

Consumer Education, Fraud Prevention and Legislative Action

“Fraud complaints are on the rise, and more people age 60 and over are becoming victims ... In uncertain financial times, people are looking for a secure place to invest and grow their retirement money. These conditions make it easier for con artists to swindle investors, especially our senior citizens.”

—Chief Postal Inspector Lee Heath, National Fraud Against Senior Citizens Awareness Week news conference, *Dow Jones News Service*, Aug 26, 2002.

Consumer Education and Fraud Prevention Initiatives

Mail fraud investigations focus on a variety of schemes conducted through the mail in an effort to maintain integrity and to ensure the confidence that government agencies, businesses, and postal customers place in the U.S. Postal Service. The Postal Inspection Service works to protect the American public from such schemes, in part by educating people about fraud trends that target various groups, including some of the most vulnerable citizens, the nation’s elderly.

Inspectors this past fiscal year initiated a number of fraud prevention projects and participated with consumer protection agencies and other groups to help citizens protect themselves before they become victims of fraud.

National Fraud Against Senior Citizens Awareness Week

People 60 years of age and older accounted for 26 percent of telemarketing fraud victims in 2001, according to the Alliance Against Fraud in Telemarketing and Electronic Commerce. Seniors showed a much higher representation in certain categories, however—especially prize and sweepstakes fraud, where they accounted for 60 percent of the victims. In a hearing before the U.S. Senate Permanent Subcommittee on Investigations in June 2001, Postal Inspection Service representatives and the Pittsburgh Senior Action Coalition discussed the idea of having the Inspection Service and the Coalition initiate a national campaign with other agencies to raise the awareness of older citizens about illegal telemarketing and mail fraud schemes.

In support of the effort, the U.S. Senate passed a resolution, introduced by Senators Carl Levin (D-MI) and Susan Collins (R-ME), designating the week of August 25, 2002, as “National Fraud Against Senior Citizens Awareness Week.”

On August 26, the Chief Postal Inspector joined forces with Postmaster General John E. Potter, Federal Trade Commission Chairman Timothy J. Muris, Assistant Attorney General Michael Chertoff of the Department of Justice, and representatives of the Royal Canadian Mounted Police to announce the campaign kick-off. Betty White, a well-known actress who fits the age range of the targeted group, signed on as spokesperson for the campaign and was featured with the Chief Postal Inspector on CBS’s *Early Show*. A total of 51 press events were held in cities nationwide.

Nationally, a multimedia campaign encompassed a wide range of activities: Fraud awareness posters were created, distributed to, and posted at more than 38,000 post offices across the country; brochures were inserted in Postal Service mailings of stamps and philatelic materials; half-page ads were placed in 40 major

metropolitan-area newspapers; public service announcements featuring Betty White were broadcast on television and radio stations; and fraud awareness flyers were mailed to roughly 3 million households of seniors and

could receive the prize money. The postmaster, educated by the Inspection Service's campaign, told her, "Don't mail him anything. It's a scam." A video news release about the campaign and highlighting this successful prevention incident was sent via satellite to television stations across the country.

National Consumer Protection Week

This year's National Consumer Protection Week focused on deceptive mailings under the theme *Deceptive Mailings—Don't Be Duped*. Staff members from the Postal Service's Consumer Advocate office and the Postal Inspection Service's Congressional and Public Affairs (C&PA) office partnered to sponsor seminars and publicity campaigns during the February 2002 campaign. An educational video news release was issued featuring Senators Susan Collins (R-ME) and Carl Levin (D-MI) speaking on the Deceptive Mail Prevention and Enforcement Act. Consumer Affairs managers and Postal Inspector-Public Information Officers in Cleveland, Omaha, and Milwaukee were recognized for their outstanding contributions and creativity in the week's events.



Staff members from the Postal Service's Consumer Advocate office and the Postal Inspection Service's Congressional and Public Affairs office partnered to sponsor seminars and publicity campaigns during the February 2002 campaign for National Consumer Protection Week.

Photo by Robert J. Campbell, U.S. Postal Inspection Service

their families. The Postal Inspection Service's Web site, www.usps.com/postalinspectors, promoted the campaign and offered seniors tips on how to protect themselves from mail and telemarketing fraud. Hundreds of consumer-oriented organizations with Web sites catering to older citizens added links from their sites to the Inspection Service site.

