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UNITED STATES POSTAL INSPECTION SERVICE

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OFFICE OF COUNSEL

August 31, 2004

RE: FOIA #2003-0123

This is in further reference to your letter dated January 29, 2003, requesting, pursuant to the Freedom of Information Act, access to certain records in the custody of the U.S. Postal Inspection Service regarding the Chief Postal Inspector's briefings to the Board of Governors for the time period January 1999 to July 2001.

We regret the delay in responding to your communication which was due to the time involved in processing an unusually large volume of informational requests.

Enclosed are 20 pages of record material that can be released to you. Certain deletions have been made to this material pursuant to title 5, United States Code, section 552(b)(2), which concerns records related solely to the internal personnel rules and practices of an agency; section 552(b)(4), which exempts trade secrets and commercial or financial information obtained from a person which is privileged or confidential; section 552(b)(7)(C), where disclosure could reasonably be expected to constitute an unwarranted invasion of personal privacy; and section 552(b)(7)(E), where disclosure would reveal techniques and procedures for law enforcement investigations or prosecutions.

We regret to advise you that any Chief's Executive Summaries dated January 1999 through December 2000 have been destroyed.

In addition, the Chief's Executive Summaries dated July 2001 to present were recently provided to you in our August 10, 2004, correspondence to you (FOIA #2003-0014).

In the event you treat this letter as a denial of your request for records, you have a right to appeal this matter to the General Counsel of the U.S. Postal Service, Washington, DC 20260-1100. Information on the appeal procedure is enclosed.

Sincerely,

A handwritten signature in black ink, appearing to read "T. A. Warner", with a stylized, cursive script.

T. A. Warner  
Information Disclosure Technician

Enclosures



## A Message from the Chief Postal Inspector

In a continued effort to keep employees apprised of Postal Inspection Service activities, investigative highlights and significant events, I am sharing below the full text of the Executive Summary of January events provided to Postmaster General Jack Potter and the Board of Governors.

A handwritten signature in dark ink that reads "K.C. Weaver". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

K.C. Weaver

### Chief's Executive Summary for the Postmaster General:

#### RESTRICTED INFORMATION

##### **Reward raised to \$2.5 million for information on anthrax mailings**

The reward for information leading to the arrest and conviction of individuals responsible for the anthrax mailings was increased to \$2.5 million. The FBI and the U.S. Postal Service are contributing \$2 million, and ADVO, Inc., the Postal Service's largest private customer, has pledged \$500,000. As part of its investigation of the anthrax letters, the Postal Service delivered a flyer requesting the assistance of the American public. The flyer was initially delivered to postal customers in Trenton, New Jersey, and adjacent communities in Bucks County, Pennsylvania; additional flyers were sent to pharmaceutical companies and transportation depots servicing Trenton. The flyer contains photographs of the four envelopes used in the mailings and information that could characterize the person or persons who prepared and mailed them.

##### **Inspection Service Olympic security team activated**

The U.S. Postal Inspection Service is responsible for the safety and security of postal employees and Postal Service assets during the 2002 Olympic Games in Salt Lake City. Inspectors screen all mail before it is delivered to Olympic-related venues, such as the Olympic Village, the Main Media Center, and the organizing committees. As of the end of January, Inspectors had screened, cleared, and delivered 12,390 pieces of mail. The Inspection Service also is working with the law enforcement community on methods to reduce and deter the potential for terrorist attacks and is participating in a Joint Terrorism Task Force, which plays a principal role in security efforts. Postal Inspectors are stationed at the Olympic Intelligence Center and Postal Command Center and will disseminate daily risk assessment reports for the duration of the Olympics.

##### **Inspectors' investigation results in guilty pleas in postmaster kidnapping**

Two men pled guilty in January to federal charges of kidnapping a postal employee, forcibly assaulting an employee engaged in official duties, and brandishing a firearm during a violent crime. The men entered the post office in Bells, Tennessee, under the pretext of registering for the Selective Service. After abducting the postmaster at gunpoint and taking her car keys, they drove through back roads with the victim and sexually assaulted her. Inspectors responded to the post office when the postmaster was reported missing and obtained the criminal histories of two suspects observed there earlier that day. When the men learned their identities were known, they released the postmaster, who immediately returned to the post office. Postal Inspectors drove her back to the scene of the crimes and recovered more evidence. The defendants are scheduled for sentencing in March, and each faces between 20 to 24 years in prison.

##### **Two plead guilty to identify theft scheme with at least 70 victims**

Postal Inspectors identified 70 victims of an identity theft scheme who were all former customers of a U-Haul Center in New Haven, Connecticut. An investigation revealed that two U-Haul employees had disclosed confidential information about customers to others, who used the information to fraudulently obtain credit cards for addresses in New Haven. Postal Inspectors conducted a search at the suspects' residence and recovered notebooks containing credit card numbers, addresses, and places of employment for 396 people. A Mazda MPV van, which had been purchased with one of the fraudulently obtained cards, was also seized. On January 14, the two suspects pled guilty to four counts of identity fraud, conspiracy, and access-device fraud. Inspectors identified other suspects in

the conspiracy, and the investigation is continuing. To date, victim losses exceed \$400,000.

**Former postal supervisor sentenced to eight years in marijuana conspiracy**

Following a two-year investigation by Postal Inspectors, a former postal supervisor/acting postmaster in Massachusetts was sentenced on January 30 to eight years and one month in prison and four years' supervised release. Inspectors revealed that, between 1990 and 1998, the former employee opened post office boxes for the purpose of receiving marijuana through the mail. Each package weighed between 20 and 30 pounds.

**Former letter carrier sentenced for mail theft**

A former Illinois letter carrier was sentenced in January to three years' probation and mandatory drug treatment for mail theft. Postal Inspectors arrested the former carrier after determining he had stolen over 2,000 pieces of mail, including credit cards, greeting cards, and charitable contributions. Most of the mail, which was intended for delivery in the summer of 2000, was recovered from the defendant's postal locker. The case received extensive local media coverage.

**Postal Inspectors investigate post office robbery**

64 A masked, armed gunman robbed the Sequoia Station Post Office in Milwaukee, Wisconsin, on January 23 and escaped with a registered mail pouch containing items worth more than [REDACTED] including about [REDACTED]. Postal Inspectors determined the suspect entered the facility just as a clerk was exiting, and he forced the clerk back inside. While holding a gun to the clerk's head, the man ordered three other employees to lie on the floor. After retrieving the registered pouch, he released the clerk and attempted to exit the facility. A female clerk sprayed the robber in the face with pepper spray and a scuffle ensued, resulting in the robber hitting her on the head with his gun and the gun discharging a shot into the ceiling. The clerk later received eight stitches to close the wound. None of the other employees was injured, and the investigation is continuing.

**Inspectors investigate hijacking of highway contract route driver**

64 A highway contract route (HCR) driver was hijacked at gunpoint after leaving the Wilson, North Carolina, Main Post Office on January 16. A hijacker brandishing a gun entered the cab of the truck while it idled at a stop sign and forced the driver to go to a construction site seven miles from the post office. After binding the driver's hands and moving him from the truck, the man drove away, and the driver summoned help from a nearby residence. Postal Inspectors found the truck later that day, burning in an open field 18 miles from the construction site. In the truck was mail from 10 post offices in North Carolina. [REDACTED] The investigation is continuing, and Inspectors are working with the Wilson, North Carolina, Police Department to develop leads.

