

# FY2019



# ANNUAL REPORT



UNITED STATES POSTAL INSPECTION SERVICE

# ANNUAL REPORT 2019

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# WHO WE ARE

ACCOUNTABILITY • INTEGRITY • RESPECT • EXCELLENCE



The U.S. Postal Service® backs its mail service with the protection of its own federal law enforcement agency — the U.S. Postal Inspection Service®. We are the primary law enforcement, crime prevention, and security arm of the Postal Service. We provide the investigative and security resources that ensure America’s confidence in the U.S. Mail. It’s our mission: support and protect the Postal Service and its employees, infrastructure, and customers; enforce the laws that defend the nation’s mail system from illegal or dangerous use; and ensure public trust in the mail.

We work to assure that American businesses can safely dispatch funds, securities, information, and physical goods through the mail; that postal customers can entrust their correspondence to the mail; and that postal employees can work in a safe environment.

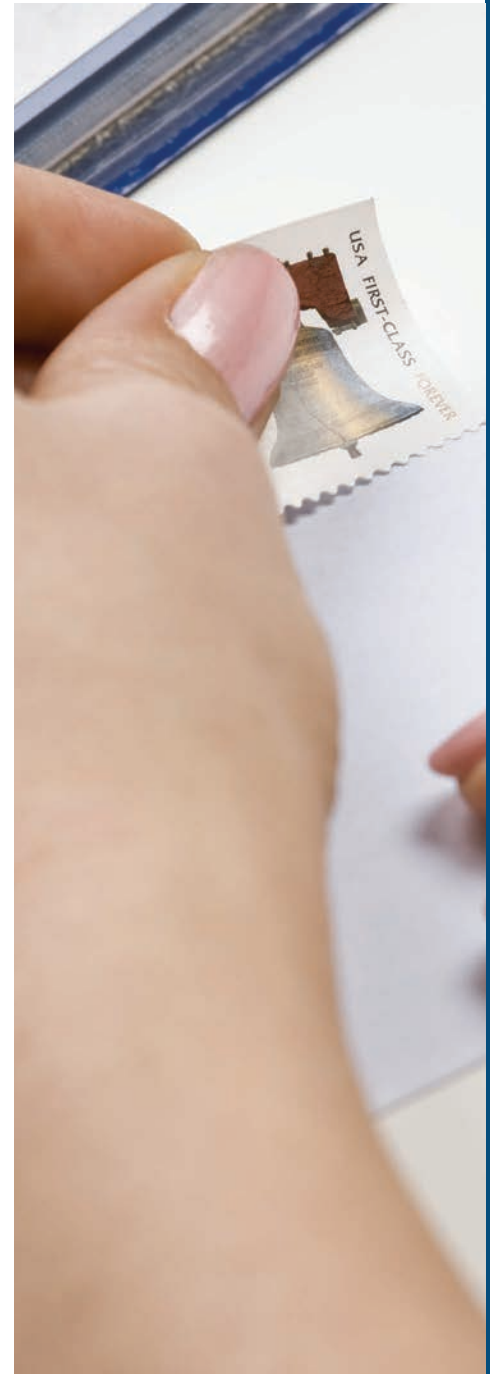
Our Postal Inspectors are federal law enforcement officers who carry firearms, make arrests, execute federal search warrants, and serve subpoenas. The 1,289 Inspectors enforce roughly 200 federal laws covering crimes that include fraudulent use of the U.S. Mail and the postal system. Our Security Force of armed, uniformed Postal Police Officers, numbering 581, is assigned to protect critical postal facilities. Our national information technology infrastructure supports users at nearly 200 sites nationwide, and our offices are linked nationally via a private law enforcement network.

An additional 586 technical and administrative professionals support the effort nationwide and at the National Forensic Laboratory. There, a state-of-the-art facility is staffed by highly trained forensic scientists and technical specialists who play a key role in identifying, apprehending, prosecuting, and convicting individuals responsible for postal-related criminal offenses. They provide scientific and technical expertise to the criminal and security investigations of the Postal Inspection Service.

Our Postal Inspectors investigate postal-related crimes, such as identity theft, mail bombs, postal robberies, and burglaries. And they protect against the use of the mail to launder drug money, defraud customers, traffic in illegal drugs, and exploit children.

