

Consumer Education, and Legislative Action

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

citizens, the nation's elderly.

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

U.S. Postal Inspection Service Informs the Public About Identity Theft

In July, the Postal Inspection Service produced video and audio-only versions of public service announcements (PSAs) featuring actor Jerry Orbach speaking from the lobby of the James A. Farley Post Office in New York City. Mr. Orbach was selected as the spokesman for "Operation: Identity Crisis," a U.S. Postal Inspection Service consumer-awareness campaign targeting identity theft, a crime that may involve the U.S. Mail. The U.S. Secret Service, the Federal Trade

Commission (FTC), and other government agencies and private companies joined the campaign to educate consumers about identity theft and bring criminals to justice.

In the first six months of the cam-

campaign, the PSAs aired 20,000 times on roughly 400 television and radio stations—equivalent to more than \$1 million in advertising. On September 14, 2003, newspaper ads were published in metropolitan areas with the highest number of identity theft complaints, and brochures with prevention tips were mailed to 3 million residential addresses in those areas. The Postal Inspection Service produced posters with prevention tips that were displayed in financial institutions and post office lobbies across the country, and were featured at a national press conference on identity theft held in New York in September 2003.

U.S. Postal Inspectors joined with



Postal Bulletin (available online for viewing and printing at www.usps.com). The Postal Inspection Service also produced and distributed a guide with the latest facts on identity theft, Publication 280, *Identity Theft: Safeguard Your Personal Information* (available online for printing and viewing at www.usps.com/postalinspectors).

Seventh Annual United States–Canada Cross-Border Crime Forum

The U.S. Postal Inspection Service co-sponsored the Seventh Annual Cross-Border Crime Forum, which was hosted by the Attorney General of the United States and attended by the Solicitor General of Canada, as well as law enforcement officers from the United States and Canada. The Chief Postal Inspector made a presentation before the Attorney General and Solicitor General on the international challenges of fighting child exploitation and the national child exploitation strategy of the Postal Inspection Service, with highlights of some of the agency's most successful investigations.

'Operation Pipe Dreams' Press Conference

Chief Postal Inspector Lee Heath attended a national press conference in February 2003 with the Department of Justice and the Drug Enforcement Administration on "Operation Pipe Dreams," a large-scale investigation of criminals who transport drug paraphernalia via the U.S. Mail, and the

announcement of the indictment of 27 suspects on charges of trafficking in illegal drug paraphernalia.

White House Conference on Missing and Exploited Children

The Chief Postal Inspector presented remarks at the first-ever White House Conference on Missing and Exploited Children in October 2002. President Bush hosted the event and delivered the keynote address to promote public awareness on the issues and to generate recommendations and solicit "best practices" from experts in the field. More than 600 invitees from across the country attended the event. Other speakers included First Lady Laura Bush, Attorney General John Ashcroft, and Secretary of State Colin Powell.

U.S. Postal Inspection Service Awards

Philadelphia Postal Inspector James Devlin received the "Outstanding Contribution in Law Enforcement Award" from the Executive Office of U.S. Attorneys Directors. The award was presented by Attorney General John Ashcroft and U.S. Attorney of the Eastern District of Pennsylvania Patrick Meehan at a ceremony held at the International Trade Center in Washington, DC, in November 2002. Inspector Devlin was recognized for his persistent investigation and successful prosecution of 10 members of the Philadelphia Medical Examiner's

Office who engaged in a macabre scheme to steal cash, credit cards, financial information, and firearms from deceased people. Each U.S. Attorney submitted nominations for this prestigious award, and all attended the ceremony.

At an annual awards ceremony of Pittsburgh Law Enforcement Agency Directors in October 2002, a group award was presented to the Postal Inspection Service, FBI, ATF, and Pennsylvania State Police for their extensive work at the September 11, 2001, crash site of United Airlines Flight 93 in Pennsylvania. The Postal Inspection Service crash-site team included Inspectors from Cleveland, Ohio, and Pittsburgh, Pennsylvania.