**Postal Inspectors seize bank accounts in money laundering scheme**

Postal Inspectors determined that 367 postal money orders valued at \$247,100 were purchased in an illegal manner from various postal stations in New York to avoid federal reporting requirements. The 23 transactions began in May 2001, after which the money orders were endorsed and deposited in a Pakistan Express account at Foster Bank in Chicago, Illinois. Pakistan Express is a licensed, international foreign remittance business. Postal Inspectors discovered that, on eight dates between October 30 and November 9, 2001, 44 cash deposits totaling \$323,461 were made to the Pakistan Express account at Chase Manhattan Bank. An analysis of the deposits revealed a pattern indicating money laundering activity. Arrest warrants issued on January 2 authorized the seizure of \$570,561 from Pakistan accounts at Foster and Chase Manhattan, and a total of \$248,100 was seized. The investigation is continuing.

**Postal Inspectors find mail for America's Fund for Afghan Children in District of Columbia**

After President Bush asked American children to donate \$1 each to help children in Afghanistan, about 50 stamped envelopes addressed to America's Fund for Afghan Children were found in January in the gutter of a southeast Washington, DC, neighborhood. The envelopes were torn, and many contained checks, notes, and photos from American children. Postal Inspectors are continuing to investigate the incident.

**Inspection Service Security Division tests prototype for archiving and retrieving images**

The Postal Inspection Service Security Division tested a system designed by Lockheed Martin to archive and retrieve images at the Monmouth, New Jersey, Processing and Distribution Center. Fifty letters with 10 different address types were deposited in collection mail and retrieved the following day. All of the images lifted, except one, were later retrieved from the archiving system. The proposed

system will allow for the remote retrieval of images over the Postal Service Intranet; however, before the system can be fully activated, changes in mail cover regulations will be needed. Follow-up attention is scheduled with the Postal Service's Engineering Group.

**Searchable database of Postal Inspection Service fugitives on the Internet**

The Postal Inspection Service's Most Wanted fugitives are now featured not only on the Postal Inspection Service Web site, at <http://www.usps.com/postalinspectors/wantmenu.htm>, but at America's Most Wanted Web site, at <http://uspis.cdxc.com>. America's Most Wanted created a searchable database of Inspection Service fugitives, allowing users to search for suspects by typing in physical or other characteristics, such as scars or tattoos, and viewing Wanted Posters containing those terms. About 11 million people visit the America's Most Wanted site each week.

**Postal Inspector assigned to Senate Governmental Affairs Committee**

Postal Inspector Robert Westbrooks, a program manager in the Computer Crimes & Commerce Division at National Headquarters, completed a one-year detail on Capitol Hill in January. Inspector Westbrooks was assigned to the Senate Governmental Affairs Subcommittee on International Security, Proliferation and Federal Services (ISPFS), where he served as legislative assistant. Senator Daniel K. Akaka chairs the subcommittee, which provides direct oversight of federal agencies, including the U.S. Postal Service. Inspector Westbrooks participated in numerous hearings and worked on such legislative issues as the Whistleblower Protection Act of 2001. Inspector-Attorney Peter J. Wheeler, from Newark, New Jersey, began a detail on the Subcommittee on January 14.

**Joan Lunden visits the Postal Inspection Service**

The Postal Inspection Service participated in filming a segment in January 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, will be highlighted on the show, which will also include interviews of Inspectors, including myself. The show is scheduled to air in May 2002.

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**New Postal Inspector basic training class starts in January**

The Career Development Division is providing Basic Inspector Training to a class of 20 students at present. The 13-week class will conclude on April 26, 2002, with a formal graduation ceremony.

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## A Message from the Acting Chief Postal Inspector

In a continued effort to keep employees apprised of Postal Inspection Service activities, investigative highlights and significant events, I am sharing below the full text of the Executive Summary of February events provided to Postmaster General Jack Potter and the Board of Governors. [Click here to read previous editions of the Chief's messages.](#)



James J. Rowan, Jr.

### Chief's Executive Summary for the Postmaster General:

#### RESTRICTED INFORMATION

##### **Postal Inspectors honored at awards ceremony for unraveling \$60 million fraud**

Northeast Division Postal Inspectors Gerry Carmody and Joe Kleinberg were honored by Michael Sullivan, U.S. Attorney of the District of Massachusetts, at the Sixth Annual Law Enforcement Awards Ceremony of the United States Attorney's Office. The Inspectors were recognized for their "hard work and dedication" in a \$60 million consumer fraud investigation involving American Inventors Corporation (AIC) and American Institute for Research and Development (AIRD), both of which assisted inventors in obtaining patents and marketing their ideas. Between 1980 and 1995, AIC and AIRD defrauded 34,000 victims through deceptive advertising, misleading sales pitches, and promoting false success stories. In pursuit of AIC and AIRD operators, Postal Inspectors Carmody and Kleinberg interviewed more than 100 victims, former employees and other individuals, and reviewed over 1 million documents seized during the execution of two massive search warrants. Due to the Inspectors' untiring efforts, 17 suspects pled guilty.

##### **Inspection Service investigation results in sentencing of telemarketer for \$8.7 million scam**

As the result of a Postal Inspection Service investigation, the owner of United Industrial Supply (aka Atlas Industrial Supply) pled guilty to mail fraud and money laundering charges and was sentenced to 24 months' incarceration and fined \$10,000. The defendant attempted to defraud over 9,000 companies nationwide of more than \$8.7 million by making fraudulent statements and concealing material facts to trick them into paying exorbitant prices for maintenance supplies. Some of the items were marked up as much as 1,000 percent. The defendant also attempted to bribe purchasing agents with gifts and kickbacks to induce them to pay the charges.

##### **Man pleads guilty to \$4 million investment fraud investigated by Postal Inspectors**

Postal Inspectors working with agents from the FBI, SEC and IRS investigated a Charlotte, North Carolina, man who pled guilty to mail fraud, securities fraud, and money laundering in a \$4 million investment scheme. He was charged with using the Internet and the U.S. Mail to mislead customers about the rates of return on funds he was offering and misrepresented his qualifications to manage the funds, how much money other customers had earned, and the legal status of the funds. Despite substantial losses, the man misappropriated approximately \$535,000 from his victims, which he used on personal expenses. Of the \$4 million loss incurred by the 570 investors, \$400,000 cash is available for return to the victims.

##### **Motorola executive pleads guilty to \$2.5 million mail fraud scam**

A Postal Inspection Service investigation resulted in a guilty plea by a senior operations controller for the Motorola Corporation. Postal Inspectors determined the defendant, who had oversight responsibility for bookkeeping and accounting operations, submitted fraudulent invoices for contract work that was never performed. The invoices came from a company owned by her husband; he received the payments in the mail and deposited them into his company's account, to which she had access. Motorola lost approximately \$2.5 million.

