

Mail Theft

Postal Inspectors arrested 5,858 suspects for mail theft in FY 2002, with volume mail theft receiving the highest level of investigative attention.

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, 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 will 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.

U.S. Postal Inspectors deploy the best security technology available. Additionally, they initiate preventive tactics that help protect and educate postal employees and the public about mail theft. The following case examples summarize Postal Inspection Service investigations of mail theft that occurred during FY 2002.

- Ten people were sentenced in April 2002 after Inspectors from the Gulf Coast Division investigated complaints that high-dollar business checks had been stolen from the mail. Inspectors determined the suspects deposited the stolen checks into brokerage accounts and later wired money from the accounts into bank accounts they controlled. Losses attributed to the ring exceeded \$1.5 million. Prison sentences for ring members ranged from six to 84 months’ incarceration.

- Six Detroit-area residents were indicted by a federal grand jury on May 30, 2002, for mail theft, conspiracy, bank fraud, and counterfeiting securities of a financial organization. In May 2000, Postal Inspectors from the Detroit Division

began investigating complaints of mail stolen from corporate offices and counterfeit-check activity exceeding \$180,000. One suspect admitted to stealing mail, manufacturing and negotiating counterfeit checks, and supplying the checks to others.

- Postal Inspectors from the New York Division and officers from the New York City Police Department and Drug Enforcement Agency arrested six members of an organized ring in May 2002 whose members stole credit cards from the mail. Inspectors initially received a complaint in August 2000 after a suspect purchased a Lincoln Navigator using a stolen credit card for the down payment. Inspectors traced other stolen credit cards used by the ring to purchase computers, jewelry, and tools.

- Postal Inspectors and officers from the Hialeah, Florida, Police Department arrested two suspects in May 2002 for mail theft. Investigators executing a search warrant at a suspect's residence recovered more than 100 pieces of stolen mail and 30 credit cards, 50 counterfeit driver's licenses, equipment to produce fraudulent driver's licenses (including more than 1,000 blank plastic cards and Holograms for cards), and computer equipment. The evidence indicated the suspects were using financial information from stolen mail to produce fraudulent IDs and apply for credit cards. They directed fraudulent credit card applications to be mailed to two addresses they controlled.

- Postal Inspectors from the Mid-Atlantic Division arrested a suspect on June 6, 2002, for stealing blank checks, bank statements, bill payments, and other financial information from unlocked rural mailboxes throughout North Carolina. Losses are estimated at \$161,000, and the investigation is continuing.

- The last of 10 members of an organized gang indicted in October 1997 was sentenced on May 20, 2002, to more than 10 years in prison, two years' supervised release, and restitution of \$258,568. The investigation began in 1996 when Detroit Inspectors received complaints from postal customers whose personal checks had been stolen from the mail. More than 250 checking accounts were compromised by the ring, and merchants lost more than \$350,000.

Volume Mail Attacks

Postal vehicles, collection and relay boxes, apartment mailbox panels, and neighborhood delivery and collection box units are common targets of volume mail attacks. Volume mail attacks constitute an ongoing threat to postal customers and receive a high level of investigative attention. The following are examples of volume mail attacks investigated and

halted by Postal Inspectors during FY 2002.

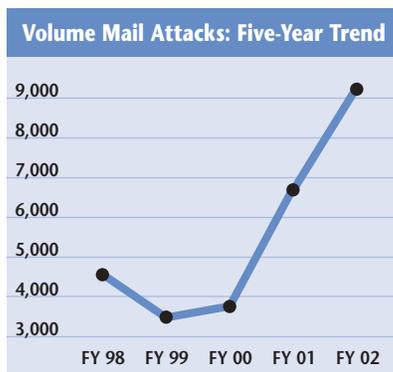
- Postal Inspectors from the Washington Division initiated a surveillance of a Fairfax, Virginia, apartment complex on July 16,

2002. They observed a Nigerian national exit his car, retrieve a butter knife from the trunk, and enter an apartment building. He then forcibly opened several apartment mailboxes and stole numerous pieces of mail. Inspectors arrested the man as he returned to his vehicle and recovered from him stolen U.S. Mail, stolen credit cards, and the knife. Losses from the scheme exceeded \$250,000.

- After weeks of surveillance and investigation, Postal Inspectors in New Jersey arrested five men in June 2002 for mail theft. Inspectors secured written confessions from the men admitting they had broken into more than a dozen postal relay boxes. They also recovered tools used to break into the boxes and false IDs used to negotiate checks stolen from the mail. The group stole more than 20 feet of mail between April and June 2002 and cashed thousands of dollars in stolen checks at local bodegas and liquor stores. Prosecution of four of the men is pending in federal court at Newark, and additional arrests are anticipated.