Law Enforcement Explorers Program

Law Enforcement Explorers is a national program that encourages adolescents to consider careers in law enforcement. The Postal Inspection Service established a Law Enforcement Explorers Post #3972 in New York, named in honor of slain Postal Police Officer Michael J. Healy, in September 2002.

During FY 2003, Post #3972 visited Camp Smith near Peekskill, New York, for defensive tactics training. They participated in Law Enforcement Air Day, sponsored by the FBI at the Morristown, New Jersey, airport and helped produce a Bomb Threat and Search training video. At the Law Enforcement Winter Competition, Explorers from Post #3972 won first



Explorers at the Federal Law Enforcement Officers Memorial and at the Bureau of Printing and Engraving in Washington, DC.



USPS-TV. Topics included information on identity theft, Postal Inspector recruitment efforts, workers' compensation fraud,

and investment fraud. C&PA staff also produced a video for the Cross-Border Conference and, for a hearing before the Senate Subcommittee on Crimes, Corrections and Victims' Rights, a video about senior fraud victims.

place. The Explorers viewed security operations at the Postal Service's Morgan Processing and Distribution Center in Manhattan and at U.S. Immigration and Customs Enforcement offices at JFK Airport. Post #3972 entered the Explorer Law Enforcement Spring Competition at Staten Island and took third place in the White Collar Crime event. Later in the year, Explorers toured sites around the Washington, DC, area, including the National Law Enforcement Officers Memorial.

Postal Inspection Service Videos

Congressional and Public Affairs produced four segments of "Inside the Inspection Service," which were aired to postal employees nationwide on

radio stations across the country. In one 18-month period, newspapers carrying articles on the Postal Inspection Service reached 105.4 million readers. Radio stations broadcasting stories about the Postal Inspection Service reached 12.7 million listeners, for a combined audience of 118.1 million people.

Newspaper and Radio Coverage of the Postal Inspection Service

Staff from Congressional and Public Affairs (C&PA) published a Special Bulletin in June 2003 entitled "Postal Inspectors Keep an Eye on Workers' Compensation Fraud." The Special Bulletin was distributed to postal managers and supervisors at facilities across the country to reach audiences most likely to be aware of such fraud. Incidents of workers' compensation fraud detected by Postal Inspectors were recounted, with explanations of how such fraud negatively impacts the bottom line for the Postal Service.

As part of their mission to promote the work of the U.S. Postal Inspection Service to the general public, media representatives from Congressional and Public Affairs distributed newspaper articles and radio scripts through the North American Precis Syndicate. The syndicate distributes articles written by and about the Postal Inspection Service to 8,500 weekly and 1,500 daily newspapers, and sends radio scripts to 6,500

Employee- and Consumer-Awareness Publications

U.S. Postal Inspection Service investigations of workers' compensation fraud have been tremendously successful, saving the Postal Service more than \$1 billion in the past 10 years. However, program savings could potentially be reduced further by improving communications between postal managers and Inspectors, and educating managers about services offered by Postal Inspectors to stem fraud. Several managers requested an extra supply of the publication for distribution to postal employees in their areas, citing its usefulness as a

prevention measure. An updated version of the Special Bulletin is included as an insert in this *2003 Annual Report of Investigations*.

C&PA staff also issued the following publications over the past fiscal year (available online for viewing and printing at www.usps.com/postalinspectors):

- Publication 146, *A Law Enforcement Guide to Postal Crimes*.
- Publication 546, *Sweepstakes Advertising*.
- Publication 280, *Identity Theft: Safeguard Your Personal Information*.
- Publication 281, *Consumer Fraud by Phone or Mail: Know How to Protect Yourself*.
- Three issues of the *Financial Industry Mail Security Newsletter*.
- U.S. Postal Inspection Service *Bulletin* magazine for active and retired employees of the agency.
- A brochure and poster explaining the Postal Inspection Service's Ombudsman program, available for Inspection Service employees.

