



PROTECTING YOUR MAIL

ANNUAL REPORT
FY 2013





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“ The American public trusts us to keep the mail safe. We do that by protecting the U.S. Postal Service, its employees and its customers, and we do it by enforcing the laws that defend the nation’s mail system from illegal or dangerous use.”

MESSAGE FROM THE CHIEF



I'm pleased to present our FY 2013 Annual Report, a record of our accomplishments and successes. Despite many challenges it was a good year for our agency, one that predicts another strong year to come.

Our top priority remains the protection of postal employees. Postal Inspectors visited facilities last year to train nearly 100,000 employees on security protocols and distributed educational brochures and short videos designed to increase their safety on the street and in the workplace.

Our newly conceived "jump teams" of specially trained experts in dangerous mail investigations and forensic sciences are poised to respond within hours to crime scenes anytime and anywhere. Their stellar teamwork was on full display when the ricin mailings in Texas and Washington alarmed citizens and demanded a quick resolution — which we delivered.

We've redoubled our efforts on the consumer front to ensure postal customers are protected from fraud that arrives via the mail. National Consumer Protection Week found us teaming with the Postal Service and AARP to educate consumers about fraudulent foreign lottery scams that largely target older Americans. This troubling trend prompted a year-round initiative, the Consumer Alert News Network, in which Inspectors are interviewed on camera about ongoing scams and victims explain how they fell for a fraud. The segments are embedded in local news broadcasts, now being carried on 115 television stations. Each episode has a viewership of about 3.7 million customers.

Enforcement of postal laws and regulations continues to be key to our mission. I'm especially proud of two cases that concluded this past year. Two suspects were sentenced to a combined total of more than 64 years in prison for a \$485 million reinsurance scheme that devastated about 3,500 victims. Our work with the Distressed Homeowners Initiative under our Mortgage Fraud Working Group translated to the first nationwide effort to stop scammers who prey on vulnerable homeowners. The cross-border fraud partnerships we formed with Canadian and Jamaican authorities continue to bolster our fight against fraud that targets Americans from other countries.

We could not have accomplished these feats without the dedicated efforts of the men and women of this unique federal law enforcement agency. Together we offer Americans perhaps the best-protected postal system in the world. And it's all included in the price of a stamp.

Guy J. Cottrell
Chief Postal Inspector

We're the Postal Service's best-kept secret. The Postal Service was named "Most Trusted Government Agency" for seven years running and fourth "Most Trusted Business" in the nation by the Ponemon Institute.

MEET OUR LEADERS



GREGORY CAMPBELL, JR.
DEPUTY CHIEF INSPECTOR
WESTERN FIELD OPERATIONS



KEITH E. MILKE
DEPUTY CHIEF INSPECTOR
HEADQUARTERS OPERATIONS



TERESA L. THOME
DEPUTY CHIEF INSPECTOR
EASTERN FIELD OPERATIONS



SHAWN S. TILLER
DEPUTY CHIEF INSPECTOR
HEADQUARTERS



SANDRA L. SPECTOR
CHIEF COUNSEL

As one of our country's oldest federal law enforcement agencies, founded by Benjamin Franklin, we have a proud and successful history of fighting criminals who attack the nation's postal system and misuse it to defraud, endanger, or otherwise threaten the American public.

As the federal law enforcement, crime prevention, and security arm of the Postal Service, our goal is to promote confidence in the U.S. Mail.

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

Postal Inspectors are federal law enforcement officers who carry firearms, make arrests, execute federal search warrants, and serve subpoenas. Inspectors work with U.S. Attorneys, other law enforcement officials, and local prosecutors to investigate cases and prepare them for court.

Inspectors throughout the country 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.

FIGHTING MAIL FRAUD

The Mail Fraud Statute, enacted in 1872, is our country's oldest consumer protection law. It is our most effective defense against criminals who conduct fraudulent schemes via the U.S. Mail, which victimize the American public. Postal Inspectors vigorously pursue mail fraud in all its forms, whether familiar scams such as Ponzi schemes or newer frauds that blend the use of the Internet and the U.S. Mail.

Most sweepstakes are legitimate and appropriate marketing devices. But to protect the integrity of the mail, Postal Inspectors examine questionable promotions and review complaints from postal customers about potentially fraudulent mailings. Any item sent through the U.S. Mail must comply with the Deceptive Mail Prevention and Enforcement Act. It grants the Postal Service the subpoena power to obtain records and hold administrative hearings to determine the legality of mailings suspected of violating the act.

Under the authority of the act, mail is stopped from delivery to the violator and returned to the sender. The Postal Service may also impose severe civil penalties on violators. Inspectors protect customers by enforcing the act and submitting requests to the Judicial Officer for subpoenas or Withholding Mail Orders as needed.



1.1 MILLION CROSS-BORDER FRAUD VICTIMS SUFFERED LOSSES OF \$596 MILLION

CROSS-BORDER FRAUD PARTNERSHIPS

Our mail fraud Inspectors continue to participate in eight cross-border partnerships with Canadian and Jamaican authorities to fight massive scams targeting American citizens. In FY 2013, we investigated 199 cases involving more than 1.1 million victims, who suffered losses of more than \$596 million.

OPERATION JOLT

We joined with Jamaican authorities and other law enforcement partners to crack down on foreign lottery and sweepstakes scams that target the most vulnerable people: older Americans. Operation JOLT — Jamaican Operations Linked to Telemarketing — brings the combined resources of the United States and Jamaican governments to fight this growing crime.

Jamaican callers, disguised by local phone numbers, lure victims into believing they've won a lottery or sweepstakes. "Winners" are coerced into sending money to collect a "prize" by telemarketers who rely on abusive techniques. These crimes are difficult to investigate and prosecute given that many victims, whose testimony is critical, are frightened or suffering from diminished mental capacity. In FY 2013, Americans reported a combined \$17.8 million in losses from lottery and sweepstakes scams originating in Jamaica.

CANADIAN PARTNERSHIPS

We worked with our Canadian law enforcement and consumer protection partners to identify approximately 1,000 suspect telemarketers involved in foreign lottery scams.

