



# Semiannual Report on the Audit, Investigative, and Security Activities of the United States Postal Service

April 1 – September 30, 2009





7200001



*A New Program, A New Future*  
The spread of vehicles  
greatly impacted the country  
and vehicle repair of the  
at least in some cases.

**Vehicle Repair**  
"When you hear talk of keeping a vehicle together with baling wire, believe me, the Post Office was good at it."  
Larry Clark, Post Office Department Driver

**"Due to [World War II] we literally drove the trucks until the fenders fell, or rusted, or..."**

## MESSAGE FROM THE INSPECTOR GENERAL AND THE CHIEF POSTAL INSPECTOR

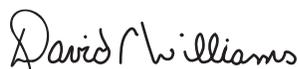
In this report, the U.S. Postal Service Office of Inspector General (OIG) and the U.S. Postal Inspection Service provide statistics and activities for the 6-month period of April 1 through September 30, 2009. New to this issue are fiscal year summary results for October 1, 2008, through September 30, 2009.

The first section of the report highlights audits and reviews by the OIG's Office of Audit (OA) that address key Postal Service risks through audit work. Postal Service executives often work closely with their OIG counterparts to identify problems and collaborate on solutions. These efforts have resulted in significant savings opportunities. During this period, OA issued 167 audit reports and management advisories, and the Postal Service accepted 87 percent (187 of 216) of the OIG's significant recommendations.

The second section of the report features investigative work conducted by the Postal Inspection Service and the OIG's Office of Investigations to preserve the sanctity of the mail, protect the integrity of postal personnel, and safeguard employees and customers.

The third section describes the Postal Inspection Service's security investigations, projects, and initiatives addressing protection for all postal employees, customers, facilities, revenue, and assets. During this reporting period, Postal Inspectors and Special Agents closed 6,266 investigations. The investigations led to 3,860 arrests and more than \$963 million in fines, restitutions, and recoveries, of which more than \$12.5 million went to the Postal Service.

Both the OIG and the Postal Inspection Service play a key role in ensuring America's confidence in the mail and maintaining the integrity and accountability of the postal system, revenue, assets, and employees. With the support of the Governors, Congress, and Postal Service management they will continue to help ensure that the Postal Service will exist into the next decade and beyond.



David C. Williams  
Inspector General



William R. Gilligan  
Chief Postal Inspector

# SUMMARY OF PERFORMANCE

April 1 – September 30, 2009

## AUDIT

Reports issued	167
Significant recommendations issued	216
Total reports with financial impact	71
Funds put to better use	\$7,665,457,764
Questioned costs <sup>1</sup>	\$1,266,278,769
Revenue Impact	\$527,010,403
<b>TOTAL<sup>2</sup></b>	<b>\$9,458,746,936</b>

## INVESTIGATIONS<sup>3</sup>

Investigations completed	6,266
Arrests	3,857
Indictments/informations	2,123
Convictions/pretrial diversions <sup>4</sup>	3,928
Administrative actions	1,440
Cost avoidance	\$112,029,808
Fines, restitutions, and recoveries	\$963,126,807
Amount to Postal Service <sup>5</sup>	\$12,531,510

## OIG HOTLINE CONTACTS

Telephone calls	47,526
E-mail	15,569
Virtual Front Office calls	1,372
Standard Mail	1,183
Voice mail messages	585
Facsimile	318
National Law Enforcement Communications Center	295
<b>TOTAL CONTACTS</b>	<b>66,848</b>

<sup>1</sup> Includes unsupported costs of \$50,354,832.

<sup>2</sup> The Postal Service agreed to recommendations or proposed alternative corrective actions that, if implemented, could result in nearly \$9.5 billion in savings.

<sup>3</sup> Statistics include joint investigations with other law enforcement agencies.

<sup>4</sup> Convictions reported in this time frame may be related to arrests made in prior reporting periods.

<sup>5</sup> Amount included in fines, restitution, and recoveries.

# TABLE OF CONTENTS

<b>AUDIT WORK BY RISK CATEGORY .....</b>	<b>1</b>
Strategic Risk .....	1
Financial Risk .....	3
Operational Risk.....	5
<b>INVESTIGATIONS .....</b>	<b>13</b>
Revenue and Asset Protection.....	13
Workers' Compensation Fraud.....	15
Delay, Destruction, and Theft of Mail .....	18
Identity Theft.....	21
Mail Fraud.....	22
Money Laundering .....	23
Contract Fraud.....	23
Robberies.....	24
Burglaries.....	25
Dangerous Mail Investigations.....	26
Child Exploitation via the Mail.....	28
Narcotics Trafficking.....	29
Official Misconduct .....	30
Homicides, Assaults, and Threats.....	30
Executive Investigations and Internal Affairs .....	31
<b>SECURITY AND CRIME PREVENTION .....</b>	<b>33</b>
Security.....	33
National Preparedness .....	34
Global Security and Investigations .....	36
Cyber Intelligence .....	37
Consumer Education and Fraud Prevention.....	39
<b>SPECIAL FEATURES.....</b>	<b>2</b>
Estimate of Postal Service Liability for Retiree Health Care Benefits .....	2
Operational Efficiency.....	11
OIG Kicks Off OWCP Fraud Awareness Campaign .....	15
OIG Establishes a Major Fraud Investigations Division.....	23
<b>APPENDICES .....</b>	<b>43</b>
APPENDIX A — Reports Issued to Postal Service Management .....	43
Reports with Quantifiable Potential Monetary Benefits .....	44
Report Listing .....	47
APPENDIX B — Findings of Questioned Costs .....	50
APPENDIX C — Recommendations That Funds Be Put to Better Use.....	51
APPENDIX D — Reported Non-monetary Benefits.....	52
APPENDIX E — Reports with Significant Recommendations Pending Corrective Actions .....	53
APPENDIX F — Significant Management Decisions in Audit Resolution .....	63
APPENDIX G — Investigative Statistics.....	64
APPENDIX H — Summary of U.S. Postal Inspection Service Investigative Activities Under Title 39 USC § 3013.....	66
APPENDIX I — Closed Congressional and Board of Governors' Inquiries.....	67
<b>SUPPLEMENTAL INFORMATION.....</b>	<b>76</b>
Freedom of Information Act.....	76
Workplace Environment.....	76
Jurisdiction and Laws.....	77
Acronym Guide.....	79



# AUDIT WORK BY RISK CATEGORY

## AUDIT WORK BY RISK CATEGORY

The Office of Audit (OA) uses a risk-based planning approach to identify audit work that will provide the best value to the Postal Service. This process identifies key areas to focus on, and then assigns work via risk deployment. For this reporting period, OA highlights audits and reviews that address risks in the strategic, financial, and operational areas.

### STRATEGIC RISK

The Strategic Risk category covers issues that impact the Postal Service's overarching strategic direction. Strategic risk factors are those affecting the Postal Service's ability to be effective and efficient, and ensure that its products and services are self-sustaining and balance legal considerations and stakeholder views. The following white paper and audit work represents examples of work performed in this area.

#### *Electrification of Delivery Vehicles*

With a large geographically dispersed vehicle fleet and short delivery routes, the Postal Service could serve as a test laboratory for technological advancements of electric vehicles (EV) sought by President Obama through the Department of Energy. Due to the Postal Service's current financial distress, government funds and vehicle to grid (V2G) revenue would likely be needed to make this transition economically feasible.

In this white paper, OA determined that broad use of EVs in the Postal Service delivery fleet would be operationally feasible. Current EV technology would work well with the average mail delivery driving distance of about 18 miles per day. Previous delivery operation tests, under favorable environmental conditions within California, have shown that the EV performance levels were adequate for mail delivery ranges of up to 40 miles a day and battery technology has advanced considerably since then, resulting in significantly increased driving distance ranges.

V2G technology establishes a system in which battery stored electricity or capacity can be sold to power wholesalers when electric vehicles are plugged in for recharging. Since most of the Postal Service's delivery vehicles are parked between 5 p.m. and 8 a.m., their batteries could be used as grid regulators. This could stabilize the electrical grid and generate revenue from wholesalers. Since the government investment to advance battery technology and V2G technology is in its infancy, OA suggests that the Postal Service phase in any electrification of its fleet so that it can capture the greatest possible benefits.

#### *Energy and Recycling Compliance*

OA used a checklist developed with Postal Service facility, energy, and environmental managers to assess and score sustainability compliance at field sites. OA found that improvements are needed to increase energy awareness in the field as only two of the 90 sites visited met basic energy standards. Most of the sites can improve by setting prescribed building temperatures and installing occupancy sensors. The Postal Service could increase energy efficiency by complying with these low to no cost measures, and save about \$1 million a year. OA also found that the Postal Service can improve recycling policy awareness since of the 90 sites reviewed, only 22 sites met basic standards.

#### *Custodial Maintenance*

In fiscal year (FY) 2008, the Postal Service used 3.4 million cleaning hours more than necessary for the 436 sites OA reviewed. The use of additional hours was prevalent for a variety of processing, customer service, and support facilities because the arbitrated custodial maintenance standard differed from custodial practices at the benchmarked organizations. For example, cleaning at benchmark sites was limited to one time per day while Postal Service standards, at times, call for cleaning on each tour. In addition, many scheduled cleaning tasks overlap a lighter form of cleaning called policing, and the two are largely duplicative. Sites visited also could not validate whether management updated their staffing justifications annually as required by Postal Service policy.

Additionally, larger Postal Service facilities incur increased costs for custodial services because hourly rates for full-time Postal Service custodial employees nationwide are \$21 higher than for current contractual custodian rates. If management reduced cleaning frequencies and eliminated the duplication of cleaning and policing activities, these sites could save \$848 million over 10 years, while maintaining an acceptable standard of cleanliness and safety.

### MANAGEMENT RESPONSE TO AUDIT WORK

OA adheres to professional audit standards and generally presents its audit work to management for comments prior to issuing a final report. Unless otherwise noted in the selected audit work discussed in this report, management has agreed or partially agreed with OA's recommendations and is taking or has already taken corrective action to address the issues OA raised.



*OA determined that broad use of electric vehicles in the Postal Service delivery fleet would be operationally feasible. Current EV technology would work well with the average mail delivery driving distance of about 18 miles per day.*

Lastly, the collective bargaining agreement in place restricts the use of contract cleaning services to smaller Postal Service facilities. By continuing to restrict contracted custodial services to small facilities, the Postal Service will incur an additional \$148 million in costs over the next 10 years for cleaning services.

### **Information Technology Security**

The following two audits show how the Postal Service can strengthen security to further preserve the integrity of its information and resources.

#### **Business Partner Connectivity — Leased Line Firewall.**

Business partners are suppliers, service providers, or customers that have a contractual relationship with the Postal Service, many of which require connectivity to the internal network from their respective facility. The Postal Service maintains 866 business partner connections associated with about 400 business partners. OA's review

confirmed that the business partner leased line firewalls effectively control access to resources on the Postal Service network. However, the Postal Service can improve business partner access controls to help ensure the protection of information resources.

**External Public Key Infrastructure Services.** Public Key Infrastructure (PKI) is the combination of software, encryption technologies, processes, and services that enable an organization to secure its business transactions and communications. A PKI relies on the exchange of digital certificates between authenticated users and trusted resources. OA found that the Postal Service generally managed its external PKI services in compliance with established guidance.

## **ESTIMATE OF POSTAL SERVICE LIABILITY FOR RETIREE HEALTH CARE BENEFITS**

The Postal Accountability and Enhancement Act of 2006 (Postal Act of 2006) requires the Postal Service to prefund its retiree health care benefits by paying an average of \$5.6 billion per year for 10 years into a newly-created Department of Treasury fund: the Postal Service Retiree Health Benefits Fund (PSRHBF). The payments were not based on actuarial considerations; they stemmed from the need to be budget neutral over a 10-year period ending in 2016.

The OIG hired an actuarial consultant (Hay Group) to assess the reasonableness of the Office of Personnel Management's (OPM) assumptions used to estimate the Postal Service's liability for retiree health care benefits. OPM assumed that the health care cost inflation rate will average 7 percent annually for all future years. The Hay Group surveyed *Fortune* 100 companies, state and local governments, and publicly owned utilities to determine the average health care inflation rate they used when they estimated future retiree health care liabilities. The Hay Group found that the average health care inflation rate used by these sectors was about 5 percent and concluded that the 7 percent OPM assumption was unreasonably high. The Hay Group then developed estimates of the Postal Service's 2016 retiree health care liability using both the OPM 7 percent assumption and the 5 percent estimate obtained from their sample and compared them to the estimated 2016 value of the PSRHBF.

Under the OPM assumption, and following the Postal Act of 2006 payment schedule, the Postal Service will have an unfunded retiree health care liability of \$25.7 billion in 2016 (80 percent funded). Under the 5 percent health care inflation rate assumption, the Postal Service will overfund its retiree health care liability by \$13.2 billion (115 percent funded).

The Hay Group estimated that with a 5 percent health care inflation rate, the 2016 \$25.7 billion unfunded liability could be reached by annual payments of \$1.57 billion per year instead of the \$5.6 billion required by the Postal Act of 2006. This means that the Postal Service could pay about \$4 billion less per year and still achieve the same 2016 PSRHBF funding status as estimated using OPM assumptions. The net present value of the interest savings from the reduced payment schedule was \$5.95 billion. Using the 5 percent health care inflation rate in the estimation of the Postal Service's retiree health care liability would greatly assist the Postal Service in dealing with its current financial crisis. Management agreed that the savings would be substantial.

Subsequent to the issuance of OA's report, Congress passed HR 2918, the Continuing Appropriations Resolution, 2010 (Public Law 111-68), which provided temporary relief from the payment schedule for one year. This reduced the September 30, 2009, payment significantly to \$1.4 billion.

## FINANCIAL RISK

The Financial Risk category includes issues that have a clear financial impact, particularly those related to cost control and revenue generation. The greatest opportunities to reduce financial risks are in the areas of maximizing the cost-effectiveness of contracts, and improving internal controls in financial systems, processes, and benefit programs.

The Postal Service faces a critical financial risk as it, like other companies, deals with the economic slowdown affecting the nation. While the Postal Service made progress in reducing costs, the possibility of further declines in volume means that it is still confronted by a major challenge to find ways to cut costs and increase revenues.

### *Maximizing the Cost-Effectiveness of Contracts*

OA issued 12 contract-related audit reports, which identified unsupported and questioned costs of more than \$20 million. This information was provided to contracting officers for their consideration in negotiating the best terms for the Postal Service.

An audit of a multi-million dollar firm fixed price proposal determined that the entire proposed amount was unsupported questioned costs because the contractor did not provide adequate cost and pricing data. Another audit disclosed more than \$3 million in questioned costs. A subcontractor analysis showed more current material quotes were available and a technical analysis determined questionable labor hours.

Additional examples of work in this area include the following.

- An audit of a multi-million dollar price proposal for an update of a mail processing system disclosed more than \$3 million in questioned costs. The contractor did not consider reductions to subcontract proposed costs that would likely be achieved during subcontract negotiations. In addition the proposed burden rate was questioned.
- An audit of a \$3 million equitable adjustment proposal — based on mail sorting inefficiencies due to nonconforming mail, excess staffing during holidays, and erratic truck schedules at a Surface Transfer Center — disclosed questioned costs of more than \$2 million. The contractor did not base the entire amount of the proposed truck schedule changes on an analysis of excess staffing and a technical analysis determined questionable hours.

### *Delegations of Authority Oversight*

The Postal Service has the power to issue Delegations of Authority (DOA) to give individuals the authority to perform contractual actions on its behalf. The Postmaster General and Vice President of Supply Management have stressed that a rigorous DOA business process is necessary to protect the Postal Service's interest because DOAs allow for contracts and agreements to be entered into outside of the normal purchasing process.

Estimated expenditures for goods and services purchased through DOAs totaled about \$208 million in FYs 2007 and 2008. OA reviewed the DOA oversight process and found that, although the Postal Service established and followed procedures for approving DOAs, once contractual authority was delegated, the Postal Service did not have adequate controls to ensure appropriate financial due diligence and that the principles guiding the DOAs were met.

Prior reviews of individual DOAs reported significant weaknesses in administering the associated agreements. Since significant disbursements are associated with these DOAs and oversight controls are deficient, OA reported \$191.2 million as disbursements at risk. Management agreed that improvements were needed; however, did not agree with OA's risk assessment.

### *Flats Sequencing System Contractual Remedies*

To automate the sortation of flat mail, the Postal Service is developing the Flats Sequencing System (FSS). OA evaluated the adequacy of contractual actions for the FSS contracts and determined that management of the contract process resulted in increased financial risk.

In one instance, the Postal Service withheld a \$500,000 payment to a contractor for a preproduction machine. The Postal Service was supposed to continue to withhold the payment until requirements in the Statement of Work were met. However, although these requirements were not met, Postal Service personnel determined that the withheld payment would be used to negotiate preproduction machine enhancements that they felt would later benefit the production machine and made the payment. The production machine failed to achieve nearly all of the performance requirements during first article testing. Per the terms of the contract, title to the material purchased by the contractor using these funds does not transfer to the Postal Service until the Postal Service accepts the FSS first article and production machines. Furthermore, the Postal Service subjectively increased the amount of financial liability by \$61.7 million in the event of termination for convenience.



To automate the sortation of flat mail, the Postal Service is developing the Flats Sequencing System (FSS). OA evaluated the adequacy of contractual actions for the FSS contracts and determined that management of the contract process resulted in increased financial risk.

As of March 31, 2009, the Postal Service paid the contractor \$53.3 million for the preproduction contract and \$266.7 million for the production contract. They spent another \$241 million on other FSS related contracts bringing the total expenditures on the FSS program to about \$561 million.

Management generally agreed with OA's recommendations, but stated that the actions taken were appropriate business decisions. They further stated that the actions taken were made in collaboration with internal stakeholders, executed in the best interest of the Postal Service, and fully documented in accordance with their contracting policies.

### Financial Reporting Transparency

The Postal Act of 2006 created the Postal Regulatory Commission (PRC) as an independent regulatory agency with oversight of the Postal Service. The PRC was charged with developing accounting practices and procedures for the Postal Service and assuring transparency through periodic reports. Consequently, the Postal Service now files multiple financial reports — some containing information prescribed by the Securities and Exchange Commission (SEC) — with the PRC. In April 2009, the PRC issued rules requiring the Postal Service to file 3 monthly financial reports in addition to those already required.

OA reviewed financial reporting requirements and found that in general, the Postal Service provided the appropriate amount and type of financial reporting information to stakeholders through its annual and quarterly SEC-type reports.

However, for the PRC and other regulatory stakeholders, disclosure of certain monthly financial information was not appropriate since it does not go through rigorous financial reporting processes to ensure the integrity of the financial data. In addition, this data is submitted on a more frequent basis than is required for similar government agencies and publicly traded companies and is more likely to place the Postal Service at a competitive disadvantage. Two of these monthly reports submitted by the Postal Service to the PRC were not posted to the Internet or otherwise made available to the general public until August 2009, and, as a result, were not subject to the concerns previously discussed. However, in August, under a new rule, the Postal Service submitted, and the PRC posted, redacted versions of them to its website. Due to the expressed concerns, OA believes that these reports should also not be disclosed.

### Officer Compensation

The passage of the Postal Act of 2006 imposed a new limit on total compensation for officers of the Postal Service and established total compensation to employees at three levels. Specifically, the first limit provides that no officer or employee may be paid compensation at a rate in excess of the rate for level I of the Executive Schedule. This compensation limit was set at \$191,300 for calendar year (CY) 2008.

With the approval of the Board, however, the Postal Service may develop a program to award a bonus or other reward in excess of the above compensation limit; as long as this does not cause the total annual compensation paid to the officer to exceed the total annual compensation payable to the Vice President of the United States as of the end of the CY in which the bonus or award is paid. In approving any such program, the Board must determine that the bonus or award is based on a performance appraisal system that makes meaningful distinctions based on relative performance. This total compensation limit was \$221,100 for CY 2008. In addition, the Board may allow up to 12 officers or employees of the Postal Service in critical senior executive or equivalent positions to be paid total annual compensation up to 120 percent of the total annual compensation payable to the Vice President of the United States as of the end of the CY in which such payment is received. This compensation limit was \$265,320 for CY 2008.

OA audited compensation paid or deferred to officers for CY 2008 and found that the Postal Service complied with the stated compensation limits. OA also found that six of the 49 officers were allocated a total of more than \$480,000 in deferred compensation during 2008. The amounts deferred for the six officers ranged from \$702 to \$236,264. Officers may be granted deferred compensation, defined as compensation that is paid after termination of their employment provided that it does not conflict with either the Federal Employees' or Civil Service Retirement Systems.

### **Relocation Policy**

At the request of Congress, OA audited the Postal Service's relocation policy. In CY 2008, the Postal Service spent \$73 million in relocation costs related to more than 2,000 employees. According to the Worldwide Employee Relocation Council Relocation Assistance Survey, the average cost to relocate a current employee homeowner was \$76,600 in CY 2007, with many companies paying well above \$100,000 per home-owning transferee. The Postal Service's average relocation cost for an employee homeowner was \$45,254 in CY 2008.

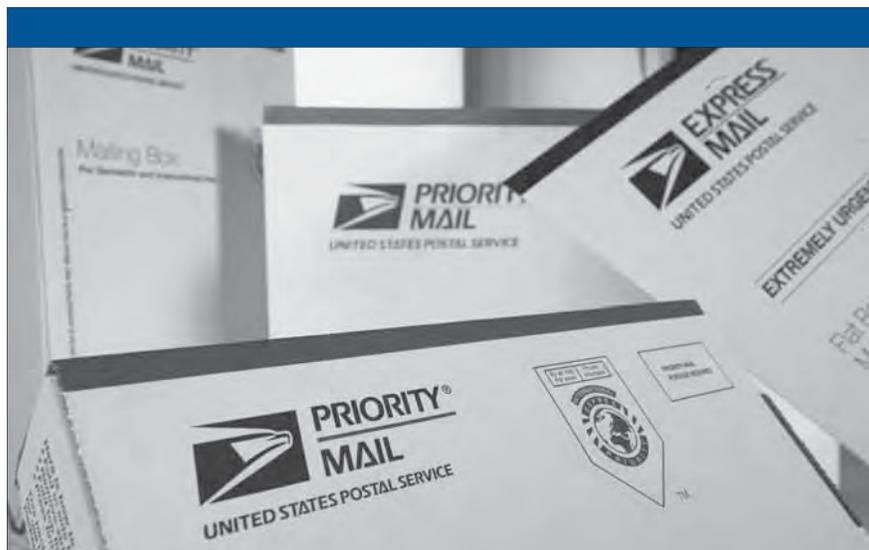
Although the Postal Service's average cost to relocate an employee homeowner is less than the industry average, in light of the serious financial difficulties the Postal Service is facing, significant reductions in relocation expenses could free up funds for more critical operational purposes. Underlying the cost of relocating employees was the fact that the Postal Service did not have a national policy for determining when it would advertise a vacancy locally versus nationally, and whether or not to limit relocation expense benefits in specific circumstances. The Postal Service revised their relocation policy effective August 13, 2009. While the revision did not address all of OA's concerns, it represents a significant effort to reduce overall relocation costs and align the Postal Service more closely to the rest of the federal government.

## **OPERATIONAL RISK**

The Operational Risk category focuses on issues related to the day-to-day operations of the Postal Service. These risk factors potentially affect the Postal Service's abilities to provide timely, reliable delivery and customer service across all access points. Operational risk factors involve the quality of postal services and the end-to-end service performance of all mail, as well as the assurance that postal products and services meet customer expectations by being responsive, consistent, and easy to use.

### **Performance-Based Incentive Programs for Sales Employees**

OA assessed the Postal Service's approach to assigning sales accounts to employees and the method used for assigning revenue to accounts, and found that management did not provide guidance on factors that field managers should consider in assigning accounts to these employees. OA benchmarked sales employees' compensation with other organizations, and found that trends for the Postal Service's performance incentives were not comparable to trends and incentives at other organizations and did not align with overall business results. Finally, managers awarded incentives based on revenue that did not result from their sales efforts. Management terminated the Sales Compensation Incentive Plan effective February 20, 2009, and stated that they are developing a new program in consultation with the National Association of Postal Supervisors.



*OA benchmarked sales employees' compensation with other organizations, and found that trends for the Postal Service's performance incentives were not comparable to trends and incentives at other organizations and did not align with overall business results. Pictured are two Postal Service products being sold.*

### **Mail Processing Equipment**

The Postal Service identifies one of its most significant risks as the loss of revenue. The Postal Service processes First-Class Mail letters using mail processing equipment (MPE) in processing and distribution centers across the country. OA tested some of this equipment and determined that the Postal Service is at risk of revenue loss and fraud. Working with the Postal Service, OA projected more than \$100 million a year in revenue loss resulting from postage deficiencies on First-Class Mail single piece letters.

### **Aviation Security**

OA audited the Postal Service's Aviation Security (AVSEC) program at critical Postal Service facilities and contract postal units (CPU) and identified internal control weaknesses that place critical postal service assets at risk.

OA recommended that the Postal Service issue supplemental guidance, establish and implement internal controls, and develop performance measures to improve the performance and effectiveness of the AVSEC program. OA also recommended that the Postal Service provide guidance to clarify and communicate contracting officer's representatives (COR) roles and responsibilities; require aviation security reviews at CPUs, and ensure proper transition of COR responsibilities when changes occur. Management generally agreed with the recommendations, but disagreed with the methodology used to quantify the assets at risk.

### **National Rural Mail Count**

Due to the continuing decline in mail volume, Postal Service officials decided that all rural routes would be counted in the 2009 National Rural Mail Count. During the mail count, officials identify the number and type of pieces of mail delivered, collected, or handled on rural routes for compensation purposes. OA found that the Postal Service generally followed these procedures and processes during the 2009 mail count. However, some routes were not counted and certain mailpieces were not always properly classified. As a result the Postal Service could incur unnecessary costs for the remainder of FY 2009 and FY 2010.

### **Customer Complaints**

OA found that Postal Service officials closed almost all customer complaints they received in FY 2008 within the established timeframes, but did not always take appropriate actions to resolve the complaints. For example, OA determined that officials did not resolve 50 percent of FY 2008 "Did Not Receive Mail" complaints. In addition, Postal Service policies instruct employees not to close customer complaints until the customer has been contacted with the final resolution, but did not instruct employees

on how to handle resolved cases when customers cannot be contacted. Properly resolving customer complaints is necessary to prevent customer alienation and adverse impact to the Postal Service brand.

Auditors recommended that management revise the customer complaints standard operating procedures (SOP) to incorporate a quality control process requiring managers to review closed cases to ensure they were properly resolved and documented, provide employees guidance on how to handle resolved complaints when customers cannot be contacted, and reiterate to employees the importance of complying with the SOP. Management generally agreed with OA's recommendations; however, they took exception to the statement that officials did not resolve 50 percent of the FY 2008 "Did Not Receive Mail" complaints, asserting that they could not verify OA's projection.

### **Delivery Operations**

About 280,000 city and rural letter carriers, and 6,000 highway route contractors, delivered 177 billion pieces of mail to more than 149 million delivery points in FY 2009. To accomplish this monumental task, the Postal Service uses various mail processing systems to help reduce operating costs, improve accuracy and speed of delivery, and contribute to improved customer satisfaction. Two examples of audit work in this area follow.

**Delivery Point Sequencing.** The Delivery Point Sequencing (DPS) system processes and sorts bar-coded letter mail at the plants and units so the carrier can take the mail directly to the street without manual sorting in the office. OA assessed whether the Postal Service adequately implemented processes and key oversight controls to increase and sustain city delivery DPS percentages and reduce costs and found that while the national DPS percentage on average increased from 82 percent in FY 2007 to 91 percent in FY 2009, management did not always implement processes or oversight controls.

**Flats Sequencing System.** The FSS is designed to perform automatic sequencing function for flat sized mail which includes large envelopes, newspapers, catalogs, circulars and magazines. OA assessed the effects of FSS testing on delivery operations and operating costs at selected Northern Virginia District delivery units. OA determined that net cost reductions for the selected delivery units totaled about \$1.3 million. However, during the FSS 6-month testing period, flat mail volume in these selected locations declined by 50 percent, so we could not determine how much of the operational gains were due to the implementation of FSS. OA did not find any adverse effects on delivery operations.

## Fuel Management

The Postal Service operates one of the largest civilian ground transportation fleet in the world, with about 219,000 delivery, transportation, and other vehicles; and has highway transportation contracts with more than 10,500 suppliers. The Postal Service spends about \$1.6 billion annually on fuel for their ground transportation network. Each year, the Postal Service's owned and contracted surface transportation vehicles travel about 3 billion miles to transport and deliver mail, and use more than 400 million gallons of diesel fuel and gasoline. Following are three audits in this area.

### Fuel Management Consumption Strategies.

OA assessed the effectiveness of the Postal Service's consumption strategy for reducing the use of fuel within surface network operations. OA determined that the Postal Service has taken positive steps to implement a strategy to reduce fuel consumption within surface network operations mainly by eliminating excess transportation capacity and exploring the expanded use of alternate fuel vehicles. However, the Postal Service could implement a more effective fuel strategy by adopting some key industry best practices to increase fuel efficiency and reduce overall fuel use such as, fuel-efficient advanced aerodynamic equipment, proper tire pressure, and truck speed limits. OA estimated that the Postal Service could reduce fuel use by more than 25 million gallons annually, if these practices are implemented, resulting in more than \$364 million in costs avoided over a 10-year period. Management generally agreed with OA's recommendations but did not agree to all monetary impacts, noting that savings will potentially change if a full analysis incorporated all fleet variables.

**Delivery Vehicles Fuel Management.** OA assessed whether the business case existed to fuel delivery vehicles onsite using a mobile fueling contractor rather than continuing the current practice of carriers purchasing fuel at local retail vendors. OA determined that there is a favorable business case for expanding the use of mobile fueling to selected delivery units. The expansion of the mobile fueling program would reduce carrier time used to fuel vehicles, eliminate questionable Voyager card fuel expenditures and mitigate mail delays or interrupted service due to the unavailability of fuel at local fuel vendors. OA recommended that the Postal Service consider the expansion of mobile fueling for city and rural delivery units with 30 or more routes as part of the National Fuel Purchasing Strategy, and reported \$21 million in costs avoided over a 10-year period. Management questioned the validity of the calculations and the ability to capture the soft costs for the \$21 million cost avoidance. However, they agreed to review expanding mobile fueling when and where its use is warranted.

**Fuel Management Purchasing Initiatives.** OA assessed the effectiveness of the Postal Service's fuel management initiatives in controlling fuel costs. The Postal Service has taken positive steps in developing a fuel strategy to promote efficiencies and realize cost savings in purchasing fuel. However, the Postal Service has not yet fully planned and implemented the Postal Service's National Fuel Purchasing Strategy to ensure accomplishment of desired outcomes and placed the fuel strategy on hold because of its financial condition and other competing priorities. As a result, the Postal Service incurred about \$20 million in unnecessary fuel acquisition costs since August 2008. Management did not agree to the \$20 million in monetary impact, stating that they have been fully engaged in implementing several other strategies where the financial benefits were greater.

### Assessment of Overall Plant Efficiency

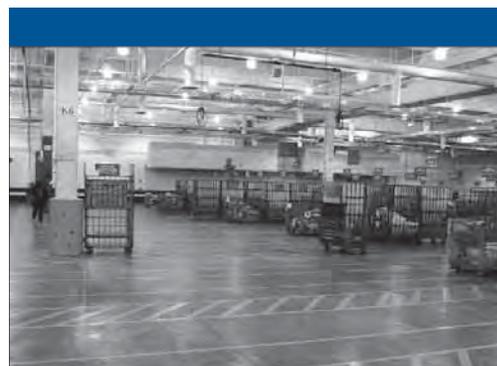
Mail processing is an integrated group of activities required to sort and distribute mail for dispatch and eventual delivery. Post offices, stations, and branches send outgoing mail to processing and distribution centers (P&DC) for processing and dispatch for a designated service area. Efficiency was assessed by benchmarking each plant's productivity (volume per workhour) against the median productivity level. OA's assessment determined that management has not yet fully adjusted workhours in response to changes in workload, nor achieved all possible efficiencies in mail processing operations provided by opportunities such as the introduction of additional automation. Nearly \$1 billion could be saved annually if improvements were made in this area.

### Vehicle Maintenance Facilities

The vehicle inventory in FY 2009 consisted of about 219,000 delivery, transport, and administrative vehicles. Delivery and collection vehicles account for about 197,000 of the total fleet.



*Auditors determined that the Postal Service has taken positive steps to implement a strategy to reduce fuel consumption within surface network operations mainly by eliminating excess transportation capacity and exploring the expanded use of alternate fuel vehicles.*



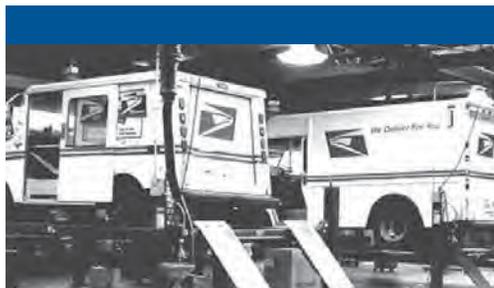
*OA's assessment determined that management has not yet fully adjusted workhours in response to changes in workload, nor achieved all possible efficiencies in mail processing operations provided by opportunities such as the introduction of additional automation. For example, mail staging areas are largely empty at the Philadelphia P&DC.*

**Scheduled Maintenance Service in the Eastern Area.**

OA assessed whether the Eastern Area accomplished all required scheduled maintenance and whether they integrated both vehicle maintenance facilities (VMF) and local commercial resources for optimum efficiency. OA determined that the Eastern Area completed nearly all the required scheduled preventive maintenance (SPM). However, the Postal Service could further optimize VMF efficiency through more effective use of VMF and local commercial resources. Since the Postal Service does not plan to replace its current fleet of long life vehicles (vehicles that are more than 20 years old) until 2018, it is critical that these vehicles receive timely SPMs.

**Scheduled Maintenance Service National Capping.**

OA assessed the monitoring and managing of VMF operations for effective and efficient use of resources, and completeness of cost data impacting the overall VMF operational environment nationwide. OA determined that VMF management effectively completed the majority of required scheduled maintenances; however, additional improvements are necessary to ensure that all required maintenance is completed and resources are used efficiently.



Auditors determined that the Eastern Area completed nearly all the required scheduled preventive maintenance (SPM). However, the Postal Service could more effectively use vehicle maintenance facilities (VMFs) and local commercial resources. Depicted here are delivery and collection vehicles in VMFs ready for SPM.

**Color-Coding of Standard Mail and Mail Condition Reporting**

Annually, Standard Mail accounts for nearly 50 percent of the mail volume and 27 percent of the revenue of the Postal Service. The Postal Service uses a system of color-coding to facilitate the timely movement of Standard Mail.

The color-code process assigns a color to each day of the week to enable easy processing of mail via the first-in first-out method.

**West Palm Beach and Santa Clarita P&DCs.**

OA assessed whether the West Palm Beach and Santa Clarita P&DCs had an adequate mail color-coding process and properly counted mail. OA determined that there was a generally adequate process for color-coding. However, improvements could be made by ensuring tags are complete, standard color-code tags are used and all mail has the proper color-code tag. In addition, when mail bearing different color-codes was processed together, the mail was not always properly re-color-coded. Further, OA found that not all delayed mail was reported. For example, in February 2009, about 1.8 million mailpieces at the West Palm Beach P&DC; and in June 2009, about 48,000

mailpieces at the Santa Clarita P&DC should have been reported as delayed mail.

**Postal Vehicle Service Transportation Routes**

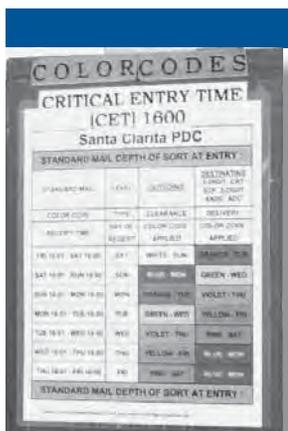
Network transportation has two components: Postal Vehicle Services (PVS), which uses Postal Service employees, vehicles and facilities; and highway contract routes (HCR), which is contracted transportation. Following are two audits conducted in this area.

