

Mail Fraud

“The Postal Inspection Service will bring a wealth of experience, expertise, and resources to our fight against corporate corruption.”

—Deputy Attorney General Larry Thompson, announcing the Attorney General’s designation of the Chief Postal Inspector as a member of the Corporate Fraud Task Force

The Mail Fraud Statute is the oldest and most effective of the consumer protection laws, and the Postal Inspection Service is the federal law enforcement agency

mandated by Congress to enforce it. To increase their efficiency in investigating suspected mail fraud, Postal Inspectors lead and participate in several joint law enforcement and consumer group initiatives aimed at safeguarding the public’s confidence in the U.S. Mail. Educating the public on fraud schemes that involve the mail is an essential component to meeting this goal.

Postal Inspectors work cooperatively on joint task force investigations with other law enforcement agencies to take advantage of the expertise of each agency and to leverage resources. Of the approximately 1,900 Postal Inspectors across the nation, about 300 are assigned to mail fraud investigations. Inspectors investigated 3,355 fraud cases this past fiscal year, and Inspection Service analysts prepared more than 84,000 letters in response to mail fraud complaints. During FY 2002, Postal Inspectors arrested 1,634 mail fraud offenders, and 1,453 were convicted as a result of Inspection Service investigations conducted during this and prior fiscal years.

In a significant case in July 2002, Postal Inspectors arrested five people in a securities fraud investigation of the nation’s sixth largest cable company, which provided service to 5 million subscribers across the country. Inspectors arrested the 77-year-old founder of the company and his two sons in New York. Until their resignations in May, the three men held positions as president and CEO, executive vice president and chief financial officer, and executive vice president, respectively. Inspectors also arrested the company’s former vice president of finance in Coudersport, Pennsylvania, and the director of internal reporting at his residence in Port Allegheny in that state. The defendants were charged with securities fraud, wire fraud, and bank fraud for failing to disclose billions of dollars worth of debt for which the company was liable.

Directly following the July arrests, Deputy Attorney General Larry Thompson announced the Attorney General’s designation of the Chief Postal Inspector as a member of the Corporate Fraud Task Force. Mr. Thompson stated, “The Postal Inspection Service will bring a wealth of experience, expertise, and resources to our fight against corporate corruption.”

Mail Fraud Against Businesses

Postal Inspectors work diligently to protect the business community from being victimized by mail fraud. Examples of Postal Inspection Service case activity in FY 2002 follow.

- After Postal Inspectors uncovered evidence that a California television station

was the victim of embezzlement fraud, a news director at the station was convicted and sentenced to serve three years in prison, pay \$2.4 million in victim restitution, and pay a \$60,000 fine. The man submitted false billings under the guise of satellite and election poll expenses, using the money instead to cover personal expenses.

■ A Marengo, Illinois, woman was sentenced to two years in prison, three years' probation, a \$7,500 fine and full restitution to her employer after submitting more than \$2.5 million in fraudulent invoices for consulting services that were neither requested by nor performed for her company. Postal Inspectors learned the woman had used her position in the company to process the fraudulent invoices and had collected in excess of \$1.7 million before the scheme was discovered.

■ In Alabama, one man was sentenced to life in prison and ordered to pay over \$1.2 million in restitution and another was sentenced to three years and 10 months in prison for an insurance scheme involving people addicted to alcohol and drugs, or who had serious, pre-existing medical conditions, such as the AIDS virus. An Inspection Service investigation revealed that more than 100 life insurance policies the defendants handled were incomplete or inaccurate, although they paid the insurance premiums, controlled the policies, and acted as beneficiaries, collecting more than \$1.6 million in proceeds.

■ An accountant in Dallas, Texas, was sentenced to one year and nine months in prison, three years' probation and more than \$321,000 in restitution for an embezzlement

scheme that began in 1997. Postal Inspectors found the accountant embezzled funds from his employer by writing and endorsing approximately 50 stolen checks. He mailed several of the bad checks to personal creditors.

■ A Minnesota man pled guilty to one count of mail fraud and one count of money laundering after embezzling more than \$14 million from his employer. Inspectors found he used his position as chief financial officer to issue more than \$11 million in cashier's checks to brokerage firms for credit into accounts he controlled, and used company checks to cover personal expenses and buy merchandise, which he resold. To conceal these activities, he altered financial records to reflect higher expenses, more inventory, and a lower gross profit.