The security part of the mission means ensuring postal employees, customers, and some 32,000 postal facilities are safe from criminal attack. Whether dealing with mail thieves in colonial times, stagecoach robbers in the 1800s, gangsters in the 1930s, the Unabomber in the 1980s and '90s, anthrax mailings in 2001, or illegal opioid shipments today — Postal Inspectors are there.

If it has anything to do with preserving the safety, security, and integrity of the nation’s mail system from criminal misuse, we do it. And we’ve been doing it successfully since our inception 244 years ago, on August 7, 1775.



# MESSAGE FROM THE CHIEF



**Gary Barksdale**  
*Chief Postal Inspector*

“Success is the result of perfection, hard work, learning from failure, loyalty to those for whom you work, and persistence.” Those words were spoken by Colin Powell, retired 4-Star General and Chairman of the Joint Chiefs of Staff and Secretary of State under George Bush. Hard work and persistence. For any organization to remain relevant and dynamic, it must channel that hard work and persistence toward achieving excellence, keeping up with and embracing change, adapting to new challenges, and overcoming obstacles.

We’ve done just that through the years, and none more so than this past year. The men and women of the United States Postal Inspection Service exemplify the values of hard work and persistence, and I am proud to recognize their accomplishments in this Annual Report of Investigations under my first year of stewardship.

This report focuses on the efforts of Postal Inspection Service employees in their commitment to provide a safe and secure mail system for the American public. It records and recognizes their successes, and it serves as a blueprint forward. As the Postal Service continues to adapt to a changing landscape, the core of our mission remains the same: protect the Postal Service, its employees and customers, and enforce the laws that defend the nation’s mail system from illegal or dangerous use. And, as the Postal Service has changed, our approach to our mission has evolved throughout the years. Crucial to our success is investing in our future, particularly our employees. This year, we set goals toward training, modernizing our processes, and recruiting the best, as well as

developing employees for leadership positions and in personal development.

Investing in equipment and technology is a second key to success. We have done this by assessing and procuring the latest and best equipment and technology. Surveillance equipment and drug detection technology have enhanced our ability to play a key role in combatting the influx of opioids into our country. This effort has dovetailed into a third approach: investing in partnerships.

We continue to collaborate with our many federal partners to ensure a safe and secure mail system and, in particular, to address the nation's opioid crisis. To that end, I have worked with the White House's National Drug Control Policy's Director and Customs and Border Protection's Commissioner as we traveled to China to address synthetic opioid and fentanyl trafficking and have met twice with President Trump to discuss strategies toward disrupting the flow of these and other dangerous drugs. Building these new partnerships and cultivating existing relationships is a key component to our success.

Inspection Service investigative priorities continue to place the protection of postal employees at the top level. We aggressively investigate violent crimes and partner with the Postal Service to provide prevention-oriented programs to educate employees on how to protect themselves on the street and in active shooter situations.

Drugs in the mail continue to require an oversize commitment in resources. During the reporting period, we made 2,562 arrests involving drug trafficking and seized more than 75 tons of illegal narcotics and nearly \$25 million in drug proceeds.

Traditional "core" investigative programs — mail theft and mail fraud — require relentless detective work to track down mail thieves and fraudsters. In addition, our prevention and

consumer education programs help to make it more difficult for these postal crimes to victimize the American public.

As the Postal Service expands not only its physical products, but also its digital services and online presence, new investigative fronts have opened up in the digital world. We have and continue to work side-by-side with our postal partners to develop a better awareness and understanding of the Postal Service's digital products and potential vulnerabilities at the hands of hackers. Investigating these cyber threats is another area that requires "hard work and persistence."

FY 2019 also saw the sunset of one of our most successful and proactive crime prevention programs ever. *The Inspectors*, our Emmy Award-winning TV show, finished its fourth and final season, having drawn more than 232 million viewers over the four-year period. Seasons one and two are now in syndication on the BYU Network.

Our social media and consumer awareness initiatives continue, including partnerships with AARP and "Operation Protect Veterans" (OPV), a national campaign to inform the public of scams that directly target members of the military. This year, we distributed OPV fliers in both English and Spanish to thousands of public libraries and senior centers.

Colin Powell had these final words on success: "There are no secrets to success: don't waste time looking for them." We will stick to hard work and persistence. Just like the Postal Service, we plan to keep on delivering. Our quality results will continue to help ensure trust in the Postal Service brand and security in America's postal system.