**Philadelphia P&DC.** OA assessed whether selected PVS vehicle operations at the Philadelphia P&DC were effective and economical. OA determined that management is actively reducing transportation requirements based on operational needs and shifting workloads. However, the Postal Service could more effectively manage PVS transportation processes and schedules, thereby reducing driver workhours and associated fuel use and damage claims. In addition, management could eliminate 24 trips from HCRs. OA recommended that the Postal Service follow prescribed fleet management procedures for making PVS schedules effective and eliminate workhours. OA also recommended the elimination of underutilized trips from HCRs identified during the audit. Management agreed with the recommendations, but did not agree with the total monetary impact.

**Philadelphia Network Distribution Center.** OA assessed the Philadelphia, PA, Network Distribution Center's (NDC's) PVS vehicle operations to determine if it was effective and economical and concluded that it was effective in moving trailers and equipment. However, the NDC workhours assigned to yard activities did not match the productivity standards for this function. OA recommended that management verify the removal of workhours identified during the audit; phase out the additional workhours that management agreed were in excess of the workload; and ensure that managers periodically assess PVS workload and staffing requirements. Management agreed with the recommendations, but did not agree with the total monetary impact.

**Powered Industrial Vehicle Management System**

The Powered Industrial Vehicle Management System (PIVMS) consists of intelligent wireless devices installed on powered industrial vehicles (PIV) and client-server software for access control, utilization analysis, real-time location tracking, and many other functions. The Postal Service's intent for the PIVMS is to provide automated measurement, control, and compliance reporting of PIV operations within a plant, resulting in optimal PIV safety conditions, operations, supervision, and associated savings. Following are two PIVMS audits conducted in this reporting period.



A chart provides the correct color-code to label mail at the Santa Clarita P&DC.

**Washington Network Distribution Center.** OA assessed whether the PIVMS at the Washington, DC, NDC was functioning as intended and produced efficiency improvements. OA determined that management did not use the PIVMS because the system had been intentionally damaged causing it to be non-functional and in need of extensive repair or replacement. In addition, auditors concluded that the Washington NDC reduced workhours in tow and forklift operations, but did not implement internal controls over vehicle safety, security, and inventory. The damage to the PIVMS and to the facility at the Washington NDC occurred because management did not effectively monitor employees to prevent damage.

**Oakland P&DC.** OA assessed whether the PIVMS at the Oakland, CA, P&DC was functioning as intended and produced efficiency improvements. OA determined that management did not always use the PIVMS as intended and consequently did not realize all possible efficiency improvements. OA recommended that the Postal Service use the PIVMS System to the fullest extent possible to manage operations and continue to improve mail processing efficiency, by reducing workhours in tow and forklift operations, decreasing the number of PIVs, and providing PIVMS training to all employees that need to use the system. OA reported that management could save more than \$14.5 million over 10 years, if the PIVMS is used as intended.

### **Timeliness of Mail Delivery**

OA conducted the following audits due to service complaints and media reports of delayed mail. Since the reports came out, significant recommendations have been closed, and mail delays have generally been addressed.

#### **Timeliness of Mail Processing at the Fort Worth P&DC.**

OA assessed whether mail at the Fort Worth P&DC was processed in a timely manner and determined that delayed mail volumes increased significantly from 4 million pieces in Quarter 4 FY 2008 to more than 21 million pieces in Quarter 1 FY 2009. This delayed mail occurred because of staffing shortages resulting from excessive leave usage. The delayed mail negatively impacted customer service and increased customer complaints.

#### **Timeliness of City Delivery — Albuquerque District.**

Auditors assessed whether the Albuquerque, NM, delivery unit locations delivered mail in a timely manner. OA determined that during Quarter 1 FY 2009, some locations had difficulty delivering mail in a timely manner resulting in service declines, customer complaints, and negative media attention. This delayed mail occurred because carriers and clerks experienced short-term learning difficulties resulting from management changes to route schemes to improve efficiency. OA also noted that certain adjusted route times

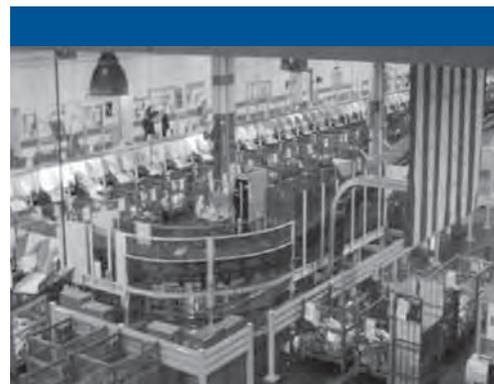
exceeded the expected 8 hours and that one of the stations experienced major carrier attendance issues.

### **Airport Mail Centers**

The Postal Service maintains airport mail centers (AMC) to expedite the transfer of mail to and from commercial air carriers. Following are AMC audits from this reporting period.

#### **Chicago O'Hare AMC**

**Operations.** OA determined that the AMC incurred about \$3.5 million in unnecessary costs due to its sack sorter and platform operations operating at lower efficiency levels for some operations, as compared to national productivity standards or to similar operations at other facilities. OA also found that the Chicago AMC incurred an additional \$7.1 million in unnecessary costs due to the misalignment of some workhours with workload for Express Mail items and Automated Package Processing System (APPS) operations. Management generally agreed with OA's recommendations, but did not agree with the finding on Express Mail service operational staffing.



*Automated package processing system operation at the Chicago AMC.*

**Boston AMC Outsourcing.** In many cases, AMCs have excess capacity due to declining mail volumes tendered to commercial air carriers. Auditors assessed operational and monetary impacts of the Boston AMC outsourcing initiative and its compliance with policies. OA determined that service scores for overnight and 2- and 3-day service have improved since the AMC was closed. However, the comparative analysis developed during outsourcing planning was overstated. In addition, the Postal Service also paid unsupported parking, equipment usage, and port fees. Management did not agree with the OA's finding and stated that the fixed price nature of the contract precluded any opportunity for the Postal Service to assert entitlement to an adjustment in that regard.

**Salt Lake City AMC Closure.** OA assessed operational and monetary impacts of the Salt Lake City AMC closure and evaluated its compliance with policies. OA determined that this closure decision reduced costs without impacting service. However, management did not perform a complete analysis to determine all monetary impacts, including how the facility would be used after the AMC closed.



OA's audit of the consolidation of the Canton P&DF (pictured here) outgoing mail operation into the Akron P&DC found it improved service and reduced costs.



From October 2006 through September 2008, the Southeast Area incurred about \$8.6 million in unnecessary costs due to using Federal Express to move mail that could have been moved on less costly surface transportation or passenger airlines; and to paying Federal Express to sort mail unnecessarily.

### **Federal Express Transportation Agreement**

For FY 2008, the Postal Service made contract payments to Federal Express of about \$1.7 billion to transport about 1.37 billion pounds of mail. Auditors assessed whether the Postal Service's use of Federal Express transportation was effective and economical in the Southeast Area. From October 2006 through September 2008, the Southeast Area incurred about \$8.6 million in unnecessary costs due to using Federal Express to move mail that could have been moved on less costly surface transportation or passenger airlines; and to paying Federal Express to sort mail unnecessarily. The Southeast Area has an opportunity to save about \$43.4 million over the next 10 years by not using Federal Express to transport mail that could be

transported on surface networks, by transporting First-Class Mail on passenger airlines when capacity is available, and by sorting the mail before giving it to Federal Express to avoid sorting charges. Management agreed to the findings, but did not agree to all monetary impacts.

### **Performance Goals for Market-Dominant Products**

The Postal Act of 2006 mandated the establishment of modern service standards and performance goals for its market-dominant products. Auditors assessed the development and implementation processes used to establish the performance goals for market-dominant products and whether the Postal Service followed regulatory requirements. OA determined that the service performance goals for First-Class Mail were reasonable; however, the process for Standard Mail, Periodicals, and package services needs improvement. In addition, the Postal Service complied with regulatory requirements for establishing service performance goals, though we noted some potential operational risks.

### **Sunday Mail Processing Operations**

The Denver P&DC is a large mail processing facility that processes and dispatches part or all of both incoming mail and outgoing mail for a designated service area. Auditors assessed whether the Denver P&DC Sunday mail processing operations could be eliminated or streamlined. OA determined that Sunday mail processing operations could not be eliminated, but could be streamlined through improving operational efficiencies and processing some mail on Monday instead of Sunday, potentially saving more than \$38 million.

### **National Trailer Lease**

Since FY 2000, the Postal Service entered a 12-year contract with Transport International Pool (TIP), Inc., to lease 4,475 trailers with an anticipated cost of \$201 million. This contract was renewed in 2006, lowering the daily cost and allocating 4,692 trailers to eight Postal Service Areas. Following is OA work conducted in this area.

**Western Area.** Auditors evaluated the National Trailer Lease (NTL) renewal in the Western Area. Auditors found the NTL renewal was not as effective and economical as it could have been because the Western Area did not have a comprehensive management plan in place to accurately identify its trailer requirements, ensure proper trailer use, and adjust trailer inventory based on continued need. OA estimated that the Postal Service could save about \$2.1 million in lease costs over the next 10 years, if the Western Area improves its processes for trailer fleet management and returns unneeded trailers.

**Capping Report.** Since September 2004, OA issued eight audit reports under its NTL project covering eight Postal Service areas. Auditors worked with Postal Service headquarters, area, and plant transportation officials to improve its management of NTL trailers, and estimated \$37.9 million in savings over the past 5 years. In addition to the area-specific NTL audits, OA evaluated management processes in the NTL Capping Report. OA identified processes to assist the Postal Service in improving guidance and oversight from Headquarters, including the development of a policy to require areas to determine trailer requirements and manage trailer inventory and use, and ensure that the supplied NTL trailers are of the appropriate age as specified in the lease.

**Canton-Akron Processing and Distribution Facility**

Responding to a congressional request, Auditors assessed the consolidation of the Canton Processing and Distribution Facility's (P&DF) outgoing mail operation to the Akron P&DC. OA concluded that consolidating the Canton P&DF outgoing mail processing operations into the Akron P&DC was a prudent business decision. OA's analysis showed that the consolidation minimally impacted employees, improved service, reduced costs through improved efficiency, addressed community concerns, and supported the consolidation. Additional audit work is planned for FY 2010 addressing similar issues in other locations where consolidations are planned or are in process.

**OPERATIONAL EFFICIENCY**

Mail volume in FY 2008 totaled 202.7 billion pieces — a decline of 9.5 billion pieces — and it declined even further in FY 2009 to 177 billion pieces. The Postal Service is focused on the need for 5-day delivery, greater flexibility, and the elimination of some network infrastructure. GAO recommended urgent action to streamline the mail processing and retail networks, as the Postal Service no longer has sufficient revenues to cover the cost of maintaining its large network of processing and retail facilities.

In many areas, the Postal Service has an excess of equipment, staff, and facilities to process a declining volume of mail. Given the harsh economic conditions faced by the Postal Service today, looking at opportunities to cut costs by streamlining or eliminating operations makes good business sense. To its credit, in FY 2009 the Postal Service reduced 115 million workhours. And from 2005-2008, the Postal Service had previously made these significant cost reductions:

- Reduced about 89.9 million workhours, the equivalent of 49,900 employees.
- Closed 60 airport mail processing centers/facilities and 9 remote encoding centers.
- Consolidated originating mail operations at 12 P&DCs and closed one P&DC.
- Realigned BMC operations.
- Reduced 37 million HCR miles.
- Eliminated nearly 10 million delivery workhours while absorbing 2.7 million additional delivery points.

However, there are opportunities to do even more. Working with the Postal Service this period, OA concluded that the Postal Service could save about \$2.6 billion by reducing costs in the following categories. The details for the work discussed in the table below are provided elsewhere in this report.

<b>Network Optimization Area</b>	<b>Operational Focus</b>	<b>Estimated Savings</b>	<b>Monetary Impact Period</b>
Mail Processing Operations	Increase processing efficiency by reducing 23 million workhours. See page 7.	\$969 million	1 year
Custodial Maintenance Operations	Eliminate excessive costs and redundancies by reducing 3.4 million workhours. See page 1.	\$848 million	10 years
Delivery Operations	Maximize the Delivery Point Sequencing system implementation. See page 6.	\$265 million	2 years
Fuel	Adopt more effective fuel consumption and purchasing strategies. See page 7.	\$407 million	10 years
Transportation	Use more cost effective transportation; optimize highway contract routes, and implement effective Postal Vehicle Service productivity standards. See page 8.	\$64 million	10 years
Infrastructure	Reassess facility closure fees and reduce workhours. See page 9.	\$1.7 million	5 years
<b>TOTAL</b>		<b>\$2.6 billion</b>	



# INVESTIGATIONS

## INVESTIGATIONS

*The Postal Service relies on the U.S. Postal Inspection Service and the OIG's Office of Investigations (OI) to help maintain America's trust in the postal system. As federal law enforcement officers, U.S. Postal Inspectors and OIG Special Agents protect postal employees and customers, secure the mail, safeguard revenue and assets, and maintain the integrity of postal personnel.*

### REVENUE AND ASSET PROTECTION

Postal Inspectors investigate revenue fraud committed by business mailers, mail preparation firms, and individual mailers who attempt to counterfeit or manipulate postage. Special Agents investigate employee misconduct and crimes committed by postal employees involving theft and misuse of postal funds or money orders, and theft and misuse of postal-issued credit cards.

#### Revenue Protection Investigations

Postal Inspectors work directly with Postal Service personnel in various functional areas to develop methods to identify revenue losses and to improve revenue fraud detection. Employing technology to efficiently identify revenue losses is a priority for Postal Service stakeholders and has led to new enhancements and the development of several revenue fraud detection systems, in particular the Information Based Indicia-Revenue Protection (IBI-RP) System and WebAPAT, an application developed to review data and images from mailpieces processed by the APPS.

The IBI-RP System has yielded positive results, not only enabling Postal Inspectors' early detection of revenue fraud resulting from the use of duplicate indicia, but also leading to the development of new reports that can identify the growing problem with short-paid parcels. WebAPAT, a postal application, compares machine images against data collected on mailpiece attributes, including size, weight and postage, to identify duplicate, counterfeit, and potentially short-paid parcels — all essential to detecting postal revenue fraud.

Following are examples of Postal Inspectors' investigations of revenue protection during the reporting period.

- The Chief Executive Officer (CEO) of a mailing house in Atlanta, GA, which specialized in printing and mailing promotional material for advertisers, pled guilty to defrauding the Postal Service of nearly \$500,000 through several schemes. Postal Inspectors determined the CEO had been falsifying bulk mail records to show only a small percentage of the material he was mailing at discount rates. In one instance, they found he had reported only 3,500 pieces of First-Class Mail when he actually had submitted 37,426 pieces. The CEO also fraudulently obtained a Postal Service date stamp, which he used on a postal form to indicate he had paid for bulk mail deliveries from his firm — though he had not submitted any payments. He pled guilty to mail fraud and was sentenced in September to 18 months in prison and 3 years' supervised release, and was ordered to pay \$378,695 in restitution to the Postal Service.
- Postal Inspectors investigating fraudulent transactions at the Postal Service's Automated Postal Centers (APC) arrested a man in July they had nicknamed "Shades" for the sunglasses he wore to conceal his identity. The suspect allegedly used numbers from "skimmed" (compromised) credit cards to buy nearly \$500,000 in "Forever" stamps from APCs across the country. After Postal Inspectors from various states shared photos and information on the suspect, they identified Shades in surveillances at APCs in Arizona, Illinois, Massachusetts, Nevada, and Florida. Postal Inspectors tracked him to Colorado, where he fraudulently purchased more than \$25,000 in "Forever" stamps over the Fourth of July weekend; when he returned to California and visited an APC in Sun City. Postal Inspectors were waiting for him with an arrest warrant. He was indicted in August on federal charges of theft, fraud, and making false statements.
- The co-owner of a third-party mailing firm, in New Jersey, was sentenced in September to 2 years and 11 months in prison and 3 years' probation, and was ordered to pay more than \$470,000 in restitution for cheating 53 postal customers. Postal Inspectors learned the co-owner had provided his clients fraudulent invoices and mailing statements showing higher numbers of mailpieces and postage fees than what he reported to the Postal Service. They determined he had been billing clients for entire jobs but had submitted only portions of the jobs for mailing.

### **Embezzlements and Financial Crimes**

Employee embezzlements may involve postal employees stealing money from cash drawers, using sophisticated schemes to manipulate postal money orders or money order funds, or falsifying financial retail records. When Post Offices experience unusual or significant shortages, Special Agents employ various investigative techniques to uncover embezzlements, and improper or lax procedures are reported to management for corrective action. When employees are found to be responsible for missing postal funds, they are reported to management for appropriate administrative action. In cases that warrant criminal prosecution, offenders not only face the loss of their jobs but also may face jail time and court-ordered restitution. Following are examples of financial fraud cases the OIG investigated.

- In August, a Maryland Sales, Services, and Distribution Associate (SSDA) pled guilty to federal charges in a \$700,000 stamp theft scheme. The scheme began unraveling 1 year earlier, when a Postmaster reported about \$91,000 in stamp stock losses to the OIG. In a separate investigation in December 2008, Postal Inspectors identified an individual selling large amounts of discounted stamp stock on the Internet through his eBay store. OIG Special Agents, Postal Inspection Service, and Immigration and Customs Enforcement (ICE) investigators joined forces when the SSDA's name appeared on an eBay mailing from the Postal Inspection Service investigation. A Special Agent purchased stamps from eBay and identified them as missing stamp stock from Maryland Post Offices. The investigation revealed the SSDA stole the stamps and provided them to the co-conspirator, and others, to sell from June 2008 through March 2009. The stamps were sold through an account established by the co-conspirator on eBay. Both were indicted, pled guilty and are awaiting sentencing. The SSDA resigned from the Postal Service.
- An audit of a Texas Post Office uncovered a significant shortage. The follow-up investigation by Special Agents determined the Postmaster embezzled nearly \$29,000 in Postal Service funds by disbursing no fee money orders and cash and creating fraudulent invoices from 2005 to 2008. The invoices were created to appear as though payments were being made for contract cleaning services. In April, the Postmaster pled guilty to misappropriation of postal funds. In July, the Postmaster was sentenced to 180 days of home confinement, 3 years' probation, and ordered to pay nearly \$30,000 in restitution to the Postal Service. The Postmaster was removed from the Postal Service.

- After an investigation by Special Agents, in September, a Maryland Sales and Services Associate (SSA) was sentenced in federal court to 3 years in prison, followed by 10 months of home detention with electronic monitoring and ordered to pay more than \$670,000 in restitution, of which nearly \$75,000 goes to the Postal Service. She was convicted in June of embezzling postal funds, and for bank and wire fraud in connection with making fraudulent loan applications. From October 2004 to June 2005, she had embezzled about \$75,000 from the Postal Service by taking money from intended bank deposits and issuing postal money orders to herself without paying for them. The SSA applied for loans from a credit union and a mortgage lender, falsely claiming income and preparing fraudulent income tax returns and bank statements to substantiate the largely inflated income she had reported on the loan applications. The Special Agent's investigation revealed the money was used to purchase two Porsches for \$160,000 and to refinance a \$500,000 home mortgage. The SSA resigned from the Postal Service.

### **Financial Fraud — Voyager Credit Card**

The Postal Service uses about 219,000 vehicles to deliver mail across the nation. Through a partnership with U.S. Bank and Voyager Fleet, the Postal Service issues one credit card per vehicle for refueling, routine maintenance, and vehicle washing and polishing. Under no circumstances are postal employees or contractors allowed to disclose their personal identification numbers (PIN) to non-postal entities; use the card for personal uses; exceed the daily purchase limit without proper authorization; or transfer purchasing authority to a non-postal entity. However, some dishonest postal employees, contractors, and other individuals misuse these credit cards for personal gain. Special Agents investigated 51 cases of Voyager credit card fraud this reporting period, resulting in 13 arrests and 18 administrative actions. Following is an example of one such case.

In September, a Charlotte, NC, Casual Clerk pled guilty to the theft of government funds and was sentenced in federal court to 19 months imprisonment, followed by 3 years of supervised release, and ordered to pay nearly \$100,000 in restitution to the Postal Service. From April through September 2008, the Casual Clerk stole Voyager cards from the accountable room at a carrier annex and used the cards to purchase fuel for himself and others. The Postmaster reported that 10 Voyager cards were missing from the Post Office and had been used to make fraudulent

charges. Special Agents recovered four of the cards from the Casual Clerk. He resigned from the Postal Service.

**Tort Claims**

The Postal Service established the Tort Claims Program to monitor and resolve claims filed against the Postal Service by customers seeking compensation for injuries or losses incurred while using postal facilities. According to an agreement with the Postal Service Law Department, Special Agents investigate tort claim cases suspected of fraud and cases for which the U.S. Attorney's Office has requested an investigation. Following is an example of one such case.

An investigation by Special Agents into an injury claim ended up saving the Postal Service \$482,000. In July, the Postal Service agreed to settle a claim filed by an HCR driver who was reportedly injured while delivering mail to a Florida P&DC. The truck driver filed a \$500,000 lawsuit claiming a back injury, neck injury, and injuries to both shoulders restricted his ability to work. Special Agents observed the truck driver exceeding his restrictions on many occasions by driving, lifting heavy objects, bending, standing, pushing, pulling, performing yard work, utilizing a drill, an electronic hacksaw, a hammer, a crowbar, a lawn edger and reaching at and above shoulder level among other activities. Subsequently, due to the investigation, the claim was settled for \$18,000 rather than the \$500,000.

**WORKERS' COMPENSATION FRAUD**

The Postal Service funds workers' compensation benefits for employees who sustain job-related injuries. The monetary and medical benefits paid by the Postal Service to workers' compensation claimants totaled nearly \$1.1 billion in FY 2009. At the end of FY 2009, the Postal Service's estimated total liability for future workers' compensation costs was nearly \$9.1 billion. Administered by the U.S. Department of Labor (DOL), the Office of Workers' Compensation Programs (OWCP) provides direct compensation to providers, claimants, and beneficiaries. The Postal Service later reimburses the OWCP in a process known as "charge-back billings." The OIG's mission for injury compensation fraud investigations is both proactive and reactive. Depending on the case type, Special Agents focus on the prevention and deterrence of workers' compensation fraud and detecting and investigating an allegation of a fraudulent claim. The results of OIG investigative efforts during this reporting period included \$97.6 million in cost savings or avoidances, 26 arrests, and 132 administrative personnel actions, including removals, suspensions, and letters of warning.

**OIG KICKS OFF OWCP FRAUD AWARENESS CAMPAIGN**

In September, the OIG launched a crime prevention and awareness campaign to reach all postal employees to target a crime costing the Postal Service millions of dollars each year — workers' compensation fraud. The campaign kicked off with a screen saver pushed out to Postal Service computers, a paycheck stuffer sent to all employees, and a companion poster distributed to more than 30,000 postal facilities for display on workroom floor bulletin boards. The campaign features a worker who is bragging about how he makes "a couple extra bucks" while on workers' compensation but is "too hurt" to work his postal job. Last year, OIG investigations of workers' compensation fraud saved the Postal Service about \$200 million in long-term workers' compensation costs. The campaign's message is clear: faking an injury and collecting benefits — or working while on workers' compensation and not reporting the income — are crimes. Violators could end up going to jail, losing their benefits, and paying back all the money.

*The campaign's message is clear: faking an injury and collecting benefits — or working while on workers' compensation and not reporting the income — are crimes.*

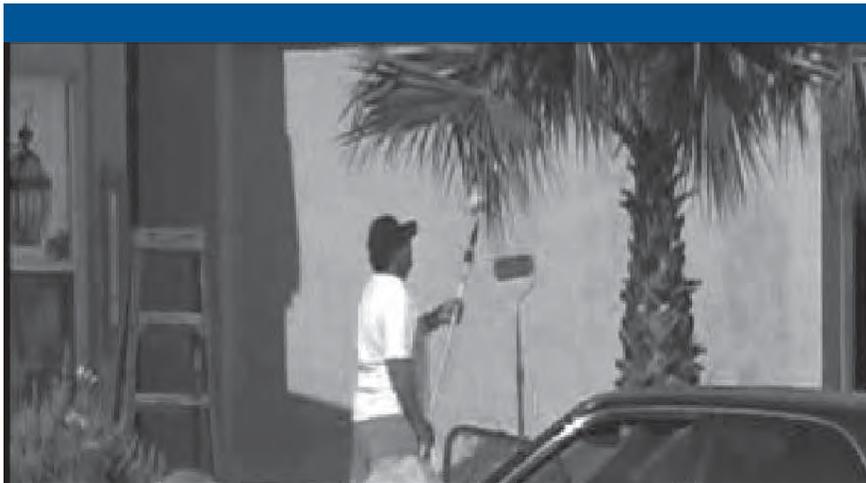
**I can't work . . .**  
 at the Post Office because I got "hurt" on the job.  
 Now I'm on workers' comp.  
 It's a sweet deal.  
 For three years, I've been getting 75% of my pay — tax-free!  
 And now I'm picking up some extra money working this job.  
 Sweet.

**What could go wrong?**

**Plenty.**  
 It's a felony to defraud the Workers' Comp. program. You could go to jail. You could lose your job. And you'll end up paying all that money back.

**Are you picking up the slack for someone who is faking an on-the-job injury? Call the Office of Inspector General.**

**Why should you suffer?**  
 1-888-USPS-OIG    HOTLINE@uspsolg.gov    www.uspsolg.gov



*After watching a surveillance video showing a Texas Automotive Technician replacing a radiator in an automobile, clearing yard waste, painting his house, and throwing tires into dumpster, all with the full use of his elbow, a jury found him guilty of 14 felony charges of filing false statements to obtain workers' compensation.*



*A California Customer Service Supervisor pled guilty to charges stemming from a workers' compensation fraud investigation in which Special Agents observed the Supervisor catching and reeling in numerous fish, carrying luggage, and driving a motor vehicle, all in violation of her medical restrictions.*

### ***Injury Compensation — Claimant Fraud***

Most employees who receive workers' compensation benefits do so because of legitimate job-related injuries. However, a small percentage of postal employees and healthcare providers abuse the system. These schemes cost the Postal Service millions of dollars each year in compensation payments, medical costs, administrative expenses, and enforcement costs. Special Agents initiate criminal investigations when they suspect individuals or healthcare providers of defrauding the DOL's Federal Employees' Compensation Act benefits fund. Criminal prosecutions are an effective deterrent to fraud and may permanently prevent the payment of additional compensation. Cases that may require administrative action are referred to the Postal Service and the DOL. Special Agents work closely with injury compensation specialists from the Postal Service on all phases of these investigations. Following are examples of injury compensation fraud cases investigated.

- In August, Special Agents investigation of a former Texas Automotive Technician led to a 10-month federal prison sentence and obligation to pay about \$55,000 in restitution, after a jury found him guilty of workers' compensation fraud. The Technician had alleged total disability from a work-related elbow injury and received about \$54,000 in workers' compensation payments. However, after watching a surveillance video showing the Technician replacing a radiator in an automobile, clearing yard waste, painting his house, and throwing tires into dumpster, all with the full use of his elbow, a jury found him guilty of 14 felony charges of filing false statements to obtain workers' compensation. The DOL removed the Technician from the periodic rolls, realizing a cost avoidance of about \$840,000 for the Postal Service. The employee retired from the Postal Service while under criminal proceedings.
- In April, a former New Jersey Mail Processing Machine Operator was sentenced to 2 years' probation, 50 hours of community service, and was ordered to pay nearly \$15,000 in restitution to the Postal Service for not disclosing other employment while receiving OWCP benefits. The sentencing stemmed from a Special Agent investigation that determined the former postal employee, who claimed to be totally disabled since March 2005 from an on-the-job neck injury, was working in a pawn shop. When Special Agents showed the Machine Operator video evidence of her employment activities, she initially claimed that it was volunteer work, but later admitted to receiving payment for her work. As a result of this investigation, the DOL terminated the Mail Operator's benefits, resulting in a cost avoidance of more than \$1.5 million to the Postal Service.

- After a former California Customer Service Supervisor pled no contest to one count of Insurance Fraud, in April, a county judge sentenced her to 18 months probation and ordered her to pay restitution of \$10,000. In February 2000, the Supervisor had filed a workers' compensation claim for an injury sustained resulting in a back, shoulder, and neck injury. The Supervisor's plea stemmed from an investigation in which Special Agents observed the Supervisor catching and reeling in numerous fish, carrying luggage, and driving a motor vehicle, all in violation of her medical restrictions. Subsequent to these activities, the Supervisor told a DOL Claims Examiner that she could not lift or do anything with her arm, even on a good day. In March, the DOL terminated the Supervisor's benefits, and as a result of the investigation by Special Agents, the Postal Service avoided more than \$700,000 in future OWCP payments.

### **OWCP Medical Provider Fraud**

Special Agents investigate allegations of fraud committed by medical providers who treat Postal Service OWCP claimants. Following is one such case.

A case investigated by OIG Special Agents resulted in the largest criminal fine ever imposed in the United States. Multiple *qui tam* complaints filed against a New York pharmaceutical company were investigated jointly by the OI, the Department of Health and Human Services OIG, the FBI, the Defense Criminal Investigative Service (DCIS), the Food and Drug Administration (FDA) Office of Criminal Investigations, the Veterans' Administration Office of Criminal Investigations, the Office of Personnel Management OIG and the offices of various state Attorneys General.

The investigation determined that from about February 2002 through April 2005, the pharmaceutical company consistently marketed a drug for a use that was not approved by the FDA. The pharmaceutical company promoted the sale of the drug for some of the various uses and dosages that the FDA had declined to approve and about which the FDA had raised specific safety concerns. It also promoted the drug with false and misleading claims of safety and efficacy. When promoting the drug, the pharmaceutical company did not inform physicians, customers, and others that it had asked the FDA to approve the drug for these uses, but instead told its stakeholders that the FDA had specifically refused to do so, in part, because of safety issues.

In September, the pharmaceutical company pled guilty in a Massachusetts Federal court, to distributing a misbranded drug. The company will pay a criminal fine of \$1.195 billion and will also forfeit \$105 million, for a total criminal resolution of \$1.3 billion. The company also agreed to pay \$1 billion to resolve allegations under the Civil False Claims Act that the company illegally promoted four drugs and caused false claims to be submitted to government healthcare programs. In late October, it was determined that the portion of the criminal fine payable to the Postal Service will be nearly \$15 million. In addition, the Postal Service will receive about \$1.5 million for the costs of the investigation and civil damages related to payments made on behalf of postal employees who received the drugs through workers' compensation benefits. The asset forfeiture amount payable to the Postal Service has yet to be determined.

### **Workers' Compensation Fraud Investigative Results**

April 1 – September 30, 2009

- 585 fraud investigations resolved
- \$97.6 million in compensation payments avoided
- 26 arrests
- 27 indictments
- 18 convictions
- 132 personnel actions taken by management

## DELAY, DESTRUCTION, AND THEFT OF MAIL

Postal Inspectors investigate mail theft by criminals who attack the postal system, including contractors who transport mail to postal facilities. OIG Special Agents investigate mail theft by postal employees, as well as by contractors who deliver mail.

### External Mail Theft

Because mail can contain any number of valuables — not just jewelry or other expensive items, but personal and financial information such as credit card applications — criminals will try to steal it. Mail thieves employ an endless number of schemes that Postal Inspectors work hard to thwart. They take preventive measures to curb these criminals, in part by educating postal employees and customers about how to protect themselves against mail theft.

In the second half of FY 2009, Postal Inspectors arrested 939 suspects for mail theft, and 1,123 mail theft suspects were convicted in cases originating in this and prior reporting periods.

Postal vehicles, collection and relay boxes, apartment mailbox panels, cluster box units (CBUs), and neighborhood delivery and collection box units (NDCBUs) are targeted by thieves seeking large volumes of mail. These “volume attacks” constitute a threat to postal employees and customers.

Postal Inspectors report that customers' confidence in the mail is justified, as volume mail attacks in this reporting

period, totaling 1,142, were down nearly 42 percent from the same period last year, when 1,968 volume attacks were recorded. Postal Inspectors investigate these thefts and work closely with Postal Service staff to develop and install neighborhood delivery units with stronger security features.

Following are examples of mail thefts investigated during the reporting period.

- Postal Inspectors arrested an Arizona woman in April on charges of allegedly breaking into apartment panel CBUs and stealing mail. Postal Inspectors had received numerous theft complaints from customers at two apartment complexes in Phoenix. They found evidence the woman was responsible for at least 30 break-ins, stealing roughly 500 pieces of mail in a 5-month period.
- Following an investigation by Postal Inspectors, a suspect was indicted in April 2009 for stealing mail, possession of a firearm by a felon, possession of stolen mail, counterfeit and forged securities, bank fraud, and aggravated identity theft. The investigation found the suspect and several co-conspirators had been stealing mail from collection boxes, residential mailboxes, and apartment panel mailboxes at about 42 apartment complexes in Everett, WA. The group altered checks stolen from the mail, deposited the proceeds into fraudulently opened and existing victim accounts, withdrew cash, and enlisted others to negotiate checks. Postal Inspectors recovered large amounts of stolen mail, counterfeit checks, fraudulent driver's licenses, stolen financial documents, and a loaded sawed-off shotgun during a search of the motel room where the main suspect was residing.
- A Texas woman pled guilty in July to federal charges of possessing stolen mail. Postal Inspectors identified more than 140 victims who suffered losses exceeding \$100,000. Postal Inspectors executed a search warrant at a hotel room where the woman was staying and seized 165 stolen personal and business checks, stolen mail, mail theft devices, chemicals used to alter checks, and drug paraphernalia. They determined the mail was taken from collection boxes in Grand Prairie, Arlington, Euless, and Hurst, TX. The suspect provided information implicating co-conspirators in thefts from collection boxes in the Dallas-Ft. Worth area, including possible locations where the suspects might be found. Federal charges are pending for the additional suspects as the investigation continues.

### Mail Theft by Contractors

The Postal Service contracts the movement of some of the nation's mail to businesses that work diligently to transport mail to postal facilities. Like postal employees,



Label 33

these individuals take their responsibilities seriously. Unfortunately, a small percentage of contractors abuse the public's trust. In this reporting period, Postal Inspectors' investigations of mail theft by contractors who transport mail resulted in 32 arrests and 41 convictions.

Following are examples of investigations of mail theft by contractors during the reporting period.

- Postal Inspectors identified an HCR Driver in Youngstown, OH, for allegedly stealing greeting cards and DVDs from the mail. The investigation was initiated on a tip from local police that several pieces of mail had been found along the side of a road. The HCR Driver was interviewed by Postal Inspectors, who determined he stole more than 500 greeting cards and DVDs from the mail since December 2008. His employer terminated his contract in April, and the U.S. Attorney's Office accepted the case for prosecution in May. The former Driver had no prior convictions on his record when he was hired.
- An East St. Louis, IL, HCR Driver was sentenced in July to 2 years' probation for mail theft and was ordered to pay restitution. Postal Inspectors began investigating the case in October 2008, when a rifled mail package was found in a trash dumpster. Inside the parcel were the remains of additional rifled mail from other addresses on the route. They executed a search warrant at a location where the HCR Driver was residing and seized evidence leading to his arrest. He was removed from his Postal Service job.

### **Employee Mail Theft**

The overwhelming majority of Postal Service employees work conscientiously to move the nation's mail to its proper destination. Unfortunately, a small number of employees abuse the public's trust. It is the job of Special Agents to identify dishonest employees and take proper investigative steps to have them prosecuted and removed from the Postal Service.

Following are examples of cases in which postal employees stole mail for personal gain.