##### **Operator of postal job scam pleads guilty in \$2.4 million fraud**

An Indiana woman pled guilty to mail fraud after Postal Inspectors arrested her for running a misleading promotion related to jobs with the U.S. Postal Service. Her information packages gave job seekers false guarantees of postal career opportunities. Sentencing is scheduled for April, and consumer losses are estimated at \$2.4 million.

**Postal Inspectors arrest leader of \$1 million identity theft ring**

Postal Inspectors from the Northern Illinois Division and officers from the Matteson Illinois Police Department and Illinois Secretary of State Police arrested a major player in an identity theft ring in the Chicago area. Indictments are pending on six others identified as part of the ring. The arrest culminated a seven-month investigation that found the suspects used postal arrow keys, obtained through armed robberies of Chicago letter carriers, to gain access to mailboxes and steal credit cards and checks. Hundreds of victims were identified, with losses in excess of \$1 million.

**Babysitter charged with producing child pornography**

Acting on information that an Iowa man was receiving child pornography by mail from foreign sources, Postal Inspectors and local police obtained a search warrant for his residence and seized over 700 computer disks, digital and video cameras, and numerous videotapes. The pedophile was indicted on federal charges for possessing and producing child pornography. In reviewing evidence seized from his home, Postal Inspectors discovered videotapes of the defendant sexually abusing four young boys whom he frequently babysat. One of the boys was only six years old.

**Postal Inspectors arrest predator who lured young girls into sexual activity**

In another Iowa case, Postal Inspectors arrested a 47-year-old man who allegedly used the U.S. Mail and the Internet to lure young girls into sexual activity. He is being held in federal custody without bond pending trial. The man is accused of convincing underage girls to travel to Iowa to meet him or to videotape themselves in lewd poses using video cameras he mailed to them. Three child victims have been identified to date, each of whom testified during a federal grand jury hearing.

**Postal Inspection Service polygraph program passes DOD quality review**

The Postal Inspection Service's polygraph program was evaluated by the Quality Assurance Program (QAP) of the Department of Defense Polygraph Institute (DODPI). The evaluation covered quality control, conduct of examinations and training procedures, using 118 criteria in 9 primary areas. As stated in the QAP Final Report: "The positive attitude and dedication of the National Program Manager and the Quality Control Officer was a strength of the PDD program. The USPIS PDD program was found to comply with their policies and procedures and met the standards required of a federal government PDD program."

**Postal Inspectors conduct follow-up reviews of Priority Mail**

At the request of the Chief Operating Officer, the Postal Inspection Service conducted follow-up Priority Mail Observations of Mail Conditions (OMCs) during the weeks of February 4 and February 11. Postal Inspectors focused on Priority Mail conditions and reporting at airport mail centers (AMCs), Priority Mail processing centers (PMPCs) and terminal handling supplier (THS) locations. Inspectors evaluated daily Priority Mail reporting procedures at each site and noted inconsistencies in reporting at six locations. Inspectors also noted instances where Priority Mail did not meet processing and transportation cut-offs, resulting in delayed mail and missed FedEx flights. Postal managers attributed the problems to "short" processing windows available under the shared networks air transportation system, and discussed various issues from weekly reports with Inspection Service personnel. Inspectors issued two reports to Chief Operating Officer Donahoe on February 15 and 22, describing observations at 111 postal facilities.

**Postal Inspector testifies at congressional hearing on viatical fraud**

At a House Financial Services Subcommittee on Oversight and Investigations hearing held February 26 on the Growing Incidence of Fraud in Viatical Settlements, Postal Inspector Greg Beriault, Fraud Team Leader at the Indianapolis Field Office, was the only law enforcement officer to testify. Inspector Beriault defined viatical settlements as discounted, predeath 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. The company pays the insured a percentage of the policy's face value and secures a new investor, who pays a percentage of the policy to acquire beneficiary rights. When the insured dies, the investor receives the full policy benefits. Fraud occurs when a person has been diagnosed with a terminal illness and misrepresents his 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.

In August 1999, the Postal Inspection Service established a national task force, Operation Clean Sheet (OCS), to investigate viatical fraud. As a result, approximately 40 viatical fraud investigations have been conducted nationwide, resulting in an estimated 100 arrests and 75 convictions. Inspector Beriault's testimony is expected to assist Congress in enacting legislation to help combat viatical fraud.

#### **Super Bowl designated a national security special event**

Acting on a request from the National Football League (NFL), Postal Inspectors provided mail screening guidance for the 2002 Super Bowl in New Orleans, Louisiana. Although Super Bowl players, coaches, and officials have been known to receive threats, officials anticipated an increase in this year's bomb and death threats. The NFL leased a facility for screening mail and other shipments headed for six key venues that included the Superdome, nearby hotels, and training facilities. Postal Inspectors provided invaluable assistance in setting up screening procedures and, from January 15 through February 2, [REDACTED] On February 3, the date of the Super Bowl, Inspectors assisted Secret Service agents in screening attendees and their bags. During the three-week period of screening, approximately 45,750 letters, 31,630 flats, and 1,740 packages were processed and 100 pieces of mail set aside for final clearance. As a result of Inspection Service expertise, no Super Bowl activities were disrupted.

#### **Inspection Service security work for the 2002 Olympics**

The U.S. Postal Inspection Service was responsible for the safety and security of postal employees, Postal Service assets, and Olympic mail during the 2002 Olympic Games in Salt Lake City, Utah, which ended February 24. Postal Inspectors screened mail before delivery to Olympic venues and disseminated daily risk assessment reports. By the end of the month, Inspectors had screened, cleared, and delivered 51,091 pieces of mail. Postal Inspectors also worked with the Utah Olympic Public Safety Command, comprising 60 law enforcement agencies and representing the largest domestic security operation in U.S. history. Inspectors were key members of the Joint Terrorism Task Force and were instrumental in maintaining the security of Olympic visitors, participants, and officials, as well as security for 4,000 postal employees and 200 post offices in Utah. Over 50 postal facilities are located near sites where competitions were held, and Inspectors conducted security surveys and stand-up safety talks at those sites for the benefit of employees. The Postal Inspection Service will also implement security measures during the Paralympics in Salt Lake City, scheduled for March 2002.

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## A Message from the Chief Postal Inspector

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In a continued effort to keep employees apprised of Inspection Service activities, investigative highlights, and significant events, I am sharing below the full text of the Executive Summary of March events provided to Postmaster General William Henderson and the Board of Governors.

In addition to the Executive Summary, I am providing employees with highlights from the National Leadership Team meeting, which met during the first week of April. As you read the highlights, you will notice that we have included, when applicable, the PowerPoint presentations given at the meeting by division heads.

K.C. Weaver

[Click here to read highlights from the National Leadership Team Meeting.](#)

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### Chief's Executive Summary to the Postmaster General: March 2001

#### Man Who Murdered Postal Employee Given Five Life Sentences

Buford Furrow pled guilty in March 2001 to various counts related to the murder of on-duty letter carrier Joseph ILeto in Chatsworth, California, and the murder of four others at a Jewish Community Center near Los Angeles. Furrow received five life sentences, plus 110 years in prison. The federal judge ordered that the sentences be consecutive and that Furrow pay \$690,294 in restitution. The restitution was ordered to prevent Furrow from realizing any financial gain from proposed book or movie deals related to his crimes.