An immediate success of the campaign was declared when, during its first week, a woman in her 80s went to a small post office near Pittsburgh, Pennsylvania, to mail a \$2,200 cashier's check to Canada, telling the postmaster she needed the money right away because her husband had won \$162,000 in a Canadian sweepstakes. She had to mail the check to pay for taxes on the winnings before she

Cross-Border Fraud Press Conference

On June 10, 2002, the Inspector in Charge of Fraud, Child Exploitation and Asset Forfeiture represented the Postal Inspection Service at a cross-border fraud press conference hosted by the Federal Trade Commission. Postal Inspectors' participation and high degree of professionalism



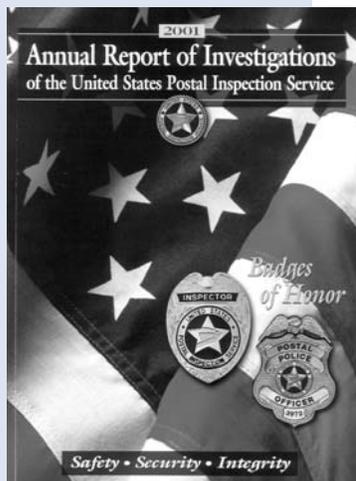
Photo by Postal Inspector Dean Kowalewski

A Postal Inspector-Public Information Officer answered questions from the media during a press conference in August 2002 in Milwaukee, one of many held by Postal Inspectors across the country that served to announce National Fraud Against Senior Citizens Awareness Week.



“Don’t Let One Phone Call Take It All Away.” That was the warning against telemarketing scams promoted on posters that were displayed in thousands of post office lobbies nationwide as part of National Fraud Against Senior Citizens Awareness Week.

The U.S. Postal Inspection Service’s office of Congressional and Public Affairs was awarded the APEX 2002 Award of Excellence in the “Annual Report-Printed” category for its 2001 Annual Report of Investigations. APEX 2002, the 14th Annual Awards for Publication Excellence, is an international competition that recognizes outstanding publications, from newsletters and magazines to annual reports, brochures, and Web sites.



Congressional and Public Affairs issued Publication 162, *Because the Mail Matters*, in August 2002. The booklet provides a snapshot of the history, mission, and operations of the Postal Inspection Service while defining the role of Postal Inspectors in



the war on illegal drugs, child pornography, and fraud involving the U.S. Mail.

in these investigations were recognized, and a significant cross-border fraud case initiated by Postal Inspectors working with the Strategic Partnership was highlighted. The Strategic Partnership is a multi-agency task force comprising six law enforcement and consumer-protection organizations, including the Postal Inspection Service, committed to combating cross-border fraud.

MSNBC airs documentary on Inspection Service Forensic Laboratory

“MSNBC Investigates: Mail Crime Forensics” premiered on MSNBC on Saturday, December 22, 2001. MSNBC filmed at the Postal Inspection Service’s National Forensic Laboratory at Dulles, Virginia, and showcased the lab’s expertise in solving crimes and its leading-edge technology. Reporters interviewed Postal Inspectors and Inspection Service forensic scientists for the show.

The Discovery Channel airs documentaries on Postal Inspection Service

On January 4, 2002, at 8 p.m., The Discovery Channel aired an hour-long documentary about the Postal Inspection Service, “The Feds: U.S. Postal Inspectors.” The show was the first in a series of documentaries about the Inspection Service produced by Heintz Media of Arlington, Virginia, in cooperation with the Postal Inspection Service. The first show highlighted two exciting Inspection Service cases: a deadly mail bomb investigation in Chugiak, Alaska, and an undercover check-buying operation that took a terrifying turn for the worse when a suspect pulled a gun on an Inspector in Chicago. On April 14, a second program was aired that highlighted a video piracy investigation conducted by Postal Inspectors in Philadelphia, Pennsylvania, and an Inspection Service investigation of audio piracy based in Washington, DC.

Reward announced on *America’s Most Wanted*

Congressional and Public Affairs staff worked with *America’s Most Wanted* to produce an episode on the anthrax investigation. The episode was tied to a news conference with the Postmaster General, the Chief Postal Inspector, the FBI, and *America’s Most Wanted* host John Walsh to announce a \$1 million reward for information leading to the arrest of the anthrax mailer or mailers. The reward was subsequently raised to \$2.5 million and included a \$500,000 pledge offered by ADVO, Inc.

Anthrax Mailroom Precautions

C&PA staff produced “Biological Threat: Protecting Your Mailroom,” a video highlighting precautions mailroom

employees should take to reduce their risk of exposure to anthrax. The Postal Service's Public Affairs and Communications staff distributed the video to mailrooms throughout the country and made it available via streaming video on the Postal Service Web site at www.usps.com. C&PA also produced a video news release entitled "Anthrax in the Mail," with guidelines on how to reduce the risk of exposure to anthrax in the mail. The video was distributed via satellite to television newsrooms across the country. C&PA staff also produced a poster with the Postal Service's office of Public Affairs and Communications showing mailroom workers how to identify a suspect parcel or mail piece.

Joan Lunden visits the Postal Inspection Service

The Postal Inspection Service participated in filming a segment in January 2002 for Joan Lunden's Arts & Entertainment cable broadcast, "Behind Closed Doors," featuring the Postal Service and Postal Inspection Service. The National Forensic Laboratory in Dulles, Virginia, and the Inspection Service's training academy in Potomac, Maryland, were highlighted on the show, which aired in May 2002.

