UNITED STATES
CIVILIAN BOARD OF CONTRACT APPEALS

May 20, 2026

CBCA 8311-DBT

In the Matter of PAULA W.

Paula W., Petitioner.

Kimberly I. Thayer, Office of General Counsel, National Tort Claims Center, General Services Administration, Kansas City, MO, appearing for General Services Administration.

NEWSOM, Board Judge.

Petitioner sought a hearing regarding a debt that the General Services Administration (GSA) asserts she owes as a result of an automobile accident. Based on the evidence presented, the Board finds that GSA has not met its burden to establish that petitioner is liable for the debt.

Background

In 2018, an individual who was driving petitioner's vehicle cut in front of a GSA-owned vehicle and then braked, leading to a series of collisions. Specifically, the driver of the GSA vehicle was unable to stop in time, and the GSA vehicle collided with the rear of the petitioner's vehicle, causing petitioner's vehicle to collide with the vehicle in front of it. The local police cited the driver of petitioner's vehicle for making an unsafe lane change under Virginia law.

As noted above, the individual driving petitioner's vehicle was *not* the petitioner. Petitioner states that she was not in her vehicle, or even at the scene, when the accident occurred. According to her statement, petitioner did not even know that anyone had borrowed (or taken) her car.

GSA considered the petitioner to be responsible for the damage to the GSA vehicle. We infer that GSA presumed that petitioner was liable for the damage because she owned the car that had been cited for an unsafe lane change. No other rationale is apparent in the record.

On February 8, 2019, GSA issued a demand for payment for the $8689.92 damage costs sustained by the GSA vehicle. GSA advised petitioner that it would pursue collection by administrative offset if she did not pay the alleged debt within thirty days. After a few weeks and another demand letter from GSA, petitioner signed a promissory note on March 27, 2019, agreeing to pay GSA $8689.92 plus annual interest at 2.375 percent, payable in monthly installments. She submitted some payments totaling $3859.10 but stopped making payments after December 2022. Because of accrued interest and added fees, totaling $6067.80, GSA asserts that the debt now stands at $11,419.80. GSA forwarded the matter to the Department of Treasury for collection.

On October 28, 2024, the Department of Treasury sent petitioner a notice of intent to initiate administrative wage garnishment proceedings. Petitioner timely requested a hearing, stating that she does not owe the debt and, even if she did, she was ineligible for wage garnishment. The Board directed both parties to file submissions in support of their positions. GSA filed a statement, but petitioner did not. Subsequently, the Board scheduled an oral conference call with the parties. GSA attended the call, but petitioner did not attend, and the call was canceled.

Discussion

We review the matter pursuant to section 31001(o) of the Debt Collection Improvement Act, 31 U.S.C. §§ 3701–3720E (2024) (the Act). Petitioner properly requested a hearing in accordance with 41 CFR 105-57.005 (2024) to contest that she owed the debt. A hearing is defined as "a review of the documentary evidence concerning the existence and/or amount of a debt." *Id*. 105-57.002(o). By failing to file a response to the Board's orders or appear at the scheduled call, petitioner "waived . . . her right to appear and present evidence." *Id*. 105-57.005(k). Accordingly, the Board conducted a hearing based upon the material in the record.

GSA first argues that petitioner is not entitled to a hearing because she signed a promissory note. That argument is without merit. The Act expressly requires the agency to provide a hearing prior to wage garnishment if the petitioner timely requests one, even for persons who have signed promissory notes. The Act states that an agency may "garnish the disposable pay of [an] individual to collect the amount owed, *if the individual is not currently making required repayment*," and further provides that before the agency garnishes the

debtor's wages, "[t]he individual shall be provided an opportunity for a hearing." 31 U.S.C. § 3720D(a),(b)(5) (emphasis added). Thus, the Act explicitly contemplates hearings for individuals who are "not currently making required repayment" and draws no distinction between persons who have signed promissory notes and those who have not. *See id*. Furthermore, this Board and one of our predecessor boards, the General Services Board of Contract Appeals (GSBCA), have afforded wage garnishment hearings, without controversy, to individuals who signed promissory notes. *See, e.g.*, *Darren A.*, CBCA 7720-DBT, slip op. at 2 (Sept. 19, 2023); *Tracy W.*, GSBCA 16520-DBT (Nov 24, 2004).

We next address petitioner's liability for the debt. GSA bears the burden of establishing the existence and amount of a debt owed. 41 CFR 105-57.005(f)(1). If GSA meets its burden, the burden shifts to petitioner to rebut the alleged debt. In matters involving automobile accidents, the Board requires GSA to demonstrate that the alleged debtor is liable for the damage. *Tasha J.*, CBCA 7210-DBT, slip op. at 2 (Nov. 9, 2021) (citing *James H.*, CBCA 7130-DBT (Oct. 27, 2021)).

State law determines liability for the accident, *Darren A*., slip op. at 4, and, in this case, the applicable state law is Virginia. Under Virginia law, except in narrow circumstances, the owner of a vehicle "is not vicariously liable for the negligence of another person simply because the negligent party was operating the vehicle with the owner's permission." *T. Musgrove Construction Co. v. Young*, 840 S.E.2d 337, 342 (Va. 2020) (quoting *Dreher v. Budget Rent-A-Car System, Inc.*, 634 S.E.2d 324, 327 (Va. 2006)). To hold petitioner liable for the actions of the driver, GSA must provide evidence that either petitioner negligently entrusted the vehicle to the driver or a principal-agent relationship existed between the owner and driver at the time of the accident. *Hack v. Nester*, 404 S.E.2d 42 (Va. 1990), *superseded on other grounds by statute*, Va. Code Ann. § 8.01-44.5 (1994); *see Abernathy v. Romaczyk*, 117 S.E.2d 88, 91 (Va. 1960)). GSA presents no evidence of either circumstance. We conclude that petitioner's status as the vehicle owner is insufficient to establish that she is liable for the damage to the GSA vehicle.[1]

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[1] The Board directed GSA to detail its efforts to collect from petitioner's insurance carrier. GSA responded only that the "driver," not the petitioner, incorrectly identified the company insuring the vehicle. We infer that GSA made no meaningful effort to pursue petitioner's insurance carrier. Under Virginia law in effect at the time of the accident, if a person uses a vehicle without the consent of its owner, the owner's insurance is not required to cover the vehicle. Va. Code Ann. § 38.2-2204(a) (2018). Because the petitioner did not consent to the vehicle's use, her insurance carrier was unlikely to cover the damage.

GSA contends that the promissory note proves that the petitioner is responsible for the debt. In similar circumstances before the GSBCA, when GSA advanced a promissory note as evidence of a debt for which the petitioner was not otherwise liable, that board required the Government to identify and discuss the "legal standards supporting the existence of a debt solely based on a defaulted note." *Tracy W.*, slip op. at 5. Here, GSA refers us to no legal authority in Virginia for enforcement of promissory notes in circumstances where no tort liability existed in the first instance. Based on the record, it appears that GSA incorrectly deemed petitioner to be responsible for the damage to the GSA vehicle, then compelled her to sign a promissory note for a debt for which she was not liable by threatening legal action lacking a factual basis.

We conclude that GSA has failed to carry its burden to show that petitioner is responsible for the debt. The Board need not reach petitioner's eligibility for wage garnishment.

Decision

The Board concludes that a legally enforceable debt does not exist and grants the petition. The suspension of collection of the debt in this matter is permanent, and any amounts collected shall be promptly refunded to petitioner.

Elizabeth W. Newsom
ELIZABETH W. NEWSOM
Board Judge