Congressional Liaison

U.S. Postal Inspection Service personnel who have liaison responsibilities with Congress distributed "welcome packets" to the 108th Congress in January 2003, with copies of the Postal Inspection Service's *2002 Annual Report of Investigations*, C&PA liaison contact information, a brochure entitled "Congressional Guide to Postal Crimes," Publication 162, *Because the Mail Matters*, and a guide to the Postal Inspection Service's Jurisdiction and Laws.

In April 2003, a number of staffers from the House of Representatives toured the Postal Inspection Service's Career Development Division at Potomac, Maryland, and the National Forensic Laboratory at Dulles, Virginia, to further understand challenges facing the Postal Inspection Service. During the tour, the Inspector in Charge of Congressional and Public Affairs emphasized the role of U.S. Postal Inspectors in protecting postal employees and postal customers.

Senators Recognized by the Postal Inspection Service

Congressional and Public Affairs staff and the Chief Postal Inspector visited the Capitol Hill offices of Senators Susan Collins and Carl Levin in November 2002 to present plaques to the Senators and their staff in recognition of their work in combating telemarketing fraud. The Senators introduced a bipartisan resolution (Senate Resolution 281) establishing the week of August 25, 2002, as "National Fraud Against Senior Citizens Awareness Week" to help seniors learn about the dangers of telemarketing scams.

Congressional Testimony on Identity Theft

Testifying on behalf of the Postal Inspection Service, the Inspector in Charge of Congressional and Public Affairs, Daniel Mihalko, appeared before the Subcommittee on Financial Institutions and Consumer Credit of the House Financial Services Com-





mittee on June 24, 2003. Inspector Mihalko testified on the Postal Inspection Service's role in fighting identity theft through a combination of investigative, preventive, and educational strategies. He highlighted the Inspection Service's progress in combating identity theft through collaborative efforts with postal partners in the mailing industry and close cooperation with other law enforcement and regulatory agencies.

House lawmakers were addressing identity theft issues before reauthorizing certain provisions of the Fair Credit Reporting Act. The final version of the act reauthorizing the Fair Credit Reporting Act specifically mentioned the Postal Inspection Service.

Members of the House and Senate introduced several bills throughout the year containing anti-identity theft measures, mostly sponsoring legislation that would keep credit report information out of the hands of criminals or that establish penalties for aggravated identity theft. The bills remain in various House and Senate committees.

Legislation

Federal Officer Pay Reform

On January 3, 2003, Representative Peter T. King (R-NY) introduced H.R. 466, a bill that would adjust pay in certain high-cost areas. Representative Mike Rogers (R-MI) on April 8 introduced H.R. 1676, The Comprehensive Federal Law Enforcement Officer Pay Equity and Reform Act. A

companion bill was introduced by Senator Christopher Dodd (D-CT) on May 1. The bills attempt to address disparities in personnel policies and practices between various federal law enforcement agencies. Disparities in pay scales and retirement programs, and policies governing other compensation benefits, such as locality pay, may cause experienced law enforcement personnel to go to other agencies or jobs in the private sector offering better compensation.

San Francisco, Southern California, Boston, New York, and Washington, DC, were cited by lawmakers as having difficulty keeping or recruiting talented officers, claiming the current locality pay system fails to take into account the rapid rise in housing and related costs in key areas. According to lawmakers, many of the areas that most need federal law enforcement protection—major population centers, busy port cities, and border regions—are also the most expensive places to live.

The Department of Homeland Security, which is faced with realigning pay scales and "perks" for more than 24,000 officers, feels the government needs consistency in law enforcement pay as it beefs up security in response to the September 11, 2001, terrorist attacks. The Bush administration wants to avoid instability in law enforcement ranks. Several law enforcement agencies faced staff shortages after losing officers to the new Transportation Security Administration, which often offered higher pay to people willing to serve as federal air marshals.

Virtual Child Pornography

The President signed into law the Omnibus Child Protection Act on April 30, 2003, as Public Law 108-21. The act was introduced by Senator Orrin Hatch (R-UT) on January 13. One provision of the new law bans so-called "virtual child pornography"—sexual images that appear to be of children, but are created using youthful-looking adults, or are computer-generated.

