

Mail Theft

The American public has the right to expect its mail to be delivered on time and intact. As mandated by law, U.S. Mail should arrive unopened and in the mail receptacle for which it was intended. Mail theft comes under the jurisdiction of U.S. Postal Inspectors, who are charged with preserving the “sanctity of the seal.”

Mail thieves have a number of opportunities to steal mail. Every day, more than 650 million letters travel across the country and around the globe. The mail is delivered to 145 million addresses six days of every week. And every day those millions of mailpieces—First-Class letters, parcels, magazines, financial documents, business correspondence, Express and Priority Mail, registered mail, international mail and much more—are moved to their destinations by plane, ship, rail, truck, automobile and human beings.

U.S. Mail is delivered to many different types of receptacles: mailboxes, collection boxes, apartment mailbox panels, relay boxes, carrier cart-satchels, co-op mailing racks, post office boxes, neighborhood delivery and collection box units, as well as countless varieties of ingenious, homemade mailboxes crafted to meet the federal standards set by the U.S. Postal Service, under the counsel of U.S. Postal Inspectors.

Postal Inspectors know all this. They also know that, because mail can contain any number of valuables—not just jewelry and other expensive items, but personal and financial information, credit card applications and the like, criminals always try to steal it. Mail thieves employ an endless number of schemes that Postal Inspectors work hard to thwart.

The Postal Inspection Service devotes significant resources to investigating and preventing mail theft. Mail theft rings are the agency’s biggest concern. While mail is in transit at airports or on the road, highly organized criminal groups—who may recruit airline employees, postal contractors or postal employees to aid them—can make off with large volumes of mail. Any organization that employs mailroom personnel is at risk for mail theft.

It is the job of U.S. Postal Inspectors to anticipate mail theft by deploying the best security technologies at hand, devising preventive tactics that protect postal employees and customers and offering initiatives to educate employees and the public at large about mail theft tactics.

For more information on mail theft, visit the Postal Inspection Service Web site at www.usps.com/postalinspectors.

Volume Mail Attacks

Volume mail thefts, or “volume attacks,” include as their targets postal vehicles, collection boxes, apartment mailbox panels, relay boxes, carrier cart-satchels, co-op mailing racks, five or more post office boxes, neighborhood delivery and collection box units (NDCBUs and CBUs) and carrier robberies. Volume mail attacks constitute an ongoing threat to postal customers and receive a high level of investigative attention.

Although volume attacks are generally decreasing, problems remain in a few demographic areas. After a signifi-



Postal Inspectors arrested 6,364 suspects for mail theft in FY 2001, with volume mail theft receiving the highest level of investigative attention.

cant number of attacks occurred in California and Arizona in FY 2000, the Postal Inspection Service implemented new strategies in FY 2001 to target high-risk areas. Postal Inspectors in Arizona formed a task force to identify and halt criminal groups responsible for the majority of attacks in that state.

Large-scale prevention initiatives designed to educate postal customers were also launched. A three-month media campaign in Arizona featured billboards posted at eight major public thoroughfares in Phoenix and 11 in Tucson, warning an estimated 60,000 residents per day, per billboard, about recent mail theft activity. Local television and radio broadcasts at the same time alerted customers to theft-prevention strategies, and Internet Web site postings offered customers additional advice on safeguarding their mail, as well as an on-line venue to report mail theft.

Following are examples of volume mail attacks investigated and halted by Postal Inspectors in FY 2001.

◆ Postal Inspectors in Phoenix, AZ, arrested a woman for a series of mail thefts in New Mexico, Colorado, Nebraska, Utah and Idaho. Inspectors searched her car incident to the arrest and found guns, drugs, checks, credit cards, counterfeit IDs, forged birth certificates and financial documents. She is believed to have stolen more than \$1 million worth of checks from the mail.

◆ A Fort Worth, TX, woman was sentenced to 30 months in prison and three years' supervised release after pleading guilty to two counts of possessing stolen mail. The judge cited her

21 prior felony convictions as the reason for his upward departure from sentencing guidelines. The woman was the subject of four previous Inspection Service investigations involving volume mail thefts from apartment panel boxes.