- On June 18, 2002, Postal Inspectors from the Chicago Division conducted a surveillance that resulted in the arrest of a mail theft recidivist for stealing credit cards from apartment panel boxes. A search of the suspect and her vehicle resulted in the recovery of four credit cards stolen from the mail, screwdrivers, and handwritten notes listing the personal identifiers of numerous mail theft victims. Inspectors later executed a federal search warrant at her residence and seized stolen mail and papers listing victims' names, Social Security numbers, and credit card numbers.

- Postal Inspectors arrested two suspects on March 13, 2002, for possessing stolen mail after investigating post office box break-ins throughout the Phoenix area. Phoenix Indian School Station postal employees saw two men enter the facility and break into post office boxes. They called Phoenix police, who stopped the suspect's vehicle and recovered approximately 100 pieces of mail, which included bank statements, credit card applications, and convenience checks. Postal Inspectors responded to the scene and inter-



viewed the suspects about their involvement in other area volume attacks. The investigation is continuing.

Identity Theft

Identity theft occurs when a thief steals key pieces of someone's identifying information, such as name, date of birth, and Social Security number, and uses the information to fraudulently apply for credit or to take over a victim's credit or bank accounts. 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. Examples of Inspection Service cases investigated during FY 2002 follow.

■ Detroit Postal Inspectors investigated a gang of mail theft recidivists who were recruiting street people, called "runners," to obtain cash advances from banks and casinos via credit cards. Inspectors executed a search warrant at the residence of a suspect in January 2002 and recovered more than 180 documents listing victims' personal IDs. Inspectors and agents from the Detroit Metro Identity Theft Task Force identified and arrested the ringleader of the group who, at the time of his arrest, had more than 700 car rental applications with names, dates of birth, Social Security numbers, and credit card accounts of potential victims. The ringleader and a cohort reportedly called credit card issuers, purporting to be the true account holders, and requested that replacement credit cards be mailed to them. The car rental manager who supplied the rental applications and an employee who worked at a health plan office were later indicted for providing documents to the gang. Total fraud losses exceeded \$700,000.

■ An Illinois man was sentenced on May 1, 2002, to 25 months in prison and ordered to forfeit \$590,000 in assets to banks after pleading guilty to the unlawful possession of an access device, mail fraud, and bank

fraud. A joint investigation by Postal Inspectors and special agents of the Social Security Administration determined he had fraudulently applied for more than 200 credit cards using numerous victim IDs.

■ The Minnesota Financial Crimes Task Force, which includes Postal Inspectors, Secret Service agents, and local law enforcement officers, arrested a Nigerian national on March 8, 2002, for a \$1 million account-takeover scheme. Postal Inspectors executed a federal search warrant at the suspect's residence and recovered approximately \$16,000 in cash, three vehicles, artwork, electronics equipment, and merchandise derived from the scheme. An investigation revealed the man used bank employees to identify high-dollar, dormant accounts with balances of \$100,000 or greater for his scheme, and shipped the fraudulently obtained merchandise to his home in Nigeria.

■ Postal Inspectors in Jacksonville, Florida, arrested six people believed to be running a major identity theft ring. The arrests were the result of a joint investigation by the Northeast Florida High Tech Task Force, which includes Postal Inspectors, members of the Jacksonville Sheriff's Office, and several other federal, state, and local law enforcement agencies. Victims of the ring included employees of the Winn-Dixie Corporation and Hollywood, Florida, police and fire departments. The six suspects were charged with 44 counts of violations related to the Racketeering Influenced Corrupt Organization (RICO) Act, including criminal use of personal information, grand theft, organized fraud, and manufacturing fraudulent IDs. On May 27, 2002, one of the suspects pled guilty to RICO violations and related charges.

■ Las Vegas police arrested a man in June 2002 for "driving under the influence" and later discovered he had an outstanding arrest warrant for identity theft in Arizona. Postal Inspectors from the Phoenix Field Office reported he stole a person's Social Security number, applied for numerous credit cards in the victim's name, and had the cards mailed to a box he rented at a commercial mail receiving agency (CMRA). Inspectors and Secret Service agents searched the man's business and discovered numerous fraudulent documents,



Inspectors from the San Francisco Division and agents from the U.S. Secret Service executed a search warrant at a residence believed to be used by members of an identity theft ring. Investigators seized more than 400 pieces of stolen U.S. Mail and IDs during the search, as well as the counterfeit postal keys and the letter carrier uniforms shown here. It is believed that ring members wore the letter carrier uniforms and reproduced postal keys in order to steal mail. Inspectors arrested two suspects in September 2002, and the investigation is continuing.

lists of Social Security numbers, and names of numerous potential identity theft victims. The man collected more than \$307,000 from the scheme.

■ Postal Inspectors identified 70 customers of a U-Haul Rental Center in New Haven, Connecticut, as victims of an identity theft scheme. Two U-Haul employees had disclosed confidential customer information to cohorts, who then obtained and used credit cards in victims' names. Inspectors searched one suspect's residence and recovered notebooks containing credit card numbers, addresses, and places of employment for 396 victims, as well as a Mazda van purchased with one of the fraudulent credit cards. On January 14, 2002, the two U-Haul employees pled guilty to four counts of identity fraud, conspiracy, and access-device fraud. Inspectors identified other suspects in the scheme, and the investigation is continuing. Victim losses to date exceed \$400,000.

Credit Card Theft

■ An eight-month investigation by the Postal Inspection Service, New York City Police Department, Queens District Attorney's Office, and investigators from several financial institutions and credit card companies resulted in the execution of 25 search warrants at local businesses and banks and the arrest of eight merchants in Queens on June 12, 2002. Investigators developed information that several collusive merchants split the proceeds of transactions made with fraudulent or stolen credit cards. Losses linked to the investigation are estimated at \$5 million.

■ Two men were arrested by Postal Inspectors in Hartford, Connecticut, for using personal IDs of customers of a truck rental company to fraudulently obtain credit cards. The men used the cards to order thousands of dollars worth of merchandise that was shipped via the U.S. Mail. Inspectors identified 70 victims with combined losses of \$223,526. In July 2002, one man was sentenced to 38 months in prison and the other to 30 months in prison.

■ On July 12, 2002, New Jersey Postal Inspectors, agents from the FBI and Social Security Administration, and members of the Livingston Police Department arrested a man for credit card fraud and identity theft. A depart-

ment store employee allegedly stole sales receipts containing credit card numbers and other customer information and provided them to Liberian nationals. The Liberians used the stolen information to order computer parts and other merchandise over the Internet and had it mailed to addresses they controlled. Credit card companies reported approximately \$300,000 in losses.

Employee Mail Theft

The overwhelming majority of Postal Service employees work conscientiously to move the nation's mail to its 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 2002.

■ On June 14, 2002, a former mail handler at the Tampa, Florida, Processing and Distribution Center (P&DC) was sentenced to 18 months in prison, three years' supervised release, and restitution of \$21,295 to Netflix, Inc., an online DVD rental company that mails millions of DVDs to addresses throughout the country. After numerous complaints from Netflix about missing DVDs that customers claimed they had mailed back to the company, Postal Inspectors identified the postal employee in November 2001