Inside the Inspection Service

The Inspector in Charge of Congressional and Public Affairs hosted another successful year of USPS-TV's "Inside the Inspection Service." Topics included security,

mail theft, violent crimes, and workers' compensation fraud. The show also promoted Inspection Service initiatives such as The Discovery Channel documentaries and National Consumer Protection Week. The show reaches a potential audience of 400,000 postal employees.

Inspection Service Annual Report Wins APEX 2002 Award for Excellence

The U.S. Postal Inspection Service's office of Congressional and Public Affairs was awarded the APEX 2002 Award of Excellence in July 2002 for its *2001 Annual Report of Investigations*. APEX is an international competition that recognizes outstanding publications in various categories, from newsletters and magazines to annual reports, brochures, and Web sites.

Legislative and Regulatory Action

Congressional Liaison

During this session of the 107th Congress, Congressional and Public Affairs staff briefed Capitol Hill members and staffers on a variety of subjects, including anthrax and anthrax-hoax mailings, consumer fraud, child exploitation, deceptive mailings, identity theft, cooperative mailings, and money laundering. Case summaries were distributed to congressional staff to inform them of current Inspection Service investigations.

On June 6, 2002, the Inspector in Charge of Congressional and Public Affairs held a briefing on Capitol Hill for members of the Congressional Postal Caucus and their staffs. The briefing summarized the mission and activities of the Postal Inspection Service and included an update of its joint investigation into the anthrax mailings. Representatives Danny Davis (D-IL), Carolyn Maloney (D-NY), Eleanor Holmes Norton (D-DC), and approximately 35 congressional staffers attended the briefing.

The Postal Inspection Service participated for a third consecutive year at a Technology Summit sponsored by the Senate Appropriations Subcommittee on Treasury and General Government. Held on April

Photo by Operations Technician Roylene M. Johnson



A Postal Inspector-Public Information Officer partnered with the New Orleans office of the Better Business Bureau to educate the public with informational displays and discussions about frauds that target the elderly at the Veterans Administration Medical Center during National Fraud Against Senior Citizens Awareness Week in August 2002.

30, 2002, the event afforded law enforcement agencies an opportunity to showcase technology developed and used in their crime-fighting campaigns. Members of the Inspection Service's Forensic and Technical Services Division demonstrated new technology in mail-screening devices, transmitters, video cameras, and tracking equipment for senators and other attendees.

Staff from the Senate Subcommittee on International Security, Proliferation and Federal Services toured the Merrifield Processing and Distribution Center (P&DC) at Merrifield, Virginia, on February 20, 2002. During a tour of operations, an Inspector-Attorney, currently detailed to the Subcommittee, emphasized mail security in the context of the September 11 terrorist attacks and the anthrax mailings. C&PA sponsors tours of postal facilities for congressional staff, including tours of the Inspection Service's Career Development Division at Potomac, Maryland, and the National Forensic Laboratory at Dulles, Virginia, to educate Congress on challenges facing the Postal Service.

Congressional Testimony

On September 20, 2001, the Chief Postal Inspector accompanied the Postmaster General to Capitol Hill to testify before the Senate Governmental Affairs Subcommittee on International Security, Proliferation and Federal Services. The Chief described in detail the U.S. Postal Service's response to the terrorist attacks on September 11, including the role of the Inspection Service in the New York, Washington, DC, and Pennsylvania investigations.

On October 30, 2001, the Chief Postal Inspector testified before the House Government Reform Committee on the safety of postal employees and the U.S. Mail. The Chief's testimony included a statement explaining the Postal Inspection Service's mission to protect the U.S. Postal Service, its employees, and customers from criminal attack and about the partnerships it has formed with other law enforcement agencies in support of the antiterrorist and anthrax investigations.

A House Financial Services Subcommittee on



After a Postal Inspector from the Western Allegheny Division (seated at right) testified before a Pennsylvania House Committee hearing on check fraud and identity theft in April and September 2001, lawmakers realized that existing identity theft statutes did not contain adequate penalties—especially for those involved in organized criminal activity. As a result, Pennsylvania Governor Mark Schweiker (center) signed House Bill 1546 into law on June 25, 2002, attended by House Representative Matt Baker (left).

Oversight and Investigations hearing was held February 26, 2002, on the Growing Incidence of Fraud in Viatical Settlements. A fraud team leader from the Inspection Service's Indianapolis Field Office defined viatical settlements as discounted, pre-death sales of existing life insurance policies on terminally ill people. Viatical settlements are legal when a person becomes terminally ill after purchasing an insurance policy and then sells the policy to a viatical settlement company. Fraud occurs when a person is diagnosed with a terminal illness and misrepresents his or her medical condition when applying for insurance. Investors are victimized when a viatical settlement company misrepresents an insured's life expectancy and the guaranteed rate of return on a policy. The Inspector highlighted Inspection Service investigative activity in this area.