#### Postal Service to Receive \$27.5 Million from Inspection Service Investigation

On March 23, 2001, Exide Illinois, a wholly owned subsidiary of Exide Corporation, pled guilty to fraud charges in the U.S. District Court of East St. Louis, Illinois. Additionally, Joseph C. Calio III, a former Exide Vice President, and Gary Marks, a former battery buyer at Sears, Roebuck and Company (Sears), pled guilty to related fraud charges and illegal gratuity charges. [REDACTED]

[REDACTED] The charges are the result of a complex investigation by Illinois Postal Inspectors into the Exide Corporation, which manufactured the Sears DieHard Battery. The investigation focused on alleged false statements made by Exide to consumers, and the related kickback paid by Exide to Sears representatives. **65**

In August 1994, Exide was awarded a lucrative contract to produce 750,000 batteries for Sears Auto Stores. Exide, however, was ill-prepared to mass produce the batteries as specified in the contract and relied on shortcuts to accelerate the process, resulting in obvious product defects. Although Exide officials were fully aware of the defects, they elected to sell the batteries without disclosing the problem. During the same period, Gary Marks, the battery buyer from Sears, accepted "consulting fees" from Exide. The investigation is continuing, and additional criminal charges are expected.

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#### **Counterfeit International Money Order Arrest**

Postal Inspectors in Florida teamed with investigators from the Economics Crimes Unit of the Guatemalan Police to identify and arrest [REDACTED] for negotiating a counterfeit U.S. Postal Service international money order. Inspectors received information that over \$41,000 worth of counterfeit money orders were recently cashed in Guatemala and El Salvador. They are now working in these countries to resolve the problem.

#### **Inspectors Arrest Two Men for Identity Takeover Scheme**

Working with officers of the New York City Police Department, Postal Inspectors arrested two men suspected of an elaborate identity takeover scheme. The suspects, one of whom had an extensive history of criminal fraud, were charged with devising a scheme to steal financial data from individuals listed in the *Forbes 400 Richest People in America*. The suspects called brokerage firms and banks, posing as "agents" of people who had appeared on the list, and gained access to their financial information. Using the stolen data, the men illegally ordered over \$100,000 worth of merchandise.

#### **Inspectors Arrest Canadian in Fraud Scheme**

A cross-border telemarketing task force, Project Colt, disrupted a Canadian "prize and recovery" scheme with the arrest of a Canadian national. Telemarketers in Canada allegedly pretended to be lawyers, court officers, law enforcement officers, or other officials when they telephoned prospective victims, most of whom were older Americans living in the United States who had lost money as victims of a previous sweepstakes fraud. Victims were told that their lost money had been recovered, but that they must pay a "recovery fee" to claim it. No money was reportedly ever returned to any of the victims.

#### **Inspectors Recover \$635,000 in Mail Fraud Case**

On March 16, 2001, Leisure Time Entertainment (LTE) of Gary, Indiana, agreed to pay the Postal Service \$635,000. LTE made an initial payment of \$200,000 on March 20, 2001, and will pay installments of \$100,000 a month. All payments must be completed by August 21, 2001. LTE will incur six percent interest on any outstanding balance.

In September 2000, LTE mailed 4.5 million pieces of Standard Mail (A) with the endorsement "Change Service Requested." The company made three payments for the mail, totaling \$24,000. LTE then stopped making payments, at which time the Postal Service requested that LTE stop using the endorsement. LTE ignored the warning, resulting in an estimated 1.3 million pieces of unclaimed mail. After Postal Inspectors partnered with the Postal Service's Law Department to pursue civil charges against the company, LTE agreed to meet with Postal Service officials, and an agreement was reached.

#### **Workers' Compensation Fraud Conviction Results in \$840,706 in Future Cost Savings**

A former letter carrier in Atlanta, Georgia, was sentenced in March 2001 to six months in prison, three years' probation, and two months' home detention for making false statements to obtain workers' compensation benefits. The former carrier had received benefits since 1994, as the result of an injury to her left wrist, and since 1995 as the result of carpal tunnel syndrome in her right wrist. After a home visitation team report, Postal Inspectors confirmed the former carrier was misrepresenting her physical limitations. Inspectors also partnered with the Department of Health & Human Services on the case, as the former employee had additionally claimed Social Security benefits for her alleged injuries. The investigation resulted in court-ordered restitution of \$45,153, and \$840,706 in future cost savings to the Postal Service.

#### **Inspectors Arrest Government Officials for Mail Fraud**

Postal Inspectors and FBI agents arrested John Spahn, a former Illinois Secretary of State, on March 14, 2001, on a criminal complaint accusing Spahn of receiving bribes to issue fraudulent drivers' licenses. On March 15, a two-count criminal information was filed charging Larry Hall, the Illinois Secretary of State property manager, and Jerry DiSalvo, owner of B&J Construction Company, with mail fraud. The information outlines a scheme in which DiSalvo paid Hall kickbacks

in exchange for remodeling contracts totaling more than \$167,000 at two Chicago-area licensing facilities.

#### **Volume Mail Theft Task Force Arrests**

James Stuhmer was charged with possession of stolen mail in February 2001, after Inspectors linked him to an organized gang that had broken into community mailboxes in East Phoenix. Postal Inspectors and Scottsdale Police arrested admitted gang member Michael Hilton in March when he attempted to cash a stolen check. Further investigation revealed that Hilton, Stuhmer, and another conspirator, Deniel Klapthor, had previously fled to Las Vegas to avoid prosecution. The men remained in Las Vegas for three weeks, and Stuhmer continued to orchestrate mail thefts back in Phoenix. Inspectors learned that Stuhmer was renting a room in Las Vegas. Because they had reason to believe Stuhmer was armed, they contacted the Las Vegas Metro Police SWAT Team, who secured the hotel. Postal Inspector Nolan Carwell called Stuhmer and convinced him to surrender. Later that morning, Inspectors located and arrested Deniel Klapthor in Mesa, Arizona.

#### **Inspectors Disrupt Multi-State Mailing of 'Date Rape' Drug**

A Postal Inspector in Pittsburgh identified 33 Express Mail parcels containing the chemical GBL—a Schedule 1 narcotic—en route from Monroeville, Pennsylvania, to Lafayette, Louisiana. GBL is a precursor used in making GBH (gamma hydroxybutyrate), which is known as the "date rape" drug. On March 20, 2001, Postal Inspectors, Louisiana State Police, and agents from the Drug Enforcement Agency [REDACTED]

[REDACTED] An attorney working out of his residence accepted delivery of the parcel. After executing a search warrant, the officers found evidence that the attorney had ordered the GBL through the Internet. Inspectors and police executed another eight search warrants in the Pittsburgh, Pennsylvania, area; [REDACTED] and search warrants were executed in New Orleans, Boston, and Newark. Other suspects have been identified, including a Canadian national. The investigation is continuing.