- In July, an Oklahoma SSA pled guilty to delaying mail charges. The SSA had been indicted by a federal grand jury in June. From December 2008 through March 2009, at least nine separate Veterans Administration (VA) parcels that contained controlled substances were reported as missing from the mails. Special Agent surveillance revealed the SSA walking off with a VA parcel. In an interview with Special Agents, the SSA admitted to the theft of numerous VA parcels. The SSA was out on Family Medical Leave Act (FMLA) sick leave during this time period and came into the Post

Office after hours to conduct the thefts. Sentencing is pending. The SSA resigned from the Postal Service.

- A California P&DC Postage Due Clerk, who also served as an acting Supervisor, was sentenced in federal court to 2 years in prison and 2 years of supervised release after pleading guilty to theft of mail and credit card fraud charges. Undercover operations by Special Agents with consensual audio and video electronic surveillance resulted in the recovery of about 105 debit and credit and ATM cards stolen from the mail. The Postage Due Clerk was audio recorded making the statement, "What I'm doing is illegal, and immoral, but mostly (just) illegal." Search warrants on his residence and vehicle resulted in the seizure of 39 credit cards and five checks totaling more than \$16,000. The credit cards seized were enclosed in envelopes affixed with First-Class postage and addressed to various recipients. The Postage Due Clerk retired from the Postal Service.
- In July, pursuant to a plea agreement, a Baltimore, MD, Letter Carrier pled guilty in federal court to mail fraud, theft of mail, and aggravated identity theft. At sentencing in November, the Letter Carrier faces a maximum sentence of 20 years in prison for conspiracy to commit mail fraud, 5 years in prison for theft of mail by a postal employee, and a mandatory 2 years in prison consecutive to any other sentence imposed for aggravated identity theft. To date, eight other defendants have pled guilty to their participation in this scheme, three of whom have been sentenced to prison for periods between 24 and 51 months. In November 2007, the U.S. Department of Treasury OIG notified the OIG regarding the theft of U.S. Treasury checks from the Baltimore area. The OI's investigation determined that from April 2006 to May 2007, the Letter Carrier stole U.S. Treasury checks from about 50 victims on his delivery route and other routes, and provided the checks to non-postal co-conspirators. Two of the co-conspirators manufactured and distributed false identification cards, bearing the co-conspirators' photographs, and the names and addresses of the victims whose mail had been stolen. By using the false identifications, the defendants negotiated the checks and fraudulently obtained about \$111,000. The Letter Carrier resigned from the Postal Service.

### **Delay or Destruction of Mail by Employees**

Special Agents investigate postal employees who delay, desert, or steal mail from the mailstream. The following cases were investigated during this period.

- Responding to a congressional inquiry, in May, a North Dakota Rural Carrier, who stole more than 36,000 pieces of mail from his route over a 10-year period,

## DELAY, DESTRUCTION, AND THEFT OF MAIL



*A former North Dakota Rural Carrier — who stole more than 36,000 pieces of mail from his route over a 10-year period (concealing it in his residence) — was sentenced to 5 years' probation and ordered to pay \$16,000 in restitution.*



*While being interviewed by Special Agents, a Florida HCR Carrier said that during the last year she had taken undeliverable mail back to her residence and burned it. In August, she pled guilty to a federal indictment charging her with delaying or destroying about 125,000 pieces of various classes of mail.*

was sentenced on charges of Delay and Destruction of the Mail. He was sentenced to 5 years' probation, and ordered to pay more than \$16,000 in restitution to the Postal Service, and resigned while under investigation. During the investigation, Special Agents observed the Rural Carrier stealing mail and concealing it in his residence. A subsequent search of his residence found four tons of stolen and rifled mail of all classes.

- In August, a Florida HCR Carrier, pled guilty to a federal indictment charging her with delaying or destroying about 125,000 pieces of various classes of mail. While being interviewed by Special Agents, the HCR Carrier said that during the last year, she had taken undeliverable mail back to her residence and burned it. At her residence, Special Agents recovered enough mail to fill 40 mail containers that took two semi-tractor trailers to transport back to the Post Office. The mail dated as far back as October 2003. The HCR Carrier's contract to carry mail was terminated.
- In July, an Alabama Temporary Relief Carrier (TRC) was sentenced to 3 years of probation, after pleading guilty to a delaying mail charge. In August 2007, management contacted the OIG regarding a customer who discovered abandoned mail on their property. The OIG investigation focused on the TRC, who admitted discarding mail in four different locations on two different routes she carried. Special Agents recovered more than 980 First-Class Mail letters, periodicals, parcels, and Standard Mail mailpieces. The TRC was removed from the Postal Service.



*After receiving a tip about abandoned mail, Special Agents recovered nearly 1,000 mail pieces that an Alabama Temporary Relief Carrier had discarded. The Temporary Relief Carrier was removed from her job.*

## IDENTITY THEFT

Identity theft occurs when a criminal steals someone's identifying information, such as a name, date of birth, or Social Security Number (SSN), and uses it to fraudulently apply for credit or take over someone's credit or bank accounts. The Postal Inspection Service is the lead agency in investigating incidents of identity theft when criminals misuse the nation's postal system to defraud the American public.

Funded by the Postal Inspection Service, the National Identity Crimes Law Enforcement (NICLE) network, based in Philadelphia, PA, improves the coordination of identity theft investigations between law enforcement agencies. It provides a central repository for identity crime information, allowing law enforcement agencies to learn immediately whether a particular piece of identification — such as a SSN or a bank account — was reported stolen or used elsewhere in the course of a crime. The data is available to local, state, and federal law enforcement agencies, allowing them to link related cases across jurisdictions.

In the second half of FY 2009, Postal Inspectors arrested 748 suspects, and 761 identity thieves were convicted in cases from this and prior reporting periods.

Following are examples of identity theft cases investigated during the reporting period.

- A West Virginia woman pled guilty in July to aggravated identity theft. Postal Inspectors found that, from 1998 through 2007, she had collected Social Security disability benefits under her assigned SSN and had also worked for 13 different employers under a combination of two different SSNs. She failed to notify the Social Security Administration of her ability to work, causing them to overpay her about \$62,000. She used the mail to obtain a home mortgage, three auto loans, credit cards, bank and utility accounts under variations of her name and the SSNs of about 10 victims. She fraudulently acquired credit, benefits, and services worth about \$490,000 and caused businesses and government agencies to sustain losses of \$310,000.
- A federal grand jury in Florida indicted two West Palm Beach women, in July, for conspiracy, mail fraud, wire fraud, bank fraud, and aggravated identity theft. Postal Inspectors alleged the women had been stealing identities by filing false changes of address and opening bank accounts online to receive fraudulently obtained bank checks. They fraudulently diverted ATM cards, debit cards, credit cards, as well as other mail to addresses in the St. Lucie County area. Postal Inspectors have identified more than 300 victims, with losses exceeding \$1 million.
- An Alabama man was sentenced in August to more than 6 years in federal prison and 5 years' supervised release for bank fraud and aggravated identity theft; he must also pay \$172,703 in restitution to victim banks. The man will serve the sentence consecutively after serving time for a parole violation related to a 2003 Postal Inspection Service case involving mail fraud and identity theft. Postal Inspectors determined he was opening fraudulent credit card accounts using his parent's identity. He used the cards until they reached the maximum line of credit and then reported the cards as lost or stolen. Postal Inspectors served a search warrant at his home and seized a flat-screen TV, computers, and cash.

OIG Special Agents investigate mail theft by postal employees. In some instances, these cases may involve identity theft. Here are examples of two cases worked in this area.

- A \$165,000 mail theft and identity theft scheme, involving a Maryland Letter Carrier and outside co-conspirators, resulted in significant prison sentences for those involved. The carrier was sentenced to 2 years in prison and 3 years' probation and the co-conspirator went to jail for 51 months, followed by 5 years' probation. They were jointly ordered to pay more than \$165,000 in restitution. Special Agents investigating the theft of checks from a collection box in Maryland identified a Letter Carrier as a suspect. Several stolen checks were deposited into the Letter Carrier's personal bank account. Special Agents executed a federal search warrant at the postal employee's home and found evidence of his involvement in the thefts, including a fictitious driver's license and ID card, both bearing the postal employee's photo, but with another name on it. The employee admitted to taking checks from the mail and providing them to his co-conspirator, receiving compensation in return for the stolen checks. The carrier was removed from the Postal Service.
- In May, a Texas Letter Carrier was sentenced in federal court to 51 months in prison followed by 3 years' probation and ordered to pay more than \$150,000 in restitution regarding his role in a mail theft and identity theft scheme. A joint investigation with OIG Special Agents, Postal Inspectors, Secret Service and Treasury Special Agents uncovered evidence that the Letter Carrier stole U.S. Treasury checks from the mail during 2006 and 2008 and conspired with others to cash the checks using fraudulent identification cards. The Letter Carrier was indicted and pled guilty to theft of government property after resigning from the Postal Service.

## MAIL FRAUD

Countless illegal schemes violate the nation's first consumer protection law — the Mail Fraud Statute. As the agency responsible for fighting criminals who misuse the postal system to defraud the American public, the Postal Inspection Service employs this statute — which remains the most effective tool available to fight fraud — to the maximum extent possible. The objective of the agency's Mail Fraud Program is to ensure public trust in the mail and to protect Americans from fraudulent schemes in which the mail is used.

Complex and noteworthy mail fraud cases may include new twists on old scams that continue to evolve and scammers' ranges expand via the Internet. The Postal Inspection Service requests assistance from other law enforcement entities to leverage resources and maximize expertise. Postal Inspectors employ civil and administrative remedies as necessary to combat deceptive mailing practices.

Postal Inspectors also protect postal customers by educating them about mail fraud, which may include investment fraud, mortgage fraud, Ponzi schemes, and lottery or sweepstakes scams, all of which were prominent during the second half of FY 2009.

Postal Inspectors investigated 2,795 fraud cases, and Postal Inspection Service analysts prepared more than 24,060 letters and informative postcards in response to mail fraud complaints during this reporting period. Postal Inspectors also arrested 534 mail fraud suspects, and 563 were convicted as a result of investigations conducted during this period and in prior fiscal years. In some of the cases highlighted below, Postal Inspectors and Inspector-Attorneys relied on criminal and administrative remedies for resolution.

Following are examples of the variety of mail fraud investigations conducted during the reporting period.

### ***Investment Fraud***

A certified financial planner in Birmingham, AL, was sentenced, in August, to more than 8 years in prison and 3 years' supervised release, and was ordered to pay restitution of more than \$3 million, plus a \$100,000 fine, for defrauding New Orleans-area investors. She guaranteed her clients would earn returns of 13 to 26 percent through high-yield investments in two companies — but the companies existed only as Post Office boxes in Colorado and Delaware, and phone numbers she listed as contacts were set up only to take messages. She mailed clients bogus statements showing profitable returns on their investments, but she never did invest their money; she instead used it to pay for clothes, mortgages, and lavish vacations.

### ***Mortgage Fraud***

The owner and operator of several mortgage lending and title services was sentenced in Miami, FL, in January to more than 10 years in prison and 3 years' supervised release, and was ordered to pay more than \$6 million in restitution after pleading guilty to conspiracy to commit mail fraud. Postal Inspectors found that the man and four principals, plus 14 co-conspirators, ran a multimillion-dollar mortgage loan fraud by convincing lenders to fund fraudulent loans based on false verifications of employment, account deposits, and closing-protection letters. They fooled lenders through a variety of mortgage scams, all of which depended on straw buyers posing as legitimate borrowers; they also fraudulently diverted mail to addresses they controlled. Overall, Postal Inspectors uncovered more than 75 fraudulent loans totaling more than \$21 million related to 33 properties in south Florida. Nineteen co-conspirators have been indicted on charges of mail fraud, conspiracy, and wire fraud; one suspect remains at large.

### ***Canadian Cross-Border Fraud Partnerships***

Following a joint investigation led by Postal Inspectors working with members of other law enforcement agencies, four principals and several cohorts were indicted on charges of mail fraud, conspiracy, racketeering, and money laundering in a scheme that defrauded elderly victims in the United States and Jamaica via an illegal lottery scam. Members of a complex criminal network residing in Steamboat Springs, CO, contacted elderly victims by mail, phone, and e-mail advising they had won large sums of money in the Australian Lottery; however, to collect their winnings, victims were told they first must mail in payment to cover taxes and other fees to individuals in Colorado and other states. None of the victims received any winnings. To date, Postal Inspectors and other agents have identified 17 victims between 70 and 93 years of age who suffered losses of more than \$425,000.

### ***Deceptive Mail***

Eleven Cease and Desist Orders were issued in May against an individual and several others in one of the largest sweepstakes mailing scams in the United States and abroad in the past 40 years. The promoters employed "straw owners," trusts, more than 50 fake businesses, and addresses at commercial mail receiving agencies in New York to conceal their illegal operation; they also mailed sweepstakes newsletters and at least 90 other promotional letters to victims, who were led to believe they had won large cash prizes. To collect the cash, victims were told they had to first mail in payments of \$20 to \$23. Unfortunately, the offer was too good to be true — no one received the promised cash. Postal Inspectors determined the promoters

grossed more than \$33 million in a recent 21-month period. The Postal Inspection Service was assisted in the investigation by the Federal Trade Commission.

## MONEY LAUNDERING

The Postal Inspection Service investigates criminals who attempt to use postal money orders to launder illicit funds and avoid federal reporting requirements in violation of the Money Laundering Control Act and the Bank Secrecy Act. Illicit proceeds may include money gained through narcotic sales, smuggling illegal aliens, tax evasion, or selling counterfeit merchandise. During the second half of FY 2009, Postal Inspectors arrested 23 suspects on charges related to money laundering, and 43 convictions were reported during the same period, some of which related to cases initiated in prior reporting periods.

In one example from the reporting period, Postal Inspectors initiated an investigation of a father and son based on a review of the Postal Service's Bank Secrecy Act database and determined that, from 2006 through 2007, the two had illegally purchased about 1,600 postal money orders worth about \$1.5 million in structured transactions. By splitting the purchases, the father and son kept each transaction below the \$3,000 reporting threshold, so no financial reports were required; Postal Inspectors alleged they made multiple trips to Post Offices each day to buy the money orders. The two were indicted in New York in March on money laundering and structuring charges. Postal Inspectors, working with Special Agents from the IRS and Drug Enforcement Administration, arrested the son, in April, in Staatsburg, NY, following an investigation into his use of about \$260,000 worth of structured postal money orders to launder cash proceeds from marijuana sales. Postal Inspectors executed two search warrants at the son's home and seized about \$263,000 in cash and four pounds of marijuana. The investigation is continuing.

## CONTRACT FRAUD

The Postal Service presently manages billions in contracts, ranging from multi-million dollar national contracts for services such as transportation networks and IT infrastructures, to local contracts for supplies and services at individual postal facilities. The sheer volume of contracts and the huge dollar value provide opportunities for contractors and employees to defraud the Postal Service. The OIG aids the Postal Service by investigating allegations of contract fraud, waste, and misconduct. When contract improprieties are documented, Special Agents present the evidence for criminal and civil prosecution and administrative remedies. Contract fraud is defined as any intentional, unlawful deception designed to deprive the federal government of something of value or to secure from the United States for individuals a benefit, privilege, allowance, or consideration to which they are not entitled.

During this reporting period, the OIG conducted 80 contract fraud investigations, resulting in 14 arrests and more than \$5 million in funds returned to the Postal Service. Following are examples of contract fraud investigations conducted during this period.

- In September, a Vehicle Maintenance Facility Manager was sentenced in federal court to 22 months in prison, 2 years' probation, 300 hours of community service, and ordered to make restitution of \$95,000 to the Postal Service. The Manager was convicted on conspiracy and misappropriation of postal funds for his involvement in a kickback scam. The OIG investigation disclosed the Manager solicited kickbacks on a vehicle wash contract and authorized payment for fictitious invoices for washes and vehicle maintenance work never performed. Upon payment, the contractor would "kick back" money to the manager. The Manager also collected kickbacks on the sales of Postal Service vehicles, by not sending the vehicles to auction and pricing the vehicles at unreasonable prices on eBay. The Manager would sell these vehicles at below

## OIG ESTABLISHES A MAJOR FRAUD INVESTIGATIONS DIVISION

To promote integrity and accountability related to allegations of major fraud that impacts the Postal Service, in April, the OIG established a Major Fraud Investigations Division (MFID). The MFID is responsible for investigating all allegations of fraud within the Postal Service's programs and operations with a contract award price (individual or aggregate) of \$250,000 or more, as well as allegations that become national or multi-jurisdictional in nature.

The Postal Service expends \$11 to \$12 billion per year on goods and services and maintains an overall procurement portfolio of close to \$42 billion. Applying the Certified Fraud Examiners Association's professionally recognized "5 percent average of procurement dollars susceptible to fraudulent activity" to Postal Service expenditures means that \$600 million in Postal Service funds are potentially lost to fraud each year.

Major contract and health care provider fraud investigations by their nature are time consuming and complex. Outcomes of any significance can take years before they are realized; however, the return on investment for the Postal Service can be even more significant, leading to improved processes, cost avoidances, restitution, recoveries, and the suspension and debarment of companies and individuals.

market value and in turn collect kickbacks on these sales. The contractor in this case also pled guilty and sentencing is pending. The Manager resigned from the Postal Service.

- In May, the OIG was notified by the Department of Justice (DOJ) that the Postal Service would receive \$4.5 million as a result of an anti-trust investigation where a \$45 million fine was imposed against an air cargo company. This anti-trust investigation was a joint effort by the OIG, FBI, Department of Transportation, DCIS, and ICE under the direction of the DOJ investigating the international air cargo industry. The Postal Service is one of the nation's largest air cargo customers and is the largest governmental victim in this antitrust case. In 2006, the Postal Service accounted for 37.6 percent of the air cargo market share and the Postal Service spends about \$700 million annually on air cargo costs. The investigation centered on allegations that carriers were artificially increasing profits through a price fixing scheme, where air cargo carriers were engaged in a conspiracy to fix the rates and surcharges the carriers charged their customers. Dozens of air cargo carriers were allegedly involved in the conspiracy that involved

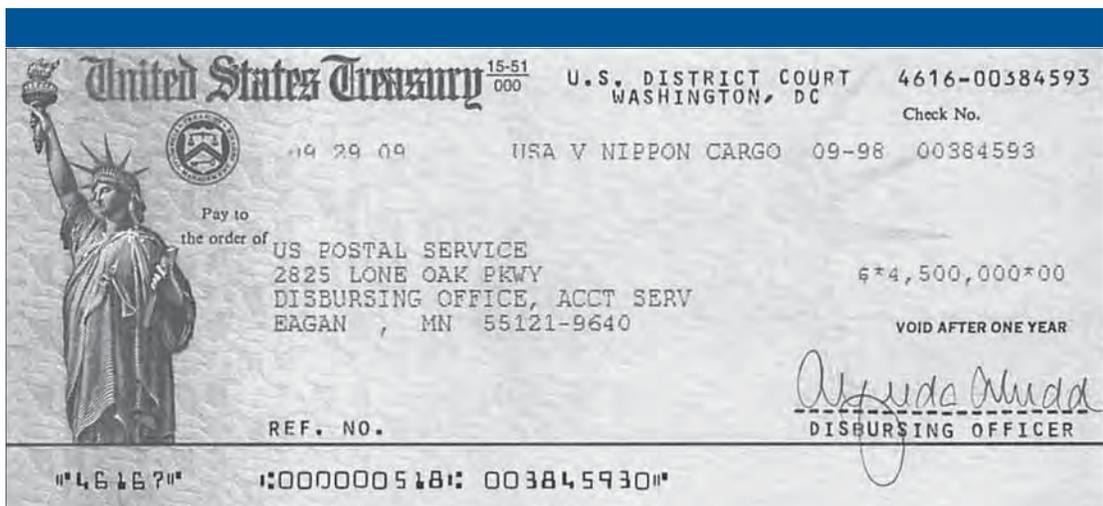
**ROBBERIES**

Robberies not only pose a threat to postal employees, but also jeopardize the public's trust in the mail and attack the financial integrity of the Postal Service. The mail remains a compelling target for larceny, especially in today's difficult economy. Robbers who accost letter carriers usually are seeking mail containing valuables (such as jewelry, illegal drugs, or financial information) or access to mail receptacles that give them greater access to even more mail. Those who target Postal Service facilities are generally after cash, money orders, and stamps.

In the second half of FY 2009, the Postal Service experienced 39 robberies or attempted robberies of postal employees or Post Offices. Postal Inspectors arrested 38 suspected robbers and reported 38 convictions, some from cases in prior reporting periods.

The following cases are examples of investigations conducted during the reporting period.

- A man stepped up to the counter of the Utica, MS, Post Office in February and requested a large envelope. As the Postmaster bent down to get it, the man lunged forward and struck the Postmaster, then jumped over the counter, took money from the cash drawer, and fled on foot. Postal Inspectors as well as officers from the Hinds County Sheriff's Department and Utica Police Department responded to the scene, and the Postmaster was transported to the hospital. After Postal Inspectors processed latent finger and shoe prints at the scene, local police received an anonymous tip as to the location of the robber. Postal Inspectors and deputies located the suspect, who allowed a consent search of his home, and found shoes matching prints found on the Post Office counter, \$200 in cash under the suspect's bed, and \$130 under another bed, as well as two large knives; they also spoke with the suspect's girlfriend, who reported he had given her a large sum of cash that day. The couple was arrested on state charges of robbery and held at the Hinds County jail; in March, they were arrested and presented before a federal magistrate in Jackson for their roles in the robbery and for theft of postal funds. They each pled guilty, and the suspect was sentenced, in August, to



*In May, the OIG was notified by the Department of Justice that the Postal Service would receive \$4.5 million as a result of an anti-trust investigation where a \$45 million fine was imposed against an air cargo company.*

not only base cargo rates charged per kilogram, but also surcharges related to fuel, security, war risk, and U.S. Customs fees. The investigation is continuing

11 years and 2 months in federal prison for robbing the Post Office and assaulting the Postmaster, was ordered to pay restitution to the Postal Service, and was ordered to pay \$8,100 to the Postmaster to cover medical bills from the assault. The suspect's girlfriend was sentenced to 1 year of federal probation and was ordered to pay restitution to the Postal Service.

- A Georgia man was indicted in July on charges of robbing the Riverdale, GA, Post Office after he was arrested earlier at his home by Postal Inspectors, Special Agents from the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), and deputies from the U.S. Marshals Service. The robbery occurred on September 16, 2008, when an SSA was transporting postal funds to a bank and was accosted and robbed of the bank bag containing postal funds. Postal Inspectors developed a suspect from similar recent robberies in the Atlanta area. Subsequently, investigators determined that, over the course of 20 years, the suspect had been arrested 28 times and sentenced to prison five separate times on robbery, illegal drug, and weapons charges. At the time of the Riverdale robbery, the suspect was on parole after serving 10 years of a 15-year sentence for multiple armed robberies in the Atlanta area. Due to his extensive criminal history, the suspect faces up to 20 years in federal prison, if convicted. He is being held in custody without bond until a trial date is set.
- A man brandishing a handgun and wearing a handkerchief over his face robbed the Bergen Station, NJ, Post Office in May 2008. He entered the Post Office from the rear dock and confronted several employees, who he forced into an office before running off with a substantial amount of cash. Postal Inspectors conducted surveillances, interviewed suspects and a witness, issued subpoenas, and distributed wanted posters before finally identifying the suspect, who they arrested in August 2008. The suspect pled guilty to the robbery and was sentenced in May 2009 to nearly 12 years in prison and 5 years' supervised release, and was ordered to make full restitution to the Postal Service

## BURGLARIES

The Postal Inspection Service has investigative jurisdiction over burglaries or attempted burglaries of buildings owned or leased by the Postal Service. Postal Inspectors immediately respond and devote investigative attention to these crimes. Priority attention is given to burglaries resulting in substantial losses to the Post Office and believed to be the work of "professionals," and any related fencing

activity. And, finally, Postal Inspectors pursue burglars who target postal units located in retail establishments. The successful resolution of these cases increases customers' confidence in the mail and assures accountability for Postal Service assets and the assets of its customers.

The following cases highlight burglary investigations conducted during the reporting period.

- The LeBlanc, LA, Post Office was burglarized in June 2008 when a suspect kicked in the door leading to the workroom floor from the customer lobby. The burglar ransacked the Post Office, stealing mail and rifling several parcels, which were emptied of their contents. Evidence collected at the scene and processed at the National Forensic Laboratory turned up a fingerprint that, when compared to the FBI's Automated Fingerprint Identification System (AFIS), revealed a suspect. The man was indicted on one count of burglarizing a Post Office. He pled guilty in February and was sentenced in July to a year in federal prison and 3 years of supervised release, and was ordered to pay restitution to the Postal Service for the damage he caused to the Post Office.
- A burglar broke into the Ucon, ID, Post Office in July and made off with stamp stock and cash, as well as a postal money order imprinter and two 100-count



*Postal Inspectors responded to the scene after a burglar broke into the Ucon, ID, Post Office in July and made off with stamp stock and cash, as well as a postal money order imprinter and two 100-count packets of blank money orders. They identified a suspect who was convicted in August and now awaits sentencing.*

packets of blank money orders. Postal Inspectors responded to the scene, along with detectives from the Bonneville County Sheriff's Office, and determined it was likely linked to other recent burglaries in the area. Based on an image captured by a surveillance video, Postal Inspectors and detectives executed a search warrant on a suspect's home and found 11 of the postal money orders taken in the burglary, as well as items from other area burglaries. Postal Inspectors interviewed the suspect, who claimed the idea to burglarize a Post Office came from reading Westerns. He purportedly was responsible for six other burglaries at businesses in Bonneville and Bannack County and has served 8 years of federal time for armed bank robbery, with other felony convictions for forgery and malicious injury. He was convicted for the Post Office burglary in August and is awaiting sentencing.

- The Postmaster of the Stebbins, AK, Post Office called Anchorage Postal Inspectors after arriving at work the morning of February 17 and finding rifled mail stacked against the employee entrance. A Registered Mail parcel containing cash, as well as three postal money orders, were missing; also, collect on delivery (COD) mailpieces, parcels, flats, and letters had been rifled. Postal Inspectors could not immediately respond to Stebbins to investigate the burglary due to blizzard conditions; the town is about 427 miles from Anchorage and is accessible only by airplane. Once in Stebbins, Postal Inspectors identified four suspects, one of whom is a minor. State charges were filed against the minor in August, and the other suspects were indicted in September on federal charges of mail theft and burglary of a Post Office.

## **DANGEROUS MAIL INVESTIGATIONS**

Dangerous mail refers to mail containing explosives and biological, chemical, or radiological substances. Postal Inspectors receive specialized training and equipment to address these threats and to protect postal employees, customers, and the mail system. The Postal Inspection Service partners with other agencies in the homeland security community and assists with national security programs.

Postal Inspectors develop protocols for, and coordinate responses to, reports of alleged or suspected dangerous items in the mail or at mail facilities. Inspectors across the country respond to the incidents, resolve alleged and actual threats, and conduct investigations of the incidents and any related criminal activity.

In the second half of FY 2009, the Dangerous Mail Investigations Group recertified 323 Postal Inspectors to meet the requirements of the Occupational Safety and Health Association for hazwoper certification and conducted quality assurance and refresher exercises. The group also delivered more than 988 educational seminars to employees, business owners, and other law enforcement and government agencies addressing mail safety and handling protocols.

The results have been dramatic. Postal Inspectors responded to 1,998 incidents involving suspicious items, substances, and other restricted nonmailable items found in mail or at postal facilities in the past 6 months. Nevertheless, Postal Inspection Service efforts reduced the number of postal facility evacuations by about 30 percent from the same period last year. The change translated to reductions in lost workhours (66.6 percent), in delayed mail, and in operating costs associated with evacuations. Further, unnecessary requests for emergency responses by local first responders were reduced, freeing responders to be available in the event of other emergencies.

### ***Suspicious Substances in the Mail***

Postal Inspectors respond rapidly to reports of unidentified substances in the mail and threats involving chemical or biological material. Although the incidents may not involve criminal intent, a rapid response ensures that Postal Inspectors are on hand at the earliest opportunity when mail is intentionally used to convey chemical, biological, radiological, or explosive substances.

Postal Inspectors trained as Dangerous Mail Investigations Specialists use established threat-assessment protocols along with sophisticated state-of-the-art screening equipment to respond to mail and mail facilities reporting suspicious substances. They determine whether the substances are hazardous and could pose a threat to postal employees, customers, or facilities.

In the second half of FY 2009, Postal Inspectors responded to 1,235 incidents nationwide involving unidentified suspicious powders and liquids and hoax mailings reported by postal employees, customers, or other federal agencies. The unidentified substances were found in the Postal Service's critical infrastructure, at postal facilities, or in the mail. Postal Inspectors determined that all of the suspicious substances reported were nonhazardous material.

The Postal Inspection Service's screening program has proven to be enormously successful for the Postal Service. While the majority of incidents involve nonhazardous substances, a response by Postal Inspectors ensures that employees can depend on having a safe and secure workplace and that countless postal facilities are kept open

rather than being needlessly evacuated. The result is fewer lost workhours, better employee morale and productivity, and improved delivery standards for the Postal Service.

Following are examples of suspicious substances investigations in the second half of FY 2009.

- In October 2008, Chase Bank locations in eight states, Federal Deposit Insurance Corporation offices, and the Office of Thrift Supervision began receiving letters containing written threats and an unknown substance. An additional letter was mailed to JPMorgan Chase headquarters in New York threatening to “McVeigh” the building. The message contained in the 65 mailings was that financial institutions were stealing investors’ money and should expect repercussions. Due to the nature of the crime, Postal Inspectors and FBI Special Agents conducted a joint investigation in coordination with bank investigators. A suspect was developed who had in the past mailed similar communications to federal agencies. Following a surveillance of the suspect’s home in Albuquerque, NM, the man was arrested; the substance found in the letters was confirmed to be insect bait. He pled guilty in March to two counts involving threats and false information and was sentenced in June to 3 years in prison and 3 years’ supervised release. He also was ordered to pay a fine of \$5,000 and restitution of \$87,734 as compensation to emergency responders.
- Postal Inspectors arrested a Chicago man, in January, on two counts of mailing articles containing HIV-infected blood with the intent to kill or injure. Their investigation found the suspect had mailed three First-Class Mail letters (one to President-Elect Obama, one to the President’s chief of staff, and a third to an Illinois State agency) containing a reddish-orange powder and papers containing the man’s HIV-infected blood. An initial federal competency hearing was held in Springfield in April based on the suspect’s belief that God or Allah was talking to him and directed him to mail the letters, and that a secret bank account in Switzerland would resolve the world’s financial crisis. The judge ordered the suspect be further evaluated in 4 months to determine if he will be able to participate in his own defense.
- A woman, currently serving a 6-year sentence, appeared before the U.S. Court of Appeals for the Third Circuit in early 2009 to appeal her conviction for violating the federal chemical weapons statute. On September 17, the court announced it had rejected her appeal. It is the first conviction upheld under the Chemical Weapons Convention Implementation Act. The case began in March 2007, when Postal Inspectors responded to a call from the Norristown,

PA, Post Office that a postal customer had found red powder in her mailbox and on her mail. Postal Inspectors tested the powder and identified it as potassium dichromate, a highly toxic substance that, if absorbed through the skin, can cause death. Postal Inspectors linked the powder to a microbiologist employed by a chemical company; she was married to a man who had fathered a child with the victim. The suspect targeted the victim by placing toxic substances on her mail, her car, and the door handles of her home. Postal Inspectors conducted surveillance and captured images of the suspect placing chemicals around the house. They arrested her in June 2007 and, after executing a search warrant, found stolen mail belonging to the victim, potassium dichromate, and a plastic tube containing a substance marked “Glycakil,” which is also toxic. In addition to her 6-year sentence, the judge ordered she pay restitution of nearly \$10,000 to the victim.

***Suspicious Items in the Mail***

In addition to responding to reports of dangerous substances associated with the mail, Dangerous Mail Investigations Specialists respond to reports of suspicious items in the mail, such as improvised explosive devices (IEDs) and hoax devices. Fortunately, explosive items in the mail are rare. Over the past 6 months, Postal Inspectors investigated four incidents involving IEDs sent via the mail.

If an IED detonates, the life and safety of those in the vicinity of the explosion are the first priorities of Postal Inspectors and other responders. Once these priorities are addressed, Postal Inspectors secure the crime scene and process the area for evidence.

In the second half of FY 2009, Postal Inspectors responded to 663 incidents of explosive devices placed in private mail receptacles, hoax bomb devices, suspicious items found in postal facilities or equipment, and mailed explosive devices. Their investigations resulted in 32 arrests and 27 convictions, some from cases originating in other reporting periods. Most of the incidents involved harmless items, sometimes inadvertently left behind by customers. The remainder involved hoax devices or homemade explosives used to vandalize mailboxes. Postal Inspectors investigate even the threatened use of dangerous material in the mailstream and other miscellaneous misuses of the mail.

Following are examples of suspicious items investigations conducted in the second half of FY 2009.

- Postal Inspectors arrested a woman in April for mailing threatening communications after eight Post Offices in southern Minnesota received letters on February 4

threatening that a bomb would be placed at each of their facilities. On March 16, eight more Post Offices in Minnesota received similar letters, and on March 24, a letter containing a bomb threat was received at the Faribault Daily News. All appeared to have been written by the same person. On March 27, Postal Inspectors identified a woman as a suspect, who had recently been released from prison after serving a sentence for a similar crime. Postal Inspectors interviewed the woman, who claimed she wrote the letters to scare people because she had been institutionalized her whole life, found life outside of jail to be difficult, and “just wanted to go back.” She was convicted in August.

- Two brothers were arrested and indicted in June by a federal grand jury for their roles in mailing a parcel bomb that was opened in February 2004 by a City of Scottsdale, AZ, employee. Postal Inspectors determined that, from September 2003 to January 2009, the brothers conspired to promote racial discord on behalf of the “White Aryan Resistance” (WAR). Among other overt acts alleged in the indictment, the bomb was constructed in a cardboard box made to look like a package and was addressed to an employee in Office of Diversity and Dialogue. The bomb exploded when the victim opened the box, injuring him and another person.
- On March 11, Postal Inspectors and ATF agents in Cleveland, OH, arrested two suspects after executing federal search warrants at their homes. The warrants were issued from the District of Puerto Rico and charged the suspects with several violations involving the illegal mailing of firearms. The suspects allegedly purchased numerous semiautomatic handguns in Cleveland and shipped them via Express Mail to San Juan. The arrests were based on surveillance videos from Post Offices, Express Mail records, and firearms purchase records, which implicated the two suspects and possibly another co-conspirator, who is being sought for questioning by Postal Inspectors. Postal Inspectors have identified 21 Express Mail labels linked to this scheme, all mailed from the Cleveland area. The investigation is continuing.

### **Mail Screening at National Special Security Events**

Public gatherings are certified as National Special Security Events when they are considered attractive targets for terrorists or assassins due to their visibility or political connection. The Postal Inspection Service’s mail-screening program supports the Postal Service’s responsibilities dictated by the Department of Homeland Security (DHS) Presidential Directives in its National Response Plan. The program is supported by the Postal Inspection

Service’s Mobile Mail Screening Station, a transportable, self-sufficient platform that provides mail-screening for chemical, biological, radiological, nuclear, and explosive threats. The program also deploys vans equipped with X-ray units and field-screening equipment.

During FY 2009, Postal Inspectors screened mail at 17 events, including the National Football League’s Super Bowl XLIII and the G-20 Economic Summit in Pittsburgh, PA. The Postal Inspection Service was tasked with providing security for mail and mail-related matter at selected sites, and with providing investigative and intelligence support during the event.

Postal Inspectors assigned to the events performed these activities as part of their work with the FBI’s National Joint Terrorism Task Force and its Intelligence Operations Center, as well as with DHS’s National Operations Center.

### **CHILD EXPLOITATION VIA THE MAIL**

Postal Inspectors arrested 108 suspects and identified 31 child molesters in this reporting period as part of the Postal Inspection Service’s continuing efforts to bring to justice those who unlawfully use the mail to traffic in child pornography or otherwise sexually exploit children. Postal Inspectors also identified and rescued 60 children from incidents of sexual abuse and exploitation.

