Annual Report | FY 2014
U.S. Postal Inspection Service

Protecting your mail

united states postal inspection service annual report | FY 2014

message from the chief POSTAL Inspector

GUY J. COTTRELL
CHIEF POSTAL INSPECTOR

Our job is to safeguard the entire Postal Service system — including the hundreds of thousands of employees who process and deliver the mail and the millions of customers who use it. U.S. Postal Inspectors, assisted by our security force of uniformed Postal Police Officers, ensure public trust in the U.S. Mail.

In the past year, Postal Inspectors reported 6,000 arrests and 5,300 convictions related to criminal, security, and prevention investigations of postal crime. One example of our success is our tax fraud initiative, which prevented an estimated $150 million worth of fake returns from reaching the hands of criminals seeking to steal taxpayer money and identities. Inspectors also seized mailpieces containing more than 42,000 pounds of illegal narcotics and $23 million in drug-trafficking proceeds. Our investigations of the use of the mail to sexually exploit children resulted in 151 arrests and indictments, and the identification of 2,359 child victims.

Supporting our enforcement work are efforts to educate consumers about fraud schemes delivered using the mail. We continued to reach postal customers with our Consumer Alert News Network (CANN), now in its second year. This campaign publicizes scams through video segments we distribute to news departments of local television stations, which air the alerts in their daily news broadcasts. We distributed 144 taped interviews to 116 TV stations, with a potential viewership of 3.8 million. We fund this national campaign with fines collected from criminals convicted in fraudulent schemes.

Inspectors ensure the safety of the mail with state-of-the-art equipment to identify hazardous substances and suspicious items. Our mail screenings added a layer of protection for the Department of Homeland Security's National Special Security Events, such as Super Bowl XLVIII — which encompassed more than 24,000 mailpieces and private courier deliveries. Inspectors responded to more than 2,500 incidents involving suspicious items, substances, powders, or liquids in the mail or at postal facilities — no injuries or fatalities resulted.

Our expert forensic staff counted many successes in the past year. A forensic jump team arrived at a crime scene within 20 hours of a request to process a vehicle used in an armed robbery and shooting of a highway contract route driver at a Post Office in Conley, Georgia. The guilty pleas of two suspects was due in large part to the evidence they collected and analyzed. Also last year, our forensic laboratory gained accreditation in the international program of the American Society of Crime Laboratory Directors/Laboratory Accreditation Board after meeting or exceeding all of the approximately 400 requirements.

This 2014 Annual Report reflects our mission and the strategic goals we defined to ensure we fulfill it: protecting employees, customers, assets, and the U.S. Mail; preventing criminal attacks against the Postal Service and its customers; enforcing all laws under our jurisdiction; and preparing our organization through education and emerging technologies.

meet our leaders

Teresa L. Thome
Deputy Chief Inspector
Eastern Field Operations

Teresa Thome began her service as an Inspector in the Los Angeles Division and now manages Eastern Field Operations and its more than 1,200 employees. She is a former Mail Fraud Team Leader, and previously served as Assistant Inspector in Charge of the New York Division, and Inspector in Charge of the Philadelphia Division.

Gregory Campbell Jr.
Deputy Chief Inspector
Western Field Operations

Greg Campbell manages seven Western Field Divisions. He is also Executive Liaison for our Talent Management Initiative. With more than two decades of law enforcement experience he has filled numerous posts, including Inspector in Charge of the Washington and Detroit Divisions, as well as Inspector in Charge of the Global Investigations Division.

Kevin M. Niland
Deputy Chief Inspector
Northern Field Operations

Kevin Niland began his postal career as a substitute rural carrier in Kittery Point, Maine. He became a Postal Inspector in 1995, when he joined the Washington Division. Since then, he has held a number of management and investigative positions across the country, including Inspector In Charge of the Boston Division.

Keith E. Milke

Deputy Chief Inspector
Headquarters Operations

Keith Milke leads our operations at Headquarters. He is also responsible for domestic and international revenue assurance as well as security and cyber security programs. Deputy Chief Inspector Milke was formely the Inspector in Charge of Security and Crime Prevention. He has been with the Inspection Service for more than 22 years.

Sandra L. Spector

Inspector in Charge
Office of Counsel

Sandra Spector began her career in the New York Division. In 2004, she became an Inspector-Attorney and later was promoted to Chief Counsel. Her current duties include management of the activities of Inspector-Attorneys as well as the duties as the agency's Chief Counsel.

"THEY ARE CONSTANTLY ON THE WATCH FOR PEOPLE WHO ARE USING THE MAILS FOR FRAUDULENT PURPOSES, AND, AS THIS IS ONE OF THE WAYS IN WHICH THE PUBLIC LOSES A GREAT DEAL OF MONEY, WE SHOULD BE GRATEFUL TO THEM."

- ELEANOR ROOSEVELT

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who we are

We are the federal law enforcement, crime prevention, and security arm of the U.S. Postal Service. Founded by Benjamin Franklin, we are one of the country's oldest federal law enforcement agencies.

The U.S. Postal Inspection Service has a proud and successful history of fighting criminals who use the nation's postal system to defraud, endanger, or threaten Americans. Our goal is to ensure confidence in the U.S. Mail.

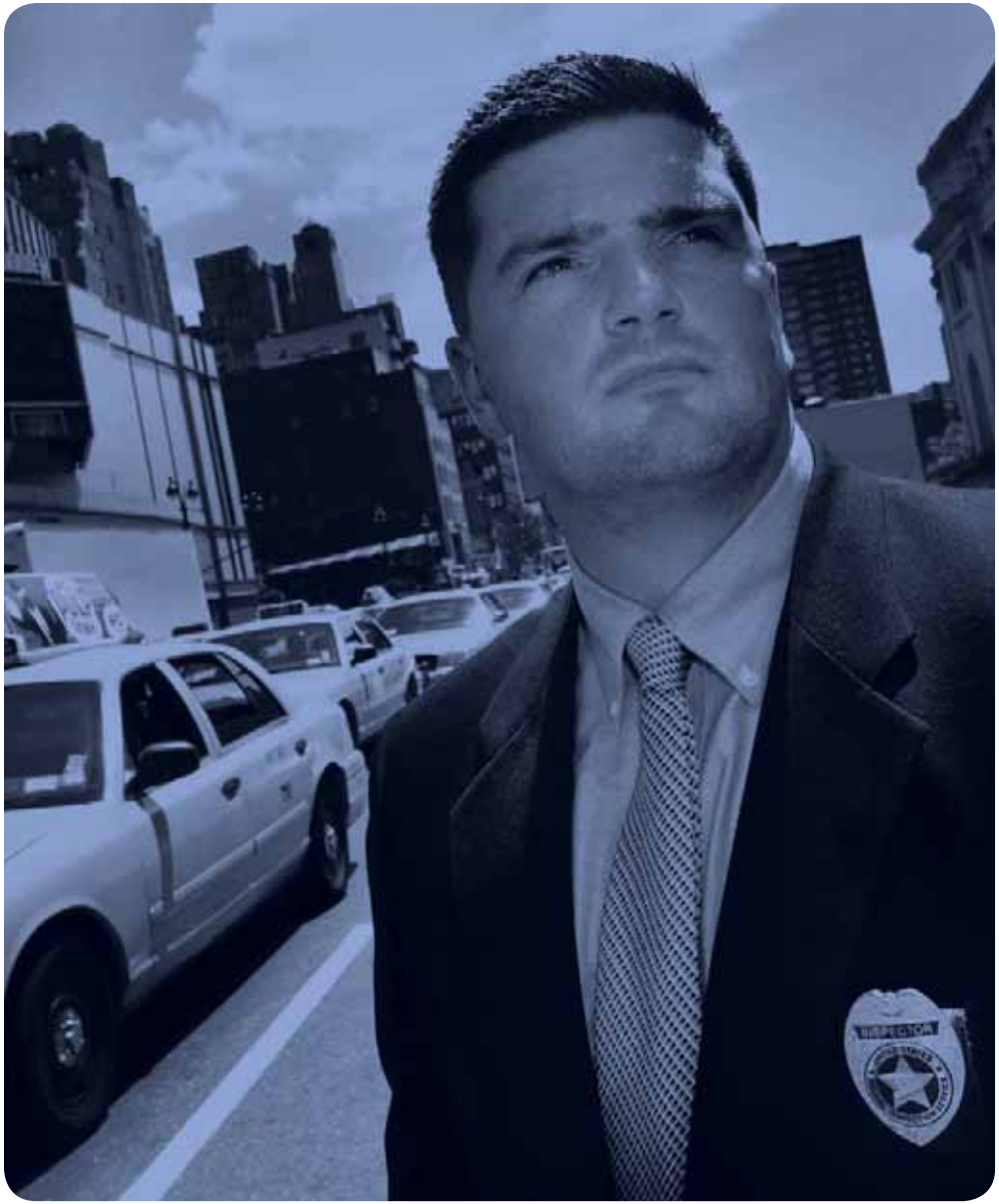
With our support,

- American businesses can safely dispatch funds, securities, and information through the U.S. Mail.
- Postal customers can entrust their correspondence to the mail.
- Postal employees can work in a safe environment.

