

Exhibit 1



MANPOWER AND
RESERVE AFFAIRS

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

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WASHINGTON, D.C. 20301-1500

8/20/25

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (MANPOWER AND
RESERVE AFFAIRS)
ASSISTANT SECRETARY OF THE NAVY (MANPOWER AND
RESERVE AFFAIRS)
ASSISTANT SECRETARY OF THE AIR FORCE (MANPOWER
AND RESERVE AFFAIRS)
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE

SUBJECT: Interim Guidance on Combat-Related Special Compensation Determinations
Pursuant to the United States Supreme Court Decision in *Soto v. United States* and
on Effective Dates of Combat-Related Special Compensation Determinations

On June 12, 2025, the United States Supreme Court issued a decision in *Soto v. United States*. This memorandum provides interim guidance related to review of Combat-Related Special Compensation (CRSC) determinations pursuant to that decision and provides further guidance on effective dates of prospective CRSC determinations.

Corporal Simon Soto served in the Marine Corps from 2000 to 2006, when he was medically retired. Petitioner Soto subsequently applied for CRSC in 2016. His application was approved but retroactive payment was limited to a six-year period under section 3702(b) of title 31 of the United States Code (31 U.S.C. § 3702(b)), otherwise known as the Barring Act. Cpl Soto filed a class-action lawsuit arguing that the Barring Act does not apply to CRSC because 10 U.S.C. § 1413a, the CRSC statute, provides its own settlement mechanism. The petitioner prevailed at the District Court, was reversed at the Federal Circuit, and petitioned the Supreme Court to review. The Supreme Court held that the CRSC statute provides a settlement mechanism for CRSC claims, displacing the Barring Act, and remanded the case to the lower court for proceedings consistent with the Court's decision.

Effective immediately, Secretaries of the military departments will cease applying the Barring Act to limit compensation in CRSC award decisions. Additionally, Secretaries of the military departments will remove all references to the Barring Act from any websites, question and answer documents, or other material related to CRSC.

Pursuant to the Court's decision in *Soto*, the Department must identify retired members who's retrospective CRSC awards were limited to six years under the Barring Act and ensure they are compensated to the appropriate effective date. **Attachment 1 provides procedural guidance for this process and should be used to determine the effective date of any CRSC awards that were made before the date of this memorandum.**

Additionally, the Court's finding that the Barring Act does not apply to the CRSC statute requires the Department, under 10 U.S.C. § 1413a(d), to establish procedures and criteria for

application for CRSC eligibility, including establishing an appropriate effective date for CRSC determinations made after the issuance of this guidance.

Accordingly, **for CRSC eligibility determinations made on or after the date of this memorandum**, if the Secretary of the military department concerned initially determines that an applicant for CRSC is an eligible combat-related uniformed services retiree, the effective date for CRSC payments is the date on which the Secretary concerned first received the completed application. For a member previously found eligible for CRSC, any subsequent award for additional disabilities later determined to be combat-related shall be effective on the date the Secretary of the military department received the completed application for such disabilities.

The Secretaries of the military departments will apply this guidance effective on the date of the signature of this memorandum. The Department will issue permanent guidance on this subject in a Department of Defense Instruction (DoDI) as early as practicable.

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William G. Fitzhugh
Performing the Duties of the Assistant Secretary
of Defense for Manpower and Reserve
Affairs

Attachments:
As stated

Attachment 1 – DoD Guidance on Identification and Payment of Retired Members Whose CRSC Claims Were Limited by Application of 31 U.S.C. § 3702(b), The Barring Act

1. Population. The population subject to Attachment 1 includes all members who, prior to publication of this guidance, were determined as an eligible combat-related uniformed services retiree by the Secretary of a military department and had an award of retroactive CRSC limited due to the application of the Barring Act in determining the CRSC effective date. Hereinafter the “Pre -Soto Population)

2. Effective Dates of Claims. The effective date of a claim the Pre-Soto Population is the date that would have been determined to be the effective date, but for the application of the Barring Act. This will be the first date on which the following are true:

- a. a member was eligible for military retired pay; and
- b. a member was in receipt of Department of Veterans Affairs disability compensation and there was a reduction of military retired pay due to the member’s waiver of retired pay to receive VADC; and
- c. a member met the at least one of the criteria in 10 U.S.C. § 1413a(e); and
 - i. . if a member completed at least 20 years of service in accordance with 10 U.S.C. § 1405 or is a Reserve retiree with 7,200 or more points under 10 U.S.C. § 12733 and has a combined VA disability rating of at least 10 percent and has been awarded a Purple Heart or has a combined VA disability rating of at least 60 percent if they have not been awarded a Purple Heart, the effective date is no earlier than June 1, 2003; or
 - ii. . if a member is a Reserve retiree receiving retired pay under 10 U.S.C. § 12731 by any reason other than 10 U.S.C. 12731b, the effective date is no earlier than January 1, 2004; or
 - iii. if a member was retired under any authority outside of those described in paragraphs 2.d. or 2.e. above and not by reason of 10 U.S.C. 12731b, the effective date is no earlier than January 1, 2008.

3. Procedures. Identification and compensation of the Pre-Soto Population will require efforts from the military departments and the Defense Finance and Accounting Service (DFAS). Responsible parties will follow the procedures outlined below.

a. Military Departments. The Secretaries of the military departments will, in a timely manner:

- (1) review the records of all potentially impacted CRSC recipients and determine which members were subject to reduction in award due to application of the Barring Act; and

(2) determine the appropriate effective date for impacted members, modify CRSC decisional documents to reflect the corrected effective dates for members' claims and provide members updated copies of decision documents; and

(3) Provide DFAS with documentation of:

(i) the original effective date; and

(ii) the corrected effective date; and

(iii) the member's entitlement to CRSC, listing all determinations.

b. DFAS. The Director, DFAS will:

(1) compute the amount of retroactive CRSC payments due to impacted members as a result of the data provided by the military departments under paragraph 3.a. above; and

(2) notify impacted members, in a timely manner, of changes to their entitlement as a result of the *Soto* decision; and

(3) process, in a timely manner, payments of retroactive CRSC for impacted members.

4. Arrears of Pay. In the case of members who were part of the Pre-*Soto* Population but have since died, any retroactive CRSC amounts owed for during their lifetime should be considered as Arrears of Pay, payable pursuant to 10 U.S.C. § 2771, subject to any debts the member may have had outstanding at the time of death.

a. Any proper beneficiaries for arrears of pay may make a claim for those additional CRSC payments.

b. DFAS will forward any claim to the CRSC board for determination of what a proper effective date would have been in accordance with Paragraph 3a.

c. Upon receiving from the CRSC Board an effective date for the deceased member, DFAS will compute the additional arrears of pay in accordance with Paragraph 3.b.

d. In no case may a payment be made for any period after the death of the CRSC recipient.