◆ A Texas man was sentenced to 14 years in prison and three years' supervised release and was ordered to pay \$275,000 in restitution, with a special assessment of \$1,800. Postal Inspectors identified him as part of a ring in Houston that stole personal and business checks from the mail,

created counterfeits of the checks and cashed them at various post offices across the country in exchange for stamps.

◆ Five Nigerian suspects were indicted in Atlanta, GA, for conspiracy and bank fraud. Postal Inspectors determined the men used IDs from numerous victims to open fraudulent checking accounts and then deposit stolen checks, convenience checks and counterfeit checks into the accounts. They obtained debit cards for the fraudulent accounts to purchase postal money orders in amounts of \$700 each, keeping the transactions under \$3,000 to avoid federal reporting requirements. All of them used commercial mail receiving agency (CMRA) addresses to maintain their anonymity. Fraud losses associated with the scheme to date exceed \$600,000.

◆ Police in Scottsdale, AZ,

In the Southwest portion of the country, the increase in volume mail theft is directly related to the increase in methamphetamine abuse. Volume mail attacks increased nationally from 3,929 in FY 2000 to 6,752 in FY 2001.

responded to a forgery in progress at a local bank and brought a suspect back to the station for questioning. After determining he was part of a mail theft ring in Mesa, police notified Postal Inspectors in the

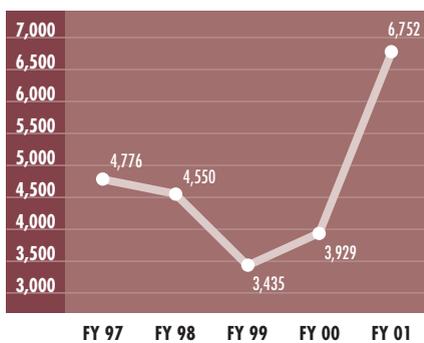
Phoenix Volume Mail Theft Task Force. The suspect provided Inspectors with the locations of two major players in the mail theft ring, one of whom had an outstanding arrest warrant from the Postal Inspection Service. Las Vegas police officers and Postal Inspectors confirmed the fugitive was staying at a hotel in town and was armed. The Las Vegas Metro Police SWAT Team reported to the hotel, and a Postal Inspector made telephone contact with the suspect, convincing him to give himself up. The other suspect was located and arrested the same day. Both men were alleged to have been stealing mail from NDCBUs and CBUs in East Phoenix Valley for more than two years as part of a ring of at least 50 others.

Identity Theft

Identity theft occurs when a thief steals someone's personal identifying information to take over their bank accounts or fraudulently apply for credit in their name. The most common identifiers used are name, address, date of birth, Social Security number and mother's maiden name. The majority of identity theft schemes involve the U.S. Mail.

Postal Inspectors work with bank and credit card issuers, financial institutions, retail merchants, credit bureaus and government agencies to educate merchants and consumers about identity theft and provide guidance to victims. Other Inspection Service cases in FY 2001 in this area follow.

Volume Mail Attacks: Five-Year Trend

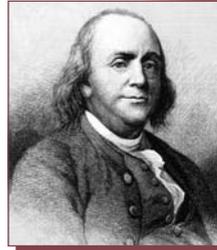


◆ A California judge sentenced a man to 51 months in prison and ordered him to pay restitution of more than \$400,000. Postal Inspectors determined that, between 1990 and 2000, he had recruited numerous individuals to steal mail from residential mailboxes in the Hollywood Hills area of Los Angeles, CA. The man rented boxes at CMRAs and diverted his victims' credit card and bank mail to those addresses. He also opened new accounts in victims' names and had the mail sent to the CMRAs. The CMRA business was implicated as a willing participant in the fraud. Postal Inspectors have located more than 100 victims of this scheme, and known losses exceed \$400,000. At sentencing, the judge stated that if the guidelines permitted he would sentence the man to an additional 51 months in prison for his crimes against the American public.