Because nearly all cases of child exploitation investigated by Postal Inspectors involve the Internet as well as the mail, the Postal Inspection Service has become an integral partner in the DOJ’s Project Safe Childhood initiative. The initiative is aimed at preventing the sexual exploitation of children through the Internet by using a well-coordinated, multi-pronged approach involving federal, state, and local law enforcement agencies.

During the second half of FY 2009, Postal Inspectors initiated 121 investigations involving child exploitation. The investigations included high-impact, quality casework that emphasized the identification and dismantling of major commercial distribution enterprises that relied on the mail and the Internet to conduct illegal activities. Postal Inspectors worked in close cooperation with trial attorneys of DOJ’s Child Exploitation and Obscenity Section, where a Postal Inspector is assigned full time on all cases of national and international significance.

Following are examples of investigations conducted during the reporting period.

- In October 2006, Postal Inspectors were requested by the chief investigator of the Sex Offender Civil Commitment (SCC) Facility in Washington State to

assist with an investigation of suspected contraband flowing into the facility through its mailroom. Although residents are allowed to possess computers and digital media, they may not access the Internet; communications are limited to phone and mail. Postal Inspectors uncovered multiple contraband violations via the mail, including mailings of child and adult pornography, illegal drugs, and alcohol, and they seized more than 30 computers from residents suspected of harboring pornography. In one case, Postal Inspectors determined a resident was receiving DVDs in the mail containing child and adult pornography disguised as movies from commercial vendors, or on flash cards sewn into the lining of clothes and carried in by corrupt staff. In September 2009, seven SCC residents were indicted on charges of possessing child pornography; six had previous convictions for molesting children. On the following day, Postal Inspectors, FBI special agents, Washington State Patrol detectives, SCC investigators, and SCC security staff executed federal arrest warrants for the seven residents, who were detained pending trial. The Postal Inspection Service is the lead agency investigating all child pornography allegations at SCC involving the mail.

- A Charlotte, NC, man was sentenced in May to a minimum of 115 years and a maximum of 142 years in state prison for crimes involving the sexual exploitation of a minor. He had refused to plead guilty to six felony counts and demanded a trial; however, during a 3-day trial — following testimonies from the victim, her father, and Postal Inspectors — changed his plea to “guilty as charged.” In September 2006, a federal search warrant was executed by Postal Inspectors after the man accepted a mailing of child pornography at his home. He first came to the attention of law enforcement when he mailed an undercover Postal Inspector a CD of multiple images of sexual abuse involving a 7-year-old girl. He mailed another CD to the Postal Inspector with images showing him engaging in sexual activity with an 8-year-old girl. The investigation found the suspect’s brother-in-law and 7-year-old niece had moved in with the family after the wife was deployed to Iraq with the U.S. Military. He had been sexually abusing the child since April 2006 and was unable to estimate the number of times it occurred.

## NARCOTICS TRAFFICKING

Postal Inspectors interdict mailings of illegal drugs and drug proceeds to protect employees and customers from the violence related to drug trafficking and to preserve the integrity of the mail. Postal Inspectors also investigate organized narcotic distribution groups and individuals who use the mail to traffic in illegal drugs.

Often working with other law enforcement officials, Postal Inspectors arrested 627 suspects for drug trafficking via the mail in this reporting period. Their investigations resulted in the seizure of about 21,000 pounds of illegal narcotics found in the mail, as well as more than \$2.79 million in cash and monetary instruments related to ongoing investigations.

Following are examples of narcotics investigations conducted during the reporting period.

- When Postal Inspectors in McAllen, TX, began tracking a substantial increase in the amount of marijuana being mailed from South Texas in 2008, they coordinated a national effort from January through late May to shut down the criminal operators. Two drug trafficking rings emerged as the main suspects, allegedly mailing at least 450 parcels containing an estimated 7,700 pounds of marijuana to New York and other states over the past year. Coordinating their investigation with the local U.S. Attorney’s Office, Postal Inspectors arrested eight suspects in May on federal charges of possession with intent to distribute a controlled substance and use of a communication facility to distribute controlled substances. Additional arrests are anticipated.
- As part of a national investigation of major trafficking rings, Postal Inspectors arrested a New York City ring member in February after he accepted an Express Mail package containing 12 pounds of marijuana. In the past month, the suspect had been receiving three to five packages of marijuana daily via Express Mail service. He had co-conspirators in other states mail drugs to apartment addresses; they waited for the arrival of the parcels and intercepted them before the true addressees received them. The case broke when the suspect was acting as a lookout to intercept a drug package, spotted law enforcement officers down the street and fled, allowing the unsuspecting female addressee to pick up the parcel. When she found the drugs she returned the package to the Post Office. The suspect appeared at her door several times demanding she hand over the package, even brandishing a handgun and saying, “You know what will happen if I don’t get my box back.” Postal Inspectors arrested the suspect the next time he showed up to intercept a mailing; he was convicted on August 31 on narcotics and firearms-related charges and now awaits sentencing. Further arrests are expected.
- Postal Inspectors seized more than 80 pounds of marijuana between May and July from six parcels linked to a ring in Philadelphia, PA. They arrested two suspects for possession of narcotics with intent to distribute after receiving complaints from Letter

## HOMICIDES, ASSAULTS, AND THREATS

Carriers, who reported they had been aggressively pursued on their routes by individuals seeking drug parcels from Texas, Arizona, and California. One man is a suspect in a 2007 homicide investigation.

### OFFICIAL MISCONDUCT

Misconduct on the part of Postal Service employees includes misuse of Postal Service computers, destruction or theft of Postal Service property, falsification of official documents and forgery, theft of funds, abuse of authority, sabotage of operations, narcotics usage or sale of drugs while on duty, and alcohol abuse. Following is an example of a case the OIG investigated involving employee misconduct.

A Mail Handler at the Cleveland P&DC was sentenced in court, in August, to 3 years of probation and ordered to pay restitution of nearly \$6,500 to the Postal Service for his conviction on an FMLA scam covering the last 5 years. Based on information that the Mail Handler had been altering FMLA forms he submitted to receive FMLA leave since 2004, Special Agents verified that the forms had been photocopied and the dates changed. The forging of these documents allowed the Mail Handler to take about 352 hours of FMLA sick leave, costing the Postal Service

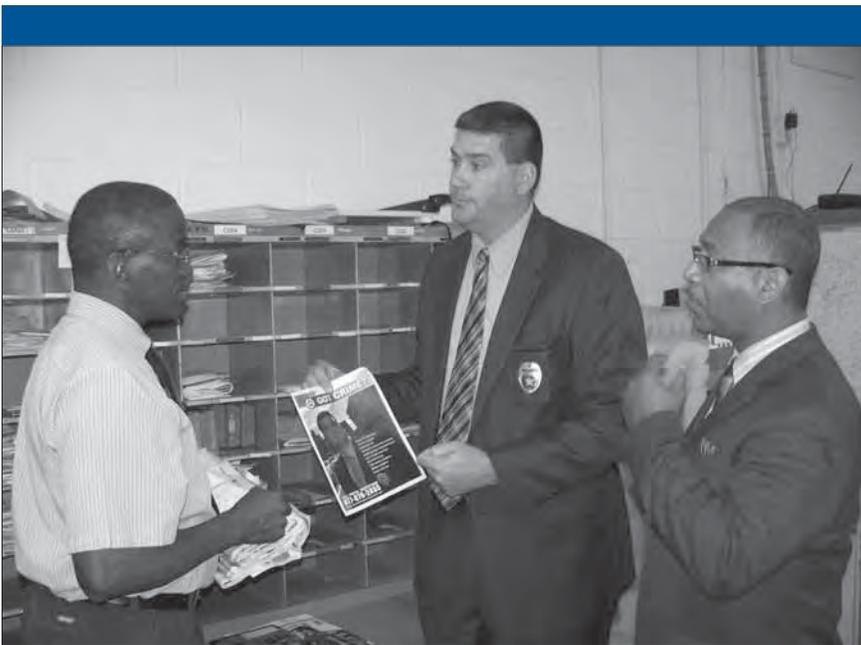
nearly \$6,500. The Mail Handler was removed from the Postal Service.

### Employee Drug Investigations

Special Agents investigate postal employees selling narcotics while on postal property or while on duty. Information on the possession or personal use of illegal drugs by postal employees is referred through management to the Employee Assistance Program for attention. Illegal drugs in the workplace can negatively impact employee productivity and safety, affect employee judgment and increase stress levels, leading to acts of violence or hostility. Use and sale of narcotics on duty by employees can also contribute to other crimes such as theft, embezzlements, and fraudulent workers' compensation claims.

For the 6-month period, Special Agents investigated 89 cases of postal employees suspected of possessing or using illegal drugs on duty, and 47 employees were removed from the Postal Service. Following are examples of cases on narcotics-related offenses by postal employees.

- While a New Jersey Letter Carrier, a 25-year Postal Service employee, was in uniform and in a postal vehicle, he engaged in drug transactions with a known drug trafficking organization. The Letter Carrier told Special Agents he had been using a controlled substance for about 11 years, mostly on his days off work. He was sentenced to 1 year of probation after pleading guilty to conspiracy as a result of an OIG joint investigation with a County Drug Task Force. The investigation began in July 2008. The Letter Carrier retired from the Postal Service.
- Three employees at the Cleveland P&DC were prosecuted and removed from the Postal Service for using illegal drugs while on duty. In May, based on allegations and information from another drug investigation, Special Agents and sheriff's deputies conducted a K-9 drug sweep and search at the postal facility. As a result of the search, two Mail Handlers and a Custodian were found with marijuana in their vehicles.



*Postal Inspectors around the country are increasing their visibility at Postal Service facilities, visiting postal managers and employees as part of their routine assignments. Pictured here is a Postal Inspector speaking with a Postmaster and an SSA at a Maryland Post Office. He discussed the threat of assaults and other dangers employees may face, such as robberies, unknown substances in the mail, and workplace violence, and he provided tips on how to minimize risks by following security protocols and keeping an eye out for suspicious activity.*

## HOMICIDES, ASSAULTS, AND THREATS

A safe working environment is the top priority of the Postal Inspection Service's Workplace Violence Program. To achieve its goals, Postal Inspectors respond to and investigate Postal Service-related physical assaults and credible threats, and all threats and incidents receive appropriate review. The Workplace Violence Program offers resources and training that focus on preventing violence through early intervention and the use of partnerships

between Postal Service managers and employees. To ensure its employees have a safe place to work, the Postal Service employs several proactive strategies and tools for reducing workplace violence. Integral to this effort are its Threat Assessment Teams (TATs), which operate at each postal district. TATs use a cross-functional, multidisciplinary approach to assess and manage risks, help reduce incidents of inappropriate behavior, and resolve conflicts. The cases that follow are examples of investigations in this area during the reporting period.

- The Gallatin, TN, Postmaster notified Postal Inspectors in August of an alleged sexual assault of a Rural Carrier. The Rural Carrier had entered a convenience store to deliver mail on her route when the cashier came out from behind the counter and embraced her, making prolonged contact. The Carrier immediately left the store and had just gotten into her long-life vehicle (LLV) when the cashier reappeared, entered the LLV, and repeated his behavior. The Rural Carrier forced him from the LLV and reported the assault. Postal Inspectors investigated the incident and identified a second victim. A state warrant was issued for assault and the subject was arrested. He pled guilty in September and was sentenced to 1 year of probation; he was also ordered to attend sensitivity training and must have no contact with the Rural Carrier.
- Following his arrest by Postal Inspectors, an East St. Louis, IL, man pled guilty in August to assaulting a federal employee. The man had attacked a Letter Carrier with an ax handle while he was delivering mail on his route. The Letter Carrier was able to fend off the blows with his mail satchel and was not injured in the attack. The suspect claimed the reason for the unprovoked attack was that the Letter Carrier was wasting his tax dollars by not delivering the mail in a timely manner.

## EXECUTIVE INVESTIGATIONS AND INTERNAL AFFAIRS

OI conducts criminal and administrative investigations of Postal Service executives, and OIG and Postal Inspection Service personnel, as well as whistleblower reprisal investigations.

### Whistleblower Reprisal Activity

The Postal Service is not covered by the Whistleblower Protection Act, but has its own policy governing whistleblower retaliation. The policy prohibits retaliation against an employee because the employee (or applicant for employment) disclosed information the employee reasonably believes concerns: 1) a violation of any rule, law or policy, or 2) a gross waste of funds, gross mismanagement, abuse of authority or a substantial and specific danger to public health or safety.

Generally, the misconduct is a violation of law, rule, or regulation, or a direct threat to public interest — fraud, health, safety violations, and corruption are just a few examples. The employee must reasonably believe his or her employer has committed a violation of some law, rule, or regulation; testify or commence a legal proceeding on the legally protected matter; or refuse to violate the law.

Allegations received:	87
OIG investigations initiated:	22
Investigations closed with no finding of retaliation or deferred to other adjudicative body:	31
Allegations closed with no action:	79
Open investigations:	12
OIG found reprisal:	1



**SECURITY AND CRIME PREVENTION**

## SECURITY AND CRIME PREVENTION

*As Chief Security Officer for the Postal Service, the Chief Postal Inspector is responsible for the physical protection of all postal facilities, personnel, and assets, as well as the Postal Service's information security program. The Chief Postal Inspector maintains liaison with other investigative and law enforcement agencies, including the DHS, the Federal Emergency Management Agency (FEMA), and other national emergency coordinators.*

### SECURITY

#### **Security of Postal Assets**

Postal Inspectors and staff from the Postal Service's Mail Transportation Equipment (MTE) office continued to work on the Equipment Recovery Project during the second half of FY 2009. The goal of the project is to recover stolen or misused postal pallets and flat tubs from nonpostal locations across the country.

In addition to successfully recovering equipment, Postal Inspectors aggressively pursued criminal investigations in several states related to the illegal sale of stolen pallets and tubs. Following are examples of investigations conducted during the reporting period.

- The CEO of a pallet company in Miami was sentenced in June to 5 months in prison and 1 year of supervised release, and was ordered to pay \$419,000 in restitution to the Postal Service for stealing and reselling more than 21,000 plastic postal pallets in Pompano Beach and Haines City, FL, and Atlanta, GA. The court-ordered restitution covers both reimbursement for the pallets and investigative costs incurred by the Postal Inspection Service in pursuing the case.
- Postal Inspectors arrested a suspect in July for stealing \$28,800 worth of postal pallets after they spotted the equipment at a recycling company. Their investigation revealed the owner of the recycling company had paid \$2.25 each for about 1,200 pallets, which cost the Postal Service more than \$20 a piece. The suspect regularly scouted the loading docks of Tucson-area businesses for pallets he could steal and resell.

As internal controls for MTE have improved and awareness of the problem grows, more postal equipment is being located and returned to circulation. In the second half of FY 2009, Postal Inspectors recovered 9,751 plastic pallets and other postal equipment with an estimated total value of more than \$279,000.

#### **Personnel Security**

The Postal Inspection Service initiates background investigations and adjudicates security clearances for postal employees and contractors. Staff at its Security Investigations Service Center (SISC) is tasked with digitizing and archiving security files for Postal Inspection Service personnel and for closed criminal cases. They are currently expanding capabilities and resources to support active investigations and projects. Digitizing the files not only facilitates access to archived and active case information, but also saves the Postal Service hundreds of thousands of dollars in outsourcing, storage, retrieval, and supply costs.

The SISC received about 25,000 requests for background investigations and security clearances in the second half of FY 2009. The majority of the applications came from postal contractors, who are required to have some level of security clearance before gaining access to mail or postal facilities.

#### **Security Force**

The Postal Inspection Service maintains an armed, uniformed Security Force of Postal Police Officers (PPOs) who provide protection for postal employees, mail, and property. PPOs are assigned to facilities considered most at risk for crime. Their presence deters criminal activity and creates a safe environment for postal employees and customers.

PPO duties include responses to reports of rifled mail, burglar alarms, and medical emergencies. For example, at the Postal Service's National Headquarters facility in late September, PPOs were contacted when an employee complained of chest pains and had difficulty breathing. PPOs responded immediately and provided oxygen, while also contacting a local emergency medical unit, which transported the employee to a nearby hospital.

### ***Access-Control Protection for Postal Facilities***

The Postal Inspection Service teamed with Postal Service staff from the Information Technology and Facilities offices to deploy the Enterprise Physical Access Control System (ePACS). ePACS is a security system that links the Postal Service's computerized access control systems nationwide through its local area network. When actions are taken in one system, such as an employee termination or a suspension of access, they are reflected system-wide. ePACS significantly enhances the security of postal employees, facilities, and assets. ePACS is now installed in 176 facilities nationwide.

In the second half of FY 2009, the access control system at National Headquarters was updated to meet the new ePACS standard. The new system will be one of the largest ePACS sites nationally, comprising more than 3,500 employees, 1,000 contractors, and 130 card readers.

### ***Facility Security Reviews***

Postal Inspectors worked with staff from the Postal Service's Facilities office, during the second half of the fiscal year, to conduct risk assessments of new postal facilities and postal facilities undergoing renovations. The assessments ensure appropriate security measures are incorporated into construction plans for the facilities. This practice assures that facilities offer appropriate protection for postal employees, customers, and assets.

In reviews of existing postal facilities, Postal Inspectors identified problems with doors, windows, fencing and gates; hardware-related issues, such as damaged fences; and procedural issues, such as doors that were propped open and employees who were not wearing IDs. Postal Inspectors issued recommendations to postal managers to correct the problems.

### ***Infrastructure Security Assessment Program***

Security staff conducted reviews under the Infrastructure Security Assessment Program throughout FY 2009. The program uses standardized methodology to assess security and measure compliance with Postal Service and Postal Inspection Service security policies at postal installations throughout the country.

Postal Inspectors and Homeland Security Coordinators visited facilities to gather information from managers and use on-site observations of physical security, mail security, and internal security to assess compliance. At the conclusion of the initial assessments, reviewers and facility managers developed improvement plans to address security deficiencies. The reviewers later made an unannounced follow-up visit to monitor the progress of improvement strategies.

## **NATIONAL PREPAREDNESS**

During the second 6 months of FY 2009, the National Preparedness Group continued to perform responsibilities related to incident management, infrastructure protection, aviation mail security, and emergency performance measurement — all key activities in preparing for, responding to, and assisting with recovery from major incidents affecting postal employees and operations.

The Postal Inspection Service's goal is to offer protection to employees and customers, provide for the security of the mail and the postal infrastructure, and ensure business continuity by anticipating threats to the Postal Service. Managers at each of the postal areas and Homeland Security Coordinators at each district synchronize their work with Postal Inspectors nationwide to ensure readiness for all hazards, implement risk-mitigation plans and procedures, and deliver prompt, effective incident-response and recovery operations across the country. To accomplish this goal, group staff maintains a high level of national preparedness through coordinated planning and oversight.

The Postal Inspection Service also continued to implement, manage, and refine resources pertinent to emergency responses and incident management. In the past 6 months, staff from the National Preparedness Group issued a National Preparedness Management Instruction and National Preparedness Program Guide. An updated Integrated Emergency Management Plan (IEMP) now clearly delineates the roles and responsibilities of emergency responders during all stages of a response and for all incident types. Group staff developed new response-plan templates for facilities lacking biohazard detection systems and is preparing a Pandemic Plan to address preparation, response, and recovery actions needed during pandemic events.

### ***Maintaining Postal Emergency Programs and Systems***

Over the past year, National Preparedness staff began implementing the consolidated Postal Notification Emergency Management System, or PNEMS, which combines the existing Watch Desk program and Postal Alert Network System (PANS). PNEMS delivers automated notifications to Postal Inspection Service staff and personnel from the Postal Service's Emergency Management Teams (EMTs).

PNEMS supplements existing notification processes by providing Postal Inspection Service personnel with Essential Crisis Management (ECM), which is incident management software, to coordinate activities related to emergency responses. ECM improves communications between responders and postal management teams during critical incidents.

National Preparedness staff oversaw the maintenance of large generators at numerous postal facilities during the reporting period. Group members renewed contracts for Emergency Preparedness Response and Recovery Services (EPRRS), certified the Critical Reserve Stockpile for postal employees, and deployed food and water during numerous test exercises held during the reporting period. Work continued on updating the Postal Service's Geospatial Information System (GIS) Technologies, which identify critical postal facilities in the path of approaching storms, provide flood-plain modeling and real-time storm updates, and help estimate anticipated impacts on postal assets.

Collectively, these programs and systems ensure the Postal Service's emergency-response capabilities during critical incidents. National Preparedness staff also met with postal Area personnel, District Managers, and EMT members in disaster-prone areas to assess levels of readiness and the implementation of protective measures.

### **Test, Training, and Exercise Program**

This program ensures that Postal Service personnel, equipment, and procedures are in a constant state of readiness to manage an emergency without interrupting operations. The Postal Inspection Service conducts, reviews, and evaluates training on proper procedures for emergency-management personnel and other essential staff. Testing ensures that essential equipment and information systems, and the processes and procedures needed to use them, are viable and conform to proper specifications. The exercises promote preparedness, improve response capabilities for individuals and functions, assure that all systems are appropriate, and determine the effectiveness of command, control, and communications processes.

The Postal Inspection Service participated in local and national emergency response tests during the past 6 months to assess the integration of its facilities' plans with other emergency response providers by testing local preparedness and continuity-of-operations plans. The activities were designed to improve coordination among Postal Service functional areas, minimize duplication of planning, and establish a standardized emergency management process.

Also in the second half of FY 2009, the Postal Inspection Service conducted Tabletop Exercises at more than 42 postal locations nationally to test its ability to respond to natural, technological, or manmade incidents. The exercises provided incident-management instruction and 2- to 4-hour sessions of incident simulations. They also tested Postal Inspectors' use of the Incident Command System, communications, resources, and strategic and tactical decision-making.

Staff members helped implement the Federal Emergency Management Agency's National Exercise Schedule (NEXS),



*Postal Inspectors, working with the cooperation of state and local first responders, conducted a full-scale biohazard detection system (BDS) drill in August at the Charlotte, NC, P&DC. Following a simulated BDS alert, postal employees evacuated the building and a Unified Command was staffed with representatives of the Postal Inspection Service, Postal Service, Charlotte Fire Department, Charlotte-Mecklenburg Police Department, DHS, and state and county health departments. Volunteers were "decontaminated," hazwoper-trained responders donned approved protective gear, and the simulated BDS item was prepared for transportation to a forensic lab. The Postal Emergency Management Team followed response protocols, including activating continuation-of-operation plans, accounting for and recalling outgoing mail trucks, and rerouting incoming mail trucks. The exercise facilitators deemed the exercise a success.*

as the Postal Inspection Service is a stakeholder in the National Level Exercise and Principal Level Exercise.

The Postal Inspection Service partners with other federal agencies to collaborate, coordinate, critique, and provide essential feedback in support of its national response-readiness operations.

About 90 personnel from the National Preparedness group completed federally mandated training during the reporting period to gain national credentials in emergency-response training. By partnering with other Postal Inspection Service field divisions, staff successfully conducted a "train-the-trainer" session in Incident Command Systems and developed 21 Postal Inspection Service trainers to deliver response programs to federal partners nationwide.

### **Natural and Manmade Disasters**

The Postal Inspection Service responds to emergencies related to hurricanes, floods, fires and other incidents affecting postal operations. Staff coordinates the deployment of emergency equipment and supplies and assists with damage assessments and recovery, including

hazardous and toxic-material removal. Safely removing hazardous materials from the postal system and educating employees and customers about nonmailable items are priorities of the Postal Inspection Service.

To ensure compliance with security measures, Postal Inspectors and National Preparedness staff conducted security-assessment reviews at postal facilities nationwide in the second half of 2009. Reviews are tailored to meet the risks inherent in each geographical region. The staff evaluates compliance with security requirements for building and vehicle security, accountable mail handling, and the local enforcement of employee identification requirements. Both before and after disasters, National Preparedness staff employs a wide array of tools and processes to establish performance measures that will ensure effective and cost-efficient security for employees, assets, and business operations.

During the reporting period, Postal Inspectors and Homeland Security Coordinators participated in responses to these large-scale events occurring across the country and affecting postal employees and customers:

- Flooding in the Midwest in March and April.
- Flooding in north Florida in April.
- Flooding in Ohio and Pennsylvania in July.
- Hoax anthrax threat in south Maine in July.
- Hurricanes Enrique and Felix in August.

### **Hazardous Material**

Under an interagency agreement, the Postal Inspection Service works to ensure that its operations meet Department of Transportation program requirements regarding the transportation of hazardous materials.

The Postal Inspection Service's Hazmat Communications Plan promotes awareness of hazmat protocols among postal employees and customers, and staff continually reviews and re-evaluates communications to ensure they meet current needs. In the second half of FY 2009, four articles were placed in internal postal communications vehicles to publicize the introduction of new civil penalties and remind retail employees to ask postal customers hazmat-related questions when submitting packages for mailing.

The Postal Inspection Service is responsible for investigating incidents related to the enforcement of civil penalties. Four incidents involving the mailing of hazardous materials are currently under investigation by the Postal Inspection Service. Civil penalties may be assessed depending on the outcome of investigations against customers who mailed or caused to be mailed hazardous material.

## **GLOBAL SECURITY AND INVESTIGATIONS**

The mission of the Global Security and Investigations Division is to protect the Postal Service's international and military mail operations and related assets worldwide. In support of this mission, division personnel conduct domestic and international investigations and liaison with foreign postal administrations, security personnel, and other law enforcement agencies.

Postal Inspectors engage in mail security and prevention initiatives and investigative work in support of this mission. Postal Inspectors continue to work closely with the Postal Service's offices of Global Business and International Postal Affairs, as well as other stakeholders worldwide. Their efforts include security consulting and investigations with foreign postal administrations through the Postal Security Group (PSG) of the Universal Postal Union (UPU) and other international postal unions.

Investigations continue at the five gateway cities, which feature the Postal Service's international service centers (ISC): Miami, San Francisco, Los Angeles, Chicago and New York, where Postal Inspection Service gateway task forces comprising Postal Inspectors and OIG Special Agents work together to prevent mail theft, stop revenue loss, and ensure the security of international mail. Task force investigations have resolved significant security issues both in the United States and abroad.

Following are examples of investigations conducted during the reporting period.

- Members of the Miami International Airport Task Force arrested a Colombian national, in August, as a result of an undercover sting to halt the mailing of stolen U.S. and Canadian business checks intended for delivery to Colombia. Postal Inspectors investigated the case with Colombian law enforcement officers and the Colombian postal administration.
- The JFK Gateway Task Force in New York received a parcel seized during an interdiction conducted under Operation Stamp Out in Memphis, TN (more information on Operation Stamp Out appears later in this section). The intercepted parcel was mailed from Lagos, Nigeria, and contained \$324,700 in counterfeit postal money orders. Task force members delivered the parcel, with Special Agents from the ICE and officers from the Ramapo, NY, Police Department, and arrested a suspect who accepted delivery of the parcel on July 21. He was remanded pending a future immigration hearing.

- Postal Inspectors on the Chicago Gateway Task Force received reports of mail theft, most of which involved military mail traveling between Chicago, IL, and Frankfurt, Germany. Task force members conducted surveillance and testing operations, resulting in the detention of 15 airline contract employees. As a result of the investigation by Postal Inspectors, the contractors' access badges were confiscated and security clearances revoked in January.

### Global Security Initiatives

In a continued proactive effort to protect the revenue and assets of the Postal Service, Global Security and Investigations staff implemented and maintained a number of security initiatives in FY 2009, some of which are described below.

**Click-N-Ship Initiative.** The Postal Service can suffer significant losses as well as damage to its brand integrity when postal products or services are targeted by criminal schemes. Recently, the Postal Service has suffered from a barrage of schemes generally referred to as reshipping fraud. Criminals involved in reshipping fraud exploit the Postal Service's Click-N-Ship program, its retail facilities (known as Postal Stores), and mail processing and dispatch systems to fraudulently obtain and use postage to mail stolen goods to foreign countries.

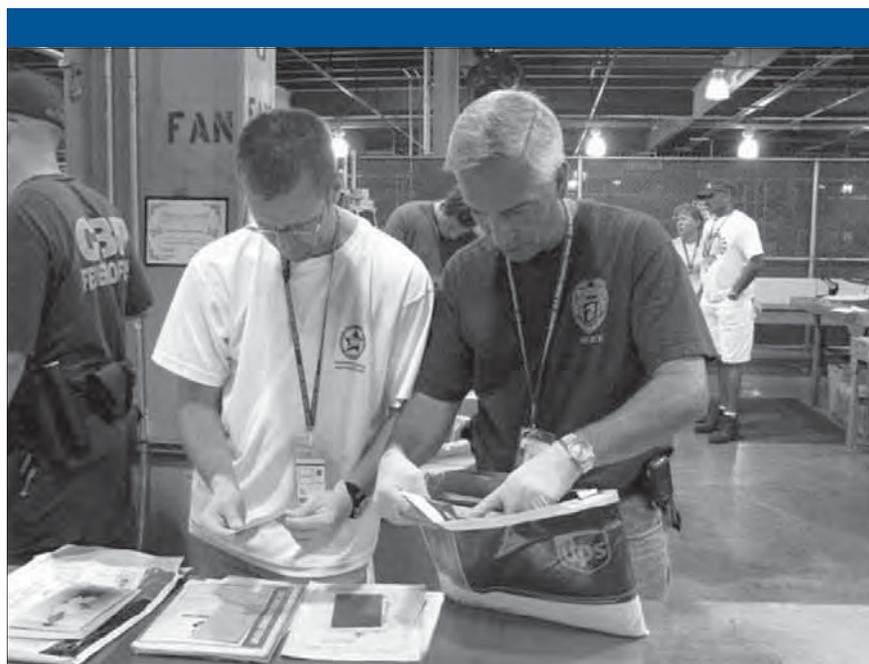
To counter these schemes, Postal Inspectors from the Global Security and Investigations Division conducted interdictions at each of the Postal Service's five ISCs, seeking parcels bearing fraudulent postage-paid shipping labels. To date, Postal Inspectors have seized 1,509 parcels, realizing savings to the Postal Service of more than \$220,000 in fraudulent postage. As a direct result of the interdiction, by August 2009 fraudulent sales via Click-N-Ship fell to less than 1 percent, representing a significant improvement and cost-savings to the Postal Service.

**Operation Stamp Out.** To combat a rise in the importation and distribution of counterfeit postal products into the United States, the National Intellectual Property Rights Coordination Center (IPR Center) worked with the Postal Inspection Service to organize Operation Stamp Out. Led by the Global Security and Investigations Division, the initiative leverages external resources to support overall cost-containment goals. Operation Stamp Out combines expertise provided by ICE, the Postal Inspection Service, and Customs and Border Protection to identify and investigate transnational criminal organizations responsible for counterfeiting postal money orders, stamps, and meter stamps. Since July, interdictions associated with Operation Stamp Out have resulted in the seizure of more than 6,400 counterfeit financial documents with a face value of more than \$10 million. About \$3 million worth of the counterfeits were postal money orders.

## CYBER INTELLIGENCE

The mission of the Postal Inspectors, Intelligence Analysts, and support personnel of the Cyber Intelligence Group is to address cyber threats targeting the Postal Service and its customers, and to develop solutions that can mitigate those threats. In FY 2009, their mission was accomplished through these actions:

- Participating as an agency member of the National Cyber and Forensic Training Alliance (NCFTA) and the Computer Emergency Response Team Coordination Center (CERT CC) in Pittsburgh, PA. NCFTA is a non-profit group that allies academia, law enforcement, and industry groups to combat cyber criminals around the globe through joint initiatives addressing significant cyber threats.
- Aiming core intelligence work at significant criminal targets affecting the Postal Service and its customers.
- Building relationships with foreign and domestic law enforcement and intelligence agencies, businesses, and academic institutions.



*Under Operation Stamp Out, a Postal Inspection Service initiative begun in FY 2009, Postal Inspectors were joined by agents from ICE and Customs and Border Protection to interdict counterfeit postal products coming in to the United States from other countries. Authorization was provided to interdict not only U.S. Mail, but also mail shipped via FedEx and UPS. Since July, interdictions associated with Operation Stamp Out have resulted in the seizure of more than 6,400 counterfeit financial documents with a face value of more than \$10 million. About \$3 million worth of the counterfeits were postal money orders.*

- Providing timely, accurate reporting of cyber crime-related business risks affecting current and upcoming Postal Service operations, customers, and business partners.
- Mitigating criminal risks and financial exposure to protect postal revenue.
- Providing comprehensive cyber-security recommendations that are associated with the development of new, consumer-based e-Commerce products.

Cyber Intelligence staff devotes significant attention to protecting the Postal Service's Intranet and Internet networks from criminal activity. Postal Inspectors working with NCFTA have been focusing particularly on the criminal exploitation of the Postal Service's Click-N-Ship online postage application, available at [www.usps.com](http://www.usps.com). In FY 2009, Cyber Intelligence personnel identified and blocked 15,951 stolen credit card numbers being used by criminals to establish 30,600 online accounts to illegally obtain postage-paid shipping labels. Cyber Intelligence staff also share pertinent fraud information with credit card companies and Internet payment services to assist mailers in protecting their businesses as well, and for good reason — when Postal Inspectors identify and share stolen credit card data, online payment provider PayPal, a major customer of the Postal Service, estimates it saves about \$10,000 a day.

### **Cyber Intelligence Investigations**

The Cyber Intelligence group also initiates and conducts criminal investigations. Postal Inspectors assigned to NCFTA identified a Russian male who was operating a variety of schemes in the Virginia Beach area. The schemes involved the sale of compromised credit cards, the theft of mail, and the fraudulent use of Click-N-Ship products — all components of an international counterfeit check scam.

The 7-month investigation identified the Russian, who had been living illegally in the United States for more than 4 years, as the primary suspect. Postal Inspectors working undercover purchased 59 compromised credit cards from an online “carding” forum, believed to be run by the suspect, with available credit of more than \$592,000. After reviewing the suspect's e-mail accounts, they determined he was working with accomplices in Russia who were operating a check counterfeiting scheme. His accomplices mailed him electronic versions of checks and pre-paid Express Mail Click-N-Ship labels. He printed the checks, signed them, and mailed them (using the pre-paid postage) to individuals recruited to negotiate the checks and mail the money overseas. He also used stolen credit card information to order merchandise from online retailers for shipment to U.S. addresses and to buy online postage to

mail the stolen goods. Postal Inspectors and other federal law enforcement officials executed a search warrant at the suspect's home in July and arrested him after seizing several laptops, cell phones, \$2,000 in cash, a pilot's license, several IDs, a U.S. Military IED training manual, and stolen mail containing debit cards. He was deemed a flight risk and, on August 25, agreed to a plea deal that included a 2-year prison sentence, the forfeiture of electronic equipment, deportation, and testimony on an unrelated investigation involving the statutory rape of a 13-year-old girl lured to Virginia Beach via the Internet.

Cyber Intelligence staff also has been actively engaged in an ongoing project to redesign the Postal Service's Internet Web site. Many of the applications on the site operate independently and use different log-on procedures, user authentications, and payment systems; the new project will result in a multichannel system that consolidates all online transactions into a single interface. The operational scope of and anticipated revenue from these services are vast and make the Postal Service extremely vulnerable to cyber fraud. Long-term goals forecast that a potential 50 percent of annual postal revenue could be funneled through online transactions via millions of user accounts. Revenue protection, information security, and Internet-Intranet infrastructure stability are vital to the success of the Postal Service, and the Cyber Intelligence Group is working to ensure that opportunities for criminal exploitation that could negatively impact postal revenue, liability, and customer confidence are eliminated.

### **Securing Data Breaches**

Cyber Intelligence staff began developing a Data Compromise Response Plan (DCRP), in FY 2009, to provide the Postal Service with a strategy to address potential breaches of critical data. As a business function and asset, the Postal Service holds or processes significant records integral to the postal infrastructure, as well personal information on employees and customers. Any compromise of confidential or privileged information entrusted to the Postal Service would require a rapid, comprehensive, and coordinated response. DCRP defines roles and responsibilities for critical incident response team members, defines incident severity levels, outlines a process flow for incident management, and includes methodologies for conducting response activities. In support of this initiative, the Cyber Intelligence group is an active participant in Homeland Security Presidential Directive 5, which requires that federal agencies develop a comprehensive framework to facilitate coordinated responses by government, the private sector, and allies to a significant cyber incident.

