

2 0 0 2

# Annual Report of Investigations

of the United States Postal Inspection Service



*Safety* ♦ *Security* ♦ *Integrity*



# A Message from the Chief Postal Inspector

December 2002

I am pleased to present this *2002 Annual Report of Investigations* of the United States Postal Inspection Service. This report is especially meaningful to me as it is my first Annual Report to the United States Postal Service, its Board of Governors, members of Congress, and the American public since my appointment as the new Chief Postal Inspector in July of this year.

“All Americans have the right to mail and receive letters and parcels with every expectation that no one will tamper with or steal their mail. All users of the mail have the right to be protected from mail fraud and other mail-related criminal activities. And all postal employees and customers have the right to work or conduct business in a safe and secure environment.”

I have taken these words from a new booklet we issued this year: *Because the Mail Matters*. And the mail *does* matter—now more than ever, the mail and the security of the mail are critical to the citizens of this country. As traditional mail security concerns expand to meet the challenges of new technology and a new century, I believe that my experience and leadership will help us preserve the nation’s trust in the U.S. Mail.

Although protecting the mail, postal employees, and customers took on added significance this year, security efforts were only part of our mission. Criminal investigations continued during FY 2002, as Postal Inspectors arrested 10,828 criminal suspects, with 54 percent of the arrests for mail theft. Inspectors also investigated 3,355 mail fraud cases and responded to approximately 84,000 consumer fraud complaints. Mail fraud investigations resulted in 1,634 arrests, approximately \$2 billion in court-ordered and voluntary restitution, and 780 civil or administrative actions. In addition to numerous cases involving bombs, threats, and injurious items in the mail, Inspectors arrested 249 suspects for child sexual exploitation offenses related to the mail and 1,385 suspects for drug trafficking and money laundering via the mail.

Safeguarding the U.S. Postal Service’s revenue and assets is integral to the mission of the Postal Inspection Service. Through our investigations of workers’ compensation fraud this fiscal year, Postal Inspectors reported \$108.4 million in long-term and continuation-of-pay cost-avoidance savings for the Postal Service.

The U.S. Postal Inspection Service is proud of its accomplishments. We look forward to future opportunities to continue building on our strengths—preserving the safety, security, and integrity of the U.S. Postal Service, postal employees, and postal assets—and ensuring America’s confidence in the U.S. Mail.



A handwritten signature in black ink, reading "Lee R. Heath".