INVESTMENT FRAUD BY MAIL

A real estate business owner was sentenced to 14 years in prison and ordered to pay \$12.3 million in restitution for an investment scam. Inspectors identified more than 40 people whose real estate funds were purportedly invested in the acquisition, renovation, and operation of apartment complexes. The owner promised the complexes would be sold for a profit after renovation, but he spent investors' money on himself and mailed them bogus documents to hide the fraud.

INSURANCE FRAUD BY MAIL

Two suspects were sentenced to a combined total of 64+ years in prison for a \$485 million scheme that devastated more than 3,500 victims in the United States and abroad. Inspectors determined the suspects mailed clients fraudulent reinsurance bonds, which were falsely marketed as a way to alleviate the risk of insured beneficiaries living beyond their life expectancies. The president of the Costa Rican reinsurance company spent about \$23 million of his ill-gotten gains on professional soccer teams, his other companies, and personal luxuries.

PROTECTING POSTAL CUSTOMERS

Preventing fraud before it occurs is the best way to protect postal customers. Underpinning Inspectors' enforcement work is a wide array of efforts to educate consumers about fraud schemes involving the mail.

This tremendous undertaking requires our leadership and participation in task forces formed with trade and consumer associations, the mailing industry, the private sector, and other government and law enforcement agencies. Our partnerships with consumer groups have resulted in proactive strategies to safeguard the public's confidence in the U.S. Mail.

We underscore our commitment to protecting postal customers with the added resource of public information professionals, who liaison with the media and consumer groups to ensure information about ongoing crime trends is delivered quickly, accurately, and effectively.





NATIONAL CONSUMER PROTECTION WEEK

National Consumer Protection Week (NCPW) was held March 2 – 8, when we worked with USPS and other agencies to educate consumers on how to protect themselves from foreign lottery scams. Established in 1998 by the Federal Trade Commission, NCPW draws attention to issues that help customers become smarter consumers. AARP, a nonprofit organization dedicated to helping people 50 and older, also joined the campaign.

The theme was “Dollars and Sense — Rated A for All Ages.” To reach out to older Americans and their caregivers about foreign lottery schemes that target the most vulnerable, we created and placed nearly 5 million brochures and posters at more than 32,000 Post Offices, and mailed 25 million postcards to postal customers.

Our three foreign lottery fraud videos and public service announcements, co-branded with AARP, were aired in more than 90 media markets and shared with 3.5 million households. Postal Inspectors and professional staff, AARP personnel, and postal managers conducted TV and radio interviews, and we engaged the public through Facebook, Twitter, and blogs. Two of our Deputy Chief Inspectors testified before the U.S. Senate Special Committee on Aging and joined a Department of Justice panel discussion on consumer-fraud prevention.

Finally, we partnered with USPS and AARP at more than 600 press conferences, town hall-style meetings, community presentations, trade shows, retirement communities, and similar venues to spread the message to customers about the dangers of foreign lotteries.

IN THE CANN

The Consumer Alert News Network (CANN) is an ongoing effort we initiated to extend our fraud-prevention efforts year-round to postal customers across the country. This long-term campaign disseminates news alerts to television stations to educate consumers about how they can avoid scams.

During each segment Inspectors — and sometimes victims — are interviewed about their cases to illustrate ongoing scams. Victim testimony helps TV viewers relate to how scammers try to target consumers. By the end of FY 2013, news alerts produced for CANN were being carried on 115 television stations throughout the country. Each episode has a viewership of about 3.7 million customers.

ASSISTING CRIME VICTIMS

Among our responsibilities in carrying out criminal investigations are outreach efforts for crime victims. We identify potential victims, provide them with timely notification of their rights, and inform them of services available to assist them.

How we treat these individuals influences their confidence in the criminal justice system and their ability to heal and recover from crime. We help victims navigate an unfamiliar system and find affirmation for their suffering. If we are unable to bring a perpetrator to justice, our outreach work can help victims access the services they need to recover and help them to understand the criminal justice response.

We have direct access to the victim-reporting database established by the Department of Justice's (DOJ's) Office of Victims of Crime, and work with DOJ and the law enforcement community to support the Attorney General's Guidelines for Victims and Witnesses. Our victim-witness specialists keep victims apprised of their case status in the judicial process, both fulfilling legal requirements and offering emotional support. Going beyond legal mandates, they regularly contact victims to lend support and guidance based on each person's unique circumstances.



10 MILLION CUSTOMERS REACHED DURING NATIONAL CRIME VICTIMS' RIGHTS WEEK

NATIONAL CRIME VICTIMS' RIGHTS WEEK 2013

We teamed with DOJ's Office for Victims of Crime and the National Center for Victims of Crime during National Crime Victims' Rights Week to promote public awareness about victims' rights and services. This year's theme, "New Challenges, New Solutions," reflects the spirit that launched the victims' rights movement, inspired its progress, and renews our power to meet new challenges.

Our staff members worked with postal employees to distribute educational material at more than 16,000 postal facilities. Inspectors and victim rights specialists hosted public rallies, held candlelight vigils, co-sponsored public billboards, and conducted other activities that reached more than 1 million postal customers. "Millions of citizens are victimized annually by senseless criminal acts," said Chief Postal Inspector Guy Cottrell. "We are committed to supporting victims throughout the judicial process and assisting them in accessing services that can speed recovery."

STANDING BY VICTIMS

After a letter carrier was injured while delivering mail on her route, we provided her with vital information from state and county programs to help with her recuperation. But she was concerned that, while she was healing, she would be unable to care for her disabled husband. Our victim specialist found a solution by contacting her son in the military, stationed in Japan, and working with the American Red Cross to engineer his return home to his family. The specialist then put the carrier in touch with a local church that helped cover extra expenses.

August 2013

Dear Mr. Postmaster General:

I am writing to commend the outstanding work of your Postal Inspector Service. In May, my aunt was scammed out of almost \$40,000. Due to the diligent work of a Virginia Post Office, and a Postal Inspector in Norfolk, VA, all but a few thousand dollars was recovered and returned to us.

I was very impressed by the time and effort the Inspector spent on this issue. He investigated the matter, recovered my aunt's money, notified police, and notified an Arizona Inspector to stop a check for \$10,000 sent there. His actions not only recovered her money but also alerted my aunt's doctors and me to her failing mental health.

I also wish to commend the actions of your Victim Specialist. She spent a great deal of time on the phone with me, making sure I was aware of the scam and how it operated, why my aunt was susceptible and signs to look for in my aunt of any further activity.