## CONSUMER EDUCATION AND FRAUD PREVENTION

Postal Inspectors lead anti-fraud projects and work with other agencies and groups to teach Americans how to protect themselves from fraudulent scams that involve the mail. An informed public is the first line of defense against con artists, and Postal Inspectors are committed to helping Americans learn about fraud prevention. Programs led by the Postal Inspection Service, often working with Postal Service staff, draw attention to recent fraud trends to help postal customers become more aware of fraudulent products, materials, and services that may rely on the mail, and to improve the public's knowledge of how to combat fraud.

### Fraud-Prevention Information for Postal Employees and Customers

The Postal Inspection Service offers consumer-fraud information, fraud alerts, wanted and reward posters, and related information on its website: [www.usps.com/postalinspectors](http://www.usps.com/postalinspectors). Postal customers can report suspected identity theft, mail theft or tampering, mailbox vandalism, and mail fraud online at the site.

The Postal Inspection Service also publishes brochures and publications designed to educate postal customers about mail-related crime. Publications on identity fraud, sweepstakes scams, and other crimes conducted through the mail are available online for viewing and printing at the Postal Inspection Service's Internet Web site.

### Partnering With Industry to Deliver Public Service Announcements

Microsoft Corporation, in collaboration with the Postal Inspection Service, the Federal Trade Commission, and Western Union, launched a series of online public service announcements (PSAs) in September to help protect consumers from scams related to mortgage foreclosure rescue offers, bogus promises of credit repair, and advance-fee fraud, also known as lottery scams. The search advertising-driven PSAs appear on Bing, Microsoft's new search engine, and targets consumers most vulnerable to these types of crimes, providing them with valuable and trustworthy information.

The PSAs will be triggered by targeted search terms entered on Bing, such as "mortgage fraud," "lottery," and "money transfer." Users who click on the sponsored ad will be directed to a landing page with guidance on avoiding scams and information about how to report a scam, if they have been victimized. By tying the information to online

searches, the group aims to remind consumers to be on alert at precisely the moment they may likely be faced with scams.

### National Preparedness Month

National Preparedness Month is held each September to encourage Americans to prepare for emergencies in their homes, businesses and communities. This year's theme encouraged people to "Get a kit, make a plan, be informed, get involved."

The Postal Inspection Service sponsored month-long events in September to help educate postal employees about how to prepare their homes for a hurricane or flood, what they should include in a basic emergency supply kit, and what factors they should consider in advance-planning for contacting emergencies.

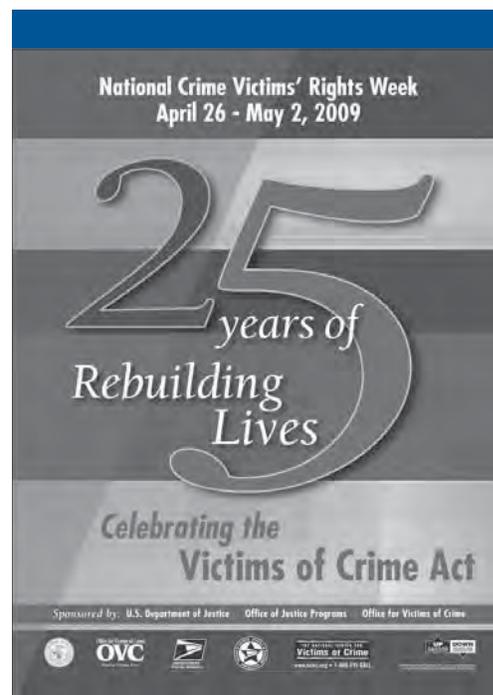
Employees were encouraged to follow these three steps to prepare for potential emergencies:

1. Stock a supply kit with items needed to survive an emergency.
2. Make a family plan ahead of time to know what to do during an emergency.
3. Be informed about potential emergency situations that could occur.

### Victim-Witness Assistance Program

Federal legislation mandating certain rights for victims and witnesses of crime was initially passed in 1982. As part of the Victim Witness Protection Act, Congress instructed the Attorney General to assure that all federal law enforcement agencies adopt guidelines consistent with the purpose of the act and related legislation. The Crime Victims' Rights Act of 2004 added the most far-reaching legislation to date supporting victim rights.

The Postal Inspection Service works with the DOJ and the law enforcement community to support the U.S. Attorney General's Guidelines for Victims and Witnesses. The Postal Inspection Service's responsibility is to identify potential victims related to its criminal investigations, provide them with timely



Victims' Rights poster.

notification of their rights, and inform them of the services available to assist them.

Beyond legal mandates, victims may require the personal attention of a trained staff member — which often proves to be the service most valued and remembered. By identifying victims at the beginning of the investigation, the U.S. Attorney’s Office may keep victims apprised of significant events during the judicial process. If defendants are incarcerated, the Bureau of Prisons continues to keep the victims apprised of incarcerated events up to the defendant’s release.

The Postal Inspection Service is only the second federal law enforcement agency to gain direct access to DOJ’s Victim Notification System. Access was granted due to the high volume of Postal Inspection Service investigations that impact large numbers of victims.

<b>Victim Outreach</b>	<b>Last 6 Months of FY 2009</b>
Notifications	41,559
Information and Referrals	406
Criminal Justice Support	975
Identity Theft Assistance	2,632
Senior Assistance	82
Victim Advocacy	900

The backbone of the Postal Inspection Service’s Victim and Witness Assistance Program is Publication 308, *Know Your Rights: A Guide for Victims & Witnesses of Federal Crimes*, which also is available in Spanish. Postal Inspection Service staff provides the brochure to potential victims and witnesses of crimes when it is the lead investigative agency. The brochure informs them of their rights related to the investigative process, including notifications of arrests and other case activity. It advises them on what to do if they are threatened or harassed and it informs them of available services that provide assistance in recovering from the physical and emotional effects of a crime.

**National Crime Victims’ Rights Week 2009**

The Postal Inspection Service teamed with DOJ and the National Center for Victims of Crime to showcase “National Crime Victims’ Rights Week,” April 26 through May 2. This year, the annual campaign honored the Victims of Crime Act (VOCA) legislation passed 25 years ago that shaped the nation’s response to victims of crime. Prior to passage of VOCA, advocates struggled to gain recognition of victim rights. After the law’s enactment, victim compensation, training, and technical assistance, plus a host of other programs, began to reach the public. Posters and information cards were distributed to 15,000 Post Offices and more than 7 million customers who visited these facilities through May 2.

**A ‘THANK YOU’ LETTER TO POSTAL INSPECTORS — FROM A POSTMASTER**

[Postal Inspector] Bobby G. looked into my 70-year-old eyes, and very emphatically, very strongly, very determined, very respectfully, very compassionately, said, “We are going to keep you safe.” And they have done exactly that. They also kept me well informed, almost daily, as the case progressed. I also attended court proceedings.

I have received many telephone calls from Postal Inspection Service personnel up the chain of command, concerned about my needs, both emotional and physical, and my well-being in general. Our side of the Postal Service has been just as diligent, concerned, and caring. I even received a personal letter from Mr. Potter. I have known for a long time that I worked for the best employer in the world, but the professionalism, dedication, and caring have all pushed the Postal Service up a few more notches.

The United States Postal Service has two law enforcement agencies with distinct areas of investigative responsibility to serve the needs of stakeholders, postal employees, and the American public.

## Who do I call?

### Postal Inspection Service

- Security of employees, facilities, and equipment
- Revenue and postage fraud
- International mail security
- Violent crimes:
  - Threats and assaults of employees
  - Burglaries and robberies
- Mail theft by nonemployees
- Dangerous mail and bombs
- Mail fraud
- Identity theft
- Narcotics in the mail
- Child pornography and obscenity

**Contact: 877-876-2455**  
<http://postalinspectors.uspis.gov/>



### Office of Inspector General

- Theft, delay, or destruction of mail by employees and contractors
- Injury compensation fraud
- Embezzlements and financial crimes
- Contract fraud
- Kickbacks
- Computer crimes
- Narcotics
- Employee misconduct
- Internal affairs and executive investigations
- Whistleblower reprisals

**Contact: 888-USPS OIG**  
[www.uspsoig.gov](http://www.uspsoig.gov)



# APPENDICES

## APPENDICES

The Inspector General Act of 1978 requires semiannual reports on the immediately preceding 6-month periods ending September 30 and March 31. These reports are sent to Congress and made available to the public.

This report summarizes OIG and Postal Inspection Service activities and illustrates significant problems, abuses, and deficiencies, along with recommendations and corrective actions related to the administration of U.S. Postal Service programs and operations during the reporting period.

The appendices on the following pages fulfill the requirements of the Act.

### APPENDIX A

#### *Reports Issued to Postal Service Management*

For the period April 1 – September 30, 2009

OIG audit teams conduct performance and financial audits, evaluations, and other reviews to address the business of the Postal Service. Each team issues audit reports (AR) or management advisory reports (MA) in accordance with the identified needs of the project.

#### *Summary*

For the period April 1 – September 30, 2009

<b>Risk Categories</b>	<b>Number of Reports</b>	<b>Funds Put to Better Use</b>	<b>Questioned Costs</b>	<b>Unsupported Questioned Costs</b>	<b>Revenue Impact</b>
Strategic	11	\$7,072,298,497	\$15,313,493	\$8,159,472	—
Financial	110	—	\$21,687,018	\$1,091,385	\$8,477,380
Operational	46	\$593,159,267	\$1,229,278,258	\$41,103,975	\$518,533,023
<b>TOTAL</b>	<b>167</b>	<b>\$7,665,457,764</b>	<b>\$1,266,278,769</b>	<b>\$50,354,832</b>	<b>\$527,010,403</b>

#### *Fiscal Year 2009 Summary*

For the period October 1, 2008 – September 30, 2009

<b>Risk Categories</b>	<b>Number of Reports</b>	<b>Funds Put to Better Use</b>	<b>Questioned Costs</b>	<b>Unsupported Questioned Costs</b>	<b>Revenue Impact</b>
<b>TOTAL</b>	<b>383</b>	<b>\$7,905,486,474</b>	<b>\$1,424,258,854</b>	<b>\$175,570,839</b>	<b>\$771,069,131</b>

#### *Definitions:*

**Questioned Costs.** A cost that is unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, contract, and so forth.

**Unsupported Costs.** A cost that is not supported by adequate documentation. Unsupported costs are included with the amounts shown as Questioned Costs.

**Funds Put to Better Use.** Funds that could be used more efficiently by implementing recommended actions.

**Revenue Impact.** Amounts from revenue generating functions such as retail sales, rent, leases, or fees that were underpaid or not realized. In addition, this category includes increased revenue from existing functions and generating revenue from new sources.

## Reports With Quantifiable Potential Monetary Benefits

	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
<b>STRATEGIC RISK</b>				
<b>Engineering</b>				
Custodial Maintenance: Nationwide; DA-AR-09-011(R); 8/13/2009	\$996,588,215	—	—	—
Custodial Maintenance: New York District; DA-AR-09-007; 4/7/2009	\$48,267,945	—	—	—
Delivery Bar Code Sorter Maintenance Opportunities; DA-AR-09-009; 7/23/2009	\$69,538,189	\$8,159,472	\$8,159,472	—
Overall Equipment Effectiveness: Delivery Bar Code Sorter; DA-AR-09-010; 7/23/2009	\$5,076,183	\$5,481,804	—	—
Sustainability: Promoting Energy and Recycling Compliance; DA-MA-09-001; 6/12/2009	\$1,946,954	\$1,672,217	—	—
<b>Network Optimization</b>				
Salt Lake City Airport Mail Center Closure; EN-AR-09-004; 9/21/2009	\$881,011	—	—	—
<b>Risk Analysis Research Center</b>				
Estimates of Postal Service Liability for Retiree Health Care Benefits; ESS-MA-09-001(R); 7/22/2009	\$5,950,000,000	—	—	—
<b>FINANCIAL RISK</b>				
<b>Field Financial</b>				
Fiscal Year 2009 — Negative Master Trust Account Balances; FF-AR-09-226; 9/30/2009	—	\$101,284	\$101,284	\$45,990
Fiscal Year 2009 Connecticut District Financial Risk Audit; FF-AR-09-225; 9/30/2009	—	\$63,014	\$63,014	\$26,260
Fiscal Year 2009 Kentuckiana District Business Mail Entry Unit Financial Risk Audit; FF-AR-09-221; 9/17/2009	—	—	—	\$123,560
Fiscal Year 2009 Phoenix Financial Risk Audit; FF-AR-09-200; 7/24/2009	—	\$81,502	\$66,945	\$84,592
Northland District — Business Mail Entry Financial Risk; FF-AR-09-224; 9/28/2009	—	—	—	\$3,664
Philadelphia District Post Office Financial Risk Audit; FF-AR-09-223; 9/25/2009	—	\$704,979	\$606,306	\$240,508
Rio Grande District — Vending Operations Risk; FF-AR-09-205; 8/6/2009	—	\$6,128	\$6,128	\$9,241
<b>Fiscal Year 2009 Financial Installation Audit</b>				
Anderson Post Office — Anderson, CA; FF-AR-09-164; 5/13/2009	—	\$1,300	\$1,121	—
Ash Creek Post Office — Urbandale, IA; FF-AR-09-143; 4/15/2009	—	\$489	\$489	\$7,489
Birmingham Main Office Window Unit — Birmingham, AL; FF-AR-09-194; 7/10/2009	—	\$8,782	\$1,100	\$111,490
Brooklyn Business Mail Entry Unit — Brooklyn, NY; FF-AR-09-168; 5/18/2009	—	—	—	\$9,246
Calabasas Branch — Woodland Hills, CA; FF-AR-09-137; 4/3/2009	—	\$1,621	—	\$2,027
Camp Hill Post Office — Camp Hill, PA; FF-AR-09-154; 4/30/2009	—	—	—	\$14,550
Conshohocken Post Office — Conshohocken, PA; FF-AR-09-153; 4/28/2009	—	\$4,740	\$4,740	\$2,010
Cornerstone Station — Houston, TX; FF-AR-09-198; 7/15/2009	—	\$521	\$337	\$2,266
El Paso Business Mail Entry Unit — El Paso, TX; FF-AR-09-184; 6/18/2009	—	—	—	\$16,243
Eugene River Road Station — Eugene, OR; FF-AR-09-201; 7/21/2009	—	\$1,375	\$1,375	—

	Funds Put to Better Use	Questioned Costs	Unsupported Questioned Costs	Revenue Impact
Gulfport Downtown Station — Gulfport, MS; FF-AR-09-150; 4/27/2009	—	\$756	\$756	\$545
Hales Corners Post Office — Hales Corners, WI; FF-AR-09-166; 5/15/2009	—	\$26,273	—	\$560
Hampden Station — Baltimore, MD; FF-AR-09-155; 5/5/2009	—	\$5,370	\$2,872	\$4,573
Hampton Park Station — Capital Heights, MD; FF-AR-09-202; 7/27/2009	—	\$27,078	\$9,002	—
Highland Springs Branch — Richmond, VA; FF-AR-09-149; 4/29/2009	—	\$3,799	\$3,556	\$810
Hopkins Post Office — Hopkins, MN; FF-AR-09-210; 8/17/2009	—	\$6,544	—	\$1,000
Kensington Post Office — Kensington, MD; FF-AR-09-185; 6/18/2009	—	\$6,809	\$6,809	\$1,748
Kent Downtown Station — Kent, WA; FF-AR-09-139; 4/10/2009	—	\$2,052	\$775	—
Kinston Post Office — Kinston, NC; FF-AR-09-147; 4/30/2009	—	\$6,794	\$4,240	\$500
Lakeville Post Office — Lakeville, MN; FF-AR-09-151; 4/24/2009	—	\$1,284	—	—
Nashville General Mail Facility Window Unit — Nashville, TN; FF-AR-09-171; 5/20/2009	—	\$1,542	\$1,542	\$4,740
New Brunswick Business Mail Entry Unit — Edison, NJ; FF-AR-09-182; 6/17/2009	—	—	—	\$7,566
Orlando Main Office Window Unit — Orlando, FL; FF-AR-09-138; 4/6/2009	—	\$8,308	\$8,308	—
Portland Main Post Office — Portland, OR; FF-AR-09-199; 7/16/2009	—	\$1,864	\$1,864	\$6,631
San Francisco Business Mail Entry Unit — San Francisco, CA; FF-AR-09-188; 6/24/2009	—	—	—	\$3,584
San Jose Main Post Office — San Jose, CA; FF-AR-09-173; 6/2/2009	—	\$14,397	\$12,715	\$546
South Livingston Post Office — Livingston, NJ; FF-AR-09-203; 7/29/2009	—	\$1,797	\$1,797	—
St. Louis Main Finance Unit Post Office — St. Louis, MO; FF-AR-09-209; 8/13/2009	—	\$65,527	\$58,716	\$919
St. Paul Main Office Station — St. Paul, MN; FF-AR-09-152; 4/27/2009	—	—	—	\$5,839
Waseca Business Mail Entry Unit — Waseca, MN; FF-AR-09-190; 6/24/2009	—	—	—	\$3,350
Westminster Post Office — Westminster, MD; FF-AR-09-213; 8/20/2009	—	\$4,599	\$2,592	\$1,811
<b>Supply Management</b>				
Equitable Adjustment Proposal Submitted by Pitney Bowes Government Solutions; CA-CAR-09-015; 5/12/2009	—	\$2,514,232	—	—
Firm Fixed Price Proposal Submitted by Evogen, Incorporated; CA-CAR-09-020; 7/30/2009	—	\$356,397	\$62,131	—
Firm Fixed Price Proposal Submitted by Western Industrial Contractors, Incorporated; CA-CAR-09-016; 6/4/2009	—	\$8,984,664	—	—
Flats Sequencing System Contractual Remedies; CA-AR-09-006; 7/1/2009	—	\$500,000	—	\$7,733,522
Proposal Submitted by IBM Global Business Services, Public Sector/Federal; CA-CAR-09-022; 9/10/2009	—	\$3,941,415	—	—
Proposal Submitted by Lockheed Martin Systems Integration, Owego, Distribution Technologies; CA-CAR-09-014; 5/5/2009	—	\$3,013,403	—	—
Proposal Submitted by Northrop Grumman Corporation, Electronic Systems Company; CA-CAR-09-013; 5/1/2009	—	\$879,530	\$60,871	—
Termination Settlement Proposal Submitted by C.R. Daniels, Incorporated; CA-CAR-09-019; 7/24/2009	—	\$336,849	—	—

**APPENDIX A**

	<b>Funds Put to Better Use</b>	<b>Questioned Costs</b>	<b>Unsupported Questioned Costs</b>	<b>Revenue Impact</b>
<b>OPERATIONAL RISK</b>				
<b>Delivery</b>				
Delivery Vehicle Fuel Management; DR-AR-09-009; 9/28/2009	\$21,423,261	\$1,784,914	—	—
Management of Delivery Point Sequencing Percentage Increases for City Delivery — Nationwide Review; DR-AR-09-010; 9/28/2009	\$88,216,079	\$177,042,301	—	—
Postal Service 2009 National Rural Mail Count — Nationwide Review; DR-AR-09-006; 6/26/2009	—	\$598,593	\$598,593	—
Vehicle Maintenance Facilities — Scheduled Maintenance Service in the Eastern Area; DR-AR-09-005; 4/23/2009	\$10,898,100	—	—	—
Vehicle Maintenance Facilities Scheduled Maintenance — National Capping Report; DR-AR-09-007; 6/30/2009	—	\$40,505,382	\$40,505,382	—
<b>Inspection Service &amp; Facilities</b>				
Postal Service Aviation Security Capping Report; SA-AR-09-008; 9/29/2009	—	—	—	\$6,087,840
<b>Network Optimization</b>				
Assessment of Overall Plant Efficiency; NO-MA-09-002; 5/8/2009	—	\$969,495,708	—	—
Boston Airport Mail Center Outsourcing; EN-AR-09-003; 5/14/2009	\$318,330	\$501,466	—	—
Powered Industrial Vehicle Management System at the Oakland Processing and Distribution Center; NO-AR-09-007; 7/23/2009	\$14,598,866	—	—	—
Sunday Mail Processing Operations; NO-AR-09-012; 9/25/2009	\$38,250,365	—	—	—
<b>Sales and Service</b>				
Mail Processing Equipment's Ability to Read Postage on First-Class Letters; MS-AR-09-008; 5/28/2009	—	—	—	\$512,445,183
<b>Transportation</b>				
Air Networks — Chicago O'Hare Airport Mail Center Operations; NL-AR-09-011; 9/30/2009	—	\$10,588,950	—	—
Air Networks — Federal Express Transportation Agreement — Southeast Area; NL-AR-09-007; 7/31/2009	\$43,387,262	\$8,630,104	—	—
Fuel Management Consumption Strategies for Surface Network Operations; NL-AR-09-010; 9/30/2009	\$364,195,083	—	—	—
Fuel Management Initiatives for Surface Network Operations — Fuel Purchasing Strategy; NL-MA-09-001; 8/5/2009	—	\$20,000,000	—	—
Postal Vehicle Service Transportation — Philadelphia Bulk Mail Center; NL-AR-09-005; 7/17/2009	\$4,336,804	—	—	—
Postal Vehicle Service Transportation Routes — Philadelphia Processing and Distribution Center; NL-AR-09-006; 7/20/2009	\$5,386,529	—	—	—
Vehicle Management — National Trailer Lease Renewal — Western Area; NL-AR-09-008; 8/14/2009	\$2,148,588	\$130,840	—	—
<b>TOTAL</b>	<b>\$7,665,457,764</b>	<b>\$1,266,278,769</b>	<b>\$50,354,832</b>	<b>\$527,010,403</b>

## Report Listing

Complete listing of all OIG reports issued to Postal Service management.

For the period April 1 – September 30, 2009

### STRATEGIC

#### Engineering

Automated Flats Sorting Machine 100 Images: Security of Sensitive Customer Data; DA-AR-09-008; 4/10/2009

Custodial Maintenance: Nationwide; DA-AR-09-011(R); 8/13/2009

Custodial Maintenance: New York District; DA-AR-09-007; 4/7/2009

Delivery Bar Code Sorter Maintenance Opportunities; DA-AR-09-009; 7/23/2009

Electrification of Postal Service Delivery Vehicles; DA-WP-09-001; 8/28/2009

Flats Sequencing System: First Article Retest Results; DA-AR-09-012; 9/4/2009

Overall Equipment Effectiveness: Delivery Bar Code Sorter; DA-AR-09-010; 7/23/2009

Sustainability: Promoting Energy and Recycling Compliance; DA-MA-09-001; 6/12/2009

#### Network Optimization

Performance Goals for Market-Dominant Products; EN-AR-09-005; 9/28/2009

Salt Lake City Airport Mail Center Closure; EN-AR-09-004; 9/21/2009

#### Risk Analysis Research Center

Estimates of Postal Service Liability for Retiree Health Care Benefits; ESS-MA-09-001(R); 7/22/2009

### FINANCIAL

#### Field Financial

Fiscal Year 2009 — Negative Master Trust Account Balances; FF-AR-09-226; 9/30/2009

Fiscal Year 2009 Connecticut District Financial Risk Audit; FF-AR-09-225; 9/30/2009

Fiscal Year 2009 Kentuckiana District Business Mail Entry Unit Financial Risk Audit; FF-AR-09-221; 9/17/2009

Fiscal Year 2009 Phoenix Financial Risk Audit; FF-AR-09-200; 7/24/2009

Northland District — Business Mail Entry Financial Risk; FF-AR-09-224; 9/28/2009

Philadelphia District Post Office Financial Risk Audit; FF-AR-09-223; 9/25/2009

Postal Service's Relocation Policy; FF-AR-09-211; 8/26/2009

Rio Grande District — Vending Operations Risk; FF-AR-09-205; 8/6/2009

#### Fiscal Year 2009 Financial Installation Audit

Anderson Post Office — Anderson, CA; FF-AR-09-164; 5/13/2009

Ash Creek Post Office — Urbandale, IA; FF-AR-09-143; 4/15/2009

Ayer Business Mail Entry Unit — Ayer, MA; FF-AR-09-157; 5/4/2009

Birmingham Main Office Window Unit — Birmingham, AL; FF-AR-09-194; 7/10/2009

Brooklyn Business Mail Entry Unit — Brooklyn, NY; FF-AR-09-168; 5/18/2009

Bryan Business Mail Entry Unit — Bryan, TX; FF-AR-09-208; 8/10/2009

Calabasas Branch — Woodland Hills, CA; FF-AR-09-137; 4/3/2009

Camp Hill Post Office — Camp Hill, PA; FF-AR-09-154; 4/30/2009

Chippewa Falls Business Mail Entry Unit — Chippewa Falls, WI; FF-AR-09-169; 5/19/2009

Clearwater Beach Station — Clearwater, FL; FF-AR-09-140; 4/20/2009

Clearwater Main Post Office — Clearwater, FL; FF-AR-09-207; 8/6/2009

Conshohocken Post Office — Conshohocken, PA; FF-AR-09-153; 4/28/2009

Cornerstone Station — Houston, TX; FF-AR-09-198; 7/15/2009

Des Moines Main Office Station — Des Moines, IA; FF-AR-09-193; 7/2/2009

El Paso Business Mail Entry Unit — El Paso, TX; FF-AR-09-184; 6/18/2009

Eugene River Road Station — Eugene, OR; FF-AR-09-201; 7/21/2009

Evergreen Main Post Office — Evergreen, CO; FF-AR-09-189; 6/24/2009

Fairplay Main Post Office — Fairplay, CO; FF-AR-09-146; 4/21/2009

Festus Post Office — Festus, MO; FF-AR-09-186; 6/19/2009

Fort Dodge Business Mail Entry Unit — Fort Dodge, IA; FF-AR-09-142; 4/15/2009

Fort Lauderdale Business Mail Entry Unit — Fort Lauderdale, FL; FF-AR-09-181; 6/16/2009

Foxboro Post Office — Foxboro, MA; FF-AR-09-156; 5/1/2009

Franklin Post Office — Franklin, TN; FF-AR-09-216; 8/21/2009

Front Royal Business Mail Entry Unit — Front Royal, VA; FF-AR-09-180; 6/12/2009

Grand Rapids Business Mail Entry Unit — Grand Rapids, MI; FF-AR-09-161; 5/7/2009

Gulfport Downtown Station — Gulfport, MS; FF-AR-09-150; 4/27/2009

Hales Corners Post Office — Hales Corners, WI; FF-AR-09-166; 5/15/2009

Hampden Station — Baltimore, MD; FF-AR-09-155; 5/5/2009

Hampton Park Station — Capital Heights, MD; FF-AR-09-202; 7/27/2009

Henry Business Mail Entry Unit — Henry, IL; FF-AR-09-220; 9/4/2009

Highland Springs Branch — Richmond, VA; FF-AR-09-149; 4/29/2009

Hinsdale Branch — Hinsdale, IL; FF-AR-09-165; 5/14/2009

Holcomb Post Office — Holcomb, KS; FF-AR-09-218; 8/31/2009

Hopkins Post Office — Hopkins, MN; FF-AR-09-210; 8/17/2009

Imlay City Business Mail Entry Unit — Imlay City, MI; FF-AR-09-175; 6/4/2009

## APPENDIX A

Jesup Business Mail Entry Unit — Jesup, GA;  
FF-AR-09-196; 7/14/2009

Kennewick Business Mail Entry Unit — Kennewick,  
WA; FF-AR-09-206; 8/6/2009

Kensington Post Office — Kensington, MD;  
FF-AR-09-185; 6/18/2009

Kent Business Mail Entry Unit — Kent, WA;  
FF-AR-09-141; 4/14/2009

Kent Downtown Station — Kent, WA;  
FF-AR-09-139; 4/10/2009

Kinston Post Office — Kinston, NC;  
FF-AR-09-147; 4/30/2009

Ladd Post Office — Ladd, IL;  
FF-AR-09-163; 5/20/2009

Lafayette Plaza Station — Albany, GA;  
FF-AR-09-215; 8/20/2009

Lakeville Post Office — Lakeville, MN;  
FF-AR-09-151; 4/24/2009

Lenoir City Business Mail Entry Unit — Lenoir City,  
TN; FF-AR-09-191; 6/29/2009

Linthicum Heights Post Office — Linthicum, MD;  
FF-AR-09-192; 7/2/2009

Maple Grove Business Mail Entry Unit — Maple  
Grove, MN; FF-AR-09-183; 6/18/2009

Maryville Post Office — Maryville, TN;  
FF-AR-09-167; 5/15/2009

Mathews Main Post Office — Mathews, LA;  
FF-AR-09-212; 8/19/2009

Mobridge Business Mail Entry Unit — Mobridge,  
SD; FF-AR-09-176; 6/5/2009

Nashville General Mail Facility Window Unit —  
Nashville, TN; FF-AR-09-171; 5/20/2009

New Brunswick Business Mail Entry Unit —  
Edison, NJ; FF-AR-09-182; 6/17/2009

Newark Business Mail Entry Unit — Newark, NJ;  
FF-AR-09-158; 5/4/2009

Oconomowoc Post Office — Oconomowoc, WI;  
FF-AR-09-179; 6/12/2009

Orlando Main Office Window Unit — Orlando, FL;  
FF-AR-09-138; 4/6/2009

Oshkosh Post Office — Oshkosh, NE;  
FF-AR-09-204; 7/30/2009

Oviedo Branch — Oviedo, FL;  
FF-AR-09-178; 6/9/2009

Pearl City Business Mail Entry Unit — Pearl City,  
HI; FF-AR-09-145; 4/20/2009

Plantation Station — Bossier City, LA;  
FF-AR-09-217; 8/26/2009

Pocomoke City Post Office — Pocomoke City, MD;  
FF-AR-09-177; 6/9/2009

Portland Main Post Office — Portland, OR;  
FF-AR-09-199; 7/16/2009

Rando Cordova Business Mail Entry Unit — Rando,  
Cordova, CA; FF-AR-09-174; 6/5/2009

Rembert Post Office — Rembert, SC;  
FF-AR-09-159; 5/5/2009

Rochester Business Mail Entry Unit — Rochester,  
MI; FF-AR-09-148; 4/23/2009

Rockford Business Mail Entry Unit — Rockford,  
MN; FF-AR-09-162; 5/8/2009

San Francisco Business Mail Entry Unit —  
San Francisco, CA; FF-AR-09-188; 6/24/2009

San Jose Main Post Office — San Jose, CA;  
FF-AR-09-173; 6/2/2009

South Livingston Post Office — Livingston, NJ;  
FF-AR-09-203; 7/29/2009

St. Louis Main Finance Unit Post Office — St.  
Louis, MO; FF-AR-09-209; 8/13/2009

St. Paul Main Office Station — St. Paul, MN;  
FF-AR-09-152; 4/27/2009

Stephenville Business Mail Entry Unit —  
Stephenville, TX; FF-AR-09-195; 7/14/2009

Stuttgart Business Mail Entry Unit — Stuttgart, AR;  
FF-AR-09-144; 4/15/2009

Topeka Main Post Office — Topeka, KS;  
FF-AR-09-219; 9/2/2009

Utica Business Mail Entry Unit — Utica, NY;  
FF-AR-09-187; 6/24/2009

Vandalia Business Mail Entry Unit — Vandalia, IL;  
FF-AR-09-222; 9/16/2009

Veedersburg Post Office — Veedersburg, IN;  
FF-AR-09-172; 5/21/2009

Waseca Business Mail Entry Unit — Waseca, MN;  
FF-AR-09-190; 6/24/2009

Westminster Post Office — Westminster, MD;  
FF-AR-09-213; 8/20/2009

Whippany Post Office — Whippany, NJ;  
FF-AR-09-160; 5/6/2009

Wichita Business Mail Entry Unit — Wichita,  
Kansas; FF-AR-09-197; 7/14/2009

Wilton Business Mail Entry Unit — Wilton, IA;  
FF-AR-09-170; 5/20/2009

Woodbridge Business Mail Entry Unit —  
Woodbridge, VA; FF-AR-09-214; 8/20/2009

### Financial Reporting

Compliance with the Bank Secrecy Act;  
FT-AR-09-011; 9/22/2009

Financial Reporting Information under the Postal  
Accountability and Enhancement Act of 2006;  
FT-MA-09-003; 9/25/2009

Independent Report on Withholdings and  
Contributions for Health Benefits, Life Insurance,  
Retirement, and Employee Headcount Data;  
FT-AR-09-010; 9/18/2009

Officer Compensation for Calendar Year 2008;  
FT-WP-09-002; 6/17/2009

### Supply Management

Agreed Upon Procedures Review of Contract  
Number 512582-06-F-0008 with EMCOR Group  
Inc.; CA-CAR-09-012; 4/6/2009

Contractor Purchasing System Review of Siemens  
Energy and Automation Incorporated;  
CA-CAR-09-017; 7/10/2009

Equitable Adjustment Proposal Submitted by Pitney  
Bowes Government Solutions;  
CA-CAR-09-015; 5/12/2009

Firm Fixed Price Proposal Submitted by Evogen,  
Incorporated; CA-CAR-09-020; 7/30/2009

Firm Fixed Price Proposal Submitted by Western  
Industrial Contractors, Incorporated;  
CA-CAR-09-016; 6/4/2009

Fiscal Year 2006 Incurred Costs of Logistics  
Management Institute; CA-CAR-09-018; 7/9/2009

Flats Sequencing System Contractual Remedies;  
CA-AR-09-006; 7/1/2009

Information Technology's Preferred Portfolio  
Partnering Program; CA-AR-09-007; 9/29/2009

Key Performance Indicators of C.H. Robinson,  
Contract Number 5BMSTR-05-B-3002;  
CA-CAR-09-021; 8/27/2009

Management of Contract Changes: Convergys  
Government Solutions, LLC;  
CA-AR-09-004; 4/9/2009

Pre-award Survey of Western Industrial Contractors, Inc. Accounting System; CA-CAR-09-023; 9/30/2009

Proposal Submitted by IBM Global Business Services, Public Sector/Federal; CA-CAR-09-022; 9/10/2009

Proposal Submitted by Lockheed Martin Systems Integration, Owego, Distribution Technologies; CA-CAR-09-014; 5/5/2009

Proposal Submitted by Northrop Grumman Corporation, Electronic Systems Company; CA-CAR-09-013; 5/1/2009

Supply Management's Oversight of Delegations of Authority; CA-AR-09-005; 6/1/2009

Termination Settlement Proposal Submitted by C.R. Daniels, Incorporated; CA-CAR-09-019; 7/24/2009

## OPERATIONAL

### Cost, Revenue, & Rates

Controls Over the Bulk Mail Revenue, Pieces, and Weight System; CRR-AR-09-007; 9/30/2009

Electronic Verification System Rejected Transactions; CRR-AR-09-006; 8/19/2009

Follow-up Audit of the Management Operating Data System; CRR-AR-09-004; 4/14/2009

Service Performance Measurement System — Delivery Confirmation; CRR-AR-09-005; 8/14/2009

### Delivery

Albuquerque District — Albuquerque City Delivery Unit Locations; DR-AR-09-008; 7/6/2009

Delivery Vehicle Fuel Management; DR-AR-09-009; 9/28/2009

Effects of the Flats Sequencing System on Delivery Operations — Northern Virginia District; DR-AR-09-011; 9/28/2009

Management of Delivery Point Sequencing Percentage Increases for City Delivery — Nationwide Review; DR-AR-09-010; 9/28/2009

Postal Service 2009 National Rural Mail Count — Nationwide Review; DR-AR-09-006; 6/26/2009

Vehicle Maintenance Facilities — Scheduled Maintenance Service in the Eastern Area; DR-AR-09-005; 4/23/2009

Vehicle Maintenance Facilities Scheduled Maintenance — National Capping Report; DR-AR-09-007; 6/30/2009

### Human Capital

MVA Reduction Target-Setting Process; HM-MA-09-002; 9/1/2009

Suspension of Postmaster Convention Leave Benefit; HM-MA-09-001; 8/24/2009

### Information Systems

Address Quality; IS-AR-09-007; 7/30/2009

Business Partner Connectivity — Leased Line Firewalls; IS-AR-09-013; 9/29/2009

Chase Insight Application Review; IS-AR-09-011; 9/11/2009

Disaster Recovery Capabilities of the Enterprise Payment Switch; IS-AR-09-009; 7/30/2009

External Public Key Infrastructure Services — Fiscal Year 2009; IS-AR-09-012; 9/18/2009

Physical Access Controls at the Information Technology and Accounting Service Centers; IS-AR-09-008; 7/28/2009

UNIX Access Controls at the Information Technology and Accounting Service Centers; IS-AR-09-010; 8/10/2009

### Inspection Service & Facilities

Handling of Package at the Eastmont Station; SA-AR-09-007; 9/30/2009

Market Rental Rates for 117 Leased Postal Service Facilities; SA-MA-09-002; 9/30/2009

Postal Service Aviation Security Capping Report; SA-AR-09-008; 9/29/2009

Postal Service Aviation Security Program at Contract Postal Units; SA-AR-09-005; 7/7/2009

Postal Service Aviation Security Program at Critical Postal Service Facilities; SA-AR-09-004; 6/3/2009

Postal Service Lease Process; SA-AR-09-006; 9/29/2009

### Network Optimization

Assessment of Overall Plant Efficiency; NO-MA-09-002; 5/8/2009

Boston Airport Mail Center Outsourcing; EN-AR-09-003; 5/14/2009

Canton Processing and Distribution Facility Outgoing Mail Consolidation; NO-AR-09-011; 9/22/2009

Color-Coding of Standard Mail and Mail Condition Reporting at the West Palm Beach Processing and Distribution Center; NO-AR-09-006; 6/10/2009

Color-Coding of Standard Mail and Mail Condition Reporting at the Santa Clarita Processing and Distribution Center; NO-AR-09-008; 8/6/2009

Fort Worth Processing and Distribution Center Delayed Mail Issues; NO-AR-09-009; 9/14/2009

Powered Industrial Vehicle Management System at the Oakland Processing and Distribution Center; NO-AR-09-007; 7/23/2009

Powered Industrial Vehicle Management System at the Washington Network Distribution Center; NO-AR-09-010; 9/22/2009

Sunday Mail Processing Operations; NO-AR-09-012; 9/25/2009

### Sales and Service

Customer Complaints; MS-AR-09-009; 7/10/2009

Mail Processing Equipment's Ability to Read Postage on First-Class Letters; MS-AR-09-008; 5/28/2009

Performance-Based Incentive Programs for Sales Employees; MS-AR-09-007; 4/27/2009

### Transportation

Air Networks — Chicago O'Hare Airport Mail Center Operations; NL-AR-09-011; 9/30/2009

Air Networks — Federal Express Transportation Agreement — Southeast Area; NL-AR-09-007; 7/31/2009

Fuel Management Consumption Strategies for Surface Network Operations; NL-AR-09-010; 9/30/2009

Fuel Management Initiatives for Surface Network Operations — Fuel Purchasing Strategy; NL-MA-09-001; 8/5/2009

Postal Vehicle Service Transportation — Philadelphia Bulk Mail Center; NL-AR-09-005; 7/17/2009

Postal Vehicle Service Transportation Routes — Philadelphia Processing and Distribution Center; NL-AR-09-006; 7/20/2009

Vehicle Management — National Trailer Lease Renewal — Capping Report; NL-AR-09-009; 9/28/2009

Vehicle Management — National Trailer Lease Renewal — Western Area; NL-AR-09-008; 8/14/2009

**APPENDIX B**

**Findings of Questioned Costs**

For the period April 1 – September 30, 2009

As required by the IG Act, the following pages show the total number of audit reports and the total dollar value of questioned costs in audit reports.