◆ Postal Inspectors and special agents from the Social Security Administration-Office of Inspector General (OIG) in Chicago arrested a man subsequent to the execution of two search warrants, one for a fictitious business in Wheaton, IL, and the other for his residence in Carol Stream, IL. Inspectors found he was using numerous CMRA addresses in Chicago to receive credit cards obtained via fraudulent applications sent through the mail. Further investigation revealed he was also using fictitious business names, had rented office space at several locations and had applied for and received point of sale (POS) merchant terminals for the offices. He processed bogus merchant transactions through the terminals using the fraudulent credit cards and deposited the sales credits into his own bank accounts. To keep the cards in good standing, he paid the minimum balances on the cards for a period of time, until finally the accounts were put into collection status. A conservative estimate of fraud losses from the scheme

totals about \$600,000. The suspect was on vacation in Mexico (which he funded with a fraudulent credit card) when the search warrants were executed and was arrested upon his return.

◆ Postal Inspectors in New Jersey arrested five suspects for an identity-takeover scheme. One of the men was an account executive for a finance corporation. He allegedly convinced co-conspirators to submit false loan applications to his company in the identities of elderly victims in New Jersey. He then used his position in the company to approve the loans, knowing they were fraudulent, and diverted most of the money to his own use. The finance corporation lost more than \$400,000.



In the Nation's Service

A Chronology of the United States Postal Inspection Service

1737

Postmaster Benjamin Franklin of Philadelphia given the task of "regulating the several post offices and bringing the postmasters to account."

1772

Under the colonial postal system, Postmaster General Benjamin Franklin creates the position of "Surveyor" because he could no longer single-handedly regulate and audit post offices.

1776

Surveyors establish and keep open lines of communication

necessary to conduct the Revolutionary War. William Goddard named the first Surveyor of the new American Postal Service.



Smithsonian National Postal Museum

◆ Postal Inspectors in Dallas-Ft. Worth, FBI agents, police officers from Bedford, TX, and the Dallas-Ft. Worth Airport Department of Public Safety executed a search warrant incident to a mail theft investigation that resulted in the arrest of three suspects for mail theft and credit card fraud. The suspects had been stealing mail to obtain personal identifiers, which they used to apply for fraudulent credit cards. The gang rented six CMRA addresses as mail drops for the scheme. More than 90 victims have been identified to date, and losses exceed \$500,000. The case has been accepted for federal prosecution.

◆ Postal Inspectors in Seattle, WA, and agents from the FBI, Secret Service and Social Security-OIG charged a woman with taking over the identities of numerous people. She hid her own identity and location by renting CMRA boxes in Washington, Hawaii and Oregon. After obtaining fraudulent credit cards with the stolen IDs, she opened a bogus business and set up a merchant acquirer account with several banks, running a tab of more than \$240,000. She then opened a bank account in the name of a legitimate jew-

1792

Congress imposes the death penalty for stealing mail.

elry business in Seattle and contacted the bank that was the merchant acquirer for the business. Posing as the true owner, she convinced the bank to divert all \$260,000 in funds from the business' credit card transactions to her own, fraudulent account. The investigation resulted in an eight-count indictment against the woman on charges of bank fraud, credit card fraud and identity theft.

◆ Postal Inspectors and Secret Service agents in Jacksonville, FL, arrested a Nigerian national as he picked up mail at a CMRA. One of the letters contained a credit card that had been obtained via an account takeover. A consent search of the suspect's hotel room resulted in the recovery of numerous credit cards and a counterfeit Massachusetts driver's license, which bore the suspect's photograph but the name of a known identity theft victim. Several CMRA box keys, a storage locker key and the keys to a 1998 Ford Expedition were also seized. Paperwork

in the hotel room revealed the vehicle had been purchased for \$18,900 in four cash payments in April 2001, and an invoice showed the vehicle was due to be shipped overseas. The suspect could not be fingerprinted because an unknown process had obliterated his fingerprints. Inspectors are aware of at least five CMRAs he was using to receive credit cards obtained through account takeovers. To date, 75 victims have been identified, and losses exceed \$100,000.

Credit Card Theft

◆ Postal Inspectors, Secret Service agents, Pembroke Pines police officers and agents from the Social Security-OIG in Miami arrested two women who were operating a large ring involved in credit card fraud and identity theft, using the names of recently deceased individuals. The arrest was based in part on infor-

mation from the Miami Division's M.I.A.M.I. program (Mail Initiative Against Misappropriated Identities), which targets vacant addresses that are used for mail-related crime. Along with co-conspirators, the pair diverted mail from its intended destinations to CMRA addresses and vacant houses they used as mail drops. More than \$1 million in losses have been identified.