Biomedical Countermeasures

On May 15, 2003, Congressman Billy Tauzin (R-LA) introduced the Project Bioshield Act of 2003. It passed the House in July 2003. The act seeks to enhance research, development, procurement, and the use of biomedical countermeasures to respond to public health threats affecting national security. Its companion bill, S. 15, remains in committee.

Throughout 2003, a series of congressional hearings before the House Government Reform Subcommittee on National Security, Emerging Threats, and International Relations was devoted to the prevention, detection, and decontamination of bio-agents. A hearing held May 19 focused on the anthrax contamination at the Wallingford, Connecticut, Post Office and explored the multi-agency collaboration on anthrax testing and clean-up procedures, and communications with Wallingford postal employees during and after the incident.

In October 2001, the Postal Service and other agencies lacked standard protocols for the environmental testing of biohazards such as anthrax.

Tom Day, the Postal Service's vice president of Engineering, provided testimony on the Postal Service's response to the anthrax attacks in 2001 and its plans for detecting and neutralizing any future biohazard attacks.

President's Commission on the U.S. Postal Service

President Bush appointed a nine-member commission during FY 2003 to study postal reform. On July 31, the commission reported to the President that it opposed privatizing the Postal Service and recommended the agency have the flexibility to operate, in many ways, like a company. In addition, the commission suggested the Postal Service consolidate its facilities and consider outsourcing tasks deemed incidental to delivering the mail. It recommended the Postal Service have authority to negotiate retiree pension and health-care benefits different from those offered under existing federal plans. It also recommended 17 additions to the agency's personnel practices and uses of technology.

One addition recommended the agency design a pay-for-performance program "meaningful to Postal Service employees and assists the [agency] in meeting its productivity and service quality goals." Most commission members supported the idea of pay-for-performance, but advised the system would need to be properly designed.

The commission also proposed the Postal Service consider standardizing technology at mail-processing facilities to improve efficiency and to use technology to address security issues, such

as the ability to identify the sender of every piece of mail. Such technology is fairly straightforward to install, but could pose concerns about privacy. The commission suggested the Postal Service coordinate the proposal with the Department of Homeland Security if it chooses to implement the recommendation.

The presidential panel additionally proposed changing the politically appointed, Senate-confirmed Board of Governors. It would be replaced by a board of directors similar to those found in corporations, with a corporate-style, 11-member group with business backgrounds and increased authority to oversee Postal Service operations. The commission adopted a recommendation that would give the Postal Service more flexibility to raise rates quickly in response to market changes, within limits established by a new independent agency called the Postal Regulatory Board.

The panel also proposed these recommendations:

- Set up an independent commission to recommend post office closings similar to the system used to close unnecessary military bases.
- Trim the workforce through attrition and buyouts.
- Concentrate on the Postal Service's core mission by restricting its activities to collecting, sorting, and delivering mail.
- Expand efforts to provide mailing services at mall and grocery store kiosks.
- Expand contracts with companies such as cargo airlines that haul

mail and packages.

Many of the recommendations were championed by Postmaster General Jack Potter in the Postal Service's Transformation Plan and resembled provisions in postal reform legislation sponsored last year by Representative John McHugh (R-NY) and Representative Henry Waxman (D-CA). Although it did not appear in the formal list of recommendations found in Appendix C of the commission's report, there is report language that references the Postal Inspection Service:

"The commission recognizes that the Postal Inspection Service plays a vital law enforcement function. Only those activities of the Postal Inspection Service that directly support the safety and security of the nation's mail and postal systems should be assumed by the ratepayers. The cost of law enforcement operations that track broader crimes committed through the mail should be borne by taxpayers, generally."

While neither Congress nor the Postmaster General has commented on this recommendation at any hearings, the Congressional Research Service of the Library of Congress reported on the language. The Congressional Research Service is a source widely used by members of Congress.