**Questioned Cost:** A cost that is unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, or contract.

Description	Number of Reports	Questioned Costs	Unsupported Costs Included in Questioned Costs
Reports for which no management decision was made at the beginning of the reporting period	3	\$68,678,225	\$67,963,970
Reports requiring management decision that were issued during the reporting period	50	\$1,266,278,769	\$50,354,832
<b>TOTAL</b>	<b>53</b>	<b>\$1,334,956,994</b>	<b>\$118,318,802</b>
Reports for which a management decision was made during the reporting period (i+ii)	49	\$1,329,847,011	\$118,256,671
(i) Dollar Value of disallowed cost	—	\$1,215,564,997	\$50,292,701
(ii) Dollar value of cost not disallowed	—	\$114,282,014	\$67,963,970
Reports for which no management decision was made by the end of the reporting period	4	\$5,109,983	\$62,131
Negotiations are ongoing			
Reports for which no management decision was made within 6 months of issuance <i>(See Note 1 for a list of individual reports)</i>	1	\$475,322	—
Reports for which no management decision was made within 1 year of issuance <i>(See Note 2 for a list of individual reports)</i>	—	—	—
Contract reports with significant audit finding <i>(See Note 3 for a list of individual reports)</i>	—	—	—

**Note 1 — Reports for which no management decision was made within 6 months of issuance:**

Subject	Report/Case Number	Report Date	Questioned Costs	Unsupported Costs Included in Questioned Costs
Audit of Portions of a Termination for Convenience Settlement Proposal Submitted by Northrop Grumman Electronic Systems	CA-CAR-09-011	3/16/2009	\$475,322	—
<b>TOTAL</b>			<b>\$475,322</b>	<b>—</b>

**Note 2 — Reports for which no management decision was made within 1 year of issuance:**

None for this report period

**Note 3 — Contract reports with a significant audit finding:**

None for this report period

## APPENDIX C

### Recommendations That Funds Be Put to Better Use

For the period April 1 – September 30, 2009

As required by the IG Act, the following pages show the total number of audit reports and the total dollar value of recommendations for funds that can be put to better use by management.

**Funds Put to Better Use:** Funds that could be used more efficiently by implementing recommended actions.

Description	Number of Reports	Dollar Value
Reports for which no management decision was made at the beginning of the reporting period	2	\$2,056,098
Reports issued during the reporting period	18	\$7,665,457,764
<b>TOTAL</b>	<b>20</b>	<b>\$7,667,513,862</b>
Reports for which a management decision was made during the report period (i&ii)	20	\$7,667,513,862
(i) Value of recommendations agreed to by management		\$7,219,361,351
(ii) Value of recommendations that were not agreed to by management		\$448,152,511
Reports for which no management decision was made within 6 months of issuance (See Note 1 for a list of individual reports)	—	—
Reports for which no management decision was made within 1 year of issuance (See Note 2 for a list of individual reports)	—	—

#### Note 1 — Reports for which no management decision was made within 6 months of issuance

None for this report period

#### Note 2 — Reports for which no management decision was made within 1 year of issuance

None for this report period

## APPENDIX D

**Reported Non-Monetary Benefits**

For the period April 1 – September 30, 2009

**Overview**

Many of our audit reports identify areas for improvement that result in non-monetary benefits to the Postal Service. These benefits include improvements to service, protection of assets and improvements in the reliability of data.

	Type of Measure	Value or Amount
<b>IMPROVED SERVICE</b>		
Recommendations that address the Postal Service's efforts to improve the quality and accessibility of its products and services	Number of Recommendations	29
Number of customer service audits conducted	Number of Audits	17
<b>SAFEGUARDING ASSETS</b>		
<b>Assets or Accountable Items at Risk</b>		
Inadequate internal controls put the value of assets or accountable items (such as cash and stamps) at risk of loss	Dollar Value	\$149,444,228
<b>Physical Safety and Security</b>		
Dollar value of physical assets (plant, computer equipment, vehicles, and so forth) at risk of loss due to inadequate physical protection	Dollar Value	—
Recommendations that address the safety and security of Postal Service employees and/or the work environment	Number of Recommendations	17
Number of employee/facility safety and security audits conducted	Number of Audits	21
<b>Information Technology Security</b>		
Inadequate controls/protection put the value of data, IT assets (software, networks), and employee work time at risk of loss	Dollar Value	—
Number of data security/IT security audits conducted	Number of Audits	14
<b>Revenue at Risk</b>		
Dollar value of revenue that the Postal Service is at risk of losing. (Mailer seeking alternative solutions for current services)	Dollar Value	\$16,679,868
<b>Disbursements at Risk</b>		
Dollar value of disbursements made where proper Postal Service internal controls and processes were not followed	Dollar Value	\$423,014,486
<b>Goodwill / Branding</b>		
An "adverse impact" on goodwill is an actual event/problem that harms the Postal Service's reputation or a potential problem that could negatively impact the Postal Service "brand name"	Number of Issues Identified	16
<b>RELIABILITY OF DATA</b>		
<b>Records at Risk</b>		
Data at risk of corruption or loss due to inadequate internal controls and or protection	Number of Data Records at Risk	—
Dollar value of data used to support management decisions that is not fully supported or completely accurate	Dollar Value	—

## APPENDIX E

**Reports with Significant Recommendations Pending Corrective Actions**

For the period April 1 – September 30, 2009

As required by the IG Act, the following pages include a list of each audit report for which no management decision has been made by the end of the reporting period.

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
NO-AR-05-011	6/17/2005	<b>Efficiency of the Los Angeles International Service Center</b> R-1 — Reduce mail processing workhours by 85,000. <b>TID: October 2010</b>
FT-AR-06-016	3/31/2006	<b>Postal Service's Share of Health Insurance Premiums for Retired Employees</b> R-1 — Establish and communicate policies and procedures to continuously monitor the accuracy of the Postal Service's share of health insurance premiums paid for retirees and survivors. <b>TID: September 2009</b>
HM-AR-06-004	5/19/2006	<b>Postal Service's Injury Compensation Programs' Controversion and Challenge Process in Selected Areas</b> R-2 — Provide sufficient oversight of injury compensation control offices by including steps to validate the proper tracking and monitoring of controverted and challenged claims in the Human Resource Information System and the Claim Control Register in their Area Program reviews. <b>TID: February 2010</b>
HM-AR-06-006	8/29/2006	<b>Postal Service's Grievance-Arbitration Service Centers</b> R-8 — Automate the processing and payment of arbitrator invoices using an existing Postal Service electronic purchasing system. <b>TID: September 2012</b>
EN-AR-07-002	12/5/2006	<b>Service Implications of Area Mail Processing Consolidations</b> R-4 — Revise the Collection Point Management System to track changes to collection box pick-up times. <b>TID: September 2010</b>
SA-AR-07-002	3/30/2007	<b>Postal Service Security Controls and Processes for the Capital Metro Area</b> R-1 — Provide consolidated standard operating procedures and guidance to assist in performing duties and responsibilities consistently and in a timely manner. <b>TID: December 2009</b> R-4 — Establish requirements for mandatory security training including periodic refresher training, for responsible security personnel at the area-, district-, and facility-levels. <b>TID: December 2009</b> R-5 — Develop performance measures to assess the achievement of security goals. <b>TID: December 2009</b>
SA-AR-07-003	5/9/2007	<b>Postal Service Security Controls and Processes for the Pacific Area</b> R-2 — Develop appropriate performance measures for physical security to assess the achievement of security goals and incorporate them into performance plans for area-, district-, and field-level security personnel. <b>TID: December 2009</b>
HM-AR-07-002	5/16/2007	<b>Postal Service's Workplace Safety and Workplace-Related Injury Reduction Goals and Progress</b> R-1 — Closely monitor conversion to the SAP Environmental Health and Safety module. Ensure the upgraded system captures costs by facility, district/performance cluster, and area office, as well as the costs for identified key categories. <b>TID: September 2010</b>
DR-MA-07-004	6/14/2007	<b>Management of Retail Work Hours in Relation to the Workload for Mobile Units — Triboro District</b> R-1 — Revise the Handbook for Retail Operations, to include standard procedures for mobile units. <b>TID: July 2009</b> R-2 — Distribute the revised Handbook for Retail Operations to Area officials for implementation. <b>TID: October 2009</b>
IS-AR-07-016	8/20/2007	<b>Audit of Database Administration Practices</b> R-2 — Establish policies and procedures for the protection and use of sensitive data in the test, development, and production environments. <b>TID: March 2010</b>
IS-AR-07-017	8/29/2007	<b>Separation of Duties at the Eagan, Minnesota; San Mateo, California; and St. Louis, Missouri Information Technology and Accounting Service Centers</b> R-1 — Assess the risk of the duties of all Information Technology and Accounting Service Center positions for the purpose of assigning these positions as sensitive. <b>TID: March 2010</b> R-4 — Coordinate with the Inspection Service to ensure the proper clearance level is attributed to employees. <b>TID: March 2010</b>

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
FT-AR-08-005	1/24/2008	<p><b>New York International Service Center — Inbound International Mail</b></p> <p>R-1 — Establish and communicate policies and procedures to address the complete processing and billing cycle for inbound international mail. <b>TID: March 2010</b></p> <p>R-3 — Direct International Accounting Branch and appropriate systems personnel to establish controls to ensure that foreign postal administrations are correctly billed for all valid dispatches, including dispatch numbers used more than once in a calendar year. <b>TID: March 2010</b></p>
CRR-AR-08-002	2/12/2008	<p><b>Security Review of the Electronic Verification System</b></p> <p>R-2 — Revise Publication 91, Confirmation Services Technical Guide, to require mailers to utilize a secure file transfer method when transmitting manifests for electronic verification to the Postal Service. <b>TID: December 2009</b></p>
EN-AR-08-002	2/29/2008	<p><b>St. Louis Airport Mail Center Outsourcing</b></p> <p>R-2 — Establish a post-implementation review program for Airport Mail Centers (AMC) that compares anticipated savings with actual results. <b>TID: September 2009</b></p> <p>R-3 — Conduct a post-implementation review for the St. Louis AMC closure and outsourcing initiative using the guidance established in recommendation 2. <b>TID: September 2009</b></p>
IS-AR-08-006	3/6/2008	<p><b>Identity Theft Potential in Postal Service Information Systems</b></p> <p>R-1 — Ensure that employees and contractors accessing identified systems have the appropriate security clearance and that the clearance status is documented with the access request. <b>TID: June 2009</b></p>
IS-AR-08-008	3/11/2008	<p><b>National Accounting Oracle Financials Application Data Encryption Follow-Up</b></p> <p>R-2 — Perform verification tests to ensure management identifies and adequately protects all sensitive information in accordance with policy. <b>TID: September 2009</b></p>
IS-AR-08-009	3/14/2008	<p><b>Update Processes for Active Directory and CA-ACF2</b></p> <p>R-1 — Review the manager roles in the two systems to determine how these roles can be integrated. <b>TID: September 2010</b></p> <p>R-2 — Review the capabilities and establish requirements for tracking employees assigned to detail positions and how to pass on timely and accurate data to another system. <b>TID: September 2010</b></p>
FF-AR-08-131	3/19/2008	<p><b>Fiscal Year 2007 Financial Installation Audits — Business Mail Entry Units</b></p> <p>R-2 — Provide proper management oversight and instructions to schedule periodic verifications when Periodicals mailings are received during non-business hours. <b>TID: November 2009</b></p>
CRR-AR-08-003	3/31/2008	<p><b>Application Controls Review of the Electronic Verification System</b></p> <p>R-1 — Re-evaluate all warning messages in the Product Tracking System to determine whether they impact the postage calculation. <b>TID: December 2009</b></p> <p>R-2 — Strengthen the edit rules in the Product Tracking System to enforce the requirements for destination entry discounts. <b>TID: March 2010</b></p>
FT-AR-08-010	3/31/2008	<p><b>Fiscal Year 2007 Postal Service Financial Statements Audit — St. Louis Information Technology and Accounting Service Center</b></p> <p>R-2 — Modify policies and procedures to include the destination facility validation in the highway extra trips payment process. <b>TID: June 2009</b></p>
DA-AR-08-005	5/21/2008	<p><b>Status of Intelligent Mail Enabling Infrastructure</b></p> <p>R-2 — Ensure contingency plans for the server consolidation program include extended maintenance for micro-computers or provide for other appropriate contingency plans, if deployment is delayed beyond 2009. <b>TID: November 2009</b></p>
DA-AR-08-006	6/4/2008	<p><b>Flats Sequencing System: Production First Article Testing Readiness and Quality</b></p> <p>R-4 — Develop a recovery schedule to ensure the Preliminary Production Baseline Technical Data Package will be available before the production First Article Test begins. <b>TID: September 2009</b></p> <p>R-5 — Ensure that the initial Maintenance Diagnostic and Support System and the Program Control System functionalities are available for First Article Testing and develop a schedule for future design releases. <b>TID: July 2009</b></p> <p>R-6 — Validate the supplier's ability to provide qualified personnel to support Flats Sequencing Systems on all mail processing tours. <b>TID: December 2009</b></p> <p>R-7 — Ensure that the supplier follows the quality control plan and the configuration control process and validates that the first five production systems are built to the same drawing configuration. <b>TID: October 2009</b></p>

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
SA-MA-08-002	6/17/2008	<b>Location of Southeast Area Office Space</b> R-2 — Conduct a detailed analysis to determine the optimal location for the Southeast Area office. <b>TID: September 2009</b>
IS-AR-08-012	6/25/2008	<b>Security Vulnerability Assessment of the Electronic Travel Voucher System</b> R-5 — Work together to implement Triple Data Encryption Standard cryptography to encrypt credit card numbers stored within the Electronic Travel Voucher System. <b>TID: September 2009</b>
EN-AR-08-004	7/16/2008	<b>Miami Airport Mail Center Outsourcing</b> R-1 — Perform a post-implementation review to determine the cost savings from the Miami Airport Mail Center outsourcing initiative. <b>TID: September 2009</b>
FF-MA-08-001	7/21/2008	<b>Fiscal Year 2008 — Use of No-Fee Money Orders</b> R-2 — Evaluate the feasibility of restricting the use of no-fee money orders for local purchases in order to reduce the Postal Service's exposure to financial loss. <b>TID: December 31, 2009</b>
SA-AR-08-008	7/23/2008	<b>Leased Facility Maintenance Responsibility in the Great Lakes Area</b> R-2 — Require the Great Lakes Facilities Service Office to collect the \$62,625 in recoverable supported questioned costs. <b>TID: January 2013</b>
SA-AR-08-009	7/23/2008	<b>Postal Service Continuity of Operations for the Great Lakes Area</b> R-1 — Update contact information of key continuity of operations personnel at least semiannually, or more often as changes occur. <b>TID: December 2009</b> R-2 — Complete continuity of operations training, including Postal Alert and Notification System training. <b>TID: December 2009</b> R-3 — Identify and prioritize essential functions. <b>TID: December 2009</b> R-4 — Establish a formal review process to ensure continuity of operations plans are completed, updated annually, and maintained in the Postal Alert and Notification System, as required. <b>TID: December 2009</b> R-5 — Establish an area emergency management coordinating committee to provide oversight and assistance to district and facility Emergency Management Teams in establishing, implementing, and reviewing emergency management plans. <b>TID: December 2009</b> R-6 — Establish specific guidance for identifying and selecting alternate facilities, to include, at a minimum, the number of alternate facilities that should be identified, and criteria regarding location, mail volume, and mail capacity. <b>TID: December 2009</b> R-7 — Require personnel responsible for continuity of operations at primary and alternate facilities to conduct tests and exercises to ensure alternate facilities can effectively process the primary facilities' mail. <b>TID: December 2009</b>
SA-AR-08-010	7/24/2008	<b>Postal Service Continuity of Operations for the Pacific Area</b> R-1 — Establish a formal review process to ensure continuity of operations plans are completed, updated annually, and maintained in the Postal Alert Notification System, as required. <b>TID: December 2009</b>
SA-AR-08-013	8/22/2008	<b>Security Clearances for Postal Service Employees</b> R-1 — Establish and implement a policy to periodically assess the risks associated with the duties of all Postal Service positions to determine which positions require a security clearance. <b>TID: March 2010</b> R-2 — Revise the Administrative Support Manual, as appropriate, to reflect changes to the list of positions requiring a security clearance. <b>TID: March 2010</b>
CRR-AR-08-006	8/25/2008	<b>Controls Over the International Reconciliation System</b> R-2 — Ensure all significant issues identified during Customer Acceptance Test are corrected before placing the software release into production. <b>TID: September 2009</b> R-4 — Promptly incorporate edit requirements provided by the end-user into International Reconciliation System functionality. <b>TID: September 2009</b>
IS-AR-08-016	8/29/2008	<b>Identity Theft Potential in the Change of Address Process</b> R-1 — Update the Internet and telephone Change of Address applications. <b>TID: November 2009</b>
NO-AR-08-007	9/15/2008	<b>Powered Industrial Vehicle Management System at the Raleigh Processing and Distribution Center</b> R-1 — Use the Powered Industrial Vehicle Management System to the fullest extent possible to manage operations and continue to improve mail processing efficiency by reducing 9,000 workhours in tow and forklift operations by FY 2010. <b>TID: October 2009</b>

**APPENDIX E**

Report Number	Issue Date	Report Title, Recommendation Summary <b>R</b> = Recommendation number <b>TID</b> = Target Implementation Date
EN-AR-08-007	9/23/2008	<b>Assessment of the Remote Encoding Center Network Consolidation Process</b> R-1 — Clarify the methodology used to select remote encoding centers for closure in future business cases. <b>TID:</b> <i>February 2010</i>
DR-AR-08-009	9/29/2008	<b>Vehicle Maintenance Facilities — Scheduled Maintenance Service in the Great Lakes Area</b> R-5 — Maintain the most efficient combination of vehicle maintenances facility and commercial resources based on geographical location and costs; and, make optimal use of the Postal Service’s national vehicle shuttle agreement or other local commercial shuttle services, when cost effective, for transporting vehicles to and from maintenance facilities. <b>TID:</b> <i>January 2010</i>
IS-AR-09-001	10/8/2008	<b>Electronic Travel Voucher System Controls</b> R-1 — Revise Postal Service Handbook F-15, Travel and Relocation, to require travelers to arrange for lodging at the prevailing government lodging rate, whenever practical. <b>TID:</b> <i>September 2010</i> R-2 — Revise Postal Service Handbook F-15, Travel and Relocation, to require travelers to obtain prior approval and justify exceeding the government lodging rate within the notes on the electronic voucher. <b>TID:</b> <i>September 2010</i> R-3 — Customize the Electronic Travel Voucher System Controls (ETVS) to require the traveler to input a value in the room tax field (even if the room tax is zero) or provide the traveler with a check box to indicate taxes not applicable in cases where the lodging stay is tax exempt. <b>TID:</b> <i>September 2010</i> R-4 — Customize the ETVS to remove the option to combine room rate and room taxes into a single entry. <b>TID:</b> <i>September 2010</i>
MS-AR-09-001	10/10/2008	<b>Shortpaid Postage — Information-Based Indicia Priority Mail</b> R-2 — Update the Domestic Mail Manual (DMM) and other applicable manuals and handbooks to establish specific guidelines and assign roles and responsibilities for identifying shortpaid postage on Information-Based Indicia (IBI) Priority Mail, including a procedure for identifying counterfeit/duplicate IBI Priority Mail labels at mail entry points. <b>TID:</b> <i>October 2009</i> R-3 — Provide formal training to employees who accept and process IBI Priority Mail. <b>TID:</b> <i>October 2009</i>
MS-AR-09-002	10/14/2008	<b>Shortpaid Postage — Information-Based Indicia Parcel Post Mail</b> R-2 — Update the DMM and other applicable manuals and handbooks to establish specific guidelines and assign roles and responsibilities for identifying shortpaid postage on Information-Based Indicia (IBI) Post mail, including a procedure for identifying counterfeit/duplicate IBI Post mail labels at mail entry points. <b>TID:</b> <i>October 2009</i> R-3 — Provide formal training to employees who accept and process IBI Parcel Post mail. <b>TID:</b> <i>October 2009</i>
NO-AR-09-001	12/3/2008	<b>Powered Industrial Vehicle Management System at the Louisville, Kentucky Processing and Distribution Center</b> R-1 — Ensure the Powered Industrial Vehicle Management System at the Louisville P&DC functions as intended and produces efficiency improvements. <b>TID:</b> <i>September 2009</i>
DA-AR-09-002	12/24/2008	<b>Radio Frequency Identification Technology: Asset Management.</b> R-1 — Explore opportunities to employ radio frequency identification technology to reduce the amount of losses in pallet inventories. <b>TID:</b> <i>November 2009</i>
FF-AR-09-055	12/26/2008	<b>Fiscal Year 2008 Financial Installation Audits — Post Offices, Stations, and Branches</b> R-5 — Issue guidance to the field to destroy all copies of Postal Service Form 1096 and determine when all forms have been destroyed. <b>TID:</b> <i>December 2009</i> R-6 — Update the Administrative Support Manual for securing and retaining Postal Service Form 5659 and Form DS-11. <b>TID:</b> <i>December 2009</i>
FT-MA-09-001	1/13/2009	<b>Postal Service Management Instruction — Expenses for Internal and External Events</b> R-2 — Consult with senior level management to further update the Management Instruction, Expenses for Internal and External Events to require that all expenses associated with internal and external events be included in a unique general ledger account(s). <b>TID:</b> <i>September 2010</i>
DR-AR-09-004	1/30/2009	<b>Vehicle Warranty Claims Process</b> R-5 — Collaborate with vehicle manufacturer’s to ensure the Postal Service receives detailed warranty reimbursement data to allow reconciliation. <b>TID:</b> <i>November 2009</i>
NL-AR-09-001	2/13/2009	<b>Postal Vehicle Service Transportation Routes — Minneapolis Processing and Distribution Center</b> R-3 — Reassess the 9,247 hours and eliminate the hours as indicated by the reassessment or document the reasons for retaining the hours. <b>TID:</b> <i>November 2009</i>

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CA-AR-09-002	2/18/2009	<p><b>The Postal Service's Certification Process for Non-Mail Freight Transportation Invoices</b></p> <p>R-1 — Develop and implement written procedures for the independent review of invoices to confirm the receipt of goods and services, and to ensure accurate payment. <b>TID: January 2010</b></p>
IS-AR-09-004	2/20/2009	<p><b>Access Controls in the Enterprise Data Warehouse</b></p> <p>R-1 — Set expiration dates to match contract expiration dates. <b>TID: December 2009</b></p> <p>R-2 — Utilize eAccess to manage nonstandard access of contractors. <b>TID: December 2009</b></p> <p>R-3 — Update the Business Impact Assessment for the Enterprise Data Warehouse and recertify the system as required. <b>TID: December 2009</b></p>
DR-MA-09-001	2/23/2009	<p><b>Management of City Letter Carriers' Street Performance</b></p> <p>R-1 — Revise existing Postal Service policies and Standard Operating Procedures to reduce the number of required Delivery Operations Information System reports from eight to four to aid supervisors in managing carrier street performance. <b>TID: March 2010</b></p> <p>R-2 — Modify the Delivery Operations Information System Route/Carrier Daily Performance Analysis Report to show "exceptions" — for example, only actual route times varying from projected route times. <b>TID: March 2010</b></p> <p>R-3 — Reinforce to delivery supervisors and managers the importance of holding performance discussions with city letter carriers, conducting street observations, and taking corrective actions for misconduct issues. <b>TID: June 2009</b></p> <p>R-5 — Deploy additional Global Positioning System technology for 400 motorized city routes in the Chicago District for more effective monitoring and tracking during street delivery. <b>TID: January 2010</b></p>
CRR-AR-09-003	3/5/2009	<p><b>Controls Over International Air Transportation Payments</b></p> <p>R-1 — Identify all potential payment deficiencies in the Surface Air Support System and implement system changes. <b>TID: January 2010</b></p> <p>R-3 — Consult with Supply Management concerning the recovery of contract payments to the initial contractor. <b>TID: June 2009</b></p> <p>R-4 — Develop exception reports capable of identifying errors in payments to air carriers. <b>TID: January 2010</b></p> <p>R-5 — Implement a reconciliation process to rectify payment errors to international air carriers in a timely manner. <b>TID: January 2010</b></p>
MS-AR-09-005	3/17/2009	<p><b>Shortpaid Information-Based Indicia Stealth Postage</b></p> <p>R-4 — Provide formal training to employees who accept and process Information-Based Indicia (IBI) stealth mailpieces. <b>TID: October 2009</b></p>
DA-AR-09-005	3/31/2009	<p><b>Recycling Opportunities — Pacific Area</b></p> <p>R-1 — Provide additional recycling training to maintenance and operations personnel responsible for conducting recycling activities and expand recycling programs throughout the area. <b>TID: September 2009</b></p> <p>R-2 — Improve awareness of policies and procedures that; require appropriately designated site personnel to certify the tonnage of recyclable material and trash collected by contractors. <b>TID: July 2009</b></p> <p>R-3 — Improve awareness of policies and procedures that; require accurate recording of recycling revenues. <b>TID: July 2009</b></p>
DA-AR-09-006	3/31/2009	<p><b>New York District Building Equipment Maintenance</b></p> <p>R-1 — Define business requirements for capturing maintenance benefits associated with remote building management systems. <b>TID: October 2009</b></p> <p>R-2 — Update building equipment maintenance staffing packages to reflect current staffing requirements and subsequently conduct a cost benefit analysis to reassess the need for labor distribution code 37 positions. <b>TID: October 2009</b></p> <p>R-3 — Issue a Maintenance Management Order to clarify requirements for periodically reviewing and updating building equipment maintenance staffing packages. <b>TID: October 2009</b></p>
IS-AR-09-006	3/31/2009	<p><b>Intelligent Mail Barcode Project Planning and Application Development Life Cycle</b></p> <p>R-1 — Establish an incremental approach for approval and funding for future project releases. <b>TID: June 2009</b></p> <p>R-3 — Ensure the Certification and Accreditation process is completed and all residual risks are identified and mitigated before deploying the IMB Full Service-Seamless Acceptance Service Performance Release 1 application. <b>TID: December 2009</b></p>

**APPENDIX E**

Report Number	Issue Date	Report Title, Recommendation Summary <b>R</b> = Recommendation number <b>TID</b> = Target Implementation Date
MS-AR-09-006	3/31/2009	<p><b>Intelligent Mail/Seamless Acceptance Project Management</b></p> <p>R-1 — Quantify strategic benefits to the Postal Service and mailers. <b>TID:</b> <i>October 2009</i></p> <p>R-2 — Prepare an integrated project budget and expenditure tool for future project releases to track costs and provide reports during regular status meetings. <b>TID:</b> <i>September 2009</i></p> <p>R-4 — Incorporate effort-based work hour requirement estimates into work plans for future project releases. <b>TID:</b> <i>September 2009</i></p> <p>R-5 — Develop a risk management plan to address project risks. The plan should define a process for conducting risk management activities. <b>TID:</b> <i>None</i></p> <p>R-6 — Develop a procurement plan consistent with the Postal Service's purchasing guidelines to manage procurements related to the project. <b>TID:</b> <i>September 2009</i></p>
SA-AR-09-003	3/31/2009	<p><b>National Leased Facility Maintenance Responsibility</b></p> <p>R-1 — Establish and implement controls to ensure Postal Service personnel are aware of and follow existing written policies and procedures for lessor maintenance and repairs. <b>TID:</b> <i>Not provided</i></p> <p>R-2 — Instruct the Facilities Service Offices to seek reimbursement for questioned costs identified during the audit. <b>TID:</b> <i>September 2009</i></p>
DA-AR-09-007	4/7/2009	<p><b>Custodial Maintenance: New York District</b></p> <p>R-1 — Update staffing packages to eliminate duplication in cleaning operations, to include an adjustment of cleaning frequencies as determined by local conditions. <b>TID:</b> <i>June 2009</i></p> <p>R-2 — Review the benefits of extending contract eligibility to larger postal facilities for inclusion in the next collective bargaining agreement beginning Nov. 21, 2010, and subsequently utilize contract staffing to fill custodial positions lost through attrition. <b>TID:</b> <i>None</i></p>
MS-AR-09-007	4/27/2009	<p><b>Performance-Based Incentive Programs for Sales Employees</b></p> <p>R-1 — Revise the business rules to incorporate guidance on factors field management should consider in assigning accounts to sales employees. <b>TID:</b> <i>September 2009</i></p> <p>R-2 — Communicate the revised business rules to all sales employees. <b>TID:</b> <i>September 2009</i></p> <p>R-5 — Align performance incentives with overall business results. <b>TID:</b> <i>October 2009</i></p>
NO-MA-09-002	5/8/2009	<p><b>Assessment of Overall Plant Efficiency</b></p> <p>R-1 — Reduce 22.9 million workhours by FY 2011 with an associated economic impact of \$969 million. We will report \$969 million in unrecoverable questioned costs in the Semiannual Report to Congress. <b>TID:</b> <i>October 2010</i></p>
MS-AR-09-008	5/28/2009	<p><b>Postal Service Mail Processing Equipment's Ability To Read Postage On First-Class Letters</b></p> <p>R-1 — Develop and disseminate national Standard Operating Procedures for processing and handling Advanced Facer Cancellor System (AFCS) bypass letters to include procedures for identifying shortpaid and unpaid postage. <b>TID:</b> <i>January 2010</i></p> <p>R-2 — Use Limited Duty and Light Duty personnel to assist with identifying and processing shortpaid and unpaid letters. <b>TID:</b> <i>August 2009</i></p> <p>R-3 — Determine the feasibility of modifying the AFCS to include postage due and fraudulent postage detection software (including detection of reused stamps). These modifications should be considered for upcoming AFCS deployments. <b>TID:</b> <i>January 2010</i></p> <p>R-4 — Determine the feasibility of mandating that all postage payment methods be encoded with standardized symbol coding, special ink, barcode or other tracking device to allow the AFCS to read postage amounts. <b>TID:</b> <i>January 2010</i></p> <p>R-5 — Re-evaluate the phosphorescence coding methodology to include raising the coding denomination from the 10 cent stamp to the current First-Class Mail card postage. This modification should be considered for upcoming AFCS deployments. <b>TID:</b> <i>January 2010</i></p> <p>R-6 — Determine the causes of shortpaid and overpaid Postage Validation Imprinter labels on First-Class Mail letters and develop awareness training for retail employees. <b>TID:</b> <i>None</i></p>