We are federal law enforcement officers who carry firearms, make arrests, execute federal search warrants, and serve subpoenas. Stationed throughout the country, we enforce roughly 200 federal laws related to crimes that adversely affect or entail fraudulent use of the U.S. Mail, the postal system, postal employees, and customers. We work with other law enforcement agencies, U.S. Attorneys, and local prosecutors to investigate cases and prepare them for court.

We also maintain a uniformed force of Postal Police Officers who are assigned to major postal facilities throughout the country. These officers provide perimeter security, escort high-value mail shipments, and perform other essential protective functions.

Finally, we operate a National Forensic Laboratory, staffed with forensic scientists and technical specialists who analyze evidentiary material needed for identifying and tracing criminal suspects. The Laboratory also provides expert testimony for cases brought to trial.



FIGHTING MAIL FRAUD

Postal Inspectors vigorously pursue mail fraud in all its forms — from Ponzi schemes to newer scams that use the Internet, telephone, and the U.S. Mail.

The Mail Fraud Statute, enacted in 1872, is the nation's oldest consumer protection law. It is the government's most effective defense against criminals who conduct fraudulent schemes involving the U.S. Mail.

Users of the U.S. Mail also must comply with the Deceptive Mail Prevention and Enforcement Act, which grants the Postal Service subpoena powers to obtain records. This statute authorizes administrative hearings to determine the legality of mailings suspected of violating the law.

Postal Inspectors protect customers by enforcing this act and submitting requests to the USPS Judicial Officer for subpoenas or withholding mail orders as needed.

Under the provisions of this act, the USPS can intercept delivery of mail to the violator and return it to the sender. The violator may also face civil penalties.

Postal Inspectors continue to work complex mail fraud investigations with a strong mail nexus, significant dollar losses, and high numbers of victims. In FY 2014, the Postal Inspection Service opened 207 new cases involving more than 1.5 million victims.

$105 MILLION PONZI SCHEME

On July 28, 2014, Alfred Gerebizza was found guilty on all counts of a 16-count indictment for mail and tax fraud, following a 5-day trial. Daniel Spitzer, a second defendant, pleaded guilty to 10 counts of Mail Fraud on the eve of their joint trial.

Gerebizza and Spitzer operated an investment fraud scheme, collecting $105 million from more than 400 victims. The defendants claimed they used the funds to trade in foreign currencies. Spitzer was the principal and manger of Kenzie Financial Management, a U.S. Virgin Islands corporation. Gerebizza's role was secretary of Draseena Funds Group and foreign currency trading funds manager for Kenzie Financial.

The companies had offices in Clearwater, Florida, and St. Thomas, U.S. Virgin Islands. They also established shell companies around the world.

During a 10-year period, the defendants solicited the public for investments, making Ponzi payments of $71 million to old investors using funds received from new clients. Spitzer and Gerebizza mailed their clients fake monthly and quarterly investor statements, IRS Schedule K-1s and investor newsletters, ultimately lulling investors into leaving their holdings in the funds or even increasing their investments.

The Spitzer-Gerebizza Ponzi scheme collapsed on the heels of the Bernie Madoff scandal, when redemption requests from concerned investors exceeded the amount of money in the funds. The failure of the funds to reimburse investors led to complaints filed with the Securities and Exchange Commission, followed by charges.

During the investigation, we learned the defendants properly invested less than a third of the monies they received — for a net return of less than one percent.

FRAUD BY MAIL

A New York court sentenced three brothers to more than 40 years and ordered the defendants to pay $9 million in restitution. The defendants also were ordered to forfeit assets valued at $32 million for defrauding 3,000 mostly elderly victims of nearly $80 million.

The brothers employed more than a dozen telemarketers trained to use high-pressure sales tactics and misleading statements to induce victims to purchase what they called rare coins. After receiving their purchases through the mail, victims soon realized the coins were overgraded and overvalued.

One brother received an additional sentence of two life terms on charges of conspiracy to murder the Assistant U.S. Attorney and the U.S. District Judge involved in his prosecution.

'MINI-MADOFF'

Three defendants were sentenced to a total of more than 23 years in prison for their roles in the case of a bogus company that victimized 700 postal customers and left several homeowners bankrupt and homeless.

Employees for the company, representing themselves as foreclosure prevention specialists, attracted victims through direct mail solicitations. Company representatives instructed the victims to stop making their mortgage payments and pay the company instead. The owners also told their clients to avoid meetings with creditors and not to attend bankruptcy court hearings. The presiding judge characterized the principal operator of the company as a "mini-Madoff," describing him as "the most selfish, manipulative con man" she had ever met. The defendants were ordered to pay $2.9 million in restitution and the same amount in forfeiture.

TIMESHARE FRAUD

Three defendants in Chicago received three to seven years in jail sentences for fraudulently claiming they were timeshare resellers and luring consumers into paying hefty upfront fees. To entice their victims, the defendants claimed to have interested buyers who were ready to pay top dollar for their properties.

The defendants claimed sales were imminent, but there were no buyers. As a result, more than 22,000 victims lost $29 million in upfront fees paid to the scammers.

Victims mailed the defendants checks for the fees. The suspects also used the mail to send contracts to the victims for their signatures. The prison sentences of 30 defendants in this case range from one to more than 15 years.

CROSS-BORDER PARTNERSHIPS

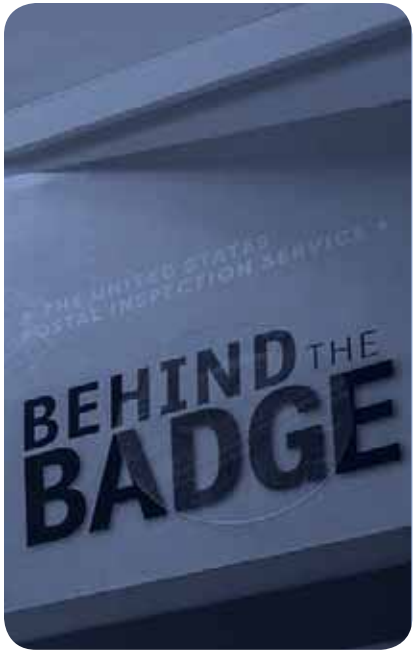
Through its Mail Fraud Program, the Postal Inspection Service in FY 2014 continued to participate in eight cross-border partnerships with the governments of Canada and Jamaica. With our partners, we developed prevention efforts to protect American consumers from mass marketing mail fraud.

TELEMARKETERS IN JAMAICA

The Postal Inspection Service continued our involvement in the Task force with the Federal Bureau of Investigation, Department of Homeland Security, United States Marshals and Jamaican authorities to crack down on foreign lottery and sweepstakes scams that target Americans. During FY 2014, U.S. citizens reported to Postal Inspectors losses of more than $31.2 million to scammers in Jamaica.

