Armed Forces for the rendition of services to the Government in a civilian capacity is to be regarded as legally incompatible with the member's military duties.

2. The statutory provisions of 5 U.S.C. 5534 and 6323 authorize a civil employee of the Government who is also "a Reserve of the armed forces" to receive pay and allowances as a Reserve in addition to civilian pay, and to have up to 15 days' annual military leave from civilian employment. Those laws were designed to permit Government employees to participate in part-time Reserve

programs for pay without a reduction in civilian pay and vacation time, and did not provide two Air Force Reserve dental officers who were serving on extended active military duty with specific statutory authority to undertake concurrent civilian work with the Veterans Administration.

3. The "good faith" of two active duty Air Force dental officers in accepting fees for treating veterans was doubtful, at best, where it appeared they had been notified of the dual compensation rules proscribing their acceptance of fees from the Veterans Administration, and had been required to execute statements acknowledging their full understanding of the policies involved. Also, by accepting fees for treating veterans who were military retirees, the officers violated 5 U.S.C. 5536 which specifically prohibits extra pay for extra services, since their military duties already included the treatment of retirees. These circumstances precluded their being allowed to keep the fees under the equitable doctrine of de facto employment.

4. The waiver statute, 5 U.S.C. 5584, provides that a claim by the Government for the recovery of erroneous payments of pay or allowances "to an employee of an agency" may be waived in certain circumstances, but precludes waiver if there is an

indication of "fault" on the employee's part. Even if Air Force dental officers who accepted erroneous payments of fees from the Veterans Administration could properly be regarded as agency "employees," claims against them for a refund of the fees could not be waived under the statute, since they knew or should have known that the payments were erroneous and they were therefore at fault in accepting them.

5. Persons receiving public funds erroneously paid by a Government agency or official acquire no right to those funds and are liable to make restitution in the full amount. Hence, two dentists who received erroneous and improper payments of fees from the Veterans Administration were liable to refund all of the erroneous payments rather than just the net profits they figure they might have gained in the arrangement. The tax consequences of the refunds would be matters primarily for consideration by the concerned revenue authorities.

6. The Veterans Administration may properly withhold amounts currently payable to two dentists and apply those amounts towards the satisfaction of its claim against them for a refund of fees it erroneously paid to them at an earlier time, since it is well established that a Government agency has a common law right to set off amounts payable to its debtors to extinguish their

liquidated debts in situations of that nature.

7. The Veterans Administration could properly withhold amounts due a dentist's professional service corporation and apply the amounts withheld towards the satisfaction of his personal debts, notwithstanding his contention that he was merely an employee of the corporation, where it appeared that he established the corporation in furtherance of his business as a sole practitioner of dentistry and was the corporation's president, director, and principal shareholder, and the applicable State laws prohibited the practice of dentistry in a corporate capacity except to permit a practice to "be treated under the federal internal revenue laws as a corporation for tax purposes only."

This action is in response to a request for a decision from the Veterans Administration (VA) concerning the liability of two dentists to refund fees they received in 1979 and 1980 from the VA for treating veterans, when at the same time they were serving on active duty as dental officers in the Air Force.

We have concluded, in light of the facts presented, that the two dental officers are liable to refund the fees in question.

Facts

The individuals involved served on active duty as Air Force dental officers at Peterson Air Force Base (AFB) near Colorado Springs, Colorado, throughout 1979 and during the first part of 1980. One held the grade of lieutenant colonel, USAFR, and was the Chief of Periodontics at the base

dental clinic. The other held the grade of major, USAFR, and was one of the dentists at the clinic. The Air Force released the major from active duty on May 18, 1980, and the lieutenant colonel on June 29, 1980, upon the expiration of their respective terms of obligated service.

During the year preceding their release from active duty by the Air Force in 1980, these officers maintained part-time private dental practices at the offices of civilian dentists in the vicinity of Peterson AFB. Some of the monies they received in fees were used to pay those civilian dentists amounts owed under fee and rent agreements, and to pay for laboratory and secretarial services.

Neither of the officers received advance written approval from Air Force command authorities or local dental societies before they began their part-time private practices in 1979. The Base Dental Surgeon, Peterson AFB, sent letters of warning to the two officers in 1979 advising them that their unapproved private practice of dentistry constituted a violation of Air Force general regulations. He advised them that if they continued to violate the regulations he would be obligated to initiate disciplinary action against them.

After the lieutenant colonel received the Base Dental Surgeon's warning, he obtained written approval for his part-time private dental practice from the dental society where he maintained his practice. He then submitted an application under the regulations to the concerned Air Force command authorities for permission to engage in part-time private practice, and his application was approved. No disciplinary action was ever initiated against him, and he received favorable Officer Effectiveness Report ratings for the last year of his Air Force service. In 1980 he was also awarded the Air Force Commendation Medal with a citation commending him for meritorious service that "contributed immeasurably to the dental health of, not only the military and dependent population, but also the local civilian community."

After the major received the Base Dental Surgeon's warning, he submitted an application under the regulations to Air Force command authorities for permission to engage in the part-time private practice of dentistry in Colorado Springs, where he maintained his practice. His application was not approved for the reason that he had not obtained the prerequisite written permission from the Colorado Springs dental society to practice dentistry there. Previously, before he had begun his private practice in Colorado Springs, he had asked the president of the dental society to furnish him with written permission to do so, but the president had declined to grant him that permission. Even though he was unable to obtain written permission from the dental society and the Air Force to engage in part-time private practice, he continued to practice dentistry in Colorado Springs. His superior officers at Peterson AFB were aware of his continued part-time private practice. No disciplinary action was ever initiated against him, and he received favorable Officer Effectiveness Report ratings for the last year of his Air Force service.

The VA operates a fee-basis outpatient dental care program under the authority of 38 U.S.C. 612(b). In 1979 and 1980 the VA conducted this program by giving an eligible veteran a letter of authorization to obtain a dental examination from any licensed dentist practicing general dentistry. Eligible "veterans" included persons retired or recently separated from active military service. The dentist selected by a veteran conducted an examination and submitted a treatment plan to the VA together with a statement of his usual fee for each item of proposed treatment. The VA then authorized the dentist to proceed with the plan of treatment, in an appropriate case, and paid the dental fees following the completion of treatment.

In 1979 and 1980 the patients that these two officers treated in their part-time private dental practices included veterans covered by the VA's fee-basis outpatient dental care program. Frequently the veterans came to them as referrals from the Peterson AFB dental clinic and

other military clinics in the Colorado Springs area. In some cases they personally made the referrals themselves at the Peterson AFB clinic and provided further treatment to the same individuals shortly thereafter as their private patients under the VA fee-basis program. The lieutenant colonel received $9,995 and the major received $55,772 in fees from the VA in the course of their part-time private practices in the year prior to their separation from active military duty in 1980.

In 1979 and 1980 these officers received their authorizations to provide treatment under the VA's fee-basis outpatient dental care program from the VA Medical Center, Denver. The Chief of Dental Service at the Medical Center was responsible for reviewing and authorizing fee-basis treatment plans submitted by dentists in the Denver region, which included the Colorado Springs area. In 1979 and 1980 that official also visited the Peterson AFB dental clinic on several occasions to perform spot checks on veterans treated under the fee-basis program by dentists in the area. On those occasions he met and talked with both officers.

After the two officers were released from active military service in 1980, they established full-time private dental practices in the Colorado Springs area. Under the laws of the State of Colorado, the major also established a professional service corporation for his practice. They continued to treat veterans under the VA's fee-basis dental care program after they left the Air Force.

Issues

In 1981 the VA Inspector General investigated the fee-basis dental care program administered by the VA Medical Center in Denver. In the course of that investigation it was discovered that the two officers involved here had received fees from the VA in 1979 and 1980 while they were serving on active duty with the Air Force. VA officials concluded that this contravened VA and Air Force regulations issued in

conformity with our decision of April 1, 1968, 47 Comp. Gen. 505, and that the two officers were therefore legally obligated to refund those fees. The VA has withheld fees currently payable to them and applied the amounts withheld towards the satisfaction of their debts arising from their repayment obligations.

The two officers have taken exception to the conclusions reached by the VA concerning their repayment obligations in this matter, and to the method used by the VA in collecting their alleged debts.

Essentially, they explain that when they established their part-time private practices in 1979, they had no intention of defrauding the Government or of shirking their Air Force duties. At the time, they were Reserve officers serving out the last year of their active duty commitments. They intended to settle permanently in the Colorado Springs area when they left the Air Force, and it was because of those intentions that they established their part-time private practices in the area before leaving the service, since they believed this would ease their transition into the civilian community.

They further explain that it is not uncommon for Air Force dentists about to be released from service to establish part-time private dental practices, and that Air Force regulations allow them to do this with the permission of their commanders. They assert that they complied in good faith with those regulations, the major suggesting that he had tacit permission to engage in private practice even though he did not obtain written approval. They also assert that their part-time private practices were compatible with their Air Force duties. They suggest that this is all amply demonstrated by the favorable military performance ratings they both received, by the commendation medal awarded to the lieutenant colonel and by the fact that no disciplinary action for disobedience of the regulations was initiated against them.

The major's attorneys make various arguments in his behalf which are treated below. Although

these arguments are not also specifically made on behalf of the lieutenant colonel, they could similarly be applied to him.

The attorneys suggest that in these circumstances their client was actually eligible to participate in the VA's fee-basis outpatient dental care program and receive fees for his services. They note that the VA's claim for a refund of those fees is based on regulations issued in conformity with our decision 47 Comp. Gen. 505 (1968), in which we held that it is impermissible for persons serving on active duty in the armed forces to accept fees from the VA for providing health care to veterans. They note that this decision was founded on the general rule, originally established by the Federal courts, that in the absence of specific statutory authority, any agreement or arrangement by a member of the armed forces for the rendition of services to the Government in another position or employment is to be regarded as "incompatible" with the member's military duties. They suggest that this principle should have no application to their client's situation, since his own private practice was permitted by the Air Force and did not interfere with his military duties, and should therefore not be regarded as "incompatible" with his status as a member of the armed forces. Furthermore, they note that 5 U.S.C. 5534 and 6323 authorize a "Reserve of the armed forces" to accept civilian employment and pay from the Government, and they suggest that this provided him with specific statutory authority to participate in the VA's fee-basis outpatient dental care program, since he was an officer of the Air Force Reserve rather than the Regular Air Force. In addition, they suggest that 47 Comp. Gen. 505 should be completely overruled, since they consider the decision to be unreasonable.

Second, they argue even if it is concluded that it was legally impermissible for their client to serve as a fee-basis dentist with the VA while simultaneously serving on active duty with the Air Force, he should still be allowed to retain the fees, either under the doctrine of de facto employment or under the statute authorizing the waiver of erroneous overpayments of pay and allowances, 5 U.S.C. 5584. They say that when he accepted the fees he did so in

good faith and without knowledge of the existence of 47 Comp. Gen. 505 and the VA and Air Force regulations prohibiting the payment of the fees to him. They also say that he made no attempt to conceal his activities from Air Force or VA officials, and they suggest that any fault for irregularities in the fee arrangements should be ascribed to the VA. They assert that the Chief of Dental Service of the Denver VA Medical Center had reason to know that their client was receiving fees from the VA, and that VA official was at fault because he voiced no objections when he could have at the times he personally met with him at the Peterson AFB dental clinic. In addition, they suggest that requiring refund of the fees would be inequitable and would result in an "unjust enrichment" of the Government, since compensable services were performed to earn those fees. For these reasons, they contend that the de facto employment doctrine or the waiver statute should be applied to permit their client to keep the fees.

Third, the attorneys contend that if liability is, nevertheless, found to refund the fees, the amount of the liability should be reduced to the net profit received after paying taxes, and business expenses for rent, secretarial services, etc.

Finally, they object to the VA's stoppage of fees currently due. They suggest that the VA has no authority to collect debts in this manner. They also suggest that amounts due their client's professional service corporation may not be withheld towards the satisfaction of his personal debts, since legally he is merely an employee of the corporation.

The VA has requested our decision in this case because of these issues.

Service Members' Acceptance of Fees from the VA

In 47 Comp. Gen. 505 (1968), cited above, we concluded that an active duty member of the armed services may not accept fees from the VA for providing health care to veterans because the

performance of fee-basis services for the VA is incompatible with the member's military duties, actual or potential. In an earlier decision we relied upon in arriving at that conclusion we said, "Compatability is determined by the individual's freedom to perform both services, the one without interference from the other." See 18 Comp.Gen. 213, 216 (1938), citing Badeau v. United States, 130 U.S. 439, 451-452 (1889).

We have reviewed the rationale of 47 Comp. Gen. 505 in light of the facts of the present case and the contentions of the two officers involved. Although they contend that their service as fee-basis dentists with the VA was compatible with their military service, the fact remains that patients at the Peterson AFB dental clinic who were about to be separated or retired from active duty, or were already retired, were referred to the VA and came thence to their private offices for treatment as fee-basis VA patients, and in some instances apparently they personally made the referrals themselves. Our view is that this arrangement resulted in a direct financial conflict of interest, and that more generally their relationship with the VA had the potential of interfering with their military duties and obligations. Hence, we are unable to agree that there is no incompatibility involved in the performance of active military service concurrently with fee-basis VA dental service, and we therefore reaffirm 47 Comp. Gen. 505.

Concerning the suggestion that 5 U.S.C. 5534 and 6323 provided them with specific statutory authority to accept fees from the VA while they were serving on active duty as Reserve officers, those sections of the United States Code authorize a civil employee of the Government who is also "a Reserve of the armed forces" to receive pay and allowances as a Reserve in addition to his civilian pay, and to have up to 15 days' annual military leave from his civilian employment. Those sections of the Code are derived from the act of May 12, 1917, ch. 12, 40 Stat. 72, as amended by subsection 1(b) of the act of July 1,

1947, ch. 192, 61 Stat. 238, which were designed to permit Federal employees to attend training and field exercises as members of the Army Reserve Corps for up to 15 days per year without loss of pay or vacation time. This permission was broadened to include "any member of the reserve components of the Armed Forces" by section 804 of the Armed Forces Reserve Act of 1952, 66 Stat. 502, but that was done simply to extend the law to Government employees who were participating in reserve programs of the other services. See H. Rep. No. 1795, 82nd Cong., 2nd Sess. (1952) reprinted in (1952) U.S. Code Cong. & Ad. News 2008, 2055. Thus, the law was not designed or intended to permit persons serving on extended active duty in the Armed Forces to accept civilian Government employment, but rather to allow civilian Government employees to participate in part-time military Reserve programs for pay without a reduction in their civilian compensation and vacation time. Hence we have consistently expressed the view that service members on extended active duty, including Reserve officers, may not properly undertake concurrent Federal civilian employment. See, e.g., Matter of Reserve Members, 57 Comp. Gen. 554 (1978); and 46 Comp. Gen. 400 (1966). See also 5 U.S.C. 2105(d). In the present case, therefore, it is our view that 5 U.S.C. 5534 and 6323 did not provide these officers with specific statutory authority to accept fees from the VA in 1979 and 1980 while they were also serving on extended active duty in the Air Force. On the contrary, our view is that as active duty Air Force dental officers they were disqualified from undertaking fee-basis work in a civilian capacity with the VA.

Doctrine of "De Facto" Employment

A "de facto" officer or employee is one who holds a public office or position with apparent right, but without actual entitlement because of some defect in his qualifications or in the action placing him in the office or position. See, generally, Matter of Valdez, 58 Comp. Gen. 734 (1979). Under the de facto doctrine, an individual may, in certain circumstances, be allowed payment for services performed. See, generally, United States v. Royer,

268 U.S. 394 (1925); Hotinsky v. United States, 154 Ct. Cl. 443 (1961); Matter of Valdez, cited above; 67 C.J.S. Officers sec. 275 (1978); and 63 Am. Jur. 2d Public Officers and Employees sec. 510-515 (1972).

In the present case, for the reasons previously mentioned, the two officers involved were not qualified to serve as fee-basis dentists with the VA in 1979 and the first part of 1980 because they were serving on active duty with the Air Force. They were not appointed to positions as VA "employees," in the usual sense of the word, so it is not clear that the de facto employment doctrine covers this situation. However, that doctrine is generally for application only if the individual claiming relief can demonstrate his good faith in entering into the transaction involved.

Concerning the issue of their "good faith" in this matter, no evidence has been presented to indicate that they took any affirmative actions to hide or misrepresent their status as active duty service members in their dealings with the VA in 1979 and 1980. Also, in our view they could not reasonably have been expected to possess their own independent knowledge of c decision 47 Comp. Gen. 505 and the VA regulations (VA Manual MP-5, Part I, Chapter 550) barring active duty service members from performing fee-basis work for the VA. However, the Base Dental Surgeon, Peterson AFB, specifically brought the applicable Air Force general regulations to their attention in 1979. Those regulations were set forth in paragraph 2-8, Air Force Manual 168-4 (Change 7, June 20, 1975, superseded), which provided in pertinent part:

> "2-8. Conditions for Civilian Employment:
>
> "a. It must be understood that the US Air Force has first call upon any officer's talent and time 24 hours each day and every day in the week. An officer's duty is satisfied completely before any other considerations may be entertained * * *.

"b. Requests to practice one's profession in a civilian capacity (including * * * medicine, dentistry * * * etc.) must be submitted * * * to the major command surgeon general for approval. * * * These requests must be fully documented and include a complete description of the position to be occupied and a statement that the officer fully understands and will comply with the policies outlined below. In addition, a letter from the local professional society or other responsible community agency is a required attachment.
* * *

"c. The following policies must be fully understood and followed:

* * * * *

"(5) The applicant must understand the requirement to avoid dual compensation * * * from agencies of the US Government (see note below).

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"NOTE: * * * a ruling by the Assistant Comptroller General of the United States (47 Comptroller General 505, 1 April 1968) prohibits payment by the Veterans Administration to military physicians engaged in private practice for services rendered persons authorized outpatient medical treatment at Veterans Administration expence." (Emphasis added.)

The same provisions, in substance, are also contained in the current administrative directive governing the private practice of Air Force health professionals, paragraph 8-5 of Air Force Regulation 168-4, July 11, 1980.

Thus, both officers were affirmatively notified of 47 Comp. Gen. 505 and the requirement that they avoid serving the Government in a civilian capacity for pay while they were on active duty, and they were required to submit statements acknowledging that

they fully understood the policies involved as a condition to their being allowed to engage in private practice. Our view is that any reasonably prudent person of their rank, education,and experience in those circumstances would have known that military dental officers were disqualified from serving as fee-basis dentists with the VA in a civilian capacity. We conclude that the dentists have not demonstrated their "good faith" in undertaking fee-basis work for the VA. Therefore, they do not qualify for relief under the de facto rule.

Moreover, it appears that by accepting fees from the VA for treating retired military personnel, these officers acted in contravention of the specific statutory prohibition contained in 5 U.S.C. 5536, which provides:

> "An employee or a member of a uniformed service whose pay or allowance is fixed by statute or regulation may not receive additional pay or allowance for the disbursement of public money or for any other service or duty, unless specifically authorized by law and the appropriation therefor specifically states that it is for the additional pay or allowance."

As Air Force dental officers in 1979 and 1980, they received the military pay and allowances provided by statute for their rank. This pay was intended as compensation for the duties which they, as dental officers, were expected to perform. These duties included the furnishing of dental care to retired military personnel. See 10 U.S.C. 1074(b); and section 8, Department of Defense Joint Directive 6010.4, April 25, 1962. The records before us indicate that retired personnel were referred as patients from the Peterson AFB dental clinic to the VA because of time constraints at the clinic, but these two officers nevertheless found time to treat those patients in their private offices. Our view is that by accepting additional pay from the Government for those services, which they were already under an obligation to perform as military dental officers and for which they had been paid active duty military pay and allowances, they were acting in direct violation

of the above-quoted provisions of 5 U.S.C. 5536. Compare 41 Comp. Gen. 741 (1962), concerning the application of the antecedent provisions of 5 U.S.C. 70 (1958 ed.). The de facto doctrine does not allow retention of payments received in such circumstances. Hotinsky v. United States, cited bove; 45 Comp. Gen. 330 (1965).

For the foregoing reasons, we are unable to conclude that the two officers undertook fee-basis work with the VA in 1979 and 1980 in complete "good faith" and without notice that this was impermissible. On the other hand, the conclusion is inescapable that some of the fees were paid to them by the VA in direct violation of the statutory provisions of 5 U.S.C. 5536. We view it as immaterial that some VA and Air Force officials may have been partially at fault in condoning the dentists' fee arrangements in this case, since those officials had no authority to approve the circumvention of the dual compensation rules or the provisions of 5 U.S.C. 5536, and the two officers themselves should have known the arrangements were wrong. We therefore conclude that they are not entitled to keep the fees here at issue.

The Waiver Statute

Subsection 5584(a) of title 5, United States Code, provides that a claim for the recovery of an erroneous payment of pay or allowances made "to an employee of an agency," the collection of which "would be against equity and good conscience and not in the best interests of the United States," may be waived in whole or in part by the Comptroller General of the United States. Subsection 5584(b) further provides that the Comptroller General may not exercise his authority to waive a claim "if, in his opinion, there exists * * * an indication of * * * fault * * * on the part of the employee."

We have construed the term "employee of an agency," as used in 5 U.S.C. 5584(a), generally to mean an individual appointed to a position in the civil service. See 50 Comp. Gen. 329 (1970). We consider "fault" to exist, as that word is used in

5 U.S.C. 5584(b), if in light of all the facts presented it appears that the employee should have known that an error existed but failed to take appropriate corrective action. See 4 C.F.R. 91.5 and Matter of National Treasury Employees Union, 58 Comp. Gen. 721 (1979).

In the present case, even if we were properly able to regard a dentist performing fee-basis services for the Government as being "an employee of an agency" under the terms of 5 U.S.C. 5584, we would still be unable to waive the claims against these two officers because of their "fault" in this matter. As previously indicated, our opinion is that they should have known it was impermissible for them to perform fee-basis work for the VA while they were serving on active duty with the Air Force. They were therefore at least partially at fault in failing to refrain from the treatment of veterans and the acceptance of fees from the VA while engaging in their part-time private practices. Hence, we may not waive the claims against them for the recovery of those fees under the waiver statute.

Amount of Liability

The fees paid by the VA to these two officers for services rendered when they were simultaneously serving on active military duty with the Air Force constituted improper and erroneous expenditures of appropriated funds of the VA. It is well settled that persons receiving public funds erroneously paid by a Government agency or official acquire no right to those funds and are liable to make restitution in the full amount. See, e.g., Barnes v. District of Columbia, 22 Ct. Cl. 366 (1887); United States v. Sutton Chemical Co., 11 F.2d 24 (1926); and United States v. Northwestern Nat. Bank & Trust, 35 F. Supp. 484 (1940). Thus, our view is that the two officers are liable to refund all of the fees erroneously paid to them by the VA, rather than just the net profits they indicate they may have gained through the arrangement. The tax consequences of their refund of the erroneous payments would be matters primarily for consideration by the concerned

revenue authorities. See, e.g., Matter of Reserve Members, cited above, at 57 Comp. Gen. 561-562. Hence, we conclude that they are liable to refund all of the fees in question, and that they are therefore in debt to the VA in the amounts of $9,995 and $55,772, respectively as indicated above.

Debt Collection

Although the two officers suggest that the VA has acted without authority in withholding fees currently due to them, it is well established that a Government agency has a common law right to set off amounts payable to its debtors to extinguish their liquidated debts in situations of this nature. See Matter of Collection of Debts, 58 Comp. Gen. 501 (1979); and 4 C.F.R. 102.3. Hence, our view is that the VA has acted properly in withholding amounts payable to them and applying the amounts withheld towards the satisfaction of their refund obligations.

Concerning the major's contention that amounts due his professional service corporation may not properly be withheld towards the satisfaction of his personal debts, it appears that he is the president, director, and principal shareholder of that corporation as well as its employee. Moreover, the laws of the State of Colorado expressly provide that, "The conduct of the practice of dentistry in a corporate capacity is prohibited, but such prohibition shall not be construed to prevent the practice of dentistry by a professional service corporation of licensees so constituted that they may be treated under the federal internal revenue laws as a corporation for tax purposes only." COLO. REV. STAT. 12-35-112. Thus, we consider his professional service corporation to exist for Federal tax purposes only, and not to exist as a shield to foil the collection of his just debts. Our view is that the VA may properly continue to withhold amounts due to his corporation and apply the amounts withheld towards the extinction of his personal debt to the Government.

The issues presented are decided accordingly.

for Milton J. Socolar
Comptroller General
of the United States