I had no idea the USPS had postal inspectors or that they did this type of work. My interaction with your inspectors left me very much impressed and grateful for the work they must do every day.

Thank you very much for the fine service your people provide to our country.

Sincerely,

Postal Customer

ASSURING ASSET FORFEITURE

Asset forfeiture is a proven criminal deterrent that allows law enforcement to seize illegally derived proceeds and neutralizes criminals' profit incentive. The laws protect citizens by restoring victims' monetary losses to every extent possible and offset costs for criminal investigations paid by society at large.

We have criminal and administrative forfeiture authority for mail fraud, drug trafficking, money laundering, mail theft, and other financial investigations. Our Forfeiture Program has successfully managed millions in assets while strictly adhering to every legal provision related to due process.

Equitable-sharing provisions allow us to share proceeds derived from joint investigations. The proceeds offset costs for multiagency task forces and compensate state and local police for canine units. Postal Inspectors rely on to rid the U.S. Mail of illegal narcotics. Moreover, we apply these funds to protect postal customers from fraud through consumer-education and crime-prevention initiatives.





MONEYGRAM TO PAY \$100 MILLION TO FRAUD VICTIMS

Following an extensive investigation by Postal Inspectors, MoneyGram International Inc., a global money services business headquartered in Dallas, agreed to an uncontested administrative forfeiture of \$100 million and entered into a deferred prosecution agreement with the Department of Justice (DOJ).

MoneyGram admitted to criminally aiding and abetting wire fraud and failing to maintain an effective anti-money laundering program, as charged in an information filed in the Middle District of Pennsylvania. It stated that corrupt MoneyGram agents and others perpetrated mass-marketing and phishing schemes that defrauded tens of thousands of U.S. victims. The company also lacked an effective anti-money laundering program, in violation of the Bank Secrecy Act.

The scammers targeted older citizens and other vulnerable groups by posing as relatives in urgent need of money. They also falsely promised large cash prizes, high-ticket items at deeply discounted prices, or “secret shopper” jobs. In each case, victims were told to send payments via MoneyGram’s money-transfer system.

Despite thousands of victim complaints, MoneyGram failed to fire agents it knew were violating the law. Criminal activity rose from 1,575 in 2004, to 19,614 in 2008. MoneyGram customers reported at least \$100 million worth of fraud during that period.

This was the largest administrative forfeiture of our agency, and demonstrates its effectiveness in restoring losses to victims.

HELPING FRAUD VICTIMS GAIN JUST COMPENSATION

We work with DOJ’s Victim Asset Recovery Program to provide instructions, now on DOJ’s website, to help fraud victims request compensation.

The program team of attorneys, accountants, auditors, and claims analysts has in hundreds of cases efficiently converted forfeited assets to victim recoveries, once they have been verified and ruled on by our Office of Counsel. In the instance of MoneyGram, victims are still being notified, with restitution to follow. Victims began receiving funds in 2014.

WE IMPROVED OUR PROCESSES

We improved our forfeiture procedures in the past year, decreasing processing times for seizing administrative assets, preparing case submissions, and converting seized administrative assets to revenue.

Our forfeiture processes are now nearly paperless. Most processing is completed by a single office, freeing up time for investigative support. We eliminated multiple redundancies and reduced processing costs.

TOTAL ASSET
FORFEITURES
\$206.8M

TARGETING THEFT

The American public expects its mail to be delivered on time and intact. It is mandated by law that U.S. Mail arrive unopened and delivered to the intended addressee. Postal Inspectors have investigative jurisdiction when mail delivery is interrupted by theft, rifling, obstruction, or destruction.

Every day, more than 523 million pieces of mail — First-Class letters, parcels, magazines, financial documents, business correspondence, Express Mail, Priority Mail, Registered Mail, international mail, and much more — travel across the country. Planes, ships, rail, trucks, automobiles, and humans move mailpieces to their destinations, and the Postal Service delivers them to millions of addresses weekly.

Postal customers trust the U.S. Mail with their most prized possessions — jewelry or other expensive items and financial information. By deploying the best security and preventive measures available and educating every postal employee about theft, Postal Inspectors make it difficult for mail thieves to be successful.

In FY 2013, Inspectors investigated 1,752 reports of mail theft.

**REPORT MAIL THEFT, TAMPERING,
OR VANDALISM OF THIS MAILBOX**

1-877-876-2455
select option 3



postalinspectors.uspis.gov

WARNING: WILLFUL DAMAGE TO MAILBOXES OR THEFT OF MAIL ARE FEDERAL CRIMES (FELONIES) PUNISHABLE BY FINE OR IMPRISONMENT OR BOTH. (18 USC 1705 & 1708)

Label 33, May 2009 PSN 7690-01-000-9043

OPERATION RAPID REFUND

Our nationwide investigation of tax-refund fraud, referred to by the U.S. Attorney's Office and the Internal Revenue Service (IRS) as stolen identity refund fraud, targets suspects who steal identities to file fraudulent tax returns and receive refunds via the U.S. Mail. We deployed ad hoc "jump teams" of Inspectors to problem areas to help execute the many search and arrest warrants needed. To protect postal employees, Inspectors traveled to facilities to alert them to criminal patterns and provide personal safety tips.

In New Jersey, Inspectors formed a Financial Crimes Task Force with agents of the IRS-Criminal Investigations Division and the U.S. Secret Service to combat tax refund fraud. They identified a major scheme that targeted Spanish-speaking citizens. Inspectors arrested 13 suspects, executed two search warrants, and seized cash and cars linked to the scheme. Ring members filed more than \$65 million in fraudulent tax refunds, resulting in losses of more than \$11 million to American taxpayers.

In another case, the self-proclaimed "Queen of IRS Tax Fraud" was sentenced to 21 years in prison and three years' supervised release, and was ordered to pay restitution of \$3.1 million. Inspectors working under Operation Rapid Refund found that she and her cohorts used personal information they stole from deceased, living, and elderly victims to file fraudulent federal returns. If Inspectors hadn't ended the scheme, she would have collected more than \$11.3 million. As it was, she and her helpers successfully filed 477 fraudulent tax returns. Prosecutors at trial read her Facebook postings, asserting she would never "do any time."