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#### **Former School Bus Driver Pleads Guilty to Possessing Child Pornography**

William Oldaker pled guilty in U.S. District Court in Baltimore, Maryland, in March 2001 to one count of possessing child pornography. Oldaker ordered child pornography [REDACTED] and requested it be mailed to his home in Baltimore. After Inspectors learned that Oldaker was working as a school bus driver for handicapped students [REDACTED] When Oldaker accepted the package, Inspectors executed a federal search warrant on his residence and discovered additional child pornography. As a result of the investigation, Oldaker resigned from the school bus company.

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#### **U.S. Customs-U.S. Postal Service Study**

Inspector in Charge Daniel L. Mihalko, Congressional & Public Affairs, met with congressional staff members from the Treasury and Postal Appropriations Committee in March 2001. They discussed the progress made by joint working groups on the issue of U.S. Customs officials searching out-bound mail without a warrant. Inspector Mihalko, along with representatives from Customs and the Postal Service's Government Relations office, explained the progress, agreements, and differences that have arisen. [REDACTED]

[REDACTED] The working group set a target of May 2001 to initiate the program at the JFK Airport Mail Facility in New York. The meeting allowed staff members to appreciate the complexity of the issues. Meetings with U.S. Customs representatives will continue until differences are resolved.

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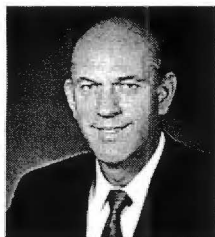
#### **Inspectors Identify Employee for Selling Drugs**

Erik L. Brown, a transitional letter carrier at the Chicago Post Office, was arrested on March 27, 2001, after selling crack cocaine to an undercover Postal Inspector. Incident to Brown's arrest, a stolen parcel containing a DVD was recovered from his backpack. He was charged federally with drug distribution.

### **Inspectors Arrest Letter Carrier for Stealing Credit Cards**

Postal Inspectors arrested full-time letter carrier Esau Martin of the Roseland Station, Chicago Main Post Office, in March 2001 after finding evidence he had stolen over 2,000 pieces of mail, including mail containing credit cards, greeting cards, and charitable contributions. Inspectors suspected Martin due to reports from the Mail Theft Reporting System of credit card losses on Martin's route. They arrested him on March 1 after he stole a charitable contribution [REDACTED] Inspectors recovered the [REDACTED] which had been rifled, in Martin's employee locker, along with over 2,000 additional pieces of stolen mail, including numerous credit card letters and rifled greeting cards. Most of the mail was intended for delivery in the summer of 2000.

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## A Message from the Chief Postal Inspector

In a continued effort to keep employees apprised of Postal Inspection Service activities, investigative highlights and significant events, I am sharing below the full text of the Executive Summary of April events provided to Postmaster General William Henderson and the Board of Governors.

K.C. Weaver

### Chief's Executive Summary for the Postmaster General: April 2001

#### San Jose mail bomb murderer arrested

The Postal Inspection Service acted as lead agency in the investigation of a mail-bomb killing of a California college student [REDACTED], was killed by an explosion on February 10, 2001, after he opened a package and connected the batteries to the toy inside. Postal Inspectors arrested David Lien on April 19 on a federal warrant for violating Title 18, U.S. Code, Section 1716, mailing injurious materials (in this case, an explosive device), and Section 844, possessing an explosive to commit a felony. On April 16, a federal arrest warrant was issued for co-conspirator Anthony Chang, [REDACTED] **bs**

#### Inspectors arrest 21 in national drug interdiction

The Inspection Service's Michiana Division hosted Midnight Eagle, a drug task force of 50 Postal Inspectors and National Guardsmen at the Indianapolis Express and Priority Mail hub. In a 10-day period, the task force seized 99 parcels containing illegal narcotics, resulting in 31 [REDACTED] **b7c** Postal Inspectors arrested 21 individuals nationally. Seized from the parcels were 28 pounds of cocaine, 20 pounds of methamphetamine, one-half pound of heroin, and 281 pounds of marijuana, as well as \$411,991 in cash and money orders.

#### Man sentenced for robbing a letter carrier

After a joint investigation by the Los Angeles Police Department and the Postal Inspection Service, a California man was sentenced in April to 77 months in prison for the November 1998 robbery of a letter carrier. Taken in the robbery was a postal satchel containing over 150 pieces of mail, official postal "arrow" keys, and some of the carrier's personal belongings. The robber will serve his sentence consecutively after a state conviction for an unrelated assault with a deadly weapon. The robber met the criteria of a "Career Criminal Offender" due to prior convictions for rape and robbery.

#### Postmaster pleads guilty to \$431,916 embezzlement

On April 3, 2001, the postmaster at Moorefield, West Virginia, pleaded guilty in federal court to embezzling public money. The postmaster admitted embezzling \$431,916 in third-class trust funds between September 1993 and June 2000. Restitution may include the postmaster's condominium and his retirement funds. He had been employed with the Postal Service for the past 35 years.

#### Delta Airline contract employee found guilty of stealing mail

A Delta Airlines contract employee was convicted on April 12 in federal district court in Colorado for stealing registered mail. Postal Inspectors identified the man after receiving a report of missing CON-CON shipments originating in Cincinnati, Ohio. Sentencing is scheduled for June 21, 2001. Inspectors have notified the Immigration and Naturalization Service regarding the possible deportation of the employee, who they determined is a resident alien from Cuba.

**Inspectors arrest retired doctor for distributing drugs through the mail**

Postal Inspectors arrested a retired podiatrist on April 6, 2001, for allegedly distributing Ecstasy, LSD, anabolic steroids, and other controlled substances via 140 Express Mail shipments. The former doctor, who is said to have offered Priority Mail service to customers seeking lower-cost deals, is charged with using post office boxes, commercial mail receiving agency addresses, and his residence for illegal activities. Inspectors working undercover reported purchasing \$10,000 worth of Ecstasy and LSD from the doctor via the Internet. Forfeiture proceedings on the man's \$600,000 mortgage-free residence are expected to be filed by the U.S. Attorney's Office. The Postal Inspection Service has provided U.S. Customs and Interpol with the name of the doctor's supplier in Holland.

**Seven indicted for staging accidents in insurance scam**

A joint investigation by the Postal Inspection Service and the FBI resulted in a 53-count indictment on April 11, charging seven individuals with mail fraud in the Eastern District of Virginia. The indictment claimed that several private insurance companies made fraudulent settlements for staged automobile accidents. Scheme members obtained driver's licenses in false names, and then bought cars in those names for use in staged accidents. The false identities were also used to inflate the value of the automobiles and to obtain insurance. Settlement checks were mailed to several post office boxes in Virginia and deposited into bank accounts opened under the false identities. From January 1998 through March 2001, in excess of \$1 million was paid by the insurance companies to scheme members.