■ Three Kentucky men were indicted after Postal Inspectors revealed their scheme to defraud investors and insurance companies of more than \$13 million. They purchased, resold, or processed life insurance policies for people who were HIV positive or sick with AIDS, knowing the insureds had furnished false health information to get the policies. The men arranged for blood from a healthy person to be submitted to insurance companies instead of blood from sick applicants.

■ After an Inspection Service investigation, a doctor was sentenced to three years in prison, three years' probation, a \$30,000 fine, and restitution of \$72,145 to the Internal Revenue Service. Inspectors learned the doctor had scammed numerous insurance companies and the Texas Workers' Compensation Commission by mailing

fraudulent billings. Most of his patients received gifts to induce them to return for more treatments. The doctor pled guilty to tax evasion related to \$212,387 in unreported income derived from the scheme.

Mail Fraud Against Consumers

The Postal Inspection Service emphasizes the importance of consumer awareness and prevention as the best protection for consumers, but many people still "take the bait." Examples of Postal Inspection Service case activity in FY 2002 follow.

■ A five-year Inspection Service investigation resulted in a sentence of eight years in prison, a fine of \$7.3 mil-

John Rigas of cable television giant Adelphia Communications Corporation is led from New York's Main Post Office by a U.S. Postal Inspector on his way to federal court in July 2002. Rigas, his two sons, and two other Adelphia executives were charged with conspiracy, securities fraud, wire fraud, and bank fraud in connection with a scheme to defraud investors, creditors, and the public about the financial condition and operating performance of Adelphia. The scheme allegedly ran from 1999 through May 2002 and involved the failure of Rigas and others to disclose billions of dollars worth of debt for which Adelphia was liable.



AP Photo by Louis Lanzano

lion, and court-ordered restitution of \$2.3 million for the head of a group of Massachusetts-based companies that defrauded novice inventors. People who mailed in ideas for new inventions were promised assessments by experts in the field. Instead, the companies accepted roughly 80 percent of the ideas, misleading people about the merits of their proposals and convincing them to pay advance fees of \$4,000 to \$12,000 for patenting and marketing services—which proved to be completely useless. About 34,000 people were defrauded of nearly \$60 million. At sentencing, the judge praised Postal Inspectors for their dedicated work investigating and prosecuting this predatory scheme.

■ A man who ran several envelope-stuffing schemes from the Phoenix, Arizona, area was sentenced to five years' supervised probation, nine months' home detention, and more than \$1 million in victim restitution. Inspectors found he placed ads in national publications offering envelope-stuffing opportunities to those who mailed in money to purchase supplies (the amount varied, from \$18 to \$36). People who mailed money to the anonymous, commercial mail receiving agency (CMRA) address only got a description of how to operate their own envelope-stuffing program, not the actual materials needed to do the job.

■ A Texas man pled guilty to mail and securities fraud after Inspectors proved he sold about \$6.5 million in fraudulent certificates of deposit (CDs) to nearly 80 investors. The man never purchased the CDs, instead using the money he collected for personal and business expenses and to pay earlier investors, to keep the scheme going. Approximately \$3.5 million is still owed to his 45 victims, many of whom are elderly citizens.

■ The owner and operator of a company that purported to invest money on behalf of personal injury victims who were recipients of lawsuit settlements was sentenced to 22 years in prison, five years' probation, a fine of \$250,000 and restitution to victims of \$66 million. Postal Inspectors found that most victims of the scheme had been seriously injured in accidents, or were widows and orphans of those

Victims snookered, criminals caught, and the world is safer thanks to Postal Inspectors.

WASHINGTON — Northeast Division Postal Inspectors were honored at the U.S. Attorney's Office, Law Enforcement Awards, for their roles in uncovering a \$60 million fraud scheme involving American Inventors Corporation (AIC) and American Institute for Research and Development (AIRD).

■ **AIC and AIRD allegedly assisted inventors in acquiring patents and marketing their ideas. But between 1980 and 1995, the companies snookered over 34,000 victims with deceptive advertising, misleading sales pitches, and false success stories.**

■ **The two Inspectors were key to the investigation, interviewing more than 100 victims, employees, and others and reviewing more than a million documents seized by federal agents. Due to efforts, 17 suspects pled guilty.**

—USPS Newslink, The News Source for Postal Employees, May 10, 2002

killed in accidents. The company offered to set up trusts for victims and invest their settlements in U.S. government bonds to bring them a monthly income. Instead of buying the bonds, the owner used their money for personal expenses, unauthorized business transactions, high-risk investments, and real estate.