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CA-AR-09-005	6/1/2009	<p><b>Supply Management's Oversight of Delegations of Authority</b></p> <p>R-2 — Remind delegates of their responsibility to ensure compliance with their delegation of authority letters and require delegates to certify they have instituted a system of controls and oversight to ensure:</p> <ul style="list-style-type: none"> <li>▪ Best value determinations are performed and documented.</li> <li>▪ Annual reports are developed and provided to Supply Management detailing financial activities, including the number of contracts or agreements entered into and associated expenditures.</li> <li>▪ Annual ethics training is completed and documented for staff involved in administering contracts or agreements.</li> </ul> <p>TID: <i>January 2010</i></p> <p>R-3 — Require the Travel, Retail, and Temporary Services Category Management Center to develop procedures for collecting reports required under the delegations of authority and for reviewing delegates' control and oversight systems to ensure the delegation of authority letter minimum control requirements are met. If minimum control requirements are not met, discontinuation should be considered, with the results and justification documented in an oversight file. TID: <i>January 2010</i></p>
DA-MA-09-001	6/12/2009	<p><b>Sustainability: Promoting Energy and Recycling Compliance</b></p> <p>R-1 — Reinforce energy and recycling policies with installation managers. TID: <i>October 2009</i></p> <p>R-2 — Require periodic talks to employees on energy and recycling practices. TID: <i>August 2009</i></p>
DR-AR-09-007	6/30/2009	<p><b>Vehicle Maintenance Facilities Scheduled Maintenance — National Capping Report</b></p> <p>R-4 — Establish an effective process for ensuring vehicle maintenance facility management and vehicle post office management include all contract and repair maintenance costs in the Vehicle Maintenance Accounting System or its replacement. TID: <i>September 2009</i></p>
CA-AR-09-006	7/1/2009	<p><b>Flats Sequencing System Contractual Remedies</b></p> <p>R-3 — Ensure that any contract utilizing milestone payments include the standard clauses for advance or progress payments, as appropriate, to limit risk and protect the Postal Service's interest. TID: <i>November 2009</i></p>
SA-AR-09-005	7/7/2009	<p><b>Postal Service Aviation Security Program at Contract Postal Units</b></p> <p>R-1 — Provide training to contracting officer's representatives and contract postal unit personnel on their roles and responsibilities to ensure aviation security is appropriately implemented at contract postal units. TID: <i>January 2010</i></p> <p>R-2 — Require contracting officer's representatives and homeland security coordinators to coordinate with contract postal units to ensure contract postal unit personnel are aware of their aviation security responsibilities. TID: <i>November 2009</i></p> <p>R-3 — Ensure contractor officer's representatives notify the contracting officer when transitioning their duties; and ensure contracting officers properly prepare letters of appointment when changes occur. TID: <i>November 2009</i></p> <p>R-4 — Establish and implement policies and procedures requiring aviation security reviews, including seeding of test mail packages at contract postal units, to measure the performance and effectiveness of contract postal units in preventing anonymous and potentially dangerous mail from entering the mailstream. TID: <i>November 2009</i></p>
MS-AR-09-009	7/10/2009	<p><b>Customer Complaints</b></p> <p>Revise the standard operating procedure to incorporate the following:</p> <p>R-1 — A quality control process that requires District Consumer Affairs officials to review closed cases to ensure they are properly resolved and documented. TID: <i>October 2009</i></p> <p>R-2 — Guidance on how District Consumer Affairs officials and post office employees should handle resolved complaints when customers cannot be contacted. TID: <i>October 2009</i></p> <p>R-3 — Reiterate the importance of complying with the Headquarters customer complaints standard operating procedures to District Consumer Affairs officials and post office employees. TID: <i>October 2009</i></p>
NL-AR-09-006	7/20/2009	<p><b>Postal Vehicle Service Transportation Routes — Philadelphia Processing and Distribution Center</b></p> <p>R-1 — Ensure that Philadelphia Processing and Distribution Center managers follow prescribed fleet management procedures for making Postal Vehicle Service schedules effective, including conducting schedule and vehicle utilization reviews. TID: <i>March 2010</i></p> <p>R-2 — Verify elimination of the 6,859 workhours already agreed to by local and area management from Postal Vehicle Service trip schedules. TID: <i>March 2010</i></p> <p>R-4 — Verify the elimination of the eight highway contract route trips identified during OA's audit by local management. TID: <i>October 2009</i></p> <p>R-5 — Eliminate the 14 highway contract route trips within the identified highway contract routes, already agreed to by local and area management. TID: <i>October 2010</i></p>

**APPENDIX E**

Report Number	Issue Date	Report Title, Recommendation Summary <b>R</b> = Recommendation number <b>TID</b> = Target Implementation Date
DA-AR-09-009	7/23/2009	<p><b>Delivery Bar Code Sorter Maintenance Opportunities</b></p> <p>R-1 — Emphasize adherence to the Maintenance Management Order requirements for production-based maintenance until an automated support solution is available. <b>TID: August 2009</b></p> <p>R-2 — Request priority funding for a system support solution for production-based maintenance. <b>TID: October 2010</b></p>
DA-AR-09-010	7/23/2009	<p><b>Overall Equipment Effectiveness: Delivery Bar Code Sorter</b></p> <p>R-1 — Coordinate regularly to minimize maintenance issues and improve Delivery Bar Code Sorter Overall Equipment Effectiveness. <b>TID: August 2009</b></p> <p>R-2 — Require all machine operators and supervisors to have current Delivery Bar Code Sorter training. <b>TID: December 2009</b></p>
NO-AR-09-007	7/23/2009	<p><b>Powered Industrial Vehicle Management System at the Oakland Processing and Distribution Center</b></p> <p>R-1 — Use the Powered Industrial Vehicle Management System to the fullest extent possible to manage operations and continue to improve mail processing efficiency by reducing 38,000 workhours in tow and forklift operations by FY 2011, with an associated economic impact of over \$14.5 million present value dollars in savings occurring over 10 years. <b>TID: None</b></p>
IS-AR-09-009	7/30/2009	<p><b>Disaster Recovery Capabilities for the Enterprise Payment Switch</b></p> <p>R-2 — Create a comprehensive application disaster recovery plan for the Enterprise Payment Switch solution. <b>TID: September 2009</b></p>
NL-AR-09-005	7/17/2009	<p><b>Postal Vehicle Service Transportation — Philadelphia Bulk Mail Center\</b></p> <p>R-2 — Phase out the additional 8,750 postal vehicle service workhours that management agreed were in excess of the workload. <b>TID: July 2010</b></p> <p>R-3 — Ensure the bulk mail center managers periodically assess workload and staffing requirements to maintain appropriate postal vehicle service staffing levels. <b>TID: October 2010</b></p>
NL-AR-09-007	7/31/2009	<p><b>Air Networks — Federal Express Transportation Agreement — Southeast Area</b></p> <p>R-1 — Use surface transportation to the extent possible for mail that does not require air transportation to meet Postal Service on-time standards. <b>TID: February 2010</b></p> <p>R-2 — Transport mail to the maximum extent, possibly using the service-responsive capacity of passenger airlines under contract with the Postal Service. <b>TID: February 2010</b></p> <p>R-3 — Sort mail into bypass containers as appropriate. <b>TID: February 2010</b></p>
NL-MA-09-001	8/5/2009	<p><b>Management Advisory — Fuel Management Initiatives for Surface Network Operations — Fuel Purchasing Strategy</b></p> <p>R-1 — Coordinate to assign appropriate accountability and cross-functional authority for the planning, implementation, and success of the National Fuel Purchasing Strategy; and provide adequate support from the appropriate Headquarters' functional areas and the nine Postal Service geographical areas. <b>TID: October 2009</b></p> <p>R-2 — Ensure appropriate allocation of contracting, operational, and financial resources at all levels to support the timely implementation of the National Fuel Purchasing Strategy. <b>TID: October 2009</b></p> <p>R-3 — Ensure adequate consideration of project management principles and best practices outlined in the report in planning and implementing the National Fuel Purchasing Strategy, including development of a project management plan, which includes project goals, performance measures, baselines and target dates, changes to target dates, and documented reasons for changes. <b>TID: June 2010</b></p> <p>R-4 — Develop a risk mitigation plan to address major project risks to help achieve the stated goals of the National Fuel Purchasing Strategy. <b>TID: June 2010</b></p> <p>R-5 — Develop measurement factors to monitor achievement of the stated goals of the National Fuel Purchasing Strategy, and consider including these factors as part of the National Performance Assessment plan as appropriate. <b>TID: June 2010</b></p>
DA-AR-09-011	8/13/2009	<p><b>Custodial Maintenance: Nationwide</b></p> <p>R-1 — Update staffing packages to eliminate duplication in cleaning operations, including an adjustment of cleaning frequencies as determined by local conditions. <b>TID: September 2009</b></p> <p>R-2 — Conduct a Lean Six Sigma process improvement initiative in conjunction with the American Postal Workers Union to identify non-value tasks in the current custodial standard and negotiate revisions. <b>TID: November 2010</b></p>

Report Number	Issue Date	Report Title, Recommendation Summary R = Recommendation number TID = Target Implementation Date
NL-AR-09-008	8/14/2009	<p><b>Vehicle Management — National Trailer Lease Renewal — Western Area</b></p> <p>R-1 — Develop a comprehensive process to identify trailer requirements and manage trailer inventory and use. <b>TID:</b> <i>September 2009</i></p> <p>R-3 — Analyze the number of trailers needed to transport mail and equipment and return unneeded trailers to the Postal Service Headquarters for reallocation or return to the leasing contractor, saving the Postal Service about \$1.5 million over the next 10 years. <b>TID:</b> <i>September 2009</i></p> <p>R-4 — Analyze storage requirements and procure storage space in the most cost-effective manner. <b>TID:</b> <i>September 2009</i></p>
CRR-AR-09-006	8/19/2009	<p><b>Electronic Verification System Rejected Transactions</b></p> <p>R-1 — Develop and implement requirements to identify and track all rejected Electronic Verification System transactions to ensure mailers correct and resubmit the transactions for processing. <b>TID:</b> <i>November 2010</i></p>
FF-AR-09-211	8/26/2009	<p><b>Postal Service's Relocation Policy</b></p> <p>R-2 — Clarify when the Postal Service should (1) fill vacancies locally versus nationally, (2) decline to pay relocations, and (3) reduce benefits (in addition to the already proposed relocation policy changes). <b>TID:</b> <i>None (Audit Resolution)</i></p>
DA-AR-09-012	9/4/2009	<p><b>Flats Sequencing System: First Article Retest Results</b></p> <p>R-1 — Install and test only one additional Flats Sequencing System until the system demonstrates operational stability and successfully passes the field acceptance test. <b>TID:</b> <i>September 2009</i></p>
IS-AR-09-011	9/11/2009	<p><b>Chase Insight Application Review</b></p> <p>R-1 — Develop, finalize, and test internal standard operating procedures for processing standard, non-standard, manual, and emergency wire transfer requests. <b>TID:</b> <i>December 2009</i></p>
NO-AR-09-012	9/25/2009	<p><b>Sunday Mail Processing Operations</b></p> <p>R-1 — Reduce 83,000 workhours, based on fiscal year (FY) 2008 usage, by the end of FY 2010 with an associated economic impact of approximately \$38 million over a 10-year period. <b>TID:</b> <i>None</i></p>
DR-AR-09-009	9/28/2009	<p><b>Delivery Vehicle Fuel Management</b></p> <p>R-1 — Consider as part of the Postal Service's National Fuel Purchasing Strategy expansion of mobile fueling for city and rural delivery units with 30 or more routes using Postal Service-owned vehicles, as well as other delivery units as necessary. <b>TID:</b> <i>June 2010</i></p>
DR-AR-09-010	9/28/2009	<p><b>Management of Delivery Point Sequencing Percentage Increases for City Delivery — Nationwide Review</b></p> <p>R-1 — Issue a memorandum to all area and district officials re-emphasizing establishment and operation of oversight Delivery Point Sequencing (DPS) Improvement Teams. The teams will have all functional staff representation as a critical element in monitoring operations vital to increasing the city delivery DPS percentage. <b>TID:</b> <i>September 2009</i></p> <p>R-2 — Require district officials to prioritize and execute tasks, such as updating address databases, monitoring and removing M-records, identifying and resolving sortation issues, and handling non-Delivery Point Sequencing mail in their delivery units. <b>TID:</b> <i>October 2009</i></p> <p>R-3 — Develop and execute an action plan to mitigate low city DPS percentages in delivery units. <b>TID:</b> <i>October 2009</i></p> <p>R-4 — Ensure accountability of DPS Improvement Team members for completing assigned tasks to increase and sustain city delivery DPS percentages and reduce operating costs. <b>TID:</b> <i>October 2009</i></p>
EN-AR-09-005	9/28/2009	<p><b>Performance Goals for Market-Dominant Products</b></p> <p>R-1 — Document the methodology used to develop future performance goals for market-dominant products. <b>TID:</b> <i>None</i></p> <p>R-3 — Ensure future annual service performance goals are published within 30 days after approval. <b>TID:</b> <i>None</i></p>
NL-AR-09-009	9/28/2009	<p><b>Vehicle Management — National Trailer Lease Renewal — Capping Report</b></p> <p>R-1 — Develop a policy to require areas to establish a comprehensive process to routinely identify trailer requirements and manage trailer inventory and use, including a process to routinely determine whether trailers are improperly used for storage. <b>TID:</b> <i>None</i></p>
CA-AR-09-007	9/29/2009	<p><b>Information Technology's Preferred Portfolio Partnering Program</b></p> <p>R-1 — Require documented justification from IT program office personnel when they are not going to follow contractor recommendations regarding the pricing of task order proposals. <b>TID:</b> <i>September 2009</i></p> <p>R-2 — Implement industry best practices by moving forward with the award of multiple indefinite delivery indefinite quantity contracts for IT services that, unless otherwise justified, will provide for competition at the task order level. <b>TID:</b> <i>September 2009</i></p>

**APPENDIX E**

Report Number	Issue Date	Report Title, Recommendation Summary <b>R</b> = Recommendation number <b>TID</b> = Target Implementation Date
IS-AR-09-013	9/29/2009	<p><b>Business Partner Connectivity — Leased Line Firewalls</b></p> <p>R-1 — Review and validate all business partner connections to Postal Service information resources and notify the Network Connectivity Review Board to terminate connections no longer required. <b>TID: December 2009</b></p> <p>R-2 — Modify Handbook AS-805, Information Security, to designate the portfolio managers responsible for informing the Network Connectivity Review Board when a business partner connection is no longer required: <b>TID: October 2011</b></p> <p>R-3 — Modify Handbook AS-805, Information Security, to designate the portfolio managers responsible for periodically reviewing and validating business partner connectivity to Postal Service networks. <b>TID: October 2011</b></p> <p>R-4 — Track all databases associated with connections on business partner leased line firewalls throughout the lifecycle of the database and approve only those connections to databases the Network Connectivity Review Board tracks. <b>TID: September 2009</b></p> <p>R-6 — Modify Handbook AS-805D, Information Security Network Connectivity Process, to require the Network Connectivity Review Board to inform Database Support Services of all business partner connection requests to Postal Service databases. <b>TID: October 2011</b></p>
SA-AR-09-008	9/29/2009	<p><b>Postal Service Aviation Security Capping</b></p> <p>R-1 — Strengthen internal controls requiring management reviews to ensure corrective actions are taken to improve the performance of noncompliant offices. <b>TID: June 2010</b></p> <p>R-2 — Develop and implement performance measures or other appropriate evaluation factors to improve operations personnel performance in following established policies and procedures for detecting and preventing anonymous and potentially dangerous mail from entering the mailstream. <b>TID: June 2010</b></p>
NL-AR-09-010	9/30/2009	<p><b>Fuel Management Consumption Strategies for Surface Network Operations</b></p> <p>R-1 — Revise the fuel consumption strategy for surface network operations covering Postal Service and HCR transportation to ensure that it is comprehensive and implements the industry best practices identified in OA's audit. <b>TID: None</b></p> <p>R-2 — Assess and implement all opportunities for owned, leased, and contracted vehicles to use technology to reduce wind resistance and identify the most viable advanced aerodynamics options consistent with industry best practices and adjust contracts as appropriate to account for the reduced fuel need <b>TID: None</b></p> <p>R-3 — Establish and implement tire inflation maintenance requirements for its owned heavy-duty vehicle fleet, as well as its leased, and contracted vehicles consistent with industry best practices and adjust contracts as appropriate to account for the reduced fuel need. <b>TID: None</b></p> <p>R-5 — Evaluate HCR routes, and where feasible, implement speed limit requirements consistent with industry best practices, without negatively impacting service and adjust contracts as appropriate to account for the reduced fuel need. <b>TID: None</b></p>
NL-AR-09-011	9/30/2009	<p><b>Air Networks — Chicago O'Hare Airport Mail Center Operations</b></p> <p>R-1 — Enforce existing productivity standards for the sack sorter operation and establish and enforce appropriate productivity standards for the platform operation to reduce workhours and increase efficiency. <b>TID: None</b></p> <p>R-2 — Provide adequate supervision over the sack sorter and platform operations to include ensuring that volume and workhour reporting requirements are followed. <b>TID: None</b></p> <p>R-3 — Ensure staff is scheduled commensurate with the mail flow and volume for Express Mail and Automated Package Processing System operations and adjust operational workhours accordingly. <b>TID: None</b></p> <p>R-4 — Provide adequate levels of supervision for Express Mail and Automated Package Processing System operations and ensure employees properly charge their workhours to the correct operations. <b>TID: None</b></p>

## APPENDIX F

### *Significant Management Decisions in Audit Resolution*

For the period April 30 – September 30, 2009

As required by the IG Act, the following page discusses information concerning any significant management decision with which the Inspector General disagrees and is currently in audit resolution.

#### **Postal Service's Relocation Policy**

**FF-AR-09-211**

8/26/2009

Recommendation 2

Clarify when the Postal Service should (1) fill vacancies locally versus nationally, (2) decline to pay relocations and (3) reduce benefits (in addition to the already proposed relocation policy changes).

## APPENDIX G

*Investigative Statistics (OIG and Postal Inspection Service Combined)\**

For the period April 1 – September 30, 2009

	Investigations Completed	Arrests	Indictments/Informations	Convictions/Pretrial Diversions**	Admin. Action Taken	Cost Avoidance	Fines, Restitution & Recoveries	Amt. to USPS (from previous column)***	To Mgmt. for Admin. Action
Mail Theft by Nonemployees and Contractors <sup>1</sup>	1,010	971	361	1,195	23	—	—	—	—
Theft, Delay, or Destruction of Mail by Employees or Contractors	875	251	207	230	446	—	\$7,397,917	\$165,549	456
Injury Compensation Fraud	585	26	27	18	132	\$97,614,154	\$902,032,633	\$2,388,346	135
Assaults and Threats <sup>2</sup>	282	131	21	86	—	—	\$2,260	—	—
Official Misconduct	826	79	56	71	524	—	\$654,836	\$302,882	509
Robbery	39	38	19	38	—	—	\$79,845	—	—
Burglary	83	45	17	50	—	—	\$65,292	—	—
Financial Fraud	453	117	107	129	252	\$2,371,550	\$1,822,411	\$1,774,006	323
Revenue Fraud	24	45	13	40	16	—	—	—	—
Contract Fraud	80	14	14	12	44	\$12,044,104	\$45,705,417	\$5,108,698	57
Mail Fraud	550	534	504	563	—	—	\$1,367,395	\$2,029	—
Identity Theft	628	748	406	774	3	—	—	—	—
Suspicious Items <sup>3</sup>	40	32	5	27	—	—	—	—	—
Nonmailable, Restricted, and Perishable Matter <sup>4</sup>	71	42	32	38	—	—	—	—	—
Suspicious Substances <sup>5</sup>	25	4	4	6	—	—	—	—	—
Child Exploitation and Obscenity <sup>6</sup>	121	108	78	95	—	—	\$501,475	—	—
Mailing of Controlled Substances <sup>7</sup>	479	627	220	481	—	—	\$2,790,000	\$2,790,000	—
Money Laundering <sup>8</sup>	61	23	24	48	—	—	\$694,920	—	—
Vandalism and Arson	34	22	8	27	—	—	\$12,406	\$2,087	—
<b>TOTAL</b>	<b>6,266</b>	<b>3,857</b>	<b>2,123</b>	<b>3,928</b>	<b>1,440</b>	<b>\$112,029,808</b>	<b>\$963,126,807</b>	<b>\$12,531,510</b>	<b>1,480</b>

\* Statistics include joint investigations with other law enforcement agencies.

\*\* Convictions reported in this period may be related to arrests in prior reporting periods.

\*\*\* Amounts include case results of joint investigations with other OIG, federal, state, and local law enforcement entities.

<sup>1</sup> Includes theft and possession of stolen mail.<sup>2</sup> Includes threats and assaults against on-duty postal employees.<sup>3</sup> Includes non-threatening items, bombs, threats, hoaxes, and explosive material.<sup>4</sup> Includes firearms, weapons, intoxicants, extortion threats, and miscellaneous matter.<sup>5</sup> Includes non-threatening, hazardous, and hoax CBRN (CBRN refers to chemical, biological, radiological, and nuclear).<sup>6</sup> Obscenity includes mailing of obscene matter, and sexually oriented advertisements.<sup>7</sup> Includes narcotics, steroids, drug-related proceeds, and drug paraphernalia.<sup>8</sup> Includes postal money orders.

### Investigative Statistics (OIG and Postal Inspection Service Combined)\*

For the period October 1, 2008 – September 30, 2009

	Investigations Completed	Arrests	Indictments/Informations	Convictions/Pretrial Diversions**	Admin. Action Taken	Cost Avoidance	Fines, Restitution & Recoveries	Amt. to USPS (from previous column)***	To Mgmt. for Admin. Action
Mail Theft by Nonemployees and Contractors <sup>1</sup>	2,206	2,251	780	2,329	72	—	—	—	—
Theft, Delay, or Destruction of Mail by Employees or Contractors	1,632	446	384	450	826	—	\$7,573,928	\$195,898	845
Injury Compensation Fraud	1,098	44	47	34	266	\$185,909,778	\$1,329,450,522	\$8,109,978	259
Assaults and Threats <sup>2</sup>	647	269	32	96	—	—	\$2,260	—	—
Official Misconduct	1,793	149	118	137	1,076	—	\$2,007,057	\$610,784	1,051
Robbery	109	74	33	38	—	—	\$79,845	—	—
Burglary	115	100	30	51	—	—	\$65,292	—	—
Financial Fraud	831	235	228	231	513	\$2,401,550	\$4,171,414	\$4,039,641	610
Revenue Fraud	173	86	39	74	30	—	—	—	—
Contract Fraud	147	19	19	13	69	\$16,730,659	\$53,732,237	\$11,838,699	79
Mail Fraud	1,169	1,084	946	1,147	—	—	\$5,373,116,666	\$2,068,529	—
Identity Theft	1,283	1,494	760	1,561	3	—	—	—	—
Suspicious Items <sup>3</sup>	149	60	7	58	—	—	—	—	—
Nonmailable, Restricted, and Perishable Matter <sup>4</sup>	162	98	63	92	—	—	—	—	—
Suspicious Substances <sup>5</sup>	88	12	10	13	—	—	—	—	—
Child Exploitation and Obscenity <sup>6</sup>	292	187	141	173	—	—	\$501,475	—	—
Mailing of Controlled Substances <sup>7</sup>	933	1,278	394	945	—	—	\$4,740,273	\$2,790,000	—
Money Laundering <sup>8</sup>	124	48	43	101	—	—	\$1,582,590	—	—
Vandalism and Arson	57	56	16	30	—	—	\$12,406	\$2,087	—
<b>TOTAL</b>	<b>13,008</b>	<b>7,990</b>	<b>4,090</b>	<b>7,573</b>	<b>2,855</b>	<b>\$205,041,987</b>	<b>\$6,777,035,965</b>	<b>\$29,655,616</b>	<b>2,844</b>

\* Statistics include joint investigations with other law enforcement agencies.

\*\* Convictions reported in this period may be related to arrests in prior reporting periods.

\*\*\* Amounts include case results of joint investigations with other OIG, federal, state, and local law enforcement entities.

<sup>1</sup> Includes theft and possession of stolen mail.

<sup>2</sup> Includes threats and assaults against on-duty postal employees.

<sup>3</sup> Includes non-threatening items, bombs, threats, hoaxes, and explosive material.

<sup>4</sup> Includes firearms, weapons, intoxicants, extortion threats, and miscellaneous matter.

<sup>5</sup> Includes non-threatening, hazardous, and hoax CBRN (CBRN refers to chemical, biological, radiological, and nuclear.)

<sup>6</sup> Obscenity includes mailing of obscene matter, and sexually oriented advertisements.

<sup>7</sup> Includes narcotics, steroids, drug-related proceeds, and drug paraphernalia.

<sup>8</sup> Includes postal money orders.

**APPENDIX H**

**Summary of U.S. Postal Inspection Service Actions Under 39 USC 3005 and 3007**

For the period April 1 – September 30, 2009

Type of Scheme	Complaints Filed	Consent Agreements	FROs	Cease & Desist Orders
Advance Fee	2	2	1	2
Charity	1	1	—	1
Contests/Sweepstakes	15	15	—	15
Coupon Fraud	1	1	—	1
False billings	33	2	2	6
Internet Auction	1	1	—	1
Lotteries (Foreign and Domestic)	4	3	1	4
Merchandise:	—	—	—	—
Failure to furnish	10	4	1	5
Failure to pay	2	2	—	2
Misrepresentation	2	—	—	—
Miscellaneous	157	33	5	36
Telemarketing	—	—	—	—
Work at home	3	2	1	2
<b>TOTAL</b>	<b>231</b>	<b>66</b>	<b>11</b>	<b>75</b>

**Other Administrative Actions**

Administrative Action Requests	231
Temporary Restraining Orders Requested	1
Temporary Restraining Orders issued	1
Cases Using Direct Purchase Authority	—
Civil Penalties (Section 3012) Imposed	\$1,000
Test Purchases	—
Withholding Mail Orders Issued	123
Voluntary Discontinuances	—

**Administrative Subpoenas Requested by the Postal Inspection Service**

There were no requests during the reporting period.

**Financial Reporting on Investigative Activities**

Type	
Personnel	\$145,620,922
Nonpersonnel	26,340,215
<b>TOTAL</b>	<b>\$171,961,137</b>
Capital obligations	\$691,024

## APPENDIX I

### Closed Congressional and Board of Governors' Inquiries

For the period April 1 – September 30, 2009

This appendix lists the Congressional and Board of Governors' inquiries the OIG and the Postal Inspection Service closed during this reporting period. The Joint Legal Services Center reviewed these inquiries and coordinated work with Postal Inspection Service and OIG offices to resolve allegations and disputes and to help identify systemic issues. Inquiries are listed in the chronological order of receipt.

#### Inspector General Investigations (62)

Requestor	Allegation/Concern	Major Findings	Closure Date
Representative, New Mexico	An OIG investigation interfered with the complainant's small business, constituting an unfair labor practice.	The allegations were not substantiated. Instead, the investigators found the complainant and another postal employee colluded to conceal outside employment while collecting workers' compensation benefits. The investigation was a part of the congressional mandate that the OIG protect the integrity and efficiency of the Postal Service.	5/7/2009
Senator, Mississippi	Preferential treatment to a postal manager; misuse of postal vehicle.	The investigation did not substantiate the allegations, finding personnel actions were consistent with Postal Service policy and guidelines. Findings regarding the misuse of a postal vehicle were forwarded to management.	5/11/2009
Representative, Texas	Falsification of information during an investigation, threats against the subject.	The investigation did not substantiate the allegations.	7/22/2009
Senator, Maryland	Mail tampering and theft by postal employees at multiple facilities in Maryland.	The investigation found no evidence of mail tampering or theft by postal employees.	5/21/2009
Senator, Maryland	Lost or misplaced parcels presented for shipping at a Maryland Post Office.	The investigation did not substantiate the allegations, and noted the electronic records for more than 50 percent of complainant's mailings showed anomalies indicating tracking numbers obtained for parcels were not mailed or mailed at a later date.	5/7/2009
Representative, Maryland	Mail tampering and potential identity theft.	The investigation did not substantiate the allegations, finding tears and rips were consistent with the damage caused by mail sorting machines.	4/14/2009
Governor, Florida	Mail theft of gift cards.	Due to the lack of a tracking number on the package, the investigation did not determine what happened to the mail. Special Agents provided information on vendor replacement policy.	4/2/2009
Representative, Arizona	Whistleblower reprisal resulting in termination.	The investigation revealed the employee was not terminated because of management's knowledge of a protected communication; the termination was based on legitimate business reasons.	6/25/2009
Representative, Florida	Letter carrier's safety compromised when a Postal Inspector improperly had him unwittingly assist in a controlled delivery of drugs and the resulting prosecution.	The investigation substantiated the allegations and noted a prohibition on the use of letter carriers for controlled deliveries. Management counseled team leaders and took other corrective steps.	5/5/2009
Senator, Texas	Lost or stolen mail containing books, prescription drugs.	The investigation did not substantiate the allegations of internal theft and noted no patterns of similar thefts in that area.	4/2/2009
Senator, Texas	Delay of mail and mail tampering.	The investigation did not substantiate the allegations; all mail pieces provided by complainant were delivered within postal time standards and showed no signs of tampering.	4/14/2009
Senator, Maryland	Internal mail theft.	The investigation did not substantiate the allegation of internal mail theft, however, the allegation was forwarded to the Postal Inspection Service because it appeared to be external mail theft.	5/1/2009
Senator, Maryland	Former postal employee contests responsibility for accountability shortages.	We found no evidence to support the employee's assertions and learned he was more concerned about administrative relief.	5/13/2009
Senator, Maryland	Postal Service should prosecute postal managers who lost an Equal Employment Opportunity case.	The investigation found no evidence of behavior warranting criminal or civil action beyond the award given by the court.	5/26/2009
Senator, New Mexico	Internal mail theft.	The investigation did not substantiate the allegation, nor could Special Agents locate the lost item with the available tracking information.	6/29/2009
Representative, Virginia	Harassment by a Special Agent during an interview.	The investigation did not substantiate the allegation.	4/22/2009

**APPENDIX I**

<b>Requestor</b>	<b>Allegation/Concern</b>	<b>Major Findings</b>	<b>Closure Date</b>
Senator, Wisconsin	Theft of coins from the mail.	The investigation substantiated the allegations, finding an employee was stealing coins, cash, and prescription drugs from the mail. The OIG transmitted the findings to management and the U.S. Attorney's office for action deemed appropriate.	7/7/2009
Senator, Texas	Management intentionally delayed mail and ordered employees to discard certain types of mail at a Texas Post Office, and a stand-up talk implied that such allegations to the OIG Hotline are improper.	The investigation substantiated the delayed mail allegations and the findings went to management for action; the OIG also noted the stand-up talk did not impart the message that the Hotline welcomes employee reports of delayed mail, waste, and misconduct.	6/30/2009
Senator, South Dakota	Overcharge or misappropriation of funds on Post Office box rental.	The investigation did not substantiate the allegation.	4/28/2009
Senator, Maryland	Postal Service should prosecute postal managers who lost an Equal Employment Opportunity case.	The investigation found no evidence of behavior warranting criminal or civil action beyond the award given by the court.	5/26/2009
Representative, South Carolina	Internal mail theft of inaugural ball tickets.	The investigation did not substantiate the allegations; Special Agents determined the mailing was damaged and then misrouted, but eventually reached its destination.	5/21/2009
Representative, Virginia	Mail tampering, theft, delay; non-delivery; false endorsement of mail as "refused" by a carrier.	The investigation substantiated only the allegation that a carrier improperly endorsed the mailpiece; findings forwarded to management for action.	6/15/2009
Representative, Pennsylvania	Management misconduct; fraudulently reducing mail volumes by falsifying mail volume reports; diverting mail to other facilities; changing mail processing color codes; destruction of mail in Philadelphia.	The investigation substantiated allegations of falsifying mail volume reports; partially substantiated the allegations of destroying mail; did not substantiate the allegations of diverting mail to other facilities and changing mail processing color codes. The OIG reported allegations to management for action deemed appropriate.	5/5/2009
Representative, Texas	Carrier stopped delivering mail to a home in retaliation for a complaint.	The investigation revealed employees wrongly believed the complainant's mailbox did not meet postal standards. Misunderstanding of postal rules, not retaliation, was the basis for the suspension.	5/4/2009
State Senator, New York	Misdelivery and non-delivery of mail; inadequate implementation of an Accurate Delivery Verification Card Program at a New York Post Office.	An inaccurate listing of names at a complainant's cluster box, under the control of the community association, was a factor; advised Triboro Consumer Affairs Office.	4/28/2009
Representative, Pennsylvania	Management misconduct; fraudulently reducing mail volumes by falsifying mail volume reports; diverting mail to other facilities; changing mail processing color codes; destruction of mail in Philadelphia.	The investigation substantiated allegations of falsifying mail volume reports; partially substantiated the allegations of destroying mail; did not substantiate the allegations of diverting mail to other facilities and changing mail processing color codes. The OIG reported allegations to management for action deemed appropriate.	5/5/2009
Representative, Oklahoma	Whistleblower reprisal for reporting supervisory mismanagement and misconduct.	Complainant requested the OIG suspend its investigation.	5/20/2009
Senator, Texas	Mail tampering and theft of gift cards by postal employees.	The investigation did not substantiate the allegations, and learned postal employees located two envelopes containing gift cards damaged by mail processing equipment and returned them to the sender.	5/14/2009
Senator, Tennessee	Mismanagement and wasteful spending at a Tennessee facility; employees paid to sit in a room for hours.	The investigation revealed management at the facility implemented a clerk standby operation, which excesses employees based on workload to allow a determination of necessary work hours for mail conditions. Management's implementation was consistent with postal policy and union contracts.	5/13/2009
Representative, New Jersey	Theft of postal money orders.	Investigation showed the money orders had not been stolen and were delivered and credited to the complainant's account.	7/8/2009
Senator, California	Mail tampering, theft, and misdelivery.	Investigation did not substantiate the allegations and found no evidence of mail tampering, theft, or misdelivery. The intended recipient received compensation from the Postal Service for the loss of an insured package.	5/21/2009
Senator, Ohio	Delay of mail by employees at an Ohio Post Office.	Preliminary review found management took appropriate action regarding the handling of the complainant's mail and employee misconduct issues.	4/27/2009
Representative, Illinois	Mail tampering and identity theft.	Investigation did not substantiate the allegations and found no evidence of mail tampering or misconduct by postal employees.	6/9/2009

<b>Requestor</b>	<b>Allegation/Concern</b>	<b>Major Findings</b>	<b>Closure Date</b>
Senator, Indiana	Whistleblower reprisal for cooperation during an OIG investigation; management wrongfully took disciplinary action against complainant.	An OIG investigation showed the case did not meet the four necessary elements of whistleblower reprisal. The complainant failed to show that a protected communication was the basis for the disciplinary action.	8/3/2009
State Senator, New York	Non-delivery of political mailings.	Inquiry revealed no evidence of misconduct related to the disappearance of the mailings, but Special Agents noted only five stations maintained proper log books.	5/5/2009
Representative, Ohio	Mail theft of an international Registered Mail parcel after an attempted delivery.	Investigation concluded the parcel was mishandled or stolen; however Special Agents did not substantiate that a postal employee stole the package.	8/1/2009
Representative, Georgia	Delay of mail; letter carrier route deviation.	Investigation did not substantiate the allegations; found widespread mail delays due to a county-mandated change in street address system which was not properly communicated to the Postal Service.	7/15/2009
Representative, New York	An OIG Special Agent interfered with complainant's medical care, provided under Workers' Compensation program.	Special Agents believed they had complainant's permission to contact physician; IG Act provides authority for such contact.	6/10/2009
Representative, New York	Mail tampering and theft by postal employees at a New York Post Office.	A previous investigation found multiple mailers were sending complainant mail at an incorrect address.	4/28/2009
Senator, West Virginia	Mail tampering by postal employees at a West Virginia Post Office.	Investigation did not substantiate the allegations. Special Agents learned management recovered a missing Express Mail piece and complainants assert problems have been resolved.	6/11/2009
Representative, Mississippi	Improper processing of a contractor's injury report; harassment and discrimination; wrongful investigation.	Investigation did not substantiate allegations. Special Agents found management acted appropriately in processing the injury report and found no evidence of misconduct by postal employees or the OIG towards the complainants.	8/3/2009
Representative, Missouri	Harassment from OIG Special Agents through repeated surveillance.	Review showed the complainant was never the subject of an OIG or a Postal Inspection Service investigation.	6/17/2009
Representative, Minnesota	Mail theft and delay.	Investigation did not substantiate the allegations. Special Agents found no evidence of mail theft or delay by postal employees.	7/22/2009
Representative, New York	Postal manager conduct, including the improper delay of an IRS stimulus check to the complainant.	Investigation did not substantiate the allegation of intentional delay of a check, finding the complainant moved without submitting a Change of Address form.	7/2/2009
Governor, Florida	Nondelivery after wrongful filing of a Change of Address form.	Investigation revealed a Change of Address form submitted by a relative indicated all mail for family members should be forwarded to a new address. Management corrected and took additional steps to ensure the mail for each household was separated and delivered properly.	7/15/2009
Senator, California	Request for Postal Inspectors to return property confiscated during an investigation or provide information on its probable return date; mail delivery issues.	Review found the confiscated property was held by a District Attorney as evidence, out of the control of the Postal Inspection Service.	7/13/2009
Senator, Alabama	Request for investigation in a Postal Inspection Service personnel action.	Investigation did not find evidence of improprieties in the personnel process or actions taken.	6/10/2009
Senator, South Dakota	Theft of prescription drugs sent by the Department of Veterans Affairs.	The investigation substantiated the allegations, finding an employee was stealing coins, cash, and prescription drugs from the mail. The OIG transmitted the findings to management and the U.S. Attorney's office for action deemed appropriate.	7/7/2009
Senator, Arizona	Whistleblower reprisal resulting in reassignment.	An OIG investigation showed the reassignment did not result from complainant's disclosure.	6/18/2009
Representative, New York	Internal mail theft and identity theft.	Investigation did not substantiate the allegations due, in part, to the complainant not retaining for OIG examination the damaged, empty envelope he received.	7/8/2009
Representative, Illinois	Poor service, delay of mail, mail theft, receipt of damaged mail.	Investigation found no evidence of misconduct by postal employees. The damage to the mail was consistent with damage normally caused by postal sorting machines.	7/22/2009
Representative, Missouri	Mail tampering and theft by postal manager at a Missouri Post Office.	Investigation did not substantiate the allegations, finding no evidence of mail tampering or theft by postal employees.	6/18/2009
Representative, Missouri	Mail delay at a Missouri facility.	Investigation found a shortage of staffing caused significant delays in the re-wrap section. The findings were forwarded to management for action deemed appropriate.	9/2/2009
Representative, Alaska	Non-delivery of prescriptions mailed to rural residents in Alaska.	Investigation found no evidence of mishandled mail or theft by postal employees. Management changed mail handling procedures, which altered the sorting locations of the prescriptions and resolved the concerns.	7/22/2009