Through JOLT (Jamaican Operations Linked to Telemarketing), law enforcement from both countries in FY 2014 recovered more than $1.3 million in fees that victims had mailed to Jamaican lottery scammers. The Postal Inspection Service returned these funds to victims whenever possible.

protecting postal customers



June 27, 2014 marked the opening of the Postal Inspection Service's permanent exhibition at the Smithsonian's National Postal Museum. "Behind the Badge: United States Postal Inspection Service," has been a highlight of the museum tour since it opened. Spotlighting the work of the Postal Inspection Service, visitors learn how Inspectors keep the mail safe. Most Americans recognize their letter carriers and are familiar with their local Post Office. But visitors to this exhibit walk away with a new understanding of who Postal Inspectors are and what they do to protect consumers.

Supplementing our enforcement work are efforts to inform and educate consumers about fraud schemes and swindles involving the mail.

This undertaking includes our leadership and participation in task forces consisting of representatives from trade and consumer groups, the mailing industry, as well as other government and law enforcement agencies. Our involvement with these groups has resulted in proactive and successful strategies to safeguard the mail and postal customers.

Our experienced public information professionals also provide support and assistance to postal customers who may be exposed to crimes committed using the mail. They regularly communicate with the media and consumer groups to inform them about ongoing crimes and trends, or to deliver messages to targeted groups about specific schemes.

NATIONAL CONSUMER PROTECTION WEEK

In 1998, the federal government and several advocacy groups established National Consumer Protection Week (NCPW) — an event that encourages people and businesses to learn more about avoiding scams and understanding their consumer rights.

The Federal Trade Commission leads NCPW. The U.S. Postal Service and the U.S. Postal Inspection Service have participated in NCPW since 1998. The Postal Inspection Service is a member of the organization's Steering Committee.

The theme for the 2014 event was "Sweepstakes Fraud and Foreign Lotteries." During NCPW — held the first week of March this year — we highlighted consumer education resources available to improve awareness of these crimes.

We also participated in press conferences as well as events held at Post Offices, shopping malls, state capital buildings, financial institutions, sports arenas, colleges and universities, and churches. We sponsored several large-scale events such as shred days, when Inspectors shredded more than 134,000 pounds of documents. Such events reached an estimated 220,000 consumers.

Using taped commercials, media releases, public service announcements, radio interviews, and access to our websites, we also reach millions of Americans with our message on consumer protection and ways to avoid fraud.

CONSUMER ALERT NEWS NETWORK

During 2014, we continued our initiative to extend our fraud-prevention outreach to postal customers with our Consumer Alert News Network (CANN).

This campaign — now in its second year — is a long-term effort to publicize scams through video segments we distribute to news departments of local television stations. These outlets use CANN alerts in their daily news broadcasts. During each segment, Inspectors — and sometimes victims themselves — discuss ongoing scams, how criminals find their targets, and the consequences of these crimes.

We are funding this national campaign with fines collected from criminals convicted in fraudulent schemes. In 2014, following a highly successful first year, we distributed 144 taped interviews to 116 TV stations with a potential viewership of 3.8 million.

assisting crime victims

Among our responsibilities is our work with victims of crime involving the mail. We identify potential victims of these crimes to advise them of their rights and services available to them. We also work directly with those who have experienced losses due to these crimes.

As part of fulfilling this important mission, we work with the Office of Victims of Crime in the Department of Justice to support the Attorney General's Guidelines for Victims and Witnesses.

A victim-centered approach during the investigation and prosecution helps make sure the rights of victims are protected and enforced. The impact of fraud and financial crimes is devastating. Victims of such crimes are often underserved, due to underreporting as well as the complexities of investigations and prosecutions. Financial losses are rarely made whole.

Our staff regularly contacts victims, offering them support and guidance. Our outreach helps victims feel more comfortable in an unfamiliar system. With our assistance, victims can find services they need and relief from their suffering.

We believe our efforts with these people have a significant impact on their confidence in the criminal justice system and their ability to recover from crimes committed against them.

"Millions of citizens are victimized annually by senseless criminal acts. We are committed to supporting victims throughout the judicial process and assisting them in accessing services that can speed recovery."

– Chief Postal Inspector Guy Cottrell

NATIONAL CRIME VICTIMS' RIGHTS WEEK

In 2014 — for the ninth consecutive year — we joined the Office of Victims of Crime and the National Center for Victims of Crime during National Crime Victims' Rights Week. This annual event promotes public awareness about victims' rights and services.

The 2014 theme, "30 Years: Restoring the Balance of Justice," recognized the achievements made on behalf of victims since the passage of the Victims of Crime Act in 1984. It was also a reminder of our mission to continue developing ways to respond to the many needs of the victims we serve.

In April, our staff worked with USPS employees to distribute educational material at more than 15,000 postal facilities. Our Inspectors and Victim Witness Coordinators gave presentations, hosted public rallies, and held candlelight vigils. We also co-sponsored billboard messages, and conducted other activities that reached more than 1 million postal customers.

STANDING BY VICTIMS

As in other years, Inspectors and Victim Witness Coordinators worked through 2014 to provide assistance to victims of crimes across the country.

- In a case involving the theft of money orders purchased by more than 100 postal customers, our staff contacted victims personally, kept them current on the investigation, and provided assistance by directly contacting landlords and banks. In some cases, victims received a refund, even though their money orders had been cashed. In others, businesses waived late fees and gave victims extra time to bring their accounts up-to-date. Some were spared eviction due to our advocacy.

- A Postal Inspector who works in the Child Exploitation Program received an award from the U.S. Department of Justice for his investigative contributions to several international operations that protect children from abuse or victimization. The operations have uncovered and identified more than 100 child victims. Authorities have referred these children to appropriate services and have contacted them directly as a follow-up.

- The same Postal Inspector also was recognized for his work in identifying a four-year-old child found in the custody of sex abuse perpetrators. Authorities placed the child in protective custody.

- A Postal Inspector and Victim Witness Coordinator successfully located and notified 60,000 potential victims of consumer fraud perpetrated by a private business. The company has paid an unprecedented $100 million in restitution. This team has already distributed $60 million of the funds to victims and continues to disperse restitution to thousands more victims.

CRACKING THE 'CRACKING CARDS' SCHEME

Postal Inspectors arrested an individual in Chicago suspected of a bank fraud scheme called "cracking cards."

The suspect was involved in a new and spreading scam that targets the mail, students, debit cards, and banks. "The origin of this scam was Chicago, but there's also activity in Seattle, New York, and other cities," said Victor Demtschenko, Chicago's Assistant Postal Inspector in Charge.

Postal Inspectors and other law enforcement officials went on to arrest about 30 more suspects in the case, who they said were responsible for $6.5 million in losses over several years.

Inspectors first learned of the scam in 2010, following the release of a report on checks stolen from the mail. At the same time, a Chicago currency exchange reported a significant increase in debit card transactions, with as many as 15 customers a day collecting up to $5,000 in cash a day. There were also threats to letter carriers on their routes, as thieves searched for Express Mail parcels containing debit cards.

Ring members across the country were using parties and social media to recruit young people, offering cash for their debit cards and personal identification numbers (PINs). The scammers' pitch was simple: Let us put money in your bank account, and we'll give you a cut.

To the cardholders, the transaction seemed easy and safe, and the criminals got a lot of takers. Account holders used Express Mail to send ring members their cards and PINs, or handed them over to local cohorts.

Meanwhile, a ring member created counterfeit checks using names from the debit cards, along with account and routing numbers from business checks — stolen from the mail. The ring deposited the counterfeit checks into a recruited cardholder's bank account.

As soon as the bank credited the funds, ring members used a transferred debit card to drain all funds from the account, leaving the cardholders with no cash — and no cut. Cardholders contacted by banks claimed their debit cards were lost or stolen and that they had written their PINs on the card itself or on a piece of paper in their wallets. The banks incurred the loss, because the cards had been cracked.

It's estimated that cash-hungry college students made up at least 25 percent of the people who agreed to let scammers use their debit cards and PINs. Some might consider these students victims – but transferring debit cards to someone else is a crime.

aDMINISTERING asset forfeiture

Asset forfeiture is a powerful deterrent to crime. With it, law enforcement agencies can seize illegal proceeds, thereby reducing the profit incentive crime would otherwise offer.

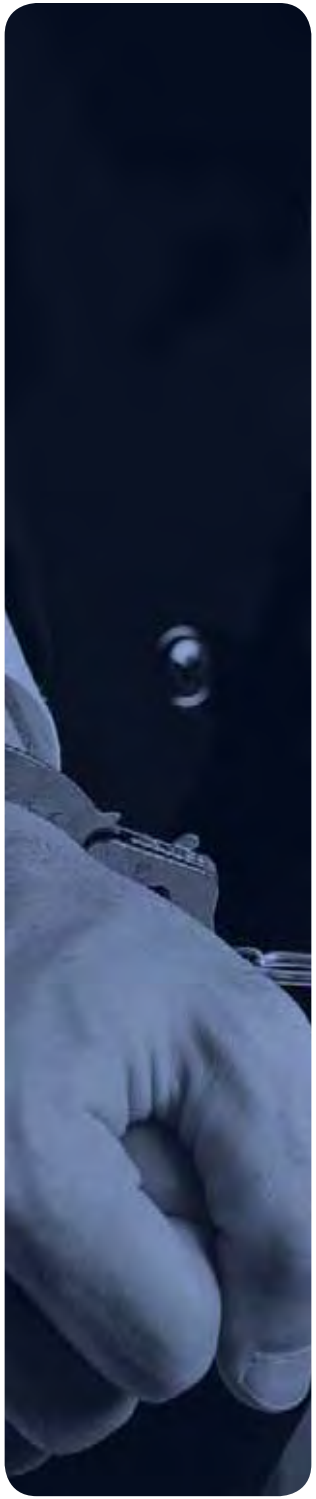
Proceeds from such forfeitures help victims of crime by reimbursing them for stolen assets. They also help reimburse agencies for the cost of investigations that bring criminals to justice.

MONEYGRAM FRAUD

In November 2012 MoneyGram International Inc., a global money services business, entered into a deferred prosecution agreement (DPA) with the Justice Department. In doing so, MoneyGram admitted the company's corrupt agents engaged in various consumer fraud schemes, including "grandparent" schemes in which a caller pretended to be the victim's grandchild requesting money, and "advance fee" schemes requiring payment of fees to receive purported lottery winnings.

These schemes resulted in victims sending over $100 million via MoneyGram to the criminals, the same amount was administratively forfeited as part of the DPA by the U.S. Postal Inspection Service.

More than 22,000 victims who were fraudulently enticed to send money through corrupt agents have received a total of $62.2 million in restitution for their losses.



Last year, Postal Inspectors seized over $181 million in forfeitures. We collected these funds in cases involving mail fraud, drug trafficking, money laundering, mail theft, and other financial investigations. We have successfully managed millions in assets while observing strict adherence to applicable laws and due process.

Forfeited assets have helped fund initiatives we conduct on our own, as well as programs we sponsor with other law enforcement agencies. Many of these initiatives educate the public on illegal activities such as mail fraud. For example, we are using funds from asset forfeitures to pay for our Consumer Alert News Network (CANN), a long-term program to publicize fraud scams by disseminating video segments to TV stations.

Targeting theft

Americans expect their mail to be delivered — on time and intact.

In 2014, The Postal Service processed 158.4 billion letters and parcels and delivered them to more than 154 million addresses in every state, city, and town in the country. The Postal Inspection Service ensured security for these mailpieces, from their entry into the postal network until they reached their destinations.

Federal law forbids the tampering of the mail; only the person to whom a mailpiece is addressed can open it. Postal Inspectors have investigative jurisdiction in cases where mail delivery is interrupted by theft, rifling, obstruction, or destruction.

The Postal Service has been recognized as the most trusted federal agency, due in no small part to the security of the mail. Customers trust the USPS with jewelry and sensitive financial information. Postal inspectors aggressively investigate mail theft, to ensure the sanctity of the mail.

The Postal Inspection Service's tax fraud initiative has prevented an estimated $150 million worth of fake returns from reaching the hands of criminals seeking to steal taxpayer money and identities. Inspectors have intercepted 30,000 mail pieces containing fraudulent documents and forwarded them to the IRS.

STOLEN IDENTITY REFUND FRAUD (SIRF)

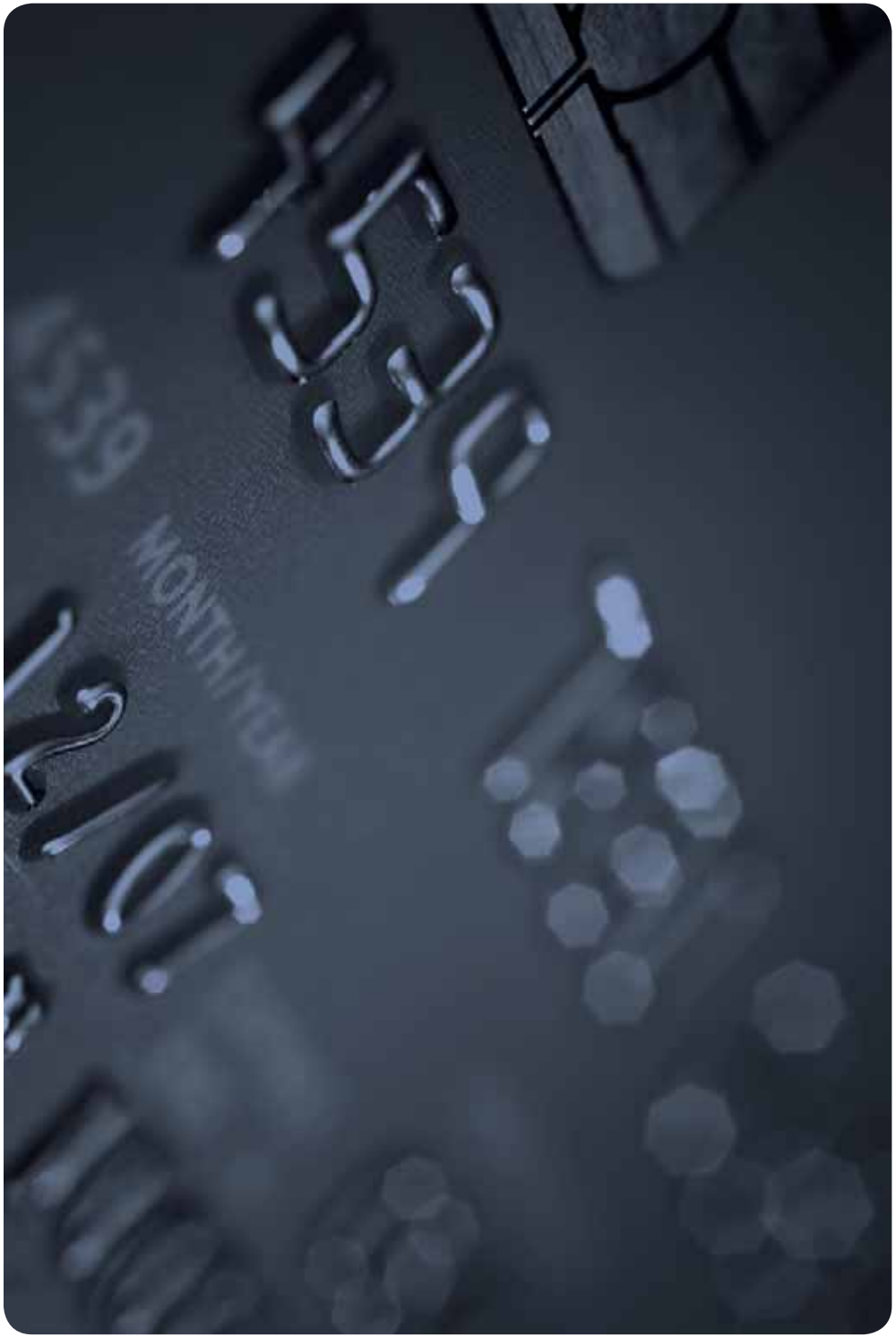
Postal Inspectors work with the Internal Revenue Service (IRS) and the U.S. Attorney's Office in the investigation and prosecution of stolen identity refund fraud (SIRF). SIRF is a crime in which suspects steal identities to file fraudulent tax returns and receive refunds using the U.S. mail.

In Florida, Inspectors teamed with the IRS, Federal Bureau of Investigation (FBI), and Orange County Sheriff Deputies in targeting two suspects employed by the Orange County Health Department. They were convicted of stealing the personal information of students and conspiring with a criminal ring to commit tax fraud that resulted in more than $4 million in losses.

One suspect was sentenced to 60 months; the other received a sentence of 42 months. The ringleader was convicted of all 26 counts related to tax refund fraud and was sentenced to 20 years.

OPERATION HOMELESS

Organized gangs of thieves used banking information stolen from the mail — including



signatures, addresses, and account numbers — to create counterfeit checks. They then recruited homeless individuals with the promise of money, food, and shelter in exchange for cashing the checks. This criminal activity costs banks thousands of dollars. Throughout 2014, Postal Inspectors arrested 67 suspects across the country. More than 30 suspects have been convicted to date.

OPERATION PLASTIC SURGERY

Inspectors from the Charlotte, Newark, and Miami Divisions uncovered and eliminated a Florida-based counterfeit credit card production facility. The multi-tiered scheme sold high-quality counterfeit credit cards (both blank and embossed), credit card holographic overlays, and state identification overlays.

The illegal operation and its website — fakeplastic.net — is believed to be the largest supplier of counterfeit credit cards in the U.S. It employed several people and grossed an estimated $1.7 million in recent years. The operations shipped more than 3,600 parcels using the U.S. Mail. Losses associated with counterfeit payment cards in circulation are estimated to be more than $30 million.

Inspectors assumed control of the fakeplastic.net website, taking orders for counterfeit credit cards and components from unsuspecting customers. During this period, 55 additional orders were processed under law enforcement control and referred to Inspectors nationwide. These orders led to 22 search warrants and more than a dozen arrests.

Two co-conspirators and a fakeplastic.net customer pled guilty to charges in June 2014. The scheme's mastermind pled guilty in September.

Intercepting Dangerous Mail

The Postal Service processes 158.4 billion pieces of mail a year. Yet, the chances of receiving a potentially hazardous item in the mail are extremely small.

More than 99 percent of suspicious mail reports are false alarms or hoaxes. Fewer than ten mailpieces have tested positive for a biological or chemical agent in Postal Service history.

Still, the threat or discovery of mail containing biological, chemical, radiological, or potentially explosive material challenges Postal Inspectors as they work to protect employees and customers. Inspectors routinely receive training in identifying hazardous packages and use specialized equipment to respond to suspicious mail incidents. They also resolve actual and alleged threats, investigating suspicious incidents and related criminal activity.

Inspectors respond rapidly to ensure early detection. They also respond immediately to reports of suspicious items — such as improvised explosive devices (IEDs) or mail bombs — placed in the mail or at postal facilities.

Inspectors investigated four incidents of mailed IEDs in 2014 not classified as hoaxes. During the same period, they responded to 2,643 incidents involving suspicious items, substances, powders, or liquids in the mail or at postal facilities. Over the past ten years there have been no fatalities from mailed devices.

MAIL-SCREENING EXPERTS

In 2014, Inspectors screened mail for potential chemical, biological, radiological, nuclear, and explosive threats at nine venues classified by the Department of Homeland Security as National Special Security Events. Inspectors screened more than 45,000 mailpieces, including private courier deliveries.

RICIN IN LETTERS

Shannon Guess Richardson was sentenced to 216 months in federal prison and ordered to pay $367,222 in restitution after pleading guilty to possession of a toxin for use as a weapon.

Richardson placed ricin into threat letters addressed to President Barack Obama, former New York City Mayor Michael Bloomberg, and the head of an anti-gun advocacy group.

Richardson mailed the threatening letters in 2013 at the New Boston, Texas, Post Office. Postal Inspectors successfully intercepted the letter addressed to the president. They also helped develop evidence of Richardson's guilt, foiling her attempts to frame her estranged husband.

DEATH THREATS THROUGH THE MAIL

A fake IED, which included working components and explosive smokeless powder, was mailed to Sheriff Joe Arpaio of Maricopa County, Arizona. Gregory Lynn Shrader mailed the threatening package, but used a return address that belonged to a former business partner in hopes law enforcement would investigate his former partner. Shrader was convicted in September 2014 and sentenced to 84 months in federal prison.

IMPEDING NARCOTICS TRAFFICKING

The Postal Inspection Service narcotics program protects employees from the dangers of handling packages containing illegal narcotics or revenues associated with their sale. Our investigations target drug rings and their attempts to illegally use the mail for trafficking.

We participate in the Organized Crime Drug Enforcement Task Force (OCDETF), a multi-agency partnership of local, state, and federal law enforcement. Agencies who are members of OCDETF share information and intelligence to identify, disrupt, and dismantle drug-trafficking and money-laundering rings.

The OCDETF Fusion Center organizes and maintains information that we and our partner organizations gather. Its activities greatly benefit us in our efforts to prevent criminals from illegally using the Postal Service or threatening its employees and customers.

In 2014, we initiated 1,525 cases involving drug trafficking and made 2,335 arrests. From these cases, 2,195 criminals were convicted of the charges brought against them. With the work of Inspectors from five divisions, we seized illegal assets valued at approximately $5.4 million, as well as more than 10,000 pounds of marijuana and 93 pounds of cocaine.

OPERATION DAY CARE EXPRESS

In January 2013, we began investigating a drug trafficking organization which was using Express Mail to send cocaine from Puerto Rico to various addresses in the Bronx, New York. Criminals processed, stored, and sold the cocaine out of local day care centers. By the end of 2013, law enforcement agencies had arrested five people and seized 11 kilos of cocaine, 126.1 grams of crack cocaine, 742 pills of Oxycodone, a loaded firearm, and approximately $390,000.

OPERATION CASH WINDFALL

We led a Massachusetts-based OCDETF investigation into a multi-state cocaine and marijuana trafficking operation that resulted in multiple arrests, and the seizure of, bank accounts, cocaine, more than 1,150 pounds of marijuana, and a 2012 Ferrari F430. Investigators identified approximately $5 million in drug sale proceeds that had been laundered through bank accounts.

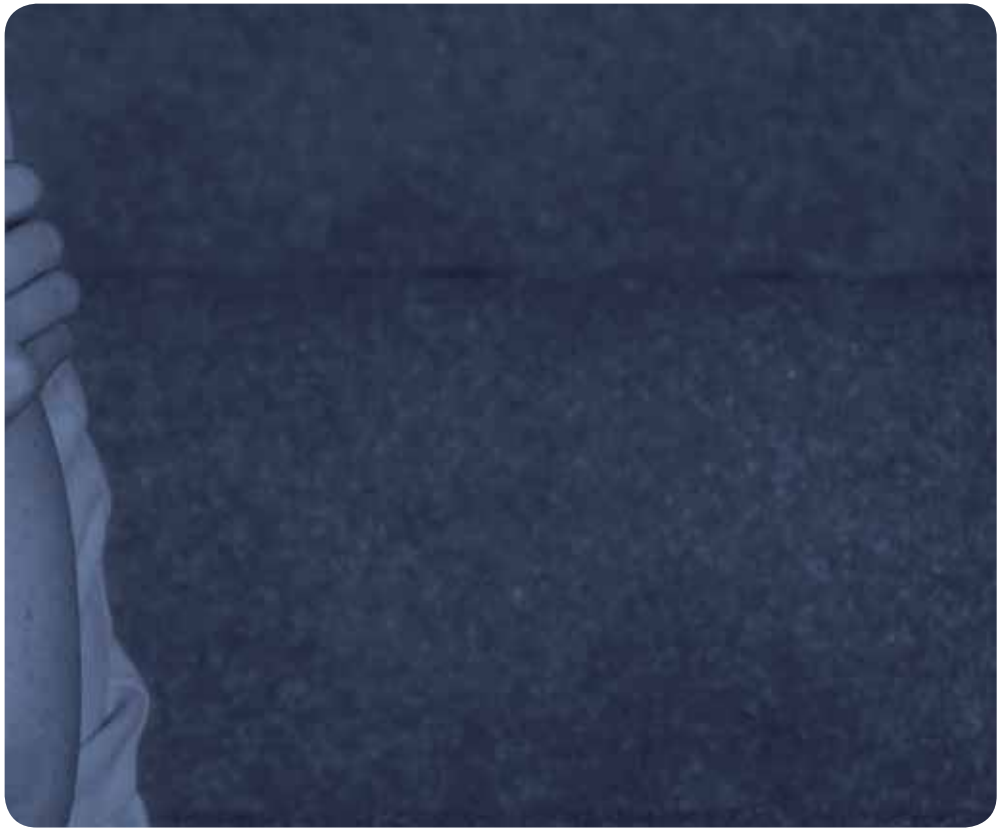
OPERATION SNOW WHITE

Postal Inspectors in Orlando seized a large cache of drugs from the mail : 1,300 pounds of marijuana , 22 kilograms of cocaine, 270 kilograms of Ecstasy, and 10 pounds of steroids. They also seized 36 firearms and $327,000 in cash, and arrested 34 suspects related to the seizures.

halting child exploitation

In 2014, we opened 117 cases involving the use of the U.S. Mail to exploit children. Inspectors arrested 89 suspects in these cases; 87 were convicted of the charges made against them.

The use of the mail to transmit materials related to illegal child exploitation debases the integrity of the postal system and endangers the safety and well-being of children. We place a high priority on eliminating child exploitation, assigning specially trained Postal Inspectors to investigate incidents when the mail is used to commit these crimes.



CLOSING CHILD EXPLOITATION BUSINESSES

The trial and conviction of two participants in a sophisticated child exploitation enterprise successfully concluded a three-year investigation by the Postal Inspection Service.

Inspectors infiltrated a group of child predators who had been exploiting children since the mid-1990s. Members of this organization masked their identities using Internet privacy techniques. They also encrypted the images of sexually exploited children before distributing them by mail to other members of the group.

Postal Inspectors arrested 22 members of this criminal enterprise. They also identified more than 280 children exploited by the group during the years it was in operation.

INTERNATIONAL CHILD PREDATOR ARRESTED

Postal Inspectors shut down the website of a German citizen. He was operating a child exploitation website and used the mail to request money for his operations.

The suspect was arrested when he met with undercover Inspectors in New York City. He pleaded guilty to distribution of child pornography.

SCHOOLTEACHER SECRETLY VIDEOTAPED CHILDREN

Information from a tip line administered by the National Center for Missing & Exploited Children first alerted Postal Inspectors to an elementary school teacher who was attempting to trade and receive images of child pornography by mail.

A search warrant carried out at the suspect's residence led to the seizure of several computers, cameras, and photographs of children. The suspect admitted to Inspectors that he used the mail and other means to distribute videotapes of children secretly recorded in the locker room of the school where he worked.

The teacher was indicted for transportation of child pornography and three counts of production of child pornography.

KEEPING EMPLOYEES SAFE

The Chief Postal Inspector is responsible for the operations of the U.S. Postal Inspection Service and for the protection of the postal workforce. As the Chief Security Officer for the USPS, he must ensure the safety and security of the Postal Service's more than 480,000 employees.

The Postal Inspection Service developed the Safe and Secure Campaign, an employee security program, in FY 2011. Inspectors have delivered this training program to Postal Service employees across the country, by engaging the workforce through structured, personalized presentations. Our campaign targets low-level incidents in the workplace, where prevention efforts are proven to be the most valuable in mitigating threats. By ensuring that low-level incidents, such as threatening remarks or other non-physical intimidation, are treated seriously, we demonstrate our commitment to protect employees and ensure they are equipped with the best information available to help avoid becoming victims of crime, whether on the street or the workroom floor.

At times of high alert, when our employees are threatened or attacked, Inspectors respond. In 2014, there were 530 cases of assaults and threats against employees. We arrested 206 people involved in these cases. As federal law enforcement officers, Postal Inspectors protect and defend postal employees.

DANGER ELIMINATED

A Tennessee man who pleaded guilty to the murder of two postal employees received two consecutive life sentences. Chastain Montgomery pleaded guilty to a seven-count indictment in the Western District of Tennessee, avoiding the death penalty.

Montgomery and his 18-year-old son, Chastain Montgomery Jr., robbed the Henning, Tennessee, Post Office in 2010, killing retail associate Paula Robinson and letter carrier Judy Spray.

The two men eluded police after the killings. Several months later, the younger Montgomery was killed in a shootout with police after crashing a stolen car. When the elder Montgomery arrived at the scene, police recognized his car as the getaway vehicle used in the Post Office killings and contacted Postal Inspectors.

Inspectors interviewed Chastain Sr. shortly after his arrest and obtained a confession. Firearms seized from the scene matched those used in the killings.

The Postal Inspection Service, the Tennessee Bureau of Investigation, and other law enforcement agencies participated in the investigation.

SECURITY RESTORED

In December 2013, a highway contract route driver was attacked during a robbery on the back dock of the Conley (Georgia) Post Office. The thieves stole the truck and remittances, leaving the driver bound and suffering from a gunshot wound.

During the investigation, Postal Inspectors identified an employee who shared information with the robbers on the transportation process, the handling of remittances — including the location of the security box in the truck — and the Conley route. The employee was sentenced to 15 years. The two robbery suspects were arrested and convicted. Their sentences were scheduled early in 2015.

DEPLOYING SECURITY

Last year, we responded to 82,600 requests for background investigations and security clearances. Most of these requests involved postal contractors, who are required to undergo a security check before being granted access to mail or facilities.

We also conducted personnel security reviews for airline and highway contract routes.

Background Investigations are not the only steps we take to ensure the safety of the postal system. Our security specialists conduct two levels of reviews at large processing plants with critical operations. On-site employees perform annual security inspections at all other postal facilities under the supervision of Postal Inspectors.

In evaluating the security of the Postal Service and the U.S. Mail, we conduct annual risk assessments to make sure the security controls we have in place meet our standards. To make sure employees and the mail are safe, we have implemented an exacting methodology — the Vulnerability Risk Assessment Tool (VRAT).

VRAT is a comprehensive, risk-based model that identifies security deficiencies we immediately correct. It is based on CAP (crimes against persons and property) scores, considered by security professionals to be the most accurate predictors of loss, risk, and vulnerability to crime. Using this index, we can forecast crime trends based on the previous year's activity and impose appropriate security measures.

SAFEGUARDING REVENUE

The Postal Service receives no tax dollars from Congress. Instead, it relies on revenues collected from its customers to fund operations.

Making sure the USPS collects all the money it is owed is crucial. Customers who attempt to mail letters and packages at less-than-required rates harm the Postal Service and the quality of service it provides for all its customers.

We work with stakeholders throughout the Postal Service to enhance revenue protection efforts. When internal controls fail or dishonest mailers try to circumvent the system, Inspectors conduct investigations to identify postage shortfalls, improper or fraudulent mailings, and related issues. In these cases, criminal charges, civil sanctions, and deficiency assessments are levied as appropriate.

MAILING COMPANY DEFRAUDS CUSTOMERS

The owners of a New Jersey mailing company were sentenced to 24 and 18 months in prison and ordered to pay nearly $1 million in restitution for defrauding clients. Postal Inspectors determined that between 2007 and 2011, the father and son team defrauded companies (based primarily in Europe) by failing to submit to the U.S. mailstream all contracted mailings. They also disguised their activities by providing clients with fake postage statements.