Overall, this resoundingly successful initiative has prevented an estimated \$111 million worth of fraudulent returns from reaching the hands of criminals seeking to steal taxpayer money. Inspectors intercepted from the mail and returned to the IRS more than 40,000 mailpieces containing the fraudulent documents.

OPERATION BROKEN MAILBOX

Inspectors from several states handling reports of mailbox tampering collaborated to share intelligence gleaned from suspect interviews, surveillance, and search warrants and to prepare cases for presentation to prosecutors. Inspectors arrested 15 suspects in seven states, identified another 78 possible suspects, executed 33 search warrants, identified and provided assistance to 2,115 victims, and identified losses of nearly \$400,000. Inspectors conducted 14 presentations to educate postal employees, the media, and other law enforcement agencies about preventive measures to secure mail.

OPERATION HOMELESS

Organized mail theft gangs in several states have been stealing mail containing bank information at business parks. Gang members use the information to create counterfeit checks, then recruit homeless transients to cash them, causing banks to suffer thousands of dollars in losses. In states across the country, Inspectors have arrested 78 suspects, and 45 have been convicted.

OPERATION RAPID REFUND
RETURNED NEARLY
40,000
FRAUDULENT TAX REFUNDS
TO THE IRS

INTERCEPTING DANGEROUS MAIL

The likelihood of anyone receiving a mailed bomb or a harmful biological or chemical agent is extremely remote. There have been only nine mailpieces that tested positive for a biological or chemical agent in Postal Service history. Considering that USPS processes 158.4 billion pieces of mail a year, the chances of receiving a potentially hazardous mail item are extremely minute. More than 99 percent of reports have been false alarms or hoaxes.

The threat or discovery of mail containing biological, chemical, radiological, or potentially explosive material challenges Postal Inspectors in their quest to protect postal employees and customers. Inspectors receive specialized training and equipment to respond to suspicious mail incidents, resolve actual and alleged threats, and investigate suspicious incidents and related criminal activity. Our goal is to protect postal employees and the American public.

Inspectors respond rapidly to ensure early detection. Not all incidents involve criminal intent, but a rapid response ensures Inspectors are on the scene when mail is used to convey dangerous substances. Inspectors also respond to reports of suspicious items, such as improvised explosive devices (IEDs) — commonly called mail bombs — placed in the mail or on postal property.

If a mail bomb detonates, the safety of those in the vicinity is the first priority for Inspectors and other responders. Inspectors investigated four incidents of mailed IEDs in the past year that were not classified as hoaxes. There have been no fatalities from mailed IEDs for nine years running.

Inspectors responded to more than 3,400 incidents involving suspicious items, substances, powders or liquids in the mail or at postal facilities in the past year. No injuries or fatalities were reported.





MAIL-SCREENING EXPERTS

In FY 2013, 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, and identified no hazards.

DANGEROUS MAIL RESPONSE TEAMS

Our Dangerous Mail Response Jump Teams are rapidly deployed around the country to respond to suspicious incidents involving chemical, biological, radiological, nuclear, and explosive threats. We deployed a Jump Team to work with the FBI during two incidents involving ricin sent in the mail last year.

THREATS IN THE MAIL

A man was sentenced in federal court in July in Bridgeport, CT, to nearly six years in prison and three years of supervised release after pleading guilty to one count of using the U.S. Mail to communicate a bomb threat and four counts of mailing threatening communications. In September 2010, he admitted to mailing a threatening letter to the Thomaston, CT, Post Office claiming he had planted a bomb in the Post Office controlled by a remote timer. A letter he mailed to a Connecticut Superior Court Judge claimed it contained “liquid anthrax.”

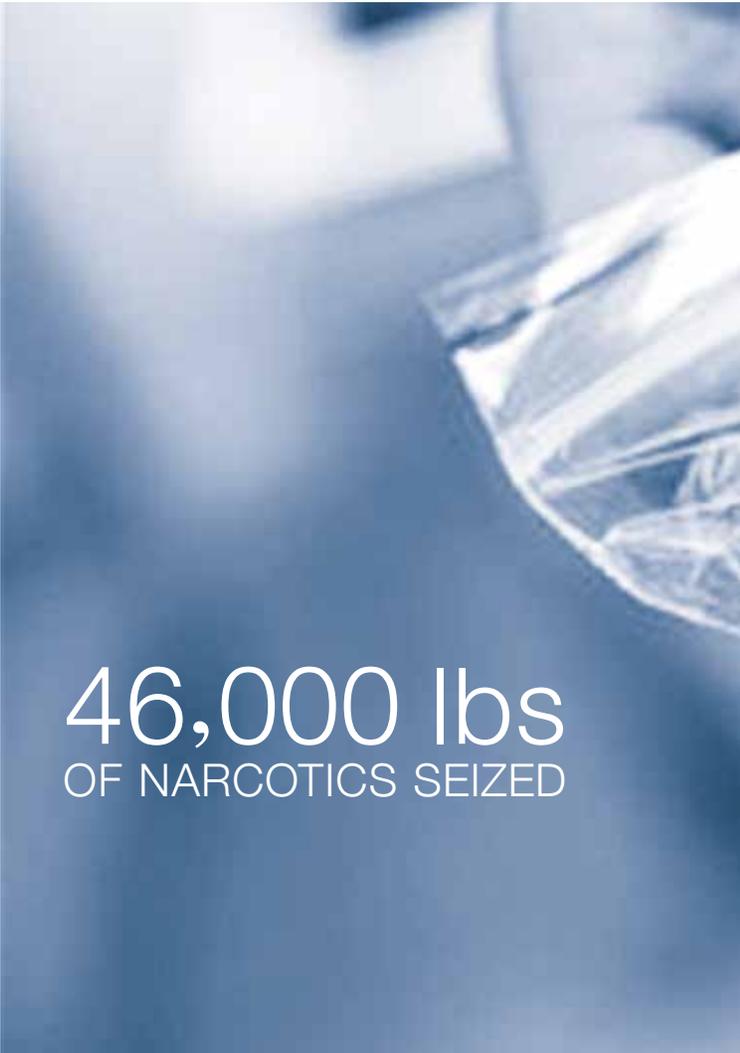
IMPEDING NARCOTICS TRAFFICKING

Our narcotics program emphasizes the safety of postal employees and strives to protect them from handling mail that contains narcotics and trafficking proceeds — and the violence associated with it. To accomplish that, our investigations target drug-trafficking rings and the interdiction of parcels containing contraband.