Gary Barksdale

# MEET OUR LEADERS



**Robert B. Wemyss**  
*Deputy Chief Inspector  
Western Field Operations*



**Sandra L. Spector**  
*Inspector in Charge  
Office of Counsel*



**Jeannine Graham**  
*Director  
Business Operations*





**David G. Bowers**  
*Deputy Chief Inspector*  
*Strategic Initiatives*



**Maria L. Kelokates**  
*Deputy Chief Inspector*  
*Eastern Field Operations*



**Antonio Gomez**  
*Acting Deputy Chief Inspector*  
*Headquarters Operations*

The Executive Committee of the U.S. Postal Inspection Service considers and sets the organizational direction of the agency, focusing on all matters encompassing strategic planning, policy development, investment and risk programs, workplace issues, and succession planning. The members serve as a liaison to the U.S. Postal Service's leadership team and other law enforcement and investigative agencies. Committee members include the Chief Postal Inspector, the Deputy Chief Inspectors, the Inspector in Charge of the Office of Counsel, and the Director of Business Operations.

# FIGHTING MAIL FRAUD



U.S. Postal Inspectors investigate crimes in which the U.S. Mail is used to further a scheme — whether the scheme originated in the mail, by telephone, or on the Internet. Any use of the U.S. Mail to defraud another of money or property constitutes mail fraud. For almost 150 years, Postal Inspectors have vigorously pursued mail fraud in all its forms, and this year we're doing more than ever.

## Inspectors Bring down International Tech Scammers Postal Inspector Adam Latham, Chicago Division

In 2019, two fraud suspects pleaded guilty to Conspiracy, closing a case dating back almost five years.

From 2014 to 2016, CEO Michael Seward and President Kevin McCormick owned and operated First Client Care Experts (CCE), based in Boynton Beach, FL, and ABC Repair Tech, based in Costa Rica. The companies bilked over 57,000 consumers from all 50 of the United States, the District of Columbia, several U.S. territories, all 10 Canadian provinces, the United Kingdom, and several other foreign countries for more than \$25 million.

CCE operated a “tech scam” in which computer owners received fraudulent pop-up advertisements

on their computer screens indicating their computer was infected and instructing them to contact CCE. The pop-ups warned the victims that they were at serious risk of unauthorized access to sensitive banking information, damage to their computers from viruses or malware, and losing their personal data. When the victims called the numbers shown on their screens, they were connected to CCE salespeople, who would then “remote” into the victim’s computer and run a diagnostic test resulting in a score between 0 (bad) and 100 (good). Scripts recovered on site revealed that no matter what score was received, the sales staff told victims that attention was needed. Victims were charged a “cleaning” or “tune up” fee of \$250 by mailed check or credit card payment over the phone, and they were also pressured into purchasing unnecessary and drastically over-priced virus protection software for an additional \$400.

Victims were not told that the pop-ups were simply advertisements, which could not detect viruses or malware. Nor were they told that the pop-ups could be eliminated by simply rebooting or unplugging their computers. Victims were also not told that CCE purchased pop-up advertisements, which appeared without

warning on the victims’ computer screens and locked up their browsers.

Inspectors executed a search warrant at CCE in June 2016 and recovered a company profit and loss statement for January through September 2015 that indicated the company was bringing in approximately \$1 million per month in sales. CCE employed approximately 210 people, and it is estimated there were between 100 and 150 employees on site at the time the search warrant was executed.

In August 2019, CEO Michael Seward and CFE Kevin McCormick both entered pleas of guilty to a single count of 18 U.S.C. 1349, Conspiracy. The pleas also acknowledged a violation of 18 U.S.C. 2326, the “SCAMS Act,” which increases the potential prison sentence from 20 years to 30 years because 10 or more senior citizens were targeted by the scheme. On October 8, 2019, Grant Clark Wasik, one of the three executives, received a tough sentence of 125 months in federal prison, which was above the 112 months requested by the U.S. Attorney’s Office, and ordered to pay \$10 million in restitution. In addition to Wasik’s sentence, 19 co-conspirators have been charged via indictment



or information. Nineteen (19) have pleaded guilty and are cooperating with the government, and 11 have been sentenced ranging from probation to 18 months in prison.