STOPPING BAD CHECKS AT POST OFFICES

A Georgia man was sentenced to nearly four years in prison plus three years' supervised release and was ordered to pay $522,000 in restitution to the Postal Service, for writing 450 counterfeit checks at Post Offices in Atlanta. Inspectors found that, over a five-month period, he negotiated more than 150 checks totaling over $335,000. A joint effort by Inspectors and the USPS Accounting Services Center identified the fraudulent activity. Inspectors executed search warrants on his vehicle and hotel room and seized cash, stamp stock, computers, phones, printers, and check stock as evidence of his criminal activity.

SENTENCED FOR DUPLICATING POSTAGE

The owner of an online cell phone accessories business was sentenced in New York to six months in prison and three years' supervised release. He was also ordered to pay $102,017 in restitution for duplication of postage. Inspectors arrested the owner after they learned he had submitted about 38,455 mailings bearing duplicate IBI postage from August 2009 to May 2013.

RESTITUTION, JAIL TIME FOR DEFRAUDING USPS

Two men were sentenced in Illinois to 54 and 33 months in prison and ordered to pay restitution of $310,000 for defrauding the Postal Service in an automated postal center scheme. Postal Inspectors conducted surveillance at multiple Post Offices to identify the suspects. After they arrested the men, the Postal Inspectors executed search warrants on the criminals' vehicles and homes, seizing nearly $2,000 in cash, more than $10,000 in Forever Stamps, card reader-writer devices, and technology used to compromise dates contained on credit and debit cards.

WORKING GLOBALLY

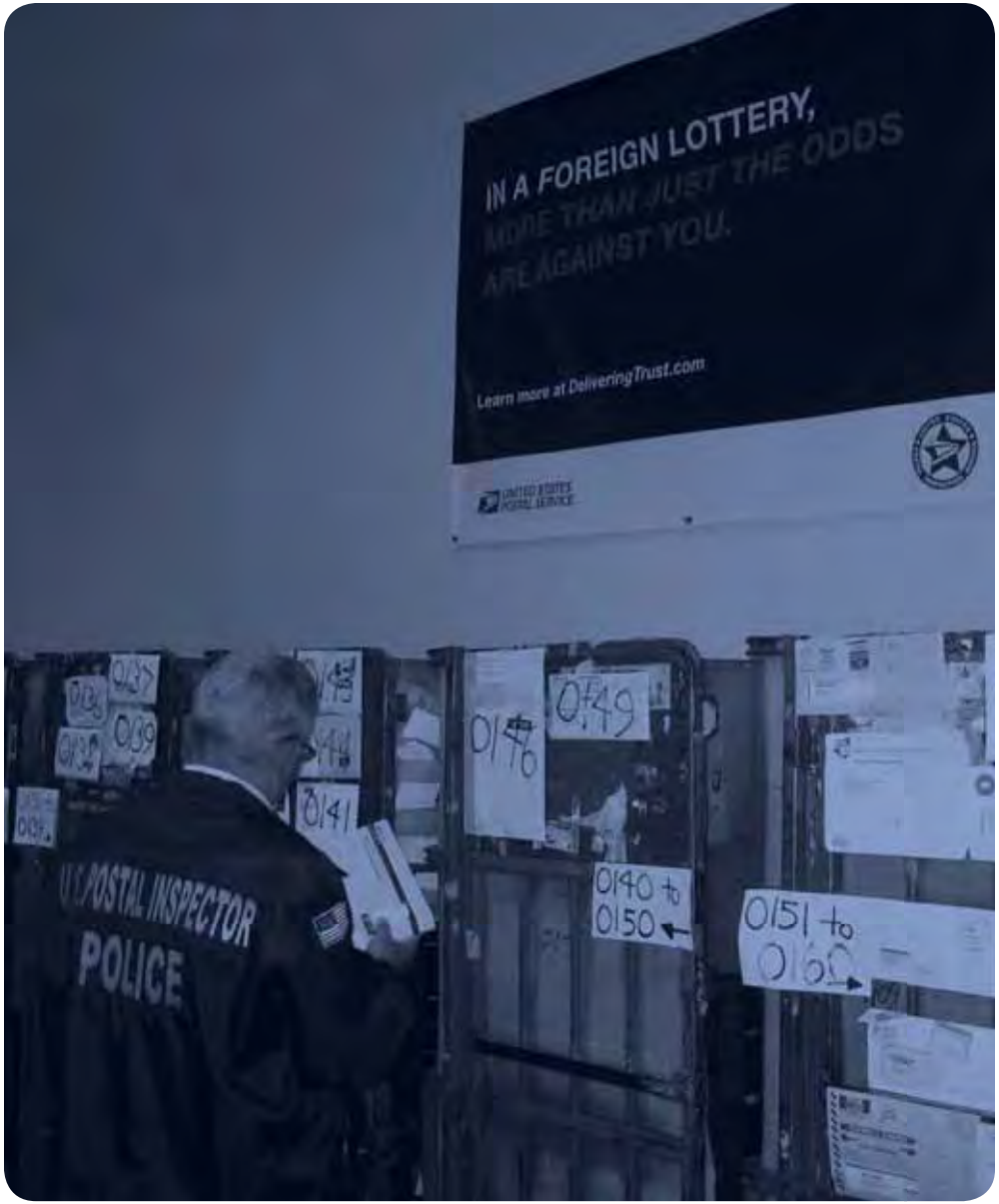
SECURING THE MAIL

When we seize illegal items in the international mailstream, we are safeguarding the American public from criminal schemes that would otherwise be delivered to its doorstep. In many cases we are also protecting the Postal Service brand and revenue.

Counterfeit postage costs the Postal Service. Our specialized screeners at the Postal Service's five international service centers protect revenue by removing from the international mailstream any parcels bearing counterfeit postage. Screeners identified more than 18,000 mailpieces bearing $1.4 million worth of counterfeit postage last year.

The postal brand suffers further harm when criminals use counterfeit postal money orders. Last year, we identified 11,000 counterfeit postal money orders with a face value of nearly $11 million, and another 2,000 counterfeit financial instruments (such as checks) with a face value of about $4.5 million. Thanks to this work, countless individuals and businesses were shielded from financial losses associated with scams involving counterfeits.

Foreign lotteries are illegal in the U.S., but that does not stop criminals from attempting to mail solicitations to American citizens. We seized roughly 1.3 million pieces of illegal lottery mail related to 314 different scams intended to defraud the American public. The mailings contained about 480,000 counterfeit checks with a face value of nearly $13.3 billion.



EXPORT COMPLIANCE

In 2012, we added export compliance to our international mail security program. Our program detects violations of federal export laws — when customers fail to observe requirements for shipping mail to international destinations.

Export laws protect our national security, reinforce foreign policy, and safeguard economic interests. Postal customers are responsible for complying with these laws. It is our job to review the mail to ensure their compliance.

Last year, we inspected approximately 310,000 packages. We returned nearly 23,000 to mailers who failed to meet federal requirements for international shipments, along with educational material outlining how to comply with the law and properly ship items.

EXAMINING FORENSICS

FORENSIC ANALYSTS EXAMINED 62,000 PHYSICAL EVIDENCE ITEMS IN 2014

We maintain a technologically advanced National Forensic Laboratory in Dulles, Virginia, staffed by expert forensic scientists and technical specialists.

Our investigations rely on the Forensic Lab and its related units — the Questioned Documents Unit, Fingerprint Unit, Physical Sciences Unit, and Digital Evidence Unit. They are instrumental in identifying, apprehending, prosecuting, and convicting individuals responsible for postal-related crimes.

When criminals attack postal employees, our Forensic Incident Response Team rapidly mobilizes. Known as our "Forensic Jump Team," they deployed to crime scenes several times in FY 2014 to assist in analyzing, processing and holding sensitive crime scene evidence.

In FY 2014, Inspectors working to dismantle major child exploitation rings tested the depth of the Forensic Lab's expertise. Forty-two percent of the 580 submissions to forensic computer analysts involved child exploitation. Of the 94 responses to search sites, 64 involved child exploitation.