**APPENDIX I**

<b>Requestor</b>	<b>Allegation/Concern</b>	<b>Major Findings</b>	<b>Closure Date</b>
Senator, Minnesota	OIG agents offered to negotiate payment of cost overruns on a construction contract; OIG Special Agents conducted an investigation in an untimely and unprofessional manner.	Investigation showed the complainant was responsible for the costs associated with the land; OIG Special Agents did not offer to negotiate with the complainant; the investigation was prolonged by the complainant filing a revised claim, still seeking reimbursement for land costs.	9/21/2009
Representative, New York	OIG investigation tainted employee's reputation; management violated of Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), including denial of a promotion.	The OIG conducted a 2008 investigation into allegations based upon its responsibility to detect fraud, waste, and misconduct in postal programs and operations under the IG Act, and did not substantiate the allegations against the complainant. The Department of Labor asserted jurisdiction over the complainant's USERRA claims; therefore, the OIG did not investigate the related allegations.	6/30/2009
Representative, New York	Third-party complaint about an OIG personnel action.	No basis for investigative review.	7/14/2009
Senator, New Mexico	Objection to an OIG investigation of the complainant, who has information that would tend to exonerate.	The OIG conducted its investigation into allegations based upon its responsibility to detect fraud, waste, and misconduct in postal programs and operations under the Inspector General Act of 1978. Information provided by the complainant was added to the OIG investigative files, pursuant to the Privacy Act.	7/14/2009
Senator, New York	Mail tampering and identity theft.	Investigation did not substantiate the allegations and determined the tampering and theft were likely external. OIG referred the matter to the Postal Inspection Service.	9/14/2009
Representative, Illinois	Postal employee unlawfully opened or stole mail sent from Representative's office.	Investigation revealed a postal employee delayed the mailings due to a belief the mailings were not permissible as franked mail. The investigation did not determine whether the mail was opened by postal employees.	8/14/2009
Representative, Virginia	Management falsified time and attendance information at a Virginia facility.	Preliminary review found the local union filed a grievance regarding the matter and a settlement was reached.	8/26/2009
Senator, Arizona	Status or outcome of an OIG investigation.	Review found the Postal Inspection Service and the FBI adequately addressed the allegations.	9/22/2009

**Postal Inspection Service Investigations (31)**

<b>Requestor</b>	<b>Allegation/Concern</b>	<b>Major Findings</b>	<b>Closure Date</b>
Representative, Pennsylvania	Mail fraud.	The complainant's actions deterred the attempted fraud. No further investigation planned.	4/1/2009
Representative, Virginia	Mail fraud.	No jurisdiction over this civil contract dispute.	4/7/2009
Representative, California	Potentially fraudulent activity due to receipt of large quantities of mail not addressed to the complainant.	A new letter carrier was instructed to halt such deliveries, which stemmed from a Change of Address order filed by a former resident of a nearby homeless shelter. Postal Inspectors attempted to find the filer. No fraud detected.	4/9/2009
Representative, Virginia	Mail theft of a government check.	Postal Inspectors determined the check intended for the complainant was stolen and cashed. Due to a lack information regarding the check, Postal Inspectors could not determine the identity of the person responsible.	5/13/2009
Senator, Arkansas	Unsolicited mail; potential scam.	The mailing, which we confirmed concerned a program authorized by federal statute, was forwarded to the Criminal Investigations Service Center for review.	4/16/2009
Representative, Pennsylvania	Mail fraud scheme.	Allegations forwarded to Criminal Investigations Service Center for review.	4/17/2009
City Council Member, New York	Mail fraud scheme.	The Criminal Investigations Service Center entered the information provided by the complainant into the Fraud Complaint System for monitoring.	4/16/2009
Representative, Virginia	Sweepstakes mail fraud scheme.	Allegations forwarded to Criminal Investigations Service Center for review.	4/24/2009
Senator, Virginia	Mail fraud scheme.	Allegations forwarded to Criminal Investigations Service Center for review.	4/27/2009
Senator, Virginia	Unsolicited mail; potential scam.	Allegations forwarded to Criminal Investigations Service Center for review.	4/29/2009
Senator, Maryland	Unsolicited mail; potential scam.	Allegations forwarded to Criminal Investigations Service Center for review.	4/29/2006

<b>Requestor</b>	<b>Allegation/Concern</b>	<b>Major Findings</b>	<b>Closure Date</b>
Representative, Pennsylvania	Potentially threatening letter.	Allegations forwarded to Criminal Investigations Service Center for review.	5/6/2009
Representative, Colorado	Mail fraud allegations against an employer.	Postal Inspectors could not complete an investigation due to lack of information provided by the complainant.	5/21/2009
Senator, Pennsylvania	Potentially fraudulent and objectionable mailing.	Postal Inspectors determined the mailing was not non-mailable as a matter of law.	6/11/2009
Representative, Virginia	Mail fraud scheme.	Allegations forwarded to Criminal Investigations Service Center for review.	5/29/2009
Senator, Louisiana	Mail fraud.	Allegations forwarded to Criminal Investigations Service Center for review.	6/4/2009
Representative, Pennsylvania	Mail fraud.	Allegations forwarded to Criminal Investigations Service Center for review.	6/4/2009
Representative, Pennsylvania	Mail fraud.	Allegations forwarded to Criminal Investigations Service Center for review.	6/15/2009
Representative, Florida	Mail fraud.	Allegations forwarded to Criminal Investigations Service Center for review.	6/16/2009
Senator, Louisiana	Unauthorized change of address by an unknown person; identity theft.	Postal Inspectors found complainant's address was changed without permission. Inspectors advise was to place a fraud alert on credit reports.	8/25/2009
Representative, Georgia	A box of trash, rather than an item purchased on-line, arrived in mail.	Postal Inspectors contacted the sender, who sent another package with the items purchased.	8/26/2009
Senator, Tennessee	Mail fraud.	Postal Inspectors determined the issue was a civil matter.	8/3/2009
Representative, California	Illegitimate unsolicited mailings.	Postal Inspectors learned the sender was under investigation by a California agency. Inspectors advised how to register for the Mail Preference Service to prevent receipt of similar mailings in the future.	7/22/2009
Representative, Virginia	Postal Service discontinued residential mail service.	Consistent with postal policy, the local Postmaster discontinued service because there were no dwellings on the property associated with the addresses claimed by complainant. Postal Inspectors facilitated a meeting with management and the complainant, which resulted in an agreement allowing him to appeal to the District Consumer Affairs Office.	8/6/2009
Representative, California	Concerns about unsolicited mailings and complainant's unsuccessful attempts to opt out.	A Postal Inspector determined the customer service department of the company could remove the complainant from the mailing list. No fraud detected.	7/27/2009
Senator, Pennsylvania	Mail withheld and destroyed by officials at a county prison.	Postal Inspectors reviewed and found no evidence of officials withholding, delaying, or destroying the complainant's mail.	9/17/2009
Representative, Minnesota	Foreign lottery mail fraud scheme.	Postal Inspectors are working with U.S. Customs and Border Protection to shut down such schemes.	8/26/2009
Representative, Pennsylvania	False representation in a scheme promising assistance in applying for housing grants.	Postal Inspectors conducted an investigation resulting in the closure of the mailbox used in the scheme. The Postal Service issued a Cease and Desist Order; restitution is unlikely because of off-shore cashing practices the company used.	9/8/2009
Representative, Pennsylvania	Mail fraud scheme.	Allegations forwarded to Criminal Investigations Service Center for review.	8/31/2009
Representative, Virginia	Mail fraud scheme.	Allegations forwarded to Criminal Investigations Service Center for review.	9/14/2009
Representative, Pennsylvania	Mail fraud scheme.	Allegations forwarded to Criminal Investigations Service Center for review.	9/23/2009

**Joint Legal Services Center (42)**

<b>Requestor</b>	<b>Allegation/Concern</b>	<b>Major Findings</b>	<b>Closure Date</b>
Senator, Massachusetts	Lack of information on progress of a mail fraud case.	The case was thoroughly investigated by the Postal Inspection Service and referred to the Office of the U.S. Attorney, for status information.	5/1/2009
Representative, Texas	Harassment, racism, favoritism, and falsification of records by management at a Texas facility.	JLSC review found the workplace environment was stressful but did not substantiate allegations of racism and favoritism. JLSC noted District management was already actively involved in reviews of the facility's workplace.	5/20/2009
Senator, Virginia	Inadequate Postal Inspection Service investigation of a complaint.	Review showed the Postal Inspector acted properly during the course of the investigation and its presentation for prosecution.	5/7/2009
Representative, Arizona	Hostile work environment; abuse of authority.	Review showed management did not abuse authority but did reveal some indicators that employees were unhappy with management in general, and transmitted the findings to management.	6/18/2009
Representative, North Carolina	Back pay owed to a postal employee for overtime worked.	We could not substantiate any shortage of pay, in part because of our lack of access to records; management was requested to review the pay system for errors.	6/17/2009
Senator, Florida	Obstruction of mail by a court clerk not delivering complainant's letter to a Justice.	The clerk handled the mail as authorized in his official employment capacity.	4/9/2009
Senator, Vermont	Misdelivery of mail; mail improperly opened and disseminated by a third party.	Review showed a mail piece was delivered to a municipality because the complainant's address seemed to indicate he was a local official. The inadvertent misdelivery led to its dissemination in a public forum during a municipal business session. The dissemination is not actionable as the Postal Service lost jurisdiction over the mail upon delivery; the U.S. Attorney's office therefore declined prosecution.	4/20/2009
Senator, Texas	Harassment; violation of Postal policy; obstruction of the EEO process by management at a Texas Post Office.	Review did not substantiate allegations.	5/29/2009
Representative, Illinois	Employee transfer denied because of racial discrimination.	Review declined so as not to interfere in pending litigation.	5/6/2009
Ranking Member, House Subcommittee	The OIG ignored Hotline complaints regarding delivery and customer service issues nationwide, waste, fraud, and abuse including racial discrimination, and labor contract violations at a Texas facility.	Advised Subcommittee of previous audit, investigative, and workplace environment reviews responsive to the issues raised.	4/21/2009
Representative, New Jersey	Discrimination and unfair employment practices by management at a New Jersey Post Office.	Complainant declined to speak with OIG Special Agents under the advice of his attorney.	6/9/2009
Representative, Arkansas	FOIA request for an investigative file.	Two pages of records were released to the Member on behalf of his constituent.	5/14/2009
Representative, North Carolina	Inspection Service mail theft investigation should have gone to prosecution.	Privacy interests barred release of information from the case file; matter of prosecution is left to the discretion of other federal or local agencies.	5/5/2009
Representative, New Jersey	Availability of leave under the Family Medical Leave Act (FMLA) for an employee injured on the job.	Review found no misapplication of rules or laws. Managers, as the law requires, designated the 2008 leave as FMLA when complainant provided information about injuries; this affected complainant's FMLA eligibility in the next calendar year.	9/17/2009
Representative, New York	Complainant observed Letter Carrier harassment by a manager.	OIG reviewed this allegation. Privacy interests bar the release of information to third parties.	6/10/2009
Senator, Vermont	Management misconduct and interference with a State Police investigation; hostile work environment; privacy violations.	Investigators and workplace evaluators did not substantiate allegations.	8/25/2009
Senator, Georgia	Mailing received included pornographic material.	Postal Inspectors determined the mailing, objectionable to the complainant, was not non-mailable as a matter of law; they provided information about enrolling in a Postal Service program which will bar mailer from sending additional sexually explicit items.	6/10/2009
Representative, New York	Complainant observed Letter Carrier harassment by a manager.	OIG reviewed this allegation. Privacy interests bar the release of information to third parties.	5/27/2009
Representative, New York	Complainant observed Letter Carrier harassment by a manager.	OIG reviewed this allegation. Privacy interests bar the release of information to third parties.	5/27/2009

Requestor	Allegation/Concern	Major Findings	Closure Date
Senator, Illinois	Suggestions for improving postal leave accounting policies for drivers.	Management expressed interest but noted suggested changes would violate union contract; best course of action would be to approach the union.	8/14/2009
Representative, California	Information on how to file mail fraud complaints.	Form and filing instructions provided.	6/4/2009
Senator, Florida	Request for transfer due to hostile work environment created by a postal employee; management failed to alert the Postal Inspection Service of an assault on postal property; management failed to follow postal policy.	Management confirmed an assault occurred but provided no evidence that they informed Postal Inspectors at the time as required by postal rules. Workplace unit brought the matter to the attention of cognizant District managers and Inspectors. The complainant's transfer request was the subject of an EEO filing with which the workplace unit will not interfere.	8/25/2009
Senator, Florida	Request for transfer due to hostile work environment created by a postal employee; management failed to alert the Postal Inspection Service of an assault on postal property; management failed to follow postal policy.	Management confirmed an assault occurred but provided no evidence that they informed Postal Inspectors at the time as required by postal rules. Workplace unit brought the matter to the attention of cognizant District managers and Inspectors. The complainant's transfer request was the subject of an EEO filing with which the workplace unit will not interfere.	8/25/2009
Senator, Michigan	Improper change of address.	Review showed change of address was filed with the local tax office, outside of postal jurisdiction.	6/15/09
Representative, Oregon	Unsolicited mail.	Review showed no indication the mailing had fraudulent intent or that the mailer issued it as part of a mail fraud scheme.	6/23/2009
Representative, Pennsylvania	Potentially fraudulent solicitation in the mail.	Review showed no indication the mailing had fraudulent intent or that the mailer issued it as part of a mail fraud scheme.	6/23/2009
Representative, Texas	Request for OIG surveillance video.	FOIA review determined release would be improper without a waiver from a third party in the video.	7/20/2009
Senator, Alabama	False representations in mailings used to solicit funds.	Postal Inspectors investigated thoroughly, but found no support for prosecution by the U.S. Attorney's Office or the Federal Trade Commission.	7/22/2009
Representative, Pennsylvania	Compensation issues for Postal Police Officers, including locality and availability pay; workplace environment issues.	Contrary to complainant's assertion, the Postal Reform Act did not change PPO eligibility for locality and availability pay. Legal counsel did not substantiate workplace allegations.	7/17/2009
Representative, New Jersey	Mail handler positions are being abolished, causing workplace stress.	Management confirmed several post offices are reposting jobs, but complainant has not lost his job. This process is part of a broad realignment effort to deal with unprecedented economic challenges, and the workplace unit found no basis to intervene.	8/12/2009
Representative, Pennsylvania	Request for assistance locating a certified letter.	Retrievable information on such a mailing is available only if the sender purchased delivery confirmation; if so, information is available on the postal public website.	7/20/2009
Senator, Montana	Involuntary transfer.	The matter is the subject of pending EEO claim, and OIG will confine its activity to that process.	8/6/2009
Senator, Pennsylvania	Request for assistance locating a certified letter.	Retrievable information on such a mailing is available only if the sender purchased delivery confirmation; if so, information is available on the postal public website.	7/29/2009
Representative, Pennsylvania	Questions about the validity of a mailing.	Review showed no indication the mailing had fraudulent intent or that the mailer issued it as part of a mail fraud scheme.	8/4/2009
Senator, Texas	Failure to accommodate employee's service-connected disability and uses medical information against him in an attempt to force him to retire.	Employee chose to file an EEO complaint on the same issues; workplace review found no overriding climate issues warranting further inquiry.	9/3/2009
Representative, Pennsylvania	Mail theft.	Report had been entered in the Criminal Investigations Service Center database; Postal Inspectors contacted local police to advise on procedures.	8/26/2009
Representative, Pennsylvania	Mail fraud.	Allegations forwarded to Criminal Investigations Service Center for review.	8/25/2009
Senator, New York	Mail tampering.	Case closed after complainants declined to speak with Postal Inspectors.	9/14/2009
Representative, Ohio	Request for information about crimes involving the mail.	Staff were directed to the <i>Postal Inspection Service Legal Handbook</i> discussion of "When Is It No Longer Considered 'Mail.'"	9/8/2009

**APPENDIX I**

<b>Requestor</b>	<b>Allegation/Concern</b>	<b>Major Findings</b>	<b>Closure Date</b>
Representative, Florida	Presentation of additional evidence from victims of investment fraud scheme investigation.	Complainant directed to the Federal Bureau of Investigation and U.S. Attorney, where prosecution is under consideration.	9/23/2009
Senator, Ohio	Interference with mail delivery.	Postal Inspectors attributed delivery problems to complainant filing multiple change of address forms and worked with local postal officials to resolve the issue.	9/22/2009
Representative, Illinois	Rate of compensation for postal spouse on Reserve duty.	Directed complainant to Human Resources personnel for discussion of benefits.	9/29/2009

**Inspector General Audits (15)**

<b>Requestor</b>	<b>Allegation/Concern</b>	<b>Major Findings</b>	<b>Closure Date</b>
Ranking Member, Senate Committee	Violations of the Postal Service's relocation benefits program.	Investigation did not substantiate that relocation rules were violated. Concurrent audit work benchmarking comparable programs is discussed in the OA section of this publication.	5/12/2009
Ranking Member, Senate Committee	Violations of the Postal Service's relocation benefits program.	Investigation did not substantiate that relocation rules were violated. Concurrent audit work benchmarking comparable programs is discussed in the OA section of this publication.	5/12/2009
Chairman, House Subcommittee	OIG studies on Postal Service use of alternative fuel vehicles; infrastructure considerations.	OA has not yet conducted reviews specifically on efficacy of the Postal Service's alternative fuel vehicles. Infrastructure is an important consideration, including energy storage and transfer; vehicle usage needs and patterns, operating maintenance requirements, and network planning.	4/22/2009
Senator, Ohio	Consolidation at two Ohio facilities.	The OIG provided information regarding plans for future audit work regarding the facilities.	4/28/2009
Chairman, House Subcommittee	Violations of the Postal Service's relocation benefits program.	Investigation did not substantiate that relocation rules were violated. Concurrent audit work benchmarking comparable programs is discussed in the OA section of this publication.	5/12/2009
Ranking Member, House Committee	Report all open recommendations from prior audits and monetary benefits associated with them; estimate how quickly each recommendation can be implemented.	The OIG provided information as requested.	5/1/2009
Representative, California	Requested a copy of an OIG audit report.	The OIG provided a redacted report.	4/29/2006
Representative, Ohio	Concerns about consolidation of two Ohio facilities.	The OIG provided information regarding plans for future audit work regarding the facilities in question.	5/15/2009
Representative, Florida	Concerns about consolidation of two Florida facilities.	The OIG provided information regarding plans for future audit work regarding the facilities.	6/15/2009
Chairman, House Subcommittee	OIG provide information about the feasibility and economics of a Postal Service fleet of electric plug-in delivery vehicles.	The Postal Service makes a particularly interesting national laboratory for testing technological advancements of Electric Vehicles (EVs). Our study determined that use of EVs for Postal Service deliveries is operationally feasible and could provide a valuable opportunity for the nation to test EV technology.	8/28/2009
Senator, Iowa	Cost effectiveness of Postal Service contracts for forensic laboratory services.	Review found the Postal Service used contractors to address a backlog of work which was at least as cost effective as hiring additional employees and allowed the labs to complete an important and time-sensitive project while reducing the backlog.	6/29/2009
Representative, Florida	Concerns about consolidation of two Florida facilities.	The OIG provided information regarding plans for future audit work regarding the facilities.	7/10/2009
Representative, Texas	Concerns about consolidation of two Texas facilities.	The OIG provided information regarding plans for future audit work regarding the facilities.	8/14/2009
Senator, Pennsylvania	Concerns about consolidation plans for a Pennsylvania facility.	The OIG provided information regarding plans for future audit work regarding the facilities.	9/23/2009
Representative, Pennsylvania	Concerns about consolidation plans for a Pennsylvania facility.	The OIG provided information regarding plans for future audit work regarding the facilities.	9/24/2009

**Referrals (12)**

<b>Requestor</b>	<b>Allegation/Concern</b>	<b>Referred To</b>	<b>Closure Date</b>
Representative, Colorado	Mail delivery and customer service issues.	Colorado Consumer Affairs Office.	4/27/2009
Representative, Texas	Whether information provided to the Federal Bureau of Investigation regarding the Anthrax investigation was properly investigated.	FBI.	5/13/2009
Representative, New Jersey	Mail delivery and customer service issues.	South Jersey Consumer Affairs Office.	6/3/2009
Representative, New Jersey	Postal employee termination.	Postal Service Government Relations Office.	7/1/2009
Representative, New Jersey	Beneficiary access to postal benefits.	Postal Service Government Relations Office.	7/9/2009
Senator, Texas	Work schedule adjustments in a Texas district.	Postal Service Government Relations Office.	7/13/2009
Representative, California	Return to duty following on-the-job injury.	Postal Service Government Relations Office.	7/29/2009
Representative, Pennsylvania	Validity of a mailing concerning elder law changes.	We could not confirm the existence of the organization named in the mailing and forwarded the inquiry to the Criminal Investigations Service Center for further review.	8/24/2009
Representative, North Carolina	Postal Service incorrectly deducted complainant's leave while on active duty.	Postal Service Government Relations Office.	8/17/2009
Representative, New Jersey	Assistance with a Family and Medical Leave Act claim.	Postal Service Government Relations Office.	8/18/2009
Senator, New York	Mail delivery issues.	Triboro Consumer Affairs Office.	9/21/2009
Senator, Maryland	Postal Service sale of address information violates privacy rights.	Postal Service Government Relations Office.	9/23/2009

## SUPPLEMENTAL INFORMATION

### Freedom of Information Act

Beginning in fiscal year 2009, the Freedom of Information Act (FOIA) functions for the Postal Inspection Service and Postal Service OIG were combined under the Joint Legal Services Center. The office operates independently of, but frequently coordinates with, its counterpart at the Postal Service. The FOIA Office receives requests for records from the public, the media, and Postal Service employees. The FOIA, according to the Department of Justice, “generally provides that any person has a right, enforceable in court, to obtain access to federal agency records, except to the extent that such records (or portions of them) are protected from public disclosure by one of nine exemptions.”

For the period April 1 – September 30, 2009

Requests	Number of Requests
Carryover from prior period	38
Received during period	345
Total on hand during period	383

OIG Actions	Number of Requests
<b>Processed during the period</b>	<b>351</b>
Requests denied in full	32
Requests denied in part	123
Requests Granted in Full	22
No records	39
Requests referred	65
Requests withdrawn	14
Fee-related reasons	1
Records not reasonably described	2
Not a proper FOIA request for some other reason	39
Not an agency record	5
Duplicate request	9

Balance	Number of Requests
Balance at the end of the period (pending)	32

Processing Days	Number of Days
Median processing days to respond to a FOIA request	8

### Workplace Environment

The Joint Legal Services Center Workplace Environment unit reviews workplace environment and operational issues that may affect workplace climate in postal facilities through the country. The OIG Hotline is the usual source for the complaints, but occasionally members of Congress, the Governors, and postal management will raise concerns or forward complaints appropriate for review by the unit. Complaint topics range from sexual harassment and discrimination to workplace safety. Workplace Environment reviews are designed to identify systemic, rather than individual, issues and foster postal management efforts toward providing employees a stress-and adversity-free work environment.

The unit accepts complaints from any postal employee, including OIG and Postal Inspection Service staff, providing an alternative to grievance and Equal Employment Opportunity processes. Reviews may result in fact-finding reports to management or referral for specific suggested action, such as climate assessments.

### Activities

For the period April 1 – September 30, 2009

Complaints received	Total
Carryover from prior period	34
Complaints received from OIG Hotline, Congress, Governors, Management, Internal, and	262
Other	—
<b>Total on hand during this period</b>	<b>296</b>

Workplace environment actions	Total
Complaints closed during this period	267
Referred to Postal Service management	90
Referred to Office of Investigations	18
Referred to Postal Inspection Service	6
Referred to the Joint Legal Services Center	—
Referred to Office of Audit	2
Referred to Stakeholder Relations	1
Summary of findings to Congress/BOG/Postal Service management	12
Referred to database for statistical analysis and possible systemic review	137
Fact-finding reports issued to OIG management	1
<b>Referrals pending at the end of the period</b>	<b>29</b>

## ***Jurisdiction and Laws***

More than 200 federal laws are enforced by Postal Inspectors and OIG Special Agents through investigations of crimes that impact the Postal Service. A wide array of federal statutes are used to ferret out fraud, waste and misconduct in government agencies, including the Postal Service. Generally, crimes related to the U.S. Mail are covered in Title 18, United States Code, Sections 1691-1737, while others affecting the Postal Service are codified under Title 39. Shown here are some of the most important areas of jurisdiction.

### **Assaults** (18 USC 111, 1114)

The protection of Postal Service employees is one of the Postal Inspection Service's most important responsibilities. Postal Inspectors promptly investigate assaults and threats that occur while postal employees are performing official duties or as a result of their employment.

### **Bombs** (18 USC 1716)

Although a rare crime, Postal Inspectors give high investigative priority to the mailing of bombs, due to the severe impact it can have on postal customers, employees, and operations.

### **Burglary** (18 USC 2115)

Postal Inspectors respond to and investigate burglary incidents.

### **Child Exploitation**

(18 USC 1470, 2251- 2254, 2422-2425)

The Postal Inspection Service is recognized as one of the leading federal law enforcement agencies combating the production, distribution, receipt, and possession of child pornography and other crimes related to the sexual exploitation of children through the mail and the Internet.

### **Contract Fraud** (18 USC 201, 440, 441)

The OIG aids the Postal Service by aggressively investigating allegations of fraud, waste, misconduct and other contract improprieties in the thousands of postal contracts.

### **Credit Card Fraud**

(15 USC 1644; Access Device Fraud: 18 USC 1029)

Both agencies investigate credit card fraud, and often work jointly on cases involving postal employees and outsiders. Special Agents investigate postal employees who misuse government credit cards or steal cards from the mail and use them or sell them to others. Postal Inspectors investigate cards stolen from the mail by outsiders.

### **Narcotics and Controlled Substances**

(21 USC 841, 843, 844; 18 USC 1716)

Postal Inspectors initiate investigations related to transporting and distributing narcotics through the mail when employees are not involved. Special Agents investigate the sale or distribution of illegal narcotics by employees in the postal workplace or while on duty.

### **Delay, Destruction or Obstruction of Mail**

(18 USC 1700, 1701, 1702, 1703)

Both agencies uphold federal statutes aimed at securing customers' mail, including statutes related to the desertion, obstruction, delay, or destruction of mail. Special Agents investigate incidents involving postal employees and contractors. Postal Inspectors investigate incidents involving outsiders.

### **Electronic Crimes**

(18 USC 1029, 1030, 1037, 1343, 2701)

Both agencies investigate electronic or "cybercrimes." Postal Inspectors protect customers from fraud schemes and other crimes that may occur online and involve the misuse of the mail or of the Postal Service. Special Agents investigate intrusions into the Postal Service computer networks or misuse of those systems by postal employees.

### **Embezzlement, Theft or Destruction of Public Money, Property or Records** (18 USC 641, 1711)

The OIG investigates theft or embezzlement of postal funds by postal employees.

### **Extortion** (18 USC 873, 876, 877)

Postal Inspectors investigate extortion and blackmail when demands for ransoms or rewards are sent through the mail.

### **False Statements** (18 USC 1001)

Both agencies use this statute in their investigations.

### **Forfeiture** (18 USC 981, 982)

Agents from both agencies use criminal and civil forfeiture statutes, when appropriate, to seize assets associated with criminal acts.

### **Identity Fraud** (18 USC 1028)

Identity fraud victimizes millions of Americans each year. Both agencies play a role in investigating this crime. The Postal Inspection Service investigates identity theft and account takeovers when there is a nexus to the mail or the Postal Service. Special Agents investigate cases where a postal employee steals mail to obtain personal information.

**Injury Compensation Fraud** (18 USC 287, 1919, 1920)

Schemes by healthcare providers and postal employees to defraud the workers' compensation system cost the Postal Service millions of dollars annually. Special Agents' investigative work saves the Postal Service millions in long-term costs and deters others from abusing the system.

**Kickbacks, Bribes and Gratuities**

(41 USC 51-53; 18 USC 201)

Special Agents investigate contract irregularities and frauds — including kickbacks, bribes, and gratuities to postal employees.

**Lotteries** (18 USC 1301, 1302, 1303 and 39 USC 3005)

Postal Inspectors protect consumers by strictly enforcing all laws related to importing, transporting, and mailing lottery tickets. Under the false representations and lottery statute (3005), Postal Inspectors are authorized to instruct Postmasters to withhold from delivery and return to sender any mail that violates the law.

**Mail Fraud**

(18 USC 1341, 1342, 1345 and 39 USC 3005, 3007)

The Postal Inspection Service is committed to protecting postal customers from being defrauded through the mail. Postal Inspectors place special emphasis on mail fraud scams related to advance fees, boiler rooms, health care, insurance, investments, deceptive mailings, and other consumer fraud — especially when it targets the elderly or other vulnerable groups.

**Mail or Mailbox Destruction** (18 USC 1705)

The Postal Inspection Service is committed to ensuring the safety of the nation's mail by securing letter boxes or other receptacles for U.S. Mail. To this end, Postal Inspectors aggressively pursue individuals who willfully or maliciously injure or destroy such receptacles.

**Money Laundering** (18 USC 1956, 1957)

Special Agents and Postal Inspectors investigate criminals who attempt to conceal the proceeds of illegal acts through monetary transactions. They identify and seize criminals' assets, denying violators the proceeds of their crimes.

**Money Orders, Counterfeit Stamps, and Related Crimes** (18 USC 500, 501, 503, 1720)

Postal Inspectors pursue criminals who forge, alter, or counterfeit postal money orders, postage stamps, and other stamp products. Special Agents investigate employees who manipulate postal money orders or funds.

**Obscenity and Sexually Oriented Advertising**

(18 USC 1461, 1463, 1735 and 39 USC 3010)

Postal Inspectors follow court-established guidelines to uphold obscenity standards, which prohibit "obscene, lascivious, indecent, filthy, or vile" mailings. Customers who wish to halt mailings of sexually oriented advertisements or similar solicitations may complete and submit PS Form 1500, available at Post Offices or online.

**Robbery** (18 USC 2114)

Postal Inspectors respond promptly to robberies of postal employees, facilities, vehicles and postal contractors.

**Theft of Mail** (18 USC 1708, 1709)

Theft of mail is a primary investigative responsibility of both agencies. Postal Inspectors investigate external incidents, including Postal Service contractors who transport mail to postal facilities. Special Agents investigate thefts by postal employees and contractors.

**Theft of Postal Property** (18 USC 1707)

Misconduct by postal employees is investigated by Special Agents and includes theft, destruction, or misuse of Postal Service property or equipment.

**Whistleblower Protection**

(*Employee and Labor Relations Manual* 666.18, 666.3 et. seq.)

This rule protects postal employees from reprisal resulting from disclosure of information evidencing a violation of law or regulation; waste, mismanagement, or abuse; or danger to public health or safety. Special Agents investigate reprisal allegations.

## Acronym Guide

<b>AFIS</b> Automated Fingerprint Identification System	<b>GIS</b> Geospatial Information System	<b>PKI</b> Public Key Infrastructure
<b>AMC</b> Airport mail center	<b>HCR</b> Highway Contract Route	<b>PNEMS</b> Postal Notification Emergency Management System
<b>APC</b> Automated Postal Center	<b>IBI-RP</b> Information Based Indicia-Revenue Protection	<b>Postal Act of 2006</b> Postal Accountability and Enhancement Act of 2006
<b>APPS</b> Automated Package Processing System	<b>ICE</b> Immigration and Customs Enforcement	<b>PPO</b> Postal Police Officers
<b>ATF</b> Bureau of Alcohol, Tobacco, Firearms, and Explosives	<b>IED</b> Improvised Explosive Device	<b>PRC</b> Postal Regulatory Commission
<b>AVSEC</b> Postal Service's Aviation Security	<b>IEMP</b> Integrated Emergency Management Plan	<b>PSA</b> Public Service Announcement
<b>CBU</b> Cluster Box Unit	<b>IPR Center</b> National Intellectual Property Rights Coordination Center	<b>PSG</b> Postal Security Group
<b>CEO</b> Chief Executive Officer	<b>ISC</b> International Service Center	<b>PSRHBF</b> Postal Service Retiree Health Benefits Fund
<b>CERT CC</b> Computer Emergency Response Team Coordination Center	<b>LLV</b> Long-Life Vehicle	<b>Public Law 111-68</b> Continuing Appropriations Resolution, 2010
<b>COD</b> Collect on Delivery	<b>MFID</b> Major Fraud Investigations Division	<b>PVS</b> Postal Vehicle Services
<b>COR</b> Contracting Officer Representative	<b>MPE</b> Mail Processing Equipment	<b>SEC</b> Securities and Exchange Commission
<b>CPU</b> Contract Postal Unit	<b>NCFTA</b> National Cyber and Forensic Training Alliance	<b>SISC</b> Security Investigations Service Center
<b>CY</b> Calendar Year	<b>NDC</b> Network Distribution Center	<b>SOP</b> Standard Operating Procedures
<b>DCIS</b> Defense Criminal Investigative Service	<b>NDCBU</b> Neighborhood Delivery and Collection Box Unit	<b>SPM</b> Scheduled Preventive Maintenance
<b>DHS</b> Department of Homeland Security	<b>NEXS</b> National Exercise Schedule	<b>SSA</b> Sales and Services Associate
<b>DOA</b> Delegations of Authority	<b>NICLE</b> National Identity Crimes Law Enforcement	<b>SSN</b> Social Security Number
<b>DOJ</b> Department of Justice	<b>NTL</b> National Trailer Lease	<b>TAT</b> Threat Assessment Team
<b>DOL</b> U.S. Department of Labor	<b>OA</b> Office of Audit	<b>TRC</b> Temporary Relief Carrier
<b>DPS</b> Delivery Point Sequencing	<b>OI</b> Office of Investigations	<b>UPU</b> Universal Postal Union
<b>ECM</b> Essential Crisis Management	<b>OIG</b> Office of Inspector General	<b>V2G</b> Vehicle to Grid
<b>ePACS</b> Enterprise Physical Access Control System	<b>OPM</b> Office of Personnel Management's	<b>VMF</b> Vehicle maintenance facilities
<b>EPRRS</b> Emergency Preparedness Response and Recovery Services	<b>OWCP</b> Office of Workers' Compensation Program	<b>VOCA</b> Victims of Crime Act
<b>EV</b> Electric Vehicles	<b>P&amp;DC</b> Processing and Distribution Center	<b>WAR</b> White Aryan Resistance
<b>FDA</b> Food and Drug Administration	<b>P&amp;DF</b> Processing and Distribution Facility	
<b>FMLA</b> Family Medical Leave Act	<b>PANS</b> Postal Alert Network System	
<b>FSS</b> Flats Sequencing System	<b>PIN</b> Personal Identification Number	
<b>FY</b> Fiscal Year		

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