Lee R. Heath

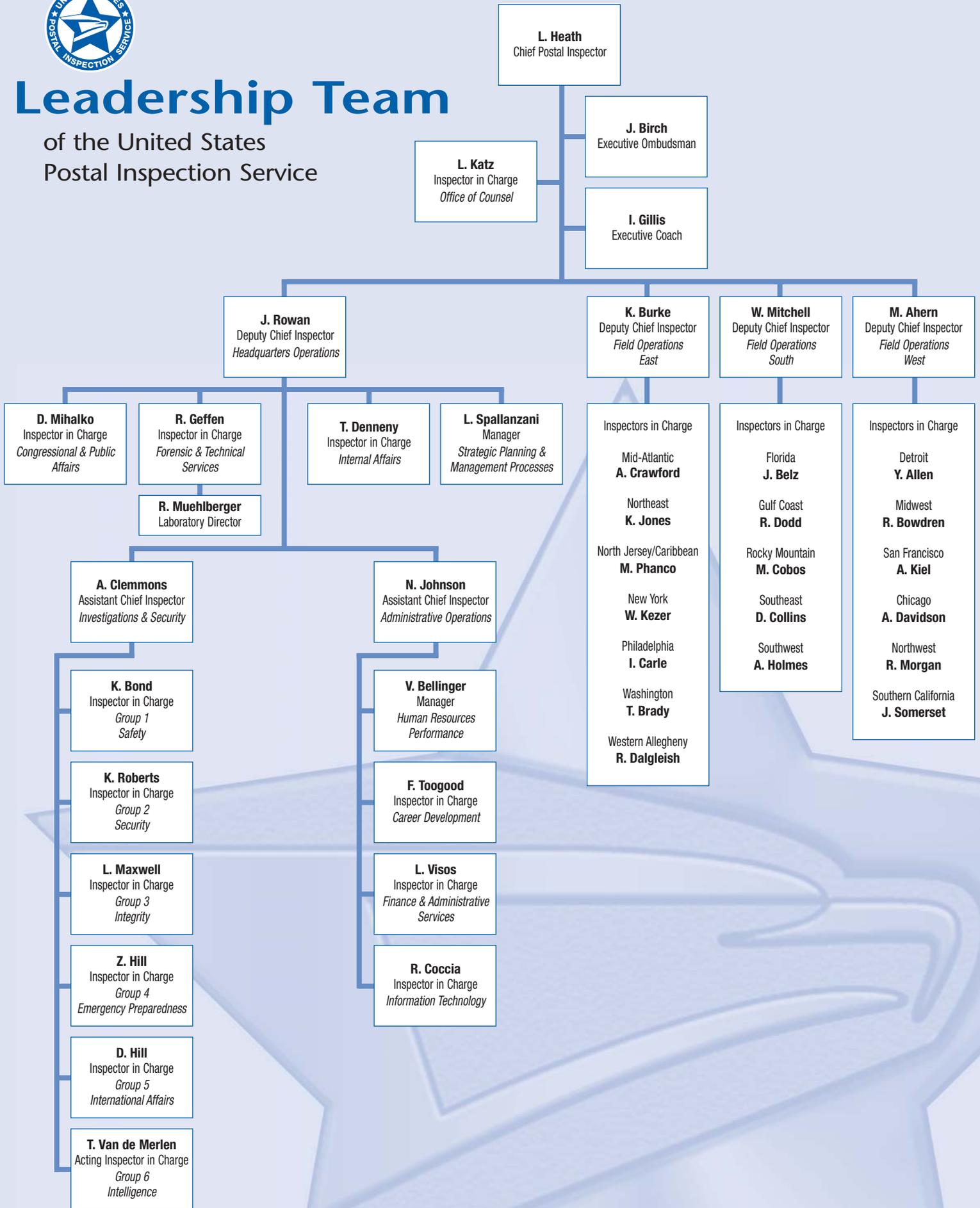
# Contents

<b>Introduction</b> .....	3
<b>Mail Theft</b> .....	5
<b>Violent Crimes</b> .....	10
Homicides, Assaults, and Threats .....	10
Mail Bombs and Other Prohibited Mail.....	10
Robberies and Burglaries.....	14
<b>Mail Fraud</b> .....	16
<b>Child Exploitation</b> .....	23
<b>Illegal Drugs and Trafficking</b> .....	26
<b>Asset Forfeiture and Money Laundering</b> .....	29
<b>Revenue and Asset Protection</b> .....	32
Revenue Investigations (with special insert on API case) .....	32
Embezzlements.....	34
Fraudulent Workers' Compensation .....	35
<b>Safety and Security</b> .....	39
Security .....	39
Computer Crimes and Commerce .....	44
International Security.....	44
<b>Information Technology</b> .....	47
<b>Consumer Education, Fraud Prevention and Legislative Action</b> .....	48
<b>Forensic and Technical Services</b> .....	54
<b>Professional Standards and Resource Development</b> .....	56
<b>FY 2002 Goals, Objectives, Targets, and Results</b> .....	60
<b>FY 2003 Goals, Objectives, Indicators, and Targets</b> .....	61
<b>Postal Inspection Service Criminal Statistics for FY 2002</b> .....	62



# Leadership Team

of the United States  
Postal Inspection Service



# Introduction

**The U.S. Postal Service delivers more than 200 billion pieces of mail a year, containing money, messages, and merchandise, to 138 million addresses at some of the most affordable postage rates in the world. U.S. Postal Inspectors are mandated to safeguard all of it—including the people who move it and the customers who use it—and it's all included in the price of a stamp.**

**A**s one of our country's oldest federal law enforcement agencies, founded by Benjamin Franklin, the United States Postal Inspection Service has a long, proud and

successful history of fighting criminals who attack our nation's postal system and misuse it to defraud, endanger, or otherwise threaten the American public. As the law enforcement and security arm of the United States Postal Service, the U.S. Postal Inspection Service is a highly specialized, professional organization performing investigative and security functions essential to a stable and sound postal system.

Congress empowered the Postal Service "to investigate postal offenses and civil matters relating to the Postal Service." Through its security and enforcement functions, the Postal Inspection Service provides assurances to American businesses for the safe exchange of funds and securities through the U.S. Mail; to postal customers of the "sanctity of the seal" in transmitting correspondence and messages; and to postal employees of a safe work environment.