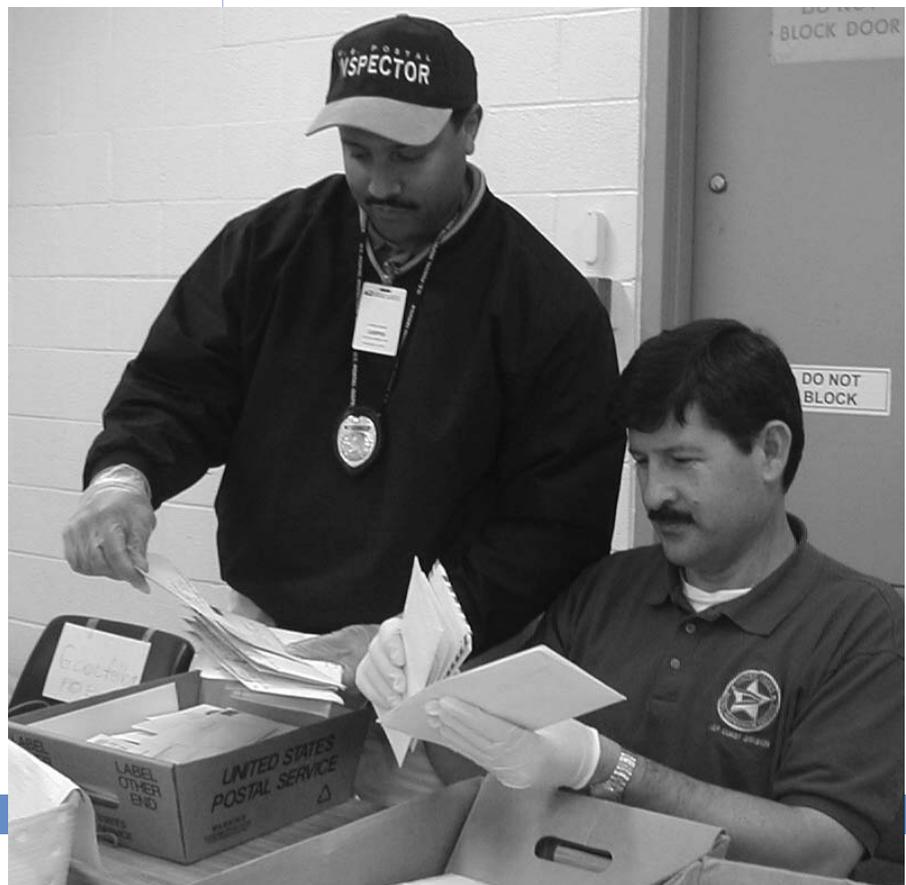


Photo by Postal Inspector Allen L. McHenry

for the crime. Inspectors recovered thousands of the company's DVDs while searching the subject's vehicle and residence, with losses exceeding \$100,000. As a result of this investigation, Postal Inspectors are now working closely with Netflix on a national level to increase mail security.

■ A former registry clerk who was a 25-year employee was sentenced on March 4, 2002, to 41 months in prison, three years' supervised release, and restitution of \$497,014 after pleading guilty in November 2001. Postal Inspectors arrested the former clerk in August 2001 for stealing \$3.2 million in registered remittances from the Phoenix, Arizona, P&DC. He was sentenced at the high end of the sentencing guidelines because, as an employee of the U.S.

Postal Service, he abused the public's trust.

■ After a four-day jury trial in Arizona in May 2002, a former associate postal supervisor was found guilty of stealing public property. The supervisor resigned from her position after an investigation by Postal Inspectors in October 1999 implicated her in the theft of a \$59,723 remittance from the Chandler Post Office; \$20,095 of the remittance was in cash. During the trial, the supervisor's version of events surrounding the loss was refuted by numerous witnesses, as well as by physical evidence from the investigation. She faces up to 27 months in prison based on federal sentencing guidelines.

Miscellaneous Crimes

■ Postal Inspectors from Washington, DC; Michigan; and Florida arrested the ringleader and two co-conspirators of a counterfeit postal money order operation on July 2, 2002. They identified losses in excess of \$350,000 and involving more than 600 counterfeit, negotiated postal money orders. Prosecutions are underway in federal district courts in Washington, DC, and Michigan.

■ Acting on a lead from an alert window clerk, Postal



Postal Inspectors in Pasadena, California, concluded a three-year investigation in September 2002 with the convictions of 12 men and women responsible for manufacturing and cashing in excess of \$1.2 million in counterfeit postal money orders. Inspectors identified two members of the "Pasadena Devil Lane Bloods" gang as ringleaders of a group that used legitimate postal money orders to produce counterfeit versions, which were cashed at post offices, financial institutions, and stores. Inspectors seized \$25,218 in cash, \$72,000 in counterfeit postal money orders, a 1998 Lexus, and various illegal narcotics.

Inspectors initiated an investigation into the suspicious check-cashing activity of a ring in Southern California. Members used the names and addresses of area businesses to lull postal clerks into accepting high-dollar business checks for stamp purchases, and the ringleaders used legitimate couriers to further insulate themselves from detection. Inspectors confirmed that losses of \$143,000 were directly attributable to the counterfeiters, who were suspected of being responsible for an additional \$200,000 in losses from another scheme. Eight members of the ring received sentences in August 2002 ranging from two years' probation to 37 months in prison.

■ Postal Inspectors, U.S. Marshals, and Deer Park, Texas, police arrested a man in November 2001 for possessing counterfeit law enforcement badges and credentials, as well as handguns and a silencer. One of the counterfeit badges read "Postal Service Special Investigator." Police learned of his activities after he displayed a fake badge at a local bar and identified himself as a Deputy U.S. Marshal conducting an anthrax investigation. He also attempted to force a female patron from the bar. The man was sentenced on April 8, 2002, to 30 months in prison and three years' supervised release for impersonating a federal law enforcement officer and for various firearms violations.