■ As a result of an investigation by Postal Inspectors, Sears—a major battery retailer that defrauded the public by selling defective Diehard car batteries—was ordered to pay \$62.6 million in fines, \$15 million of which will be paid to the Postal Inspection Service, and sentenced to serve five years' probation. Exide, which was also involved in the scheme, was ordered to pay \$27.5 million in criminal fines, all of which will be credited to the Postal Service. Inspectors revealed that Sears misrepresented the batteries as being the “longest lasting” and containing certain proprietary features, although the batteries were defective.

■ An Inspection Service investigation of a multimillion-dollar investment scheme resulted in a

sentence for a New Jersey man of one year and six months in prison, three years' probation, and more than \$10 million in restitution. The man enticed people to invest in foreign bank guarantees (also called prime bank notes) by promising they would realize high rates of return with little or no risk. He then wired people's money to off-shore accounts he and co-conspirators controlled for their personal use.

■ Inspectors arrested two employees of a company that prints *Business Week* magazine who were charged with conspiracy to commit securities fraud after allegedly divulging confidential information about publicly held companies. The defendants are said to have collected—via the U.S. Mail—thousands of dollars in kickbacks for giving two co-defendants “insider” trading information they got from a column in *Business Week*. Postal Inspectors alleged that on 42 occasions the co-defendants bought company stock mentioned in the column on the day before the magazine's release to the public. The stock was sold the next day—after stock prices increased. The dollar value of the trades exceed-

ed \$2 million, and profits totaled approximately \$450,000.

■ In the first of 24 sentencing hearings scheduled in New York for stockbrokers convicted of securities fraud and conspiracy to commit mail, wire, and securities fraud, eight stockbrokers received sentences of 18 to 41 months' imprisonment and restitution ranging from \$89,000 to \$1.8 million. The defendants, who were investigated by Postal Inspectors, are subject to full financial disclosures during probation.

Mail Fraud Against State, Local, and Federal Governments

Government agencies and health care groups that fall prey to mail fraud scams are afforded the same protection under the Mail Fraud Statute as consumers and businesses. Examples of investigations in FY 2002 follow.

■ A task force investigation that included Postal Inspectors resulted in sentences of four years in prison, six months' home detention, and \$2.5 million in fines for two principals of a family-owned construction company. As general contractors for the minority business enterprise (MBE) program of New York, the defendants conspired with subcontractors to act as "fronts" and fraudulently collect MBE credit on dozens of public works construction projects. Although the subcontractors did no construction work, they received kickbacks of five percent of the contract, resulting in \$40 million in losses.

■ An administrative law judge with the Social Security Administration in Illinois was arrested by Postal Inspectors and charged with seven counts of mail fraud and four counts of unlawful disclosure of claimant files. Inspectors also arrested an attorney in the scheme, who was charged with seven counts of mail fraud and one count of making false statements. The judge allegedly directed claimants who lacked representation to retain the attorney as their counsel and then gave the attorney monthly docket sheets, allowing him to review Social Security files to strengthen claimants' cases. The judge was arrested on the day he was to celebrate his retirement from the bench.

■ A government contractor was sentenced to two years and six months in prison and her company was ordered to pay more than \$421,000 in restitution after Postal Inspectors revealed she sold "O-rings" to the government that did not meet military specifications. As a result, 20 C-130 airplanes were grounded until their O-rings could be replaced, and more than \$87,394 in damages occurred to a B1-Bomber when fuel leaked into the weapons bay through the O-rings. Losses to the Department of Defense exceeded \$334,000.

■ A former California accountant was sentenced to three years in prison and ordered to pay more than \$206,000 in restitution for a false-billing scheme, uncovered by Postal Inspectors, that defrauded California's Department of Transportation (CDOT) and two credit card companies. As an accountant for CDOT, the man submitted false invoices in the name of a defunct, hazardous waste materials clean-up company for a fictitious chemical spill. The agency mailed him a check to pay for the clean-up, and the man wired the money to Nigeria to finance the construction of a house he was building for his family. He also used information from identity theft victims to fraudulently obtain two credit cards, resulting in further victim losses.

■ A Baltimore, Maryland, man was sentenced to one year and six months in prison and three years' probation and was prohibited from running a tax-return preparation business during his supervised release. The man filed or helped to file 165 fraudulent federal and state income tax returns using fake Social Security numbers and unauthorized U.S. Congress letterhead. Postal Inspectors discovered the scheme in time and intercepted all refund checks in the mailstream before they reached his post office box.