◆ Postal Inspectors in Washington, DC, initiated an investigation related to credit cards that were stolen from the mail and used to obtain cash advances, with losses exceeding \$100,000. Inspectors met with bank investigators at a Credit Card Mail Security meeting hosted by the Postal Inspection Service, and coordinated a strategy to track future mailings and fraudulent transactions. They identified two suspects, a male and female, through bank surveillance photos. A bank investigator notified Inspectors when someone attempted to use a stolen credit card for a cash advance, and again

when the card was used to purchase roundtrip train tickets from New York to Baltimore. Postal Inspectors set up surveillance at the train station and soon identified and arrested the female suspect, based on the bank photo. More arrests are expected.

◆ Postal Inspectors and FBI agents in Newark arrested a Nigerian national on charges of bank fraud. The investigation began when an Inspector in Chicago discovered that Medicare checks exceeding \$315,000 in value and destined to residents of a nursing and convalescent center in Clark, NJ, were instead deposited into the suspect's account. When a woman attempted to cash an altered check from Clark Nursing and Convalescent Center at a grocery store in



The Financial Crimes Task Force of Southwestern Pennsylvania, active since 1995, comprises Postal Inspectors and representatives from the Pittsburgh Bureau of Police, the Allegheny County Police Department, the Allegheny County District Attorney's Office-Detective Unit, the U.S. Secret Service, the Federal Bureau of Investigation and the Treasury Inspector General for Tax Administration, among others. The group, some of whose members are shown here, has had unprecedented success in bringing together local, state and federal law enforcement agencies, as well as local bank and merchant groups, to effectively stem the tide of financial crimes—almost always involving use of the mail—that plagued the area.

Sayreville, NJ, the cashier refused to cash it and noted the woman's license plate number. The vehicle was registered to an acquaintance of the suspect, who worked at the Clark Nursing Center.

◆ A Chicago judge sentenced a Nigerian national to two years in prison and five years' supervised release and ordered him to pay \$141,765 in restitution; the Immigration and Naturalization Service will deport him upon completion of his sentence. The man was a central figure in a West African ring that negotiated stolen credit card access checks at banks in Chicago. Losses attributed to the scheme exceed \$2 million.

◆ A judge in Texas sentenced a Nigerian national to 27 months in prison, 36 months of supervised release and \$65,000 in restitution. The man used other people's personal IDs to set up fraudulent bank accounts, into which he deposited stolen checks. He used several CMRAs to protect his identity. Fraud losses established at sentencing totaled more than \$700,000.

◆ A Portland, OR, woman pled guilty to four counts of identity fraud, bank fraud, misuse of a Social Security number and unauthorized use of an access device. She had been involved in an elaborate credit card scheme that bilked more than \$500,000 from credit card companies and banks. She agreed to the forfeiture of a 2000 Chevy Tahoe valued at \$30,000. The Postal Inspection Service and the FBI will share the proceeds equally from the sale of the vehicle.

◆ A Nigerian national was convicted on five counts of bank fraud in Illinois after a three-day jury trial. Postal Inspectors in Chicago investigated the man for stealing credit card convenience checks from numerous credit card issuers and negotiating them via bank accounts in the Chicago area. Losses attributed to financial institutions exceed \$2 million. He was taken into

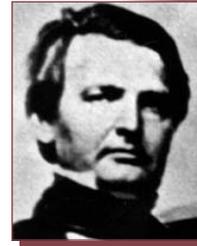
custody by U.S. Marshals, ordered held without bond and faces deportation upon completion of his sentence.

◆ A Texas man was sentenced to 21 months in prison, three years' supervised release and restitution of \$44,298. A Postal Inspector and an officer from the Dallas Police Department arrested the man, who was in possession of more than \$5 million in counterfeit checks. He assisted the Postal Inspection Service and FBI with an undercover operation that resulted in the arrest and indictment of a West African national responsible for counterfeiting business checks stolen from the U.S. Mail.