Legislation

H.R. 4970, the Postal Accountability and Enhancement Act, introduced by Representative John McHugh (R-NY), was defeated at a House Government Reform Committee markup on June 20, 2002. The bill did not make it to the House floor for a vote by the entire House of Representatives. No Senate action was taken on postal reform this

year. The bill would have given the Postal Service more pricing flexibility (such as high-volume discounts), subjected the agency for the first time to antitrust laws, allowed the agency to offer employee bonuses based on profits, and allowed it to operate in a more business-like manner.

On July 18, 2002, Senator Susan Collins (R-ME) introduced S. 2754, a bill to establish a Presidential Commission on the U.S. Postal Service. On August 30, 2002, S. 2754 was referred to the Senate Governmental Affairs Subcommittee on International Security, Proliferation and Federal Services.

On October 16, 2001, Congressman Philip Crane (R-IL) introduced H.R. 3129, a bill reauthorizing appropriations for the U.S. Customs Service. Provisions of the bill granted the U.S. Customs Service authority to stop and search at the border, without a warrant, domestic mail for export by the U.S. Postal Service. On August 6, 2002, President Bush signed into law H.R. 3009, the Andean Trade Promotion and Drug Eradication Act, containing the Customs provisions from H.R. 3129. The resulting act, Public Law 107-210, allows U.S. Customs agents to search outbound domestic mail exceeding 16 ounces in weight without a warrant.

The President signed into law the USA Patriot Act, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism, on October 26, 2001, as Public Law 107-56. The act was introduced by Representative James F. Sensenbrenner (R-WI) in October 2001 and incorporated provisions of two earlier anti-terrorism bills. The Asset Forfeiture section of this report provides more detail on the USA Patriot Act.

On November 1, 2001, Congressman Lamar Smith (R-TX), Chairman of the House Judiciary Subcommittee on Crime, introduced H.R. 3209, the Anti-Hoax Terrorism Act of 2001. The measure passed the House under suspension of the rules on December 12 and was referred to the Senate Judiciary Committee. If enacted, the law will create criminal and civil penalties for engaging in any conduct with intent to convey false or misleading information where information in the context of biological, chemical, or nuclear threats may reasonably be believed.

Senator Diane Feinstein (D-CA) introduced S. 2541, the Identity Theft Penalty Enhancement Act of 2002, on May 22, 2002, to establish penalties for aggravated identity theft. If passed, the legislation would add a two-year penalty for anyone convicted of a serious federal crime while using another person's identity. The crimes would include stealing an identity to illegally obtain citizenship in the United States, to obtain a passport or visa, to remain in the

United States illegally after a visa expired or the person was ordered to leave the country, to commit bank, wire or mail fraud, or to steal from employee pension funds.

S. 2541 would also add a five-year penalty for anyone who uses a stolen identity to commit a crime of federal terrorism, including destruction of aircraft, assassination or kidnapping of a high-level federal official, bombings, hostage taking, providing material support to terrorism organizations, and other terrorist crimes. The bill would expand existing identify theft prohibitions to include possessing a means of identification of another person with intent to commit specified unlawful activity. Aggravated identity theft is defined as a separate crime, not just a sentencing enhancement. If enacted as written, the two-year and five-year penalties for aggravated identity theft must be served consecutively to the sentence for the underlying crime.

Other bills introduced during this session of Congress, which all remain in various Senate committees, include S. 2511, a bill to prevent child pornography trafficking and obscenity, and S. 2770, a bill to amend the Federal Law Enforcement Pay Reform Act of 1990 to adjust the percentage differentials payable to federal law enforcement officers in certain high-cost areas

GAO Issues

The Government Accounting Office (GAO) initiated a national study at the request of Congressman Henry Waxman (D-CA), Ranking Minority Member of the Committee on Government Reform, to review and report on the efforts of federal agencies to curtail the proliferation of child pornography and the overall coordination of those efforts. The Postal Inspection Service is one of three primary federal law enforcement agencies charged with investigating this criminal activity. At GAO's request, the Inspection Service responded to a series of questions related to child exploitation investigations conducted by Postal Inspectors nationwide. A report will be issued by GAO to members of Congress following the completion of its inquiry and review.

GAO staff hosted a forum in December for Postal Inspectors, congressional representatives, various federal agencies, major mailers, unions, associations, and others to discuss mail security and postal operations. All participants agreed there is no simple solution for ensuring mail safety and vowed to work together to assess risks, develop a framework for responding to potential threats, and take immediate steps to secure the safety of the mail—thereby restoring the public's confidence in the integrity of the postal system. The Postal Inspection Service is refining and expanding recommendations.