■ A man in Monroe, Louisiana, was sentenced to four months with the Bureau of Prisons, four months' detention at a halfway house, and three years' probation. The judge also ordered him to pay \$17,464 in restitution to the Internal Revenue Service after he pled guilty to two counts of filing false, fraudulent, or fictitious claims. Inspectors found he set up four post office boxes to receive tax refunds after filing fraudulent returns. The refunds were false because the people named on the returns did not authorize them to be filed, sign the returns, earn the income reported, or withhold taxes. He also named fictitious dependents and falsely claimed an earned income credit. The man got the names and Social Security numbers of dependents for the false returns from an elementary school where he had been employed as a custodian.

Deceptive Mail

The Postal Inspection Service created the Deceptive Mail Enforcement Team to identify violators of the Deceptive Mail Prevention and Enforcement Act and ensure swift, appropriate investigative attention in such cases. Team members examine questionable promotions and review consumer complaints for compliance with the act. During the past fiscal year, Postal Inspectors stopped 106 deceptive mailing operations, up 54 percent from last year.

Postal Inspectors have been encouraged by the finding

that many promoters have modified their practices to comply with the law by providing notifications and clearer explanations for customers. Further, the U.S. Postal Service has noted a sharp decline in the number of sweepstakes mailings, as companies adopt new marketing strategies in response to the law. Following are examples of actions taken against promoters of deceptive mailings in FY 2002.

■ A San Antonio man opened a post office box in the name of the “World Trade Center Charity” and advertised it was raffling a red, white, and blue PT Cruiser valued at \$43,500. Inspectors interviewed the man and, after determining it was a bogus offer, obtained a Voluntary Discontinuance against the promotion and placed a “return mail” on the man’s post office box to protect consumers. No money was collected.

■ At the request of a Postal Inspector, a federal judge issued a Civil Injunction and Consent Order to stop a fraudulent promoter from collecting donations for victims of September 11. The promoter claimed to be raising funds for the “purchase of 11,000 body bags.” His scheme was halted before consumers lost any money.

■ As a result of an investigation by Postal Inspectors of the Washington Division, a Settlement Agreement was reached between the U.S. Postal Service and two Canadians operating businesses through the U.S. Mail. The agreement prohibited the men and any company associated with them from using the U.S. Mail for weight-loss products, diet products, diet patches, fat burning or dissolving products, nutritional supplements, or health food. They also agreed to pay a \$25,000 fine. Inspectors found the Canadians did not solicit customers in their own country for the fraudulent products.

Fraud on the Internet

Cybercrime presents unique challenges to law enforcement groups. Traditional mail fraud schemes rebound with new success on the Internet, which expands the victim base and increases anonymity for the perpetrators. Postal Inspectors investigate Internet fraud when the U.S. Mail is used to further the scheme.

■ The founder and chief executive officer of a multi-level Internet marketing group in Boca Raton, Florida, was sentenced to 11 years and three months in prison, three years’ probation, and more than \$13.5 million in restitu-



tion. Customers were told they could buy “self-replicating” Web sites for \$295, which would revolutionize Internet commerce by enabling them to become “cyber managers” and generate countless wealth while working from their homes. Inspectors deter-

mined there were no such sites. The officer used customers’ money to pay for lavish personal items.

■ In Denver, Colorado, a woman was sentenced to two years in prison and three years’ probation for defrauding people at eBay and Yahoo Internet auction sites. Postal Inspectors disclosed the woman and her daughter used fictitious and stolen identities when placing items for bid on the sites and took payments from the highest bidders without ever providing the goods. They used the same fake identities to fraudulently open bank and credit card accounts and apply for home mortgages. Victims lost about \$15,000.

■ A South Carolina man was sentenced to 11 months in prison, three years’ probation, and more than \$21,000 in restitution for defrauding 25 eBay customers. He offered computers, cameras, digital recordings, and other electronics for sale at reduced prices. Customers submitted payments via the U.S. Mail to post office boxes he rented, but they never received the advertised goods.

Mail Order Fraud

At the spring meeting of the Business Mailing Industry Task Force (BMITF) in Boston this past year, the Postal Inspection Service announced a new Web site to support communications between the business mailing industry and law enforcement groups dedicated to the prevention of mail order fraud. The Promotion Marketing Association will oversee Web site activities and work with the Inspection Service staff to implement regular updates. Password-protected links guide authorized users to information on mail fraud, prevention guidelines, and best industry practices, greatly facilitating communications between group members. Following are examples of mail order fraud investigated by Postal Inspectors during FY 2002.

