

Department of Justice  
U.S. Attorney's Office  
Eastern District of Pennsylvania

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## **Former Local Union Vice President Pleads Guilty to Operating Overtime Kickback Scheme in the Allentown Post Office**

PHILADELPHIA – Acting United States Attorney Jennifer Arbittier Williams announced that Joseph Whitbeck, 56, of Tamaqua, PA, pleaded guilty to multiple fraud charges before United States District Court Judge Edward G. Smith stemming from his operation of a scheme to defraud fellow union members out of rightfully earned overtime compensation.

In April 2021, the defendant was charged by Indictment with wire fraud and honest services wire fraud. According to the Indictment, while serving as the Vice President for the Local 274 branch of the National Association of Letter Carriers in the Lehigh Valley area, Whitbeck operated a kickback scheme involving certain letter carriers at the Allentown Post Office. As the Vice President, the defendant filed numerous grievances on behalf of groups of letter carriers, claiming that U.S. Postal Service managers violated overtime rules. The Indictment charges that Whitbeck then settled these class-action grievances for total lump sums, without designating the specific individuals to whom overtime grievance payments were owed, so that he could select the payees at a later time. Meanwhile, Whitbeck offered to secure extra overtime grievance payouts for some letter carriers who agreed to kick back a portion directly to him, generally in cash. This kickback scheme prevented non-participating letter carriers from receiving overtime grievance funds to which they were entitled. The Indictment also alleges that the defendant often made false and misleading statements to convince letter carriers to participate in his scheme; for example, the defendant frequently told letter carriers that he would use the kick-backed funds to assist other letter carriers who were out of work.

The defendant's covert kickback scheme lasted more than a decade and was uncovered only when a concerned letter carrier raised the issue at a union Executive Board meeting in March 2018.

“Union representatives are supposed to act in the best interest of their members, not swindle them out of rightfully earned pay or urge them to participate in fraud,” said Acting U.S. Attorney Williams.

“As Vice President of the local branch of Letter Carriers, this defendant had a duty to advocate on behalf of all members in the Allentown Post Office in connection with the equitable distribution of overtime grievance settlements. Whitbeck abused his position and for that he will now face the consequences in federal court.”

“Corruption of postal employees is a significant vulnerability and a serious breach of public trust,” said Imari L. Niles, USPS OIG Special Agent in Charge, Mid-Atlantic Area Field Office. “With the coordinated efforts of the USPS OIG and our law enforcement partners, special agents will continue their vigilant watch against anyone receiving kickbacks involving US Postal Service employees.”

“Joseph Whitbeck, former Vice President of the National Association of Letter Carriers Branch 274, engaged in a kickback scheme involving the solicitation of cash payments from letter carriers for whom he assisted in obtaining sizeable monetary grievance settlements against the United States Postal Service. We will continue to work with our law enforcement partners and the U.S. Department of Labor’s Office of Labor- Management and Standards to investigate those who exploit fellow union members and their benefits,” said Syreeta Scott, Special Agent-in-Charge, Philadelphia Region, U.S. Department of Labor Office of Inspector General.

The case was investigated by the U.S. Postal Service – Office of Inspector General, the U.S. Department of Labor – Office of Inspector General, and the U.S. Department of Labor – Office of Labor-Management Standards, and is being prosecuted by Assistant United States Attorney Patrick J. Murray.

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