◆ A judge in Texas sentenced four men who pled guilty to conspiracy to commit bank fraud, fraud through access devices and possession of stolen mail. Their sentences ranged from one to five years in prison, with restitution exceeding \$310,000. The gang used personal IDs stolen from the mail or via purse snatchings and vehicle and apartment burglaries. They assumed their victims' identities and opened credit card and bank accounts in their names, and used personal computers and stolen IDs to create counterfeit IDs and checks. As a protective measure, members of the ring dressed as women when using the fraudulent cards. One of their favorite activities was to rent and then steal luxury cars and SUVs from rental firms. Their convictions were the result of a joint investigation by Dallas-Ft. Worth Postal Inspectors, the Ft. Worth and Bedford, TX, police departments, the Dallas-Ft. Worth Airport Department of Public Safety and the FBI.

Employee Mail Theft

The overwhelming majority of Postal Service employees work conscientiously to move the nation's mail to its



1801

Title of Surveyor changed to "Special Agent."

1812

Special Agents observe and report the movements of the British fleet in the Potomac River during the War of 1812.

1828

Noah Webster, who was one of the first Surveyors, publishes his dictionary.

1829

Preston S. Loughborough is appointed as the first Chief Postal Inspector.

1830

Office of Instructions and Mail Depredations is established as the investigative branch of the Post Office Department.

1853

The number of Special Agents grows to 18. Assigned to specific territories, their duties include reporting on the conditions of stagecoaches, steamboats, rail-

roads and horses used to transport mail; visiting mail distributing offices; and examining postal accounts.



proper destination. They take their responsibilities seriously. Unfortunately, a small number of employees abuse the public's trust. It is the job of the Postal Inspection Service to identify dishonest employees and take steps to have them prosecuted and removed from the Postal Service. Following are examples of employee mail thefts investigated and halted by Postal Inspectors during FY 2001.

◆ Postal Inspectors and Nassau County police detectives arrested a mail handler at the LaGuardia Airport Mail Center in Flushing, NY, in November

2000 for stealing mail. The employee met with an undercover detective on four occasions to sell 31 credit cards stolen from the U.S. Mail. The former employee was convicted and sentenced to three months' imprisonment.

◆ Postal Inspectors arrested a processing & distribution center (P&DC) clerk in New Orleans, LA, for conspiracy and possession of stolen mail. At the time of the arrest, the employee was in possession of 120 U.S. Treasury checks worth \$84,655 and 124 First-Class letters containing personal checks for credit card payments. On December 28,

2000, the clerk was convicted on all charges. As a result of the investigation, 11 other suspects from outside the Postal Service were arrested for negotiating the stolen checks supplied by the clerk.

◆ A Pasadena, MD, rural letter carrier pled guilty in May 2001 to stealing 16 bank convenience checks and depositing them into his personal checking account. The carrier was ordered to pay \$54,100 in restitution to a federal savings bank and was sentenced to five years in prison, suspended, and five years' probation.

◆ A registered mail clerk was sentenced on July 27, 2001, to one year in prison and three years' supervised release and was fined \$3,000 for stealing registered mail from the Lubbock, TX P&DC. The employee had stolen a sack of registered mail containing \$25,000 in U.S. currency. During an interview with the employee and a consent search, Postal Inspectors recovered \$24,500 of the cash from his vehicle and another \$400 from his wallet.



On August 17, 2001, Postal Inspectors arrested a registry clerk from the Phoenix, AZ P&DC for stealing registered mail. Postal Inspectors named the clerk as a prime suspect in the theft of approximately 464 registered mail remittances valued at \$3.2 million, more than \$1.8 million of which was in cash. The employee was reported as missing immediately after the loss in June 2001, and became a fugitive after a warrant was issued for his arrest. On August 17, an off-duty Postal Police Officer, shown at right, spotted the clerk's vehicle at a hotel in Lynnwood, WA. Postal Inspectors who responded and initiated a surveillance of the scene later identified and arrested the fugitive clerk. A subsequent search of his vehicle and possessions led to the seizure of about \$1.77 million in cash. The case is pending federal prosecution and the suspect is being held without bail in federal custody.