■ A man was sentenced in Camden, New Jersey, to two years’ probation, \$40,000 in restitution, and an additional \$20,000 in voluntary restitution for rebate fraud. An Inspection Service investigation revealed he mailed thousands of fraudulent rebate applications with fictitious or altered information to receive rebates for items he never purchased. The defendant mostly mailed in rebates for

computer software worth \$10 to \$100 per item and used a computer to create the needed “qualifiers”—such as cash register receipts and universal product code (UPC) labels. To extend the scam and hide his identity, he used addresses of his family, friends, and others to receive the rebates.

■ Two individuals were indicted by a federal grand jury in Charleston, South Carolina, and charged with seven counts of mail fraud for scamming a well-known music company. The suspects ordered 7,000 compact discs worth \$58,000 and failed to pay for them—they protected their identities by using post office boxes and CMRAs rented under fictitious names in 10 cities throughout the state. One of the defendants agreed to cooperate with Postal Inspectors, resulting in the indictments of a music store owner and another music store manager, who bought the discs for \$3 to \$5 each and sold them at a substantial profit.

■ Two Philadelphia men pled guilty to two counts of mail fraud and two counts of filing false income tax returns as the result of an investigation by Postal Inspectors. From 1993 through 1997, the men mailed more than 1.9 million unredeemed, manufacturers’ cents-off coupons, valued at more than \$1 million, to coupon redemption centers. The two failed to report income of more than \$93,000, which they had collected in just one year from the scheme.

Telemarketing Fraud

Americans receive thousands of unsolicited phone calls from telemarketers each year trying to sell a variety of products, with older citizens often the target. Many offers are legitimate, but unscrupulous telemarketers can be the smoothest of operators, successfully swindling people out of millions of dollars. Indeed, those on fixed incomes who fall prey to these schemes can lose their entire life savings. Telemarketing fraud robs Americans of billions of dollars annually. During FY 2002, Postal Inspectors shut down 40 illegal telemarketing operations, a 43 percent increase over the previous year. Examples of cases follow.

■ Postal Inspectors disrupted a \$9.3 million business-to-business telemarketing scam in Philadelphia, and the operators were charged with mail fraud and money laundering after thousands of U.S. businesses claimed to be defrauded. The operators allegedly charged companies exorbitant prices for lighting and maintenance supplies, in one instance billing a company \$390 for trashcan liners worth \$19.99, and in another case charging \$945 for florescent lights worth \$141.

■ The owner of an industrial supply company in Philadelphia was sentenced to two years in prison, three

years’ probation, and a \$10,000 fine for a mail fraud and money laundering scheme. Postal Inspectors determined the owner had defrauded roughly 9,000 companies nationwide of more than \$8.7 million using fraudulent statements, concealing material facts, and charging exorbitant prices for maintenance supplies. To induce companies to pay the inflated invoices, the promoter encouraged purchasing agents to accept gifts or kickbacks.

■ As a result of a joint investigation by Postal Inspectors from the Philadelphia Division and Toronto Area Royal Canadian Mounted Police, three Canadians were arrested for a cross-border telemarketing scheme targeting elderly U.S. citizens. Victims were told they had won a Cadillac and a cash prize, but had to mail a fee to cover taxes, licenses, and transportation expenses before they could claim it. Approximately 100 people lost more than \$250,000.

■ A final settlement was announced in a lawsuit filed against operators of an alleged telemarketing scheme that operated in Portsmouth, Virginia. The settlement liquidated the corporation’s assets and certain personal assets of the defendants and directed the money to be used as refunds, expected to total approximately \$2.5 million, to victims of the alleged fraud. In addition to being permanently banned from offering telemarketing loans, the operators may not participate in any telemarketing activities or lending services for three years; after that time, they must post a \$500,000 bond before engaging in such activities.

Administrative Actions Related to Mail Fraud

In addition to criminal prosecution, Postal Inspectors frequently rely on civil or administrative actions to deter mail fraud. Below is a list of actions taken this fiscal year to help stem losses from various fraud schemes.

Action	FY 2002
Complaints filed by the Law Department	76
Consent Agreements signed	35
Cease and Desist Orders issued	35
False Representation Orders issued	46
Withholding Mail Orders issued	151
Temporary Restraining Orders issued	1
Voluntary Discontinuances signed	321
Civil Injunctions	1

Work-at-home scams target those who need money but are unable to work outside their residences. The scams usually promise big earnings and do not require prior job experience. Postal Inspectors take pride in putting the scammers out of business. The Postal Inspection Service conducted 60 such investigations during FY 2002 and reported 10 arrests, four Cease and Desist Orders, three Withholding Mail Orders, and 14 Voluntary Discontinuance Agreements.

A Withholding Mail Order (Title 39, USC 3003) enables the Postal Service to withhold an addressee's mail if they are using a false or assumed name, title or address to conduct or assist with activity that violates 18 USC 1302 (lottery), 1341 (mail fraud) or 1342 (use of a fictitious name or address), until proper identification is provided and the person's right to receive the mail is established. Under 39 USC 3004, the Postal Service may withhold mail if the address is not a person's residence or business address, allowing them to remain anonymous. Examples of Postal Inspection Service case activity related to administrative actions in FY 2002 follow.

- A False Representation Order was issued against the promoter of a weight-loss scam based on his breach of a previous order to cease and desist. A settlement agreement was then reached between the promoter and the Postal Service permanently prohibiting him from using the mail for such activities in the United States; the promoter also agreed to pay the Postal Service a \$100,000 penalty. Using several names, the promoter solicited customers through the mail to buy diet and weight-loss products and mail their payments to addresses across the country.

- A Withholding Mail Order was served on a Swiss company that rented mailboxes worldwide under various psychics' names. Postal Inspectors learned the promoter solicited senior citizens almost exclusively, leading them to believe a psychic would perform a spiritual reading based on information they provided. All respondents, it turned out, received virtually the same reading. Victims paid between \$14 and \$99 and were encouraged to also purchase amulets of colored glass or carbon that would "protect" them. Company principals hired a San Francisco attorney to represent their interests, and the attorney agreed to have his clients sign a Cease and Desist Order and stop soliciting U.S. citizens.

- The Postal Service's judicial officer issued a Withholding Mail Order for mail addressed to a company operating from several addresses in the Northwest. The company used addresses at commercial mail receiving agencies (CMRAs) to anonymously conduct a lottery and sweepstakes scam in which respondents could spend from

\$9.95 to \$29.95 for chances to win \$300,000 to \$2.5 million in prizes. All mail received at the addresses was reshipped to Vancouver, British Columbia.

- The Postal Service's judicial officer issued 70 Withholding Mail Orders for U.S. addresses, 65 of which were CMRAs, used by a criminal enterprise with an elaborate network that used more than 100 false IDs and addresses in the United States and Canada to insulate it from detection. Inspectors alleged the ring committed tax fraud, insurance fraud, and credit card fraud that claimed thousands of victims, but expect the withholding orders will prevent further losses. All withheld mail is returned to senders.

- A Consent Agreement and a Cease and Desist Order were issued by the U.S. Postal Service's judicial officer against a man who rented addresses at CMRAs under various names in Tampa, Florida. Postal Inspectors found he sent direct mail solicitations with misrepresentations about programs people could buy for \$29.99 to \$49.99 that would earn them large sums of money in a short time with little or no effort. After people bought the material, he added new requirements for "bonus payments." The Cease and Desist Order prohibits false representations, requires that refunds be provided to requestors, and states that those who respond to the solicitation receive the money as advertised.

Fraudulent Foreign Lottery Mail

To date, 39 False Representation Orders (FROs) have been issued against foreign lottery promoters. FROs enable Postal Inspectors to stop victims' mail (most of which contain checks) from leaving the United States and return mail to senders, thereby preventing losses.

To further combat illegal foreign lotteries, Postal Inspectors work with U.S. Customs Service officials to stop such offerings from entering the U.S. mailstream, and Customs agents contact Inspectors when they find such mail during border searches. Inspectors detain the mail and provide samples to the Postal Service's Law Department to determine if they meet mailing standards. If the pieces are considered nonmailable, the mailer is notified that the material is subject to destruction and may appeal the notice. If the mailer fails to appeal or loses the appeal, the detained mail is destroyed upon the issuance of a Destruction Order. During this reporting period, roughly 849,000 pieces of foreign lottery mail were destroyed prior to entering the mailstream. Since the initiative began in 1994, approximately 14.6 million pieces have been destroyed.