**Investigation results in eight-year sentence for mortgage-flipping scheme**

After an investigation by Postal Inspectors, a Newark, New Jersey, real-estate businessman was sentenced in April to eight years' incarceration for a \$1 million mortgage-flipping scheme; he was also ordered to pay \$316,880 in restitution and a \$15,000 fine. The man deceived lenders into issuing mortgages on 30 properties to co-conspirators by fabricating IRS Forms W-2 and 1040, pay stubs, leases, verifications of employment, and other documents that falsely inflated the borrowers' annual incomes. He received \$1 million in mortgages, which he ultimately defaulted on. The Senate has recently held hearings on mortgage-flipping schemes, for which the Inspection Service has provided testimony. The next hearing takes place on May 14, 2001.

**Twelve-year sentence and \$1.2 million in restitution ordered for investment fraud**

The first of six defendants was sentenced on April 11 in Harrisburg, Pennsylvania, to 12 and one-half years in prison and ordered to make over \$1.2 million in restitution. An investigation by Postal Inspectors found that 31 individuals and 28 funeral homes had invested a combined \$7.3 million in fraudulent initial public offerings (IPOs). The funeral homes' investments represented funds collected by funeral directors to pre-pay clients' funeral expenses.

**Ten Canadian telemarketers indicted for \$2 million scam**

Postal Inspectors testified at a grand jury hearing on April 11, 2001, in Harrisburg, Pennsylvania, resulting in a 51-count indictment of 10 Canadian nationals for mail and wire fraud conspiracy. As lead agency in a joint investigation, the Postal Inspection Service alleged the defendants had victimized more than 1,000 U.S. citizens over a two-year period in a \$2 million, advance-fee loan scheme that relied on Express Mail and other overnight couriers. Victims remitted funds with U.S. Postal Service money orders and Western Union wire transfers to pay the fraudsters, who used more than 100 false insurance and loan company names. This is the first indictment brought since the formation of the Toronto Strategic Partnership; the Postal Inspection Service joined the group in October 2000. Partnership members also include the Federal Trade Commission, Toronto Police, Industry Canada, and the Ministry of Consumer and Business Services.

**Task force inspectors uncover \$15.3 million fraud against the government**

A task force of 65 law enforcement officers, including Postal Inspectors from the Cleveland area, was formed to address fraud in government programs. Task force efforts thus far have resulted in the arrest of four individuals in a fraudulent food-stamp scheme. The warrants alleged that five Cleveland-area stores conspired to defraud the U.S. Department of Agriculture's Food Stamp

Program of approximately \$15.3 million over five years, incurring violations that include mail fraud and money laundering. Orders were also issued to freeze assets.

#### **Corporate officers plead guilty in telephone "slamming" scheme**

The president and the vice president of All American Telephone (AAT) pled guilty to mail fraud in the Northern District of Texas. The charges relate to a telephone "slamming" scheme, in which Postal Inspectors found that over 350,000 people had their long-distance carriers fraudulently switched, or were assigned an "800" toll-free number without their knowledge or consent. Victims were charged unauthorized switching fees and monthly fees totaling over \$27 million.

#### **Advance-fee promoter indicted for defrauding 45,000 people**

Postal Inspectors identified an operator of a large, multi-state direct mail marketing and telemarketing advance-fee promotion for defrauding his customers. The subject was indicted by a federal grand jury in Denver, Colorado, on 22 counts of mail fraud. He was charged with soliciting customers to pay an advance fee of \$25 to become a Market Research Analyst (MRA). Victims were told they would test new products, provide consumer feedback and be monetarily compensated, or be allowed to keep the products they tested. Over 45,000 people lost over \$1.3 million.

#### **Inspectors arrest man on charges of child exploitation**

On April 27, Postal Inspectors took into custody a Kentucky man believed responsible for mailing a series of sexually explicit letters and threats to two sisters, ages 9 and 10. The man was reportedly sexually obsessed with the children and, since last fall, had mailed extremely graphic letters that were violent in nature to the girls, their parents, and their school. Inspectors who served a federal search warrant on his home recovered pictures of the girls, soiled children's undergarments, handwritten letters detailing prior sexual activity with the children, and other pornographic material.

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#### **Credit Card Security Initiative**

The Inspection Service hosted a two-day meeting at National Headquarters for members of its Credit Card Security Initiative. Over 100 representatives from the credit card industry, including major mailers, airport security personnel, banking officials, and other federal law enforcement agencies convened to provide industry updates and address this growing problem. Members focused on methods of reducing and preventing credit card losses in the mail.

#### **National Leadership Team Meeting**

The Inspection Service's National Leadership Team met for two days at the National Center for Missing and Exploited Children (NCMEC) in Alexandria, Virginia. Ernie Allen, NCMEC president, and Congressman Nick Lampson (R-TX), Chairman of the Congressional Caucus on Child Exploitation, discussed the origins of NCMEC and its cybertip hotline, which has boosted law enforcement efforts against child exploitation. Each spoke of the effective alliance of the Inspection Service and NCMEC. A new poster against child exploitation, designed by the Inspection Service and published by the two groups, will soon appear in 40,000 post offices across the country and be viewed by a potential 8 million people a day. Also discussed at the meeting were several threat management issues being addressed by the Inspection Service's National Threat Management Committee, including procedures for securing entries to postal facilities and for Inspectors required to take firearms on aircraft. The Inspector in Charge of Security, Tom Denny, also spoke, raising jurisdictional issues related to the USPS-FedEx alliance and its effect on mail security and airline transportation.

#### **Universal Postal Union (UPU) Conference**

I served as chairman for the meeting held by the Postal Security Action Group (PSAG) of the UPU, and hosted the dinner and reception for attendees of the UPU Conference in Berne, Switzerland. I also chaired the PSAG Advisory Group meeting, and actively participated in the West African Fraud and Global Mail Security Working Group meetings held during April.





## **A Message from the Chief Postal Inspector**

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In a continued effort to keep employees apprised of Postal Inspection Service activities, investigative highlights and significant events, I am sharing below the full text of the Executive Summary of May events provided to Postmaster General William Henderson and the Board of Governors.

A handwritten signature in dark ink that reads "K.C. Weaver". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

K.C. Weaver

### **Chief's Executive Summary for the Postmaster General: May 2001**

#### **RESTRICTED INFORMATION**

##### **Indictments returned for two men accused of kidnapping postmaster**

On May 18, 2001, a federal grand jury in the Western District of Tennessee returned indictments against two men, with charges of kidnapping, carjacking, assault, ~~wielding a firearm, and aiding and abetting.~~ The charges stemmed from the May 1 kidnapping of the Bells, Tennessee, postmaster. Within hours after the kidnapping, Crockett County sheriff's deputies arrested the suspects, and Postal Inspectors collected evidence and processed the crime scene.

##### **Postal Inspectors named 'Law Enforcement Officers of the Year' for third time**

Inspectors David Dirmeyer, Southeast Division, and Rey Santiago, Southwest Division, along with Inspector Steve Lear, Mid-Atlantic Division, were honored recipients of the 2001 National Missing and Exploited Children's Awards, presented on Capitol Hill on May 23. This is the third consecutive year that Postal Inspectors have received such recognition. Inspectors Dirmeyer and Santiago were recognized for their successful investigation of a husband and wife who videotaped themselves and others having sex with their children, ages nine and twelve. The father was sentenced to four consecutive life terms, and the mother was sentenced to 45 years in prison; other defendants received two consecutive life terms and a 15-year prison sentence. Inspector Lear's investigation involved two Henrico County, Virginia, residents who molested their neighbor's 12-year-old boy, videotaped the molestation, and sold the videotapes through the mail.