Inspectors in June 2013 conducted several national operations to rid the mail of drugs and drug proceeds. These bold deployments involved Inspectors from 10 divisions and netted illegal assets valued at more than \$3.3 million.

Our National Intelligence Unit assesses and disseminates criminal intelligence information within the agency to support the investigative needs of law enforcement. These efforts help identify criminal patterns and trend development, and assist in the identification of suspects and criminal enterprises. In FY 2013, the National Intelligence Unit supported investigations that resulted in the seizure of nearly \$3.9 million in cash and financial instruments, 23.02 kilos of cocaine, 797 pounds of marijuana, and four firearms.

Inspectors in FY 2013 seized a total of more than 46,000 pounds of illegal narcotics and \$20.7 million in drug-trafficking proceeds from the mail.



46,000 lbs
OF NARCOTICS SEIZED



OPERATION THIN ICE

Operation Thin Ice focused on drug-trafficking rings using First-Class and Express Mail to ship methamphetamine from California to Guam. Inspectors screened 240,000 parcels, obtained 321 federal search warrants, seized nearly 11 pounds of meth, arrested 10 suspect traffickers, and identified roughly \$1.3 million in assets related to the illegal drug trade.

OPERATION HIGHER EDUCATION

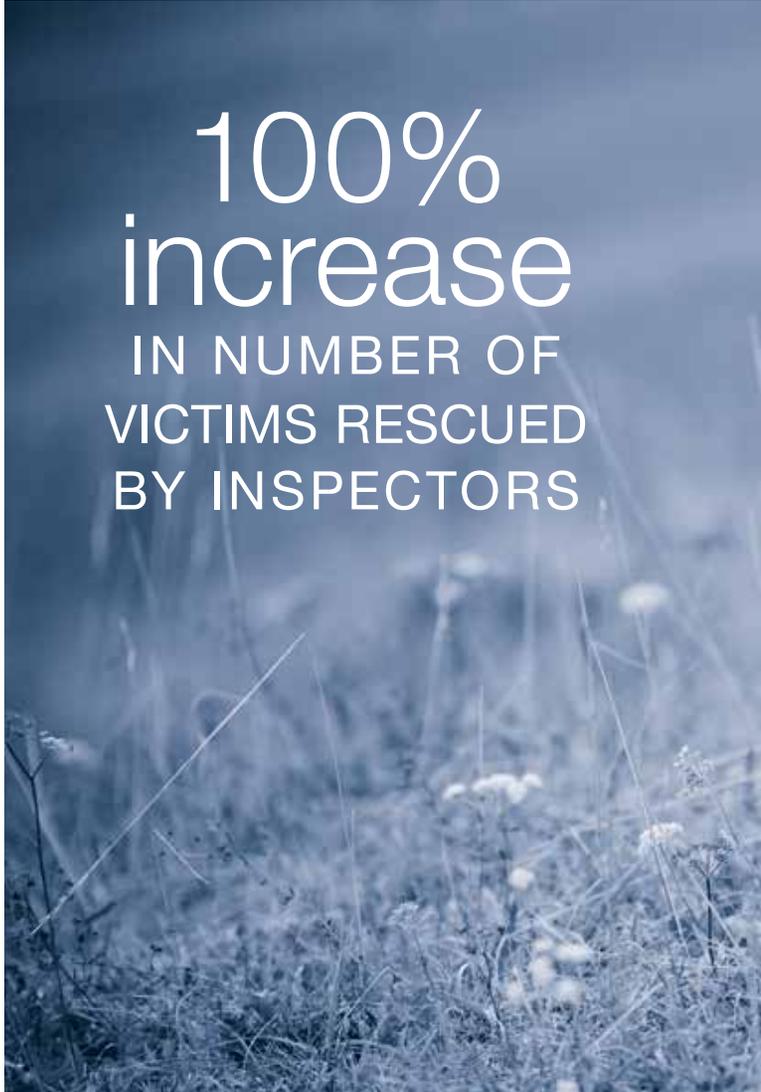
Inspectors working under Operation Higher Education arrested 12 suspects in California accused of shipping drugs to college students in New Hampshire and Vermont. Inspectors seized more than 300 mailings containing approximately 80 kilograms of marijuana, hashish, and Ecstasy, plus about \$50,000 in drug-related assets.

\$20.7M
NARCOTICS-RELATED
CASH SEIZED

HALTING CHILD EXPLOITATION

Using the mail to illegally transport child exploitation images or otherwise facilitate the sexual abuse of children undermines the integrity of our nation's mail system. Failure to safeguard postal customers' most precious resource — their children — not only endangers young victims, but also erodes trust in the mail and debases the postal brand. To combat this heinous crime, we assign specially trained Postal Inspectors to investigate criminals who misuse the mail to distribute sexual images of exploited children.

These Inspectors are increasingly focused on those who profit from this activity. Not only did Inspectors shut down companies that made millions by distributing images and videos via the mail, but also targeted their customers. Several of these individuals were respected members of their community, making it easy for them to prey on victims for years without detection. Inspectors not only worked tirelessly to identify and bring these individuals to justice, but their efforts subsequently led to the identification and rescue of countless victims worldwide.



100%
increase
IN NUMBER OF
VICTIMS RESCUED
BY INSPECTORS



PEDIATRICIAN INDICTED FOR CHILD EXPLOITATION

Postal Inspectors investigating a major commercial business accused of distributing child pornography via the mail arrested a doctor in Boston who ordered child pornography from the company. Inspectors executed multiple search warrants at the doctor's home and workplace and seized printed pictures and hundreds of DVDs and CDs of children being sexually exploited. The pediatrician, who was previously the medical director at a prestigious private high school, was indicted on two counts of receiving and one count of possessing child pornography.

REFERRAL FROM CYBER TIPLINE NETS SUSPECT

Inspectors received a referral from the Cyber Tipline of the National Center for Missing & Exploited Children about a 15-year-old who was receiving sex toys via the mail from a 43-year-old Iowa man. The suspect coerced the minor into taking sexually explicit photos and mailing them to him. After Postal Inspectors executed a search warrant at his home in Sioux City, IA, they arrested him on child pornography charges.

JANITOR REGISTERED AS SEX OFFENDER FOR LIFE

Postal Inspectors identified a janitor at a private school for children who bought numerous DVDs of child pornography online and had them mailed to a PO Box he rented. They executed a search warrant at his home and found a hidden room containing evidence of child pornography production. Inspectors also determined the janitor had placed cameras inside hollowed-out air fresheners in children's bathrooms at the school. They arrested him for producing child pornography and receiving it via the mail. He pled guilty in federal court and was sentenced to 15 years in prison. He will be registered as a sex offender for life.

KEEPING EMPLOYEES SAFE & SECURE

The safety of employees is our top priority. We support the Postal Service policy of zero tolerance for workplace violence. Zero tolerance means that every act or threat of violence, regardless of the initiator, elicits an immediate and firm response.

We initiate employee background investigations and adjudicate security clearances for employees and contractors. Staff at our Security Investigations Service Center (SISC) also digitize and archive security files for criminal cases and ongoing investigations.

SISC staff received nearly 52,000 requests for background investigations and security clearances in the past fiscal year. Most requests involved postal contractors, who are required to have clearances before being granted access to mail or facilities. SISC staff also assisted Inspectors in conducting personnel security reviews for airline and highway contract routes.

In the past fiscal year, Postal Inspectors trained nearly 100,000 employees on security protocols to protect them in the workplace, on postal routes, and in the event of an active shooter incident.

Inspectors investigate all reports of threats and assaults. They work closely with state and local law enforcement to solve these crimes and quickly identify the perpetrator.

52,000
BACKGROUND
INVESTIGATIONS
COMPLETED IN FY 2013



WE TELL OUR
POSTAL EMPLOYEES:

**YOU ARE YOUR
MOST IMPORTANT
DELIVERY**

DEPLOYING SECURITY

As Chief Security Officer for the Postal Service, the Chief Postal Inspector is responsible for the physical protection of all postal personnel, facilities, and assets, as well as the Postal Service's information security program. The Chief Postal Inspector maintains regular liaison with other investigative and law enforcement agencies, including the Department of Homeland Security.

This past fiscal year Inspectors and Physical Security Specialists monitored the consolidation of processing operations at facilities in the Postal Service's Network Rationalization Plan. Reduced operations at some facilities and stepped up operations at others meant that reviews were needed to assess mail security impacts. Security specialists also monitored real estate lease termination projects to evaluate the condition of security equipment.

INSPECTORS
CONDUCTED
APPROXIMATELY
28,000
POSTAL FACILITY
REVIEWS





CAPTURING ROBBERS

Robberies not only pose a threat to postal employees, but also jeopardize the public's trust in the mail and attack the financial integrity of the Postal Service. Robbers who accost letter carriers usually are seeking mail containing valuables — anything from financial information to checks, jewelry, or illegal drugs. They also rob carriers for personal property. Those who target Postal Service facilities are generally after cash, money orders, and stamps.

Postal Inspectors arrested 53 suspected robbers in FY 2013 and reported 55 convictions, some from cases in prior reporting periods.

BURGLARIES

Burglary is often a crime of opportunity. Burglars aim for the easiest targets, but most give up if they can't get in within a few minutes. Inspectors train employees on methods to reduce burglaries of Postal Service facilities. In FY 2013, Inspectors investigated 132 burglaries of postal facilities.

NATURAL & MAN-MADE DISASTERS

On May 20, 2013, an EF5 tornado touched down in Moore, OK, and damaged the Moore Post Office. Inspectors assigned to the recovery effort provided around-the-clock security for the building and escorted postal vehicles and personnel as they recovered mail, accountable property, equipment, and assets from the damaged facility. Inspectors were also on hand to set up secure, alternate mail delivery for customers.

SAFEGUARDING REVENUE

The Postal Service is a \$67.3 billion enterprise that relies on customers — not tax dollars — to fund its operations. Most consumers willingly pay the required postage, but if they fail to do so or attempt to mail items at lesser rates, the Postal Service sustains a loss.

Inspectors work with postal groups to seek new ways to protect revenue. In development are several investigative systems that can collect evidence of mailers' false claims and criminal schemes.

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.

INSPECTORS
IDENTIFIED
\$13.9M
OWED BY MAILERS





MAILER BILLING FRAUD VICTIMIZES CUSTOMERS

Inspectors investigated a commercial mailer that overbilled customers by submitting fraudulent paperwork to USPS as proof of its mailings. Company employees forged a postal clerk's signature and blamed USPS for delivery errors and service delays. Our Digital Forensics Specialists performed forensic exams of the company's 29 computers and six servers, and Inspectors seized four workstations. They identified 40 customers of the mailer who incurred financial losses and countless others whose businesses were impacted by delayed mail. Our Victim-Witness Specialists assisted victims, who suffered a combined \$1 million in losses. In July the company's president was sentenced to 30 months in prison and the vice president was sentenced to 24 months in prison; both were ordered to pay joint restitution of \$628,581, and the president was ordered to pay a monetary judgment of \$13,500.

PERMIT IMPRINT ACCOUNT REVIEW NABS AN EMBEZZLER

In March 2010 Postal Inspectors reviewed intelligence from our Revenue Fraud Analysts of refunds from Permit Imprint accounts. Records showed a large number of high-dollar refunds were processed for the Passaic County Commissioner of Registration. Further investigation revealed the refunds were submitted by the confidential secretary for the Passaic County Superintendent of Elections. She was responsible for funding numerous Permit Imprint postage accounts at various Post Offices in Northern New Jersey and had deliberately overfunded the accounts. She submitted 16 refunds of more than \$270,000 on behalf of the county and deposited the checks into personal accounts. She also stole \$110,000 worth of checks sent to Passaic County for reimbursement of election costs. She pled guilty in March 2013 to official misconduct and second-degree theft and was sentenced to seven years in prison, where she will have to serve at least five years before being eligible for parole.

PROTECTING CUSTOMERS FROM FRAUD

Using evidence collected from surveillance and covert cameras, Inspectors identified two suspects who used more than 2,700 stolen credit card numbers to purchase more than \$572,000 worth of Forever stamps at automated postal centers (APCs) in Chicago. A fingerprint analysis of receipts, recovered in trash cans near the APCs and linked to the fraudulent transactions, resulted in a positive match for one suspect. A forensic analysis of credit and gift cards seized during search warrants at each suspect's home identified re-encoded victim credit card account numbers associated with fraudulent APC transactions. One suspect pled guilty to access-device fraud and identity theft, and the other suspect awaits trial.

WORKING GLOBALLY

Green, yellow, and red, the familiar colors of traffic lights, have taken on a new meaning in keeping international mail safe worldwide.

Color-coded security standards offer a universal method of evaluating the security of the world's postal administrations. The system and standards were developed by Postal Inspectors and tested in Ghana over the past year.

Postal Inspectors presented the new standards and color-coded legend to the Universal Postal Union (UPU), which accepted and adopted them during the 2012 UPU Congress. The 192 member countries of the UPU now have a common standard to evaluate physical security and international mail handling.

The Chief Postal Inspector serves as the Chair of the Postal Security Group (PSG) of the UPU. Inspectors assigned to the Global Security Unit of our agency work with other postal administrations, law enforcement partners, and stakeholders such as airlines and customs groups to ensure the safety of international mail. U.S. Mail constitutes nearly half of the world's mail.





SECURING THE MAIL

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

Our specialized screeners at our five international service centers (ISCs) protect revenue by removing from the international mailstream parcels bearing counterfeit postage. We identified more than 48,000 mailpieces bearing \$2 million in counterfeit postage last year.

The postal brand can suffer further harm when criminals counterfeit postal money orders. Our prevention work and investigative efforts not only benefit consumers, they also help ensure America's trust in the reliability of the postal brand. We identified 34,000 counterfeit postal money orders with a face value of nearly \$33 million, and another 7,200 counterfeit financial instruments (such as checks) with a face value of about \$9 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 United States, but that does not stop criminals from attempting to mail solicitations to Americans. We followed administrative due process to seize roughly 2.6 million pieces of illegal lottery mail. The mailings contained about 484,000 counterfeit checks with a face value of nearly \$248 billion. The mailings carried 314 different scams aimed at the American public.

EXPORT COMPLIANCE

Preventing mail from violating federal export law is a new responsibility we undertook last year from the Postal Service.

Beginning in August 2012, our international mail security program added export compliance to its agenda. Our program detects violations of federal export laws when customers fail to observe requirements for shipping mail to international destinations. Export laws protect U.S. national security, reinforce foreign policy, and safeguard economic interests. While postal customers are responsible for complying with these laws, it is our job to review the mail to ensure customer compliance.

Since October 2012, we have reviewed approximately 225,067 packages. Of those, 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.

2.6M FOREIGN LOTTERY
MAILINGS WORTH
\$248B PREVENTED
FROM ENTERING U.S.

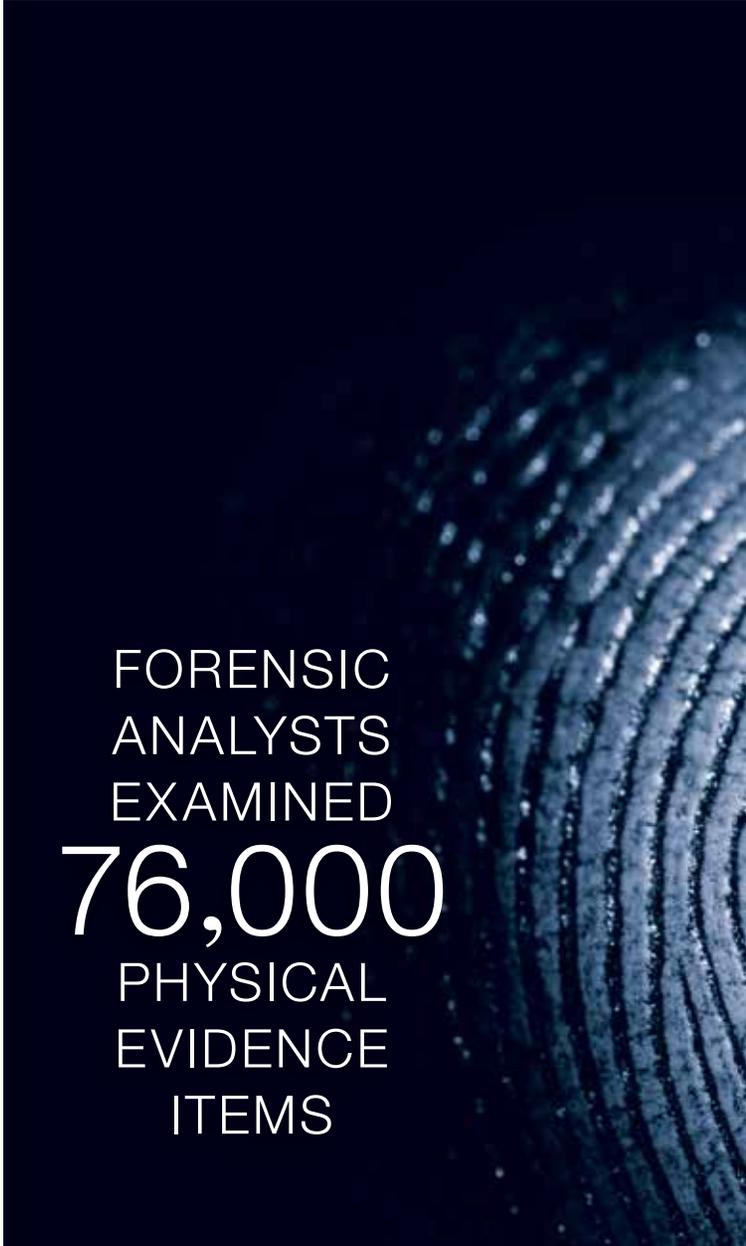
EXAMINING FORENSICS

We maintain a technologically advanced National Forensic Laboratory in Dulles, VA, staffed by expert forensic scientists and technical specialists. They are key to our success in identifying, apprehending, prosecuting, and convicting individuals responsible for postal-related crime.

Our investigations of mail containing contraband or harmful items or substances, mail theft and mail fraud, postal revenue fraud, robberies, burglaries, and workplace violence all rely on the Forensic Lab and its related units for scientific and technical assistance, including the Questioned Documents Unit, Fingerprint Unit, Physical Sciences Unit, and Digital Evidence Unit.