As fact-finding and investigative agents, Postal Inspectors are federal law enforcement officers who carry firearms, make arrests, execute federal search warrants, and serve subpoenas. Inspectors work closely with U.S. Attorneys, other law enforcement agencies, and local prosecutors to investigate postal cases and prepare them for court. There are approximately 1,900 Postal Inspectors stationed throughout the United States who enforce roughly 200 federal laws covering investigations of crimes that adversely affect or fraudulently use the U.S. Mail and postal system.

To assist in carrying out its responsibilities, the Postal Inspection Service maintains a Security Force staffed by roughly 1,400 uniformed Postal Police Officers who are assigned to critical postal facilities throughout the country. The officers provide perimeter security, escort high-value mail shipments and perform other essential protective functions.

The Postal Inspection Service operates four forensic crime laboratories strategically located in cities across the country. The labs are staffed with forensic scientists and technical specialists, who assist Inspectors in analyzing evidentiary material needed for identifying and tracking criminal suspects and in providing expert testimony for cases going to trial.

The Inspection Service's approximately 800 professional and technical employees, who include forensic specialists, information technology experts, financial analysts and others, play a vital role in supporting the criminal investigative and security functions of the Postal Inspection Service. They perform a wide variety of tasks, including developing and continually upgrading information systems; providing forensic examinations of evidence; deploying electronic security and surveillance equipment; publishing policy handbooks and

consumer awareness guides; supplying photography and video services; and facilitating direct communications with Congress and the public.

During this fiscal year, the National Headquarters offices of the Postal Inspection Service were organized in functional groups that reported to Deputy Chief Inspectors for Investigations, Security and Information Technology, and Professional Standards and Resource Development. The Postal Inspection Service's 18 field divisions reported directly to three Deputy Chief Inspectors for field operations. Field offices were supported by five Inspection Service Operations Support Groups. The Inspection Service's Executive Committee, which comprised the Chief Postal Inspector, five Deputy Chief Inspectors and the three Inspectors in Charge who report directly to the Chief Postal Inspector, established the direction of the organization. The National Leadership Team consisted of the Deputy Chief Inspectors and all Inspectors in Charge.

In the upcoming fiscal year, the National Headquarters offices of the Postal Inspection Service will be organized in functional groups that report to the Deputy Chief Inspector for Headquarters Operations. The Postal Inspection Service will continue to have 18 field divisions, which will report directly to three Deputy Chief Inspectors for field operations. Field offices will be supported by five Inspection Service Operations Support Groups. The National Leadership Team will include four Deputy Chief Inspectors, two Assistant Chief Inspectors, Inspectors in Charge, and all Postal Career Executive Service Managers.

The Postal Inspection Service's national information technology infrastructure supports about 4,200 users at more than 180 sites nationwide. Inspection Service offices are linked nationally via a dedicated frame-relay network, with online connections to the Postal Service, the National Crime Information Center, the National Law Enforcement Telecommunications System, and the Internet.

The Internal Affairs Division's mission is to promote integrity and excellence in the Postal Inspection Service through independent internal investigations of its employees and protect the safety of postal employees and customers by providing security and preventive services at National Headquarters.

The Office of Counsel pro-

vides legal advice and services in support of Postal Inspection Service investigations, programs, and goals; processes requests for access to Inspection Service records; and provides legal training to Inspection Service personnel. The Counsel's office comprises 20 Inspector-Attorneys supported by an administrative staff that includes paralegals, information disclosure specialists, a labor relations analyst, a program specialist, and an administrative support specialist.

Charged with managing the Postal Inspection Service's internal and external communications, staff from Congressional and Public Affairs (C&PA) issue news and video releases covering investigations or events of national interest and develop publications with preventive and informational tips related to mail fraud and other mail crimes for postal employees and the public. C&PA personnel represent Inspection Service interests on Capitol Hill and through liaison efforts with other government, law enforcement, and consumer agencies. C&PA's Internet Web site provides weekly investigative news and consumer-oriented tips. Postal customers may report suspected incidents of mail fraud online at [www.usps.com/postalinspectors](http://www.usps.com/postalinspectors). An Intranet Web site, maintained by the Information Technology Division, facilitates employee communications nationwide.

The U.S. Postal Inspection Service extends full cooperation to all federal, state, and local investigative and prosecutive authorities in law enforcement matters to ensure greater protection to the public. Postal Inspectors regularly participate in joint task force investigations with other agencies aimed at curtailing widespread criminal acts of an organized nature.

For more information on the Postal Inspection Service, visit our Web site at [www.usps.com/postalinspectors](http://www.usps.com/postalinspectors).



Office of the Chief Inspector, War Services Division, Fall/Winter 1943