##### **Child exploitation prevention poster in post offices nationwide**

The Postal Inspection Service and the Postal Service launched a national crime prevention initiative with the National Center for Missing and Exploited Children (NCMEC) to raise the public's awareness about the online sexual victimization of children. In 40,000 post offices nationwide, an eye-catching poster now on display offers a simple, powerful message to adults: Be aware of your child's online

activities, and know who they are "talking" to online. The posters, which were also distributed to members of Congress, feature the center's toll-free hotline number and the Cyber Tipline's Internet address.

#### **'America's Most Wanted' arrest**

Fugitive Bob Shamburger was featured on the television show "America's Most Wanted" on May 5, 2001. Based on a tip received from a call to the hotline, Phoenix Postal Inspectors arrested Shamburger on May 10. Shamburger is charged with mail fraud and money laundering as a result of his participation in the collapse of several insurance companies. Inspectors estimate victims' losses at between \$60 million to \$90 million.

#### **Two-year prison sentence ordered for workers' compensation fraud violator**

A former Toledo, Ohio, letter carrier was sentenced in federal court on May 14, 2001, to two years in prison and ordered to pay about \$190,000 in restitution to the Postal Service, the amount he collected while on disability. The carrier claimed he was unable to work after he fell while carrying mail in 1985. The former carrier performed as a power weightlifter, jogger, and biker—during the same time he claimed to be unable to work. His sentencing concluded a seven-year investigation by Postal Inspectors. The carrier was taken directly into custody on May 21, when he failed to notify the court of traveling to a foreign country for his honeymoon. Future cost-savings to the Postal Service as a result of the investigation total \$420,617.

#### **Postal Service receives \$250,000 settlement from bulk mailer**

A Louisville, Kentucky, mailer settled a false-claims action with a \$250,000 payment to the Postal Service. Postal Inspectors found the mailer had circumvented the Postal Service's verification procedures to hide the fact that he was not earning the postage discounts he claimed. The mailer knew in advance which trays of mail the Postal Service would test for accuracy, giving him ample opportunity to control the test results.

The Rocky Mountain Division implemented a number of measures during May 2001 in response to numerous attacks on neighborhood delivery and collection box units (NDCBUs). Postal Inspectors identified five separate, organized groups responsible for the break-ins, and initiated testing on retrofitting NDCBUs to increase resistance to theft. The Arizona Performance Cluster began the process of removing 3,800 curbside mailboxes that were attached to the NDCBUs in Tucson. To increase postal customers' awareness of the problem, Inspectors initiated a mailing campaign to target those who receive mail in apartment mailbox panels. The mailings provided tips on how people could help keep their mail safe and avoid becoming victims of mail theft. Inspectors also held a press briefing to publicize the problem, with extensive media coverage. During the same period, Inspectors worked with postal groups to design and set up a messaging campaign using billboards in the Phoenix area, and disseminated news releases to local media to promote the campaign. New Web pages featuring consumer-awareness information on mail theft also were added to the Postal Inspection Service's Internet site to educate Phoenix residents—and other Web visitors—about mail theft concerns and preventive measures they can follow.

**Chicago Inspectors arrest 18 more suspects in mail theft case**

An ongoing Northern Illinois Division investigation, dubbed Operation Bogus Check, resulted in charges of mail theft and check counterfeiting against 18 more subjects in May, bringing the total number of arrests to more than 80 individuals. Postal Inspectors believe the checks were stolen from the mail and then counterfeited using the original account information. Inspectors obtained arrest warrants after forensic experts from the Inspection Service's Crime Lab identified the subjects' fingerprints on the negotiated counterfeit checks.

**Operators plead guilty to defrauding 34,000 victims out of \$60 million**

The principal operators of a group of Massachusetts-based companies that defrauded 34,000 novice inventors pled guilty in Springfield to defrauding their victims out of \$60 million. An Inspection Service investigation revealed the victims paid the three companies between \$200 and \$10,000 each for worthless patenting and marketing services. The mail was used extensively to further the scam.

**Man sentenced for bogus HIV cure**

On May 10, 2001, a New York man was sentenced in U.S. District Court to 30 months in prison for defrauding investors after he posted news releases on the Internet claiming he had developed a treatment that eliminated HIV in humans. Postal Inspectors identified the man as a convicted murderer who had served a 25-year jail sentence, and determined that he influenced the publicly-traded stock of Uniprime, causing millions of shares to be traded as the price rose from below \$1 to a high of \$7.94. The Postal Inspection Service was the sole criminal investigative agency.

**Postal Inspectors bust large-scale securities scam**

The chairman and chief executive officer of Madden, Ltd., a designer and retailer of women's shoes, entered guilty pleas in both the Southern and Eastern Districts of New York on May 23, 2001. He was charged in separate indictments for securities fraud and money laundering involving 23 fraudulent initial public offerings that were underwritten by now-defunct broker-dealers. The man faces a sentence of up to 51 months, more than \$5 million in restitution, and roughly \$3 million in forfeitures.

**Operation Cyber Loss**

The U.S. Postal Inspection Service worked with the FBI during May 2001 on Operation Cyber Loss, a national task force focusing on fraud schemes perpetrated via the Internet. The initiative was designed to increase the public's awareness of the proliferation of fraud schemes on the Internet, and the results of their efforts were announced at a press conference held on May 23, 2001, in Washington, DC, with the Department of Justice and the FBI. During the past month, Postal Inspectors, FBI agents, and members of the Virginia Beach Police Department arrested a male-female duo for mail fraud and conspiracy. The two are charged with selling about \$400,000 worth of items to over 200 victims via Internet auction sites, such as e-Bay and Yahoo.

**Congressional staffers tour Inspection Service's National Forensic Lab**

Three Congressional staffers from the House Government Reform Committee toured the Inspection Service's National Forensic Laboratory at Dulles, Virginia, on May 31, 2001. Roy Geffen, Inspector in Charge of the Forensic & Technical Services Division, personally led the tour, which included [REDACTED] and [REDACTED]; and members of the Postal Service's Government Relations office, [REDACTED] also attended. Responses to the tour were very favorable.

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**Senate Technology Fair**

The Postal Inspection Service participated for the second year in the Senate Technology Fair held in the Dirksen Building on Capitol Hill. The Forensic & Technical Services Division demonstrated the newest technology in mail-screening devices, transmitters, video cameras, and tracker equipment to Senator Ben Nighthorse Campbell and other attendees.

**Inspector's name added to the National Law Enforcement Officers' Memorial**

Washington Metro Division Postal Inspector Robert Francis Jones, Jr., who was killed in a tragic automobile accident on July 14, 2000, had his name added to the National Law Enforcement Officers' Memorial on May 13, 2001. The annual candlelight vigil at the memorial was held that evening, when Attorney General John Ashcroft honored over 15,400 federal, state, and local law enforcement officers whose names are inscribed on the memorial's walls; over 300 names were added this year. President George W. Bush was the keynote speaker for the Peace Officers' Memorial Day event on May 15 at the U.S. Capitol, which is a part of the tradition honoring fallen officers who have served in the line of duty.