PHYSICAL EVIDENCE

Our jump team helped examine and process a vehicle used in an armed robbery and shooting of a Highway Contract Route driver at a Post Office in Conley, Georgia. The team provided technical expertise in scene processing and evidence collection in less than a day. Evidence from the investigation was submitted to the National Forensic Laboratory and the processing and examinations were assigned the highest priority.

This forensic evidence contributed to an investigation that resulted in guilty pleas by two suspects.

FINGERPRINT ANALYSIS

A forensic latent print analyst examined evidence and developed fingerprints in three armed robberies and an attempted armed robbery in the Georgia towns of Decatur and Lithonia. The analyst identified the prints of the two suspects found on drug parcels stolen from letter carriers, as well as on stolen mail used to open a fraudulent bank account.

Two defendants pleaded guilty to armed postal robbery, possession of a firearm during a crime of violence, and possession of marijuana with intent to distribute. One of these defendants also pleaded guilty to possession of a firearm by a convicted felon. The third defendant pleaded guilty to bank fraud and possession of stolen mail.

TAX FRAUD

A forensic computer analyst recovered emails and documents containing information on credit cards and credit reports, as well as financial, driver license, and birth certificate documentation. We used the recovered evidence in the investigation, prosecution, and conviction of two defendants who had filed fraudulent tax returns using identification information that was either stolen or used without lawful authority. Both pleaded guilty in March 2014.

PREPARING OUR WORKFORCE

Our National Training Academy — recognized by Federal Law Enforcement Training Accreditation (FLETA) — is a premier law enforcement educational facility.

The academy offers a 12-week course of basic training for candidate Postal Inspectors and an eight-week course for incoming Postal Police Officers. Postal Inspector candidates receive instruction on investigative techniques, defensive tactics, firearms, search and seizure, arrest and court procedures, postal operations, and the federal laws enforced by the Postal Inspection Service.

The academy also offers an in-service training program to develop and improve employee skill sets.

In 2014, 47 Postal Inspectors graduated from the academy, along with 15 new Postal Police Officers.

POSTAL INSPECTORS
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ANGELES DIVISION
U.S. POSTAL
INSPECTOR

POLICE
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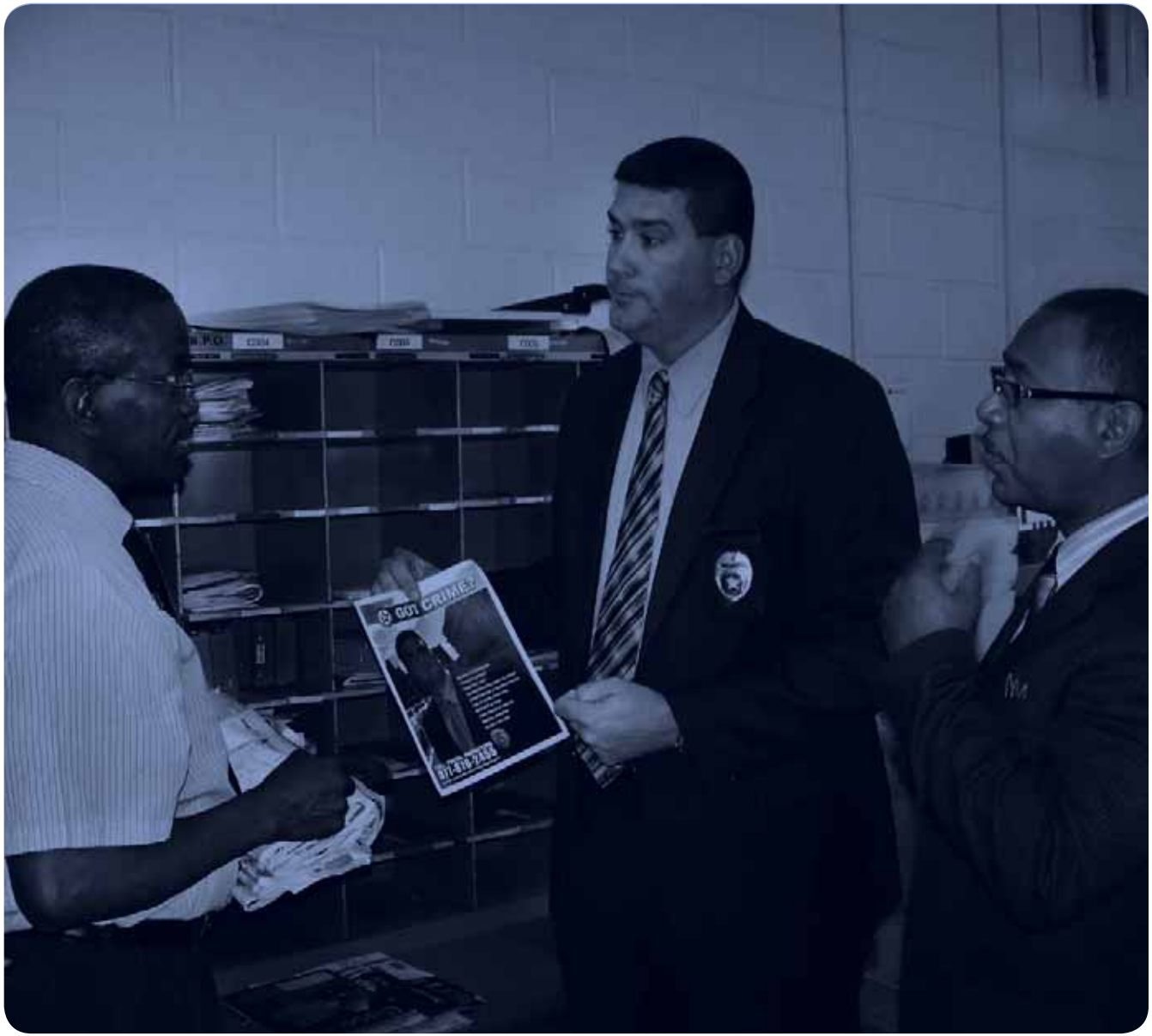
CONNECTING WITH CUSTOMERS

We operate two National Law Enforcement Communications Centers (NLECCs) located in Dulles, Virginia, and Fort Worth, Texas.

The two facilities share the operation of a national radio network, used primarily for communications in support of Postal Inspectors and Postal Police Officers. The NLECCs also monitor security systems at postal facilities and provide after-hours emergency telephone coverage for all our offices.

In FY 2014, the NLECCs received 139,279 calls from postal employees or customers seeking assistance with suspected crimes involving the mail.

In addition to its mission in support of the Postal Inspection Service, the NLECCs support radio communications networks operated by other law enforcement agencies. NLECC staff can also collect law enforcement and intelligence information from such confidential sources as the National Crime Information Center and the International Justice and Public Safety Network.



Investigative Statistics > FY 2014

TYPE OF INVESTIGATION	CASES INITIATED	ARRESTS*	CONVICTIONS*
Assaults and Threats *(includes threats and assaults against on-duty postal employees)*	530	206	145
Burglary	130	85	65
Child Exploitation, Mailing of Obscene Matter, and Sexually Oriented Advertisements	117	89	87
Mail Fraud	565	648	662
Mail Theft by Nonemployees and Contractors *(includes theft and possession of stolen mail)*	1,525	2,335	2,195
Mailing of Controlled Substances *(includes narcotics, steroids, drug-related proceeds, and drug paraphernalia)*	2,541	2,223	1,821
Money Laundering *(includes postal money orders)*	80	82	48
Nonmailable, Restricted, and Perishable Matter *(includes firearms, weapons, intoxicants, extortion threats, and miscellaneous matter)*	93	91	84
Revenue Fraud	141	69	49
Robbery	106	88	73
Security & Crime Prevention *(includes consumer outreach & security countermeasures)*	1,232	n/a	n/a
Suspicious Substances & Items *(includes non-threatening items, bombs, threats, explosive or hazardous material, and hoax CBRNE**)*	223	53	51
TOTAL	7,424	6,038	5,329

*Arrests and convictions reported in this period may be related to cases from prior reporting periods. Convictions include pretrial diversions.

**CBRNE refers to chemical, biological, radiological, nuclear, and explosive material.

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