When criminals attack postal employees, our Forensic Incident Response Team of specialists in latent fingerprints, trace evidence, firearms, and crime-scene photography rapidly mobilizes. Twice last year this “jump team” responded within hours to assist Inspectors investigating the shootings of postal employees. Team members labored for days under difficult conditions to speed their findings to the Forensic Lab. We assign these cases our highest priority.

Our Digital Evidence Unit provides specialized assistance for many investigations, but in FY 2013 Inspectors working to dismantle major child-exploitation rings tested the depth of their expertise. Of the 580 submissions to Forensic Computer Analysts, about 42 percent related to child exploitation. Of 94 responses to search sites, 64 related to child exploitation.



FORENSIC
ANALYSTS
EXAMINED
76,000
PHYSICAL
EVIDENCE
ITEMS



OUR FORENSIC TEAMS AT WORK

- A Forensic Computer Analyst analyzed digital media seized from a doctor who ordered child exploitation material by mail. The forensic exams yielded evidence that the doctor had been sexually assaulting several family members since 1996, and he eventually received a sentence of life in prison.
- After a Forensic Chemist identified a kilogram of 86% pure cocaine and packets of 54% pure heroin seized from the mail, the head of a Puerto Rican drug-trafficking ring was sentenced to life in prison without parole.
- When a Forensic Document Examiner matched two suspects' prints to mailings of more than \$634,000 worth of fraudulent rebates, the suspects entered plea agreements to pay restitution of \$400,000 to the defrauded businesses.
- A Forensic Document Examiner testified at trial about handwriting on more than 100 postal money orders, and the suspect was subsequently convicted on 55 counts related to money laundering.
- A Forensic Chemist recovered more than 40 samples of propellant powders and other explosives left when an IED exploded in a rural mailbox. His identification of the substances contributed to an eight-year plea agreement by the suspect.

PREPARING OUR WORKFORCE

Our National Training Academy in Potomac, MD, continues to be recognized as one of the nation's premier law enforcement training facilities. This fully accredited institution, which meets the standards established by the Federal Law Enforcement Training Accreditation (FLETA) Board, is the focal point for the basic and in-service training required of Postal Inspectors and Postal Police Officers.

In FY 2013, 70 new Postal Inspectors, selected from a highly competitive group of more than 1,500 applicants, graduated from three Basic Inspector Training (BIT) classes held at the academy. Inspector candidates undergo 12 weeks of basic training.

Our Career Development Unit of the academy offers training to prepare our workforce for a wide range of missions, terrain, and tactical situations. They cover investigative techniques, defensive tactics, firearms, search and seizure tactics, arrest methods, court procedures, postal operations, and federal laws under our jurisdiction.

To assist in carrying out our responsibilities, we maintain a uniformed force of Postal Police Officers (PPOs) assigned to critical postal facilities throughout the country. A new class of PPOs successfully completed eight weeks of training to join our ranks this past year and support us in fulfilling our critical security mission.

The Career Development Unit oversees our Polygraph Unit, which provides scientific and technical expertise for criminal, applicant screening, and other investigations. These staff members are invaluable in verifying statements made by suspects, witnesses, and victims in our investigations. In FY 2013, an elite handful of Postal Inspector-Examiners were certified by the National Center for Credibility Assessment (NCCA) following their successful completion of a 14-week Basic Polygraph Examiner Training course at the NCCA in Fort Jackson, SC.



960+

EMPLOYEES
COMPLETED
CLASSROOM
COURSES

1,250+

EMPLOYEES
COMPLETED
ONLINE COURSES

CONNECTING CUSTOMERS

The Postal Inspection Service operates two National Law Enforcement Communication Centers (NLECC), one at Dulles, VA, and one at Ft. Worth, TX. NLECC's radio network primarily provides communications support for Postal Inspectors and Postal Police Officers, but also supports interoperable radio communications between Inspection Service personnel and other law enforcement agencies.

Besides monitoring intrusion-detection systems at Postal Service facilities and coordinating essential emergency responses, NLECC staff provides after-hours emergency phone coverage for all Postal Inspection Service offices. NLECC staff members access law enforcement and intelligence information from such confidential sources as the National Crime Information Center (NCIC) and the National Law Enforcement Telecommunications System (NLETS).



156,000+
CALLS TO NLECC
FROM POSTAL
EMPLOYEES OR
CUSTOMERS SEEKING
ASSISTANCE WITH
SUSPECTED
MAIL CRIME



55,400+
NCIC EMPLOYEE
BACKGROUND
CHECKS

12,800+
NCIC CRIMINAL
HISTORY CHECKS

INVESTIGATIVE STATISTICS > FY 2013

TYPE OF INVESTIGATION	CASES INITIATED	ARRESTS*	CONVICTIONS*
MAIL THEFT BY NONEMPLOYEES & CONTRACTORS (theft & possession of stolen mail)	1,752	2,537	2,237
MAILING OF CONTROLLED SUBSTANCES (narcotics, steroids, drug proceeds & drug paraphernalia)	2,531	1,965	1,434
MAIL FRAUD	717	791	697
MONEY LAUNDERING (postal money orders)	191	174	167
ASSAULTS & THREATS (assaults & threats against on-duty postal employees)	623	195	135
CHILD EXPLOITATION, MAILING OF OBSCENE MATTER & SEXUALLY ORIENTED ADS	207	108	94
BURGLARY	132	67	63
ROBBERY	103	65	52
REVENUE FRAUD	211	37	36
NONMAILABLE, RESTRICTED & PERISHABLE MATTER (firearms, weapons, intoxicants, extortion threats & misc. matter)	105	68	63
VANDALISM & ARSON	45	17	16
SUSPICIOUS SUBSTANCES & ITEMS (includes bombs, explosives, threats, hazardous items, non-threatening items, and hoax CBRNE**)	235	56	47
SECURITY & CRIME PREVENTION (consumer outreach & security countermeasures)	1,350	n/a	n/a
TOTAL	8,202	6,080	5,041

*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.

POSTAL INSPECTORS

Protecting Your Mail



EVERY DOOR
EVERY BUSINESS
EVERYWHERE