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K.C. Weaver

### Chief's Executive Summary for the Postmaster General: June 2001

#### RESTRICTED INFORMATION

##### **Fugitive postal employee still at large**

b4 A postal employee from the Registry Section at the Phoenix, Arizona, Processing and Distribution Center is wanted for the June 1 theft of approximately 464 registered mail remittances. [REDACTED]

[REDACTED] On June 14, Postal Inspectors obtained an arrest warrant for the employee, who has been missing since the date of the loss. The Postal Inspection Service is offering a \$50,000 reward for information leading to the employee's arrest and conviction.

##### **Guilty plea in rural carrier murder**

b5 A defendant in the murder of a rural carrier in Bailey, Mississippi, pled guilty on June 7 to a carjacking that resulted in the carrier's death; the defendant faces a sentence of 15 to 20 years in federal prison. [REDACTED]

[REDACTED] The alleged shooter will stand trial for capital murder, kidnapping and burglary.

##### **Postal Inspectors arrest results in 10-year sentence**

b4 In April 1999, Postal Inspectors identified a window clerk in Garland, North Carolina, who embezzled the proceeds from 45 postal money orders. As a result of their investigation and pending prosecution, the clerk resigned from the Postal Service in May 1999. In January 2000, a highway contract route driver was robbed at gunpoint at the rear dock of the Garland Main Post Office; four registry pouches [REDACTED] were taken. Postal Inspectors arrested the same former window clerk in March 2000 for the January robbery. The former clerk was found guilty of both embezzlement and robbery, and was sentenced to 10 years in federal prison and ordered to pay \$71,000 in restitution.

##### **Two convicted of registered mail theft**

b4 A Philadelphia man was convicted of mail theft and conspiracy to defraud the United States. On June 26, he pled guilty to the theft of 10 registered parcels [REDACTED] worth of "City Flag" stamps. The conviction concluded a two-year Inspection Service investigation into the theft of the registered parcels, which were stolen from a CSX tractor-trailer while it was parked unattended at a New Jersey truck stop. Each parcel contained [REDACTED]. Postal Inspectors recovered 6 of the 10 parcels, [REDACTED] from a storage locker near Harrisburg, Pennsylvania. The man's accomplice was also convicted and is scheduled for sentencing in October 2001.

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**Post office robber sentenced to 15 years in prison**

The Schodack Landing, New York, Post Office was robbed at gunpoint in July 2000. The gunman tied the postmaster's hands and feet, left him in the rear of the post office, and fled with [REDACTED], and the postmaster's wallet. Postal Inspectors developed a suspect as a result of evidence recovered at the crime scene, and the postmaster identified the suspect from the Inspectors' photo spread. On the day after the robbery, the suspect was arrested while attempting a burglary in Albany, New York, and admitted to the post office robbery. On June 28, 2001, he pled guilty to one count of armed robbery and was sentenced to 15 years' imprisonment and 5 years of supervised release. He was ordered to pay the Postal Service \$2,000 in restitution.

**Inspectors arrest suspects in letter carrier robberies**

Postal Inspectors formed a task force with Baltimore City police to solve a rash of letter carrier robberies in the northeast section of the city. No mail was stolen during the robberies, which occurred on June 25, 27, and 29, but the robbers displayed a semi-automatic pistol and made off with carriers' personal property. Postal Inspectors and city police arrested two men, who were charged with various counts of armed robbery, assault and handgun violations.

**Inspector in Charge testifies at Senate congressional hearing**

On June 14, Inspector in Charge L. E. Maxwell of the Fraud, Forfeiture, Money Laundering and Child Exploitation Division testified on cross-border fraud before the Senate Permanent Subcommittee on Investigations. Inspector Maxwell discussed Inspection Service cross-border investigations as well as task force successes. In concert with this effort, Postal Inspectors seized approximately 128,255 pieces of incoming foreign lottery mail in June, which they determined to be illegal. The letters were destroyed before they entered the mailstream.

**Fraud 'kingpin' gets 19 years in prison and ordered to pay \$102 million restitution**

Six defendants were sentenced in Oregon in a high-profile case involving fraudulent cattle breeding and IRA investment schemes. Postal Inspectors identified about 4,500 investors from 41 states who were defrauded through the mail of over \$100 million. The judge proclaimed the case the largest white-collar crime ever tried in Oregon and referred to the main defendant as the "kingpin," saying he was the craftiest criminal the judge had sentenced in 38 years on the bench. The kingpin received a 19-year sentence and was ordered to pay over \$102 million in restitution. The other five defendants were sentenced to a total of 13 and one-half years' confinement and ordered to pay over \$198 million in restitution.

**Inspectors arrest Kentucky man for mailing sadistic child pornography videos**

Postal Inspectors, assisted by FBI agents and Kentucky State Police, served a federal search warrant June 6 at the home of a Vanceburg, Kentucky, man as part of a child pornography investigation. Before they gained entry into the suspect's residence, he attempted to destroy evidence by firing several rounds from a shotgun into the hard drive of his computer. The suspect was arrested, and his two children, one of whom suffers from morphia—a medical abnormality believed to be caused by excessive beatings—were taken into protective custody.

**Child pornographer admits to molesting numerous children under his care**

A 35-year-old Illinois man, who worked as an intensive care nurse at several Chicago-area hospitals, pled guilty in federal district court on June 26 after an arrest by Postal Inspectors for receiving child pornography in the mail. The nurse admitted to sexually assaulting as many as 18 young girls and women under his care. His victims were often in comas, unconscious, or so heavily sedated they could not defend themselves and did not know what was happening to them. One victim was only nine years old. The suspect was first identified during an Inspection Service undercover operation. State charges are

pending.

**Enhanced penalties now effective for deceptive mailings**

Violators of the Deceptive Mail Prevention and Enforcement Act, effective April 12, 2000, will now face civil penalties in addition to Cease & Desist orders and False Representation Orders. The Postal Service Judicial Officer issued its first Civil Monetary Penalty order on June 14, 2001: a \$5,000 order payable to the Postal Service. It was issued, along with a Cease & Desist Order and False Representation Order, against a deceptive sweepstakes solicitation promoted by [REDACTED] and National Marketing Systems, Inc., both doing business as Western Disbursements. b7C

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**Inspection Service participates in Moscow summit**

Accompanied by members of the Inspection Service's International Security staff, I participated in the first Regional Commonwealth in the Field of Communications. The meeting was held in Moscow from June 26 through 27 and was hosted by the Postal Security Action Group. Approximately 40 postal security experts from 12 former Soviet Bloc countries attended the two-day summit to develop strategies and initiatives that will improve the quality of mail service and security throughout the region.

**First Postal Inspector class of 2001 graduates**

On June 29, 2001, following an intensive 14-week training program, 24 men and women received their credentials as Postal Inspectors at the William F. Bolger Center for Leadership Development. The new Inspectors will be assigned to various locations throughout the nation.

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