The Postal Inspection Service was the lead investigating agency, with investigative support received from the Office of the Florida Attorney General.

### **Direct Marketing Scammer Sentenced Postal Inspector Travis Smoot, Phoenix Division**

In May 2015, the Postal Inspection Service received various complaints regarding a direct mail business scam using a Park City, UT, address. The company, Park Distributors, was listed on complaints from various victims throughout the country who reported they had not received their “guaranteed funds” or returns on their investments.

From 2014 through 2018, numerous individuals filed fraud complaints regarding companies located in Utah, Nevada, and California. Postal Inspectors discovered the complaints were associated with at least 30 fictitious business names and 24 addresses located at various Commercial Mail Receiving Agency (CMRA) and U.S. Postal Service PO Boxes that were connected to Daron Fordham.

Inspectors also identified Fordham as the individual who sent the fraudulent mailings via the U.S. Postal Service to entice over a thousand individuals across the U.S. — including many elderly and disabled persons — to invest in the various direct mail marketing scam businesses. The mailings contained promises and guarantees regarding work-from-home programs, gift card programs, and voucher programs.

Fordham used various identities, including Southboy, Daron Destiny, Paul Park, James Parker, Daron Howell, and Darren Fordham in furtherance of the scheme, making fraudulent claims and guarantees to trick numerous investors into sending money to CMRAs or PO Boxes. Some of the fraudulent statements claimed individuals could make a 976% return (or more) in less

than 90 days without doing any work. Fordham also told investors they could invest \$500 and get a “whopping gross return of \$5,570 with \$5,070 of it being PURE PROFIT FOR YOU.”

When investors did not receive promised dividend payments or requested refunds, Fordham provided customers a gift card voucher equal to the investment, which could only be used toward an additional business venture by Park Publishers or affiliated businesses. Fordham also provided a full credit refund certificate, which could not be redeemed. Eventually, Fordham closed the Park City mailbox so that victims’ letters requesting a refund or inquiring about their promised profits were returned as undeliverable. He also

at least 1,693 victims and obtained at least \$1,834,033.15. Fordham was sentenced in June 2019, in U.S. District Court, District of Utah, to six years in federal prison, followed by three years of probation. He was also ordered to pay full restitution in the amount of \$1,834,033.15.

This was not the first time Fordham has been in trouble with Federal Law Enforcement for swindling individuals. As far back as 1998, Fordham was convicted in Florida Federal Court of mail fraud, manufacturing and counterfeiting securities, and misuse of Social Security numbers.



***Evidence seized during Fordham investigation.***



***Materials used in Fordham's direct marketing scheme.***

had an 800 number disconnected, leaving victims unable to contact him. Fordham was indicted for the direct marketing business schemes and was arrested in November 2018 at his residence. At the time of the arrest and search, Inspectors recovered boxes of direct mail material related to the promotional schemes. Fordham eventually entered a plea of guilty to six (6) counts of Mail Fraud, 18 U.S.C. 1341, wherein he acknowledged he defrauded

He was sentenced to five months' imprisonment, three years' supervised release, 150 days' home detention, and \$48,385.90 restitution. Also, in 2014, the U.S. Postal Inspection Service in California filed a 39 U.S.C. 3005, Cease and Desist Order, signed by Fordham, related to the promotional mailings associated with Fordham doing business as Premium Promotions.

# PROTECTING POSTAL CUSTOMERS

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An important element of the Postal Inspection Service’s crime prevention efforts is informing and educating consumers about fraud schemes involving the mail. Inspectors have found that educating people about crimes is the best way to prevent them from becoming victims. Armed with the right knowledge, almost anyone can recognize a fraudulent scheme and make the right decision — to stay away.

In FY 2019, the Postal Inspection Service completed one of the most successful prevention initiatives in the organization’s history. Our Emmy Award-winning TV show, *The Inspectors*, wrapped up its final season after drawing over a million viewers a week during its four-year run. Each half-hour episode was structured to raise awareness of consumer fraud and educate the audience about frauds and scams, as well as provide tips on how viewers can avoid becoming victims of crime.

This year, we also continued our Operation Protect Veterans (OPV) campaign to raise awareness of scams targeting our nation’s military men and women. We mailed OPV brochures to 13,190 public libraries and over 6,000 senior centers, created a Spanish-language version of the brochure, and distributed a press release via national PR Newswire, reaching over eight million people.

The Postal Inspection Service also released a new publication titled “Fighting Fraud: A Community-Oriented Approach,” educating consumers about scams that target older Americans, and on July 7, 2019, Inspector in Charge Delany DeLeon Colon testified before the U.S. Senate Special Committee on the Aging about these types of schemes.



# ASSISTING CRIME VICTIMS



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The impact of fraud and financial crimes can be devastating. Victims of financial crimes are often underserved, due to underreporting and the complexities of investigations, and they are seldom made whole.

To help them find their way in the criminal justice system, the Inspection Service works with victims of crimes involving the mail by advising them of their rights and the services available to them. Inspection Service staff regularly contacts victims, offering support and guidance.

With this outreach, victims feel more comfortable in an unfamiliar system. This support also has a significant impact on the confidence of victims in the criminal justice system.

### National Crime Victims' Rights Week

In April 2019, the Inspection Service participated in the National Crime Victims' Rights Week (NCVRW). General analysts helped distribute NCVRW materials to all divisions. Post Offices displayed NCVRW posters and offered educational literature to millions of its customers. Inspectors and general analysts organized informational meetings, participated in NCVRW community events, and visited local Post Offices and community centers around the country to raise awareness of NCVRW. This year's theme was "Honoring Our Past; Creating Hope for the Future," and reflected on the countless victims who have been assisted, as well as a vision for the future in which all victims are strengthened by the response they receive. The theme also emphasized the importance of organizations that are resilient in response to challenges and communities that are enabled to seek collective justice and healing.

### Examples of V/W Work Performed During FY 2019

#### Miami Division:

Victim Specialists from our Orlando Domicile coordinated an event in an Orlando postal facility where they provided NCVRW Campaign material and other educational material to USPS customers. These materials provided information on victims' rights and listed ways to avoid becoming victimized.

#### Philadelphia Division:

Our Carlisle, PA, Domicile Victim Specialist (VS) attended the Cumberland County's 18th Annual Crime Victims' Rights Rally and One Mile Walk and provided NCVRW Campaign material to attendees.

#### Charlotte Division:

Our Nashville, TN, Domicile VS attended an event to memorialize victims and survivors held at the Nashville Mid-Town Hills Police Precinct and provided attendees with NCVRW Campaign material.

#### Fort Worth Division:

Our Fort Worth Division VS attended an information and presentation event hosted by the Tarrant County Coalition of Crime Victims' Services at the Women's Center in Fort Worth and provided NCVRW Campaign material to attendees. The VS also attended an event hosted by the Dallas County Crime Victims' Council and distributed material to attendees.



# ADMINISTERING ASSET FORFEITURE



## Deterring Crime with Forfeiture

Since the enactment of the 1984 Comprehensive Crime Act, asset forfeiture has proven to be one of the nation's most effective means to deter crime by removing the profit incentive.

For example, in 2019 the Inspection Service continued its commitment to fighting illegal narcotics trafficking in the mails. These crimes pose a major threat to our society and postal employees. As part of a comprehensive strategy to deter these crimes, the Inspection Service increased forfeitures of narcotics proceeds by 58% over the prior year. Moreover, to maintain the integrity of the mails and by its commitment to combat consumer and elder care frauds, the Inspection Service increased its seizures of proceeds

related to mail fraud by 24% over the previous year.

Investigations by Postal Inspectors resulted in the seizure of 2,252 assets valued at over \$143 million. Sixty-three percent (63%) of these seizures involved illegal narcotics and related proceeds, while the remaining 37% were primarily related to mail fraud and identity theft schemes.

In our efforts to reduce drugs in the mail and other crimes impacting the Postal Service, we leverage our resources and intelligence gathering by working in partnership with our federal, state, and local law enforcement partners. The forfeiture program was designed to encourage interagency cooperation through the equitable sharing of seized proceeds. This sharing helps to offset the costs of law enforcement, especially for state and local agencies

that provide canine and air support, as well as welcomed assistance to Postal Inspectors serving in remote geographic areas. This past year, in appreciation of the investigative support of our partners, we shared forfeited criminal proceeds totaling \$8 million that will be used to fight crime and provide even greater security.

## Funding Investigations and Education

Forfeiture funds enabled the Inspection Service to conduct a number of highly effective consumer protection campaigns using the latest communications and social media technology. In addition to these consumer fraud awareness campaigns, forfeiture funds were used to offset the costs of vital international investigative initiatives, such as Project JOLT (Jamaican Operations Linked to Telemarketing) and the



Cross-Border Task Forces with Canada, that make us more effective at protecting U.S. citizens from criminals who prey upon them from beyond our borders. Equally important, forfeiture funding enables us to provide state-of-the-art law enforcement training programs at little or no cost to the Postal Service. In 2019, the Inspection Service partnered with the Department of Justice's Office of Legal Education to conduct a financial investigations seminar focused on providing 80 newly assigned agents and analysts with valuable financial investigative skills and forfeiture training they are now applying in their investigations.

Most notably, forfeiture supports our agency's ability to utilize new strategies and technologies that effectively support our mission to protect the Postal Service, its employees, and its customers.

Forfeiture gives us the "edge" to stay one step ahead of the criminal element.

#### **Bankrate, Inc.**



A complex mail fraud investigation conducted by a specialized team of Postal Inspectors based out of the Department of Justice resulted in the former chief financial officer of Bankrate, Inc., pleading guilty to charges stemming from his role in an insider trading and accounting fraud scheme that cost investors more than \$25 million. The inquiries began when an unnamed whistleblower notified the SEC about the suspicious activity. As part of the settlement, Bankrate agreed to pay \$15.5 million to the Postal Inspection Service Forfeiture Fund, which is used to combat future mail fraud schemes and protect consumers.

#### **VSupport – Miami Division**

Postal Inspectors conducted a lengthy mail fraud investigation of VSupport, a California limited partnership. The investigation disclosed that, as a U.S. entity, VSupport was responsible for a technical-support fraud scheme based in India. The scheme operated by fraudulently inducing consumers, including large numbers of elderly consumers, to purchase phony or otherwise misrepresented technical-support services related to computers or other electronic devices and to make further payments through the mails. Using mules, the money was then forwarded to India. VSupport transacted business in the Southern District of Florida and throughout the U.S. VSupport also conducted its scheme to target victims throughout the United States, Australia, Canada, and the United Kingdom. The practices ceased with a settlement agreement that awarded

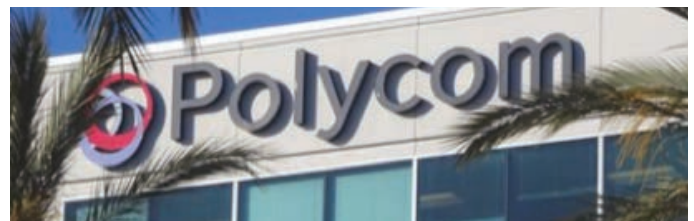
\$943,000 to the Inspection Service Forfeiture Fund to be used in support of its consumer fraud prevention efforts.

#### **Cantor Gaming**



In December 2012, the New York Division of the U.S. Postal Inspection Service, at the request of the U.S. Attorney's Office, Eastern District of New York, opened an investigation into Cantor Gaming, an affiliate of Cantor Fitzgerald. The basis of the investigation was Cantor Gaming's willingness to knowingly allow illegal sports betting and money laundering to occur in its Sports Books. The Postal Inspection Service worked this case with the New York City Police Department, with assistance from the Internal Revenue Service (IRS) Criminal Investigation Unit, the Broward County Sheriff's Office (BSO), and the Nevada Gaming Control Board (NGCB). As a result of the lengthy and complex investigation, the main suspect pleaded guilty to an information, and \$6 million was forfeited from CG Technology, LP (Cantor Gaming). Of the total forfeiture, \$3.6 million was equitably shared with the Postal Inspection Service for its contributions in the case.

#### **Polycom, Inc – San Francisco Division**



After a lengthy international mail fraud investigation conducted by the Postal Inspection Service, the Security Exchange Commission, and the Department of Justice, Plantronics, Inc., agreed to the payment of \$36 million to the U.S. Treasury. Of that, \$10.2 million was paid to the Postal Inspection Service Forfeiture Fund. The investigation revealed that Plantronics' newly-acquired subsidiary, Polycom, conducted a bribery scheme in China from 2006 to 2014. During that period, Polycom executives in China ran a bribery and accounting fraud scheme where they would give discounts to distributors, who would in turn pass those discounts on to government officials in the form of cash bribes. The investigation disclosed that the San Jose-based Polycom obtained \$30,978,000 in profit from business deals resulting from this scheme.

Polycom then self-reported the activity to the Department of Justice, which then contacted the Inspection Service. Postal Inspectors assisted DOJ lawyers with the review of voluminous records pertaining to Polycom China deals, as well as the interviews of Polycom employees, and participated in multiple discussions with Polycom outside legal counsel in an effort to reach a resolution.

# TARGETING THEFT



The U.S. Postal Service delivers to every home and business in the country, transporting almost 150 billion pieces of mail annually to 157 million addresses nationwide. While the vast majority of the mail delivered arrives intact, there are thieves who persist in their efforts to steal it. Whether these thieves are “fishing” for mail from postal collection boxes or stealing mail from customer boxes after it has been delivered, Postal Inspectors aggressively investigate these thefts.

But enforcement is not the only approach to mail theft. Postal Inspectors across the country work hard to protect the mail and make it difficult for mail thieves to be successful. The Postal Inspection Service reviews, tracks, and refers mail theft complaints to Postal Inspectors through our Mail Theft Analytics Program (MTAP). These complaints are filed online, through U.S. Postal Service call centers, and directly with Postal Inspection Service field offices. Reports of potential mail theft losses from major mailers and the U.S. Postal Service’s National Change of Address database also assist Postal Inspectors in identifying mail theft trends, enhancing current investigations, and jacketing new cases.

**Inspectors Uncover Phone “Spoofing”/Mail Theft Scam**  
**Postal Inspector Scott Johnson,**  
**Chicago Division**

In February 2018, a bank investigator notified Inspectors of a traveling group suspected of fraudulently requesting new credit cards and personal identification numbers (PINs) for their customers in St. Louis by utilizing its integrated voice response system. During the investigation, Inspectors discovered that the suspects were purchasing victim information on the Dark Web, to include victims’ personal identifying information (PII) and bank account information. Using a telephone number “spoofing” app, the suspects called banks using victim telephone numbers and were able to override the verification process of the bank’s integrated voice response system to order the new credit card and PIN.

The suspects would then create a fraudulent USPS Informed Delivery account for the victim’s residence and steal the credit card and/or PIN when notified of its arrival at the victim’s mailbox. The suspects utilized the stolen credit cards to conduct cash advances at numerous ATMs. Inspectors identified three suspects: Omar Leigh, Ebrima Jobe, and Kolley Touray. All were arrested, charged federally with numerous charges (including Bank Fraud and Possession of Stolen Mail), and sentenced to 42 months, 36 months, and 13 months in prison, respectively. The defendants were also ordered to pay \$29,300 in restitution.

**Mail Thief Receives Five-Year Sentence**  
**Postal Inspector Erin Leipold,**  
**Detroit Division**

Inspectors determined suspect Djuan Barnes, had stolen mail from numerous residents of Oakland County, Michigan. He negotiated money orders, cashed checks, and used credit cards found in the stolen mailings for his own benefit. Barnes was also in possession of personal identifying information (PII) belonging to numerous individuals, including children. Investigating agents recovered 51 checks with a total value of more than \$1.5 million during this investigation. Barnes successfully negotiated four checks with a total value of approximately \$190,000.

Barnes pleaded guilty to two counts of 18 U.S.C. 1708, Mail Theft and Possession of Stolen Mail, on February 25, 2019, in the Eastern District of Michigan.

On July 19, 2019, Djuan Barnes was sentenced to 72 months’ incarceration to be followed by three years’ supervised release.

**“Smash and Grab” Mail Thieves Sentenced for Bank Fraud, Conspiracy**  
**Postal Inspector David Keith,**  
**Miami Division**

The Miami Division, investigated a ring of conspirators who stole mail from collection boxes, specifically checks and other financial documents. Typically, the thieves gained access to the contents of

the collection box by breaking the rear panel door. After the suspects broke into the box and stole the mail, they altered the amounts and the names listed on the checks and deposited them into bank accounts under their control. The USPS has over 600 thefts from collection boxes documented in this scheme.

In Belleview, FL, Catiel Gonzales was captured breaking into a collection box, thanks to a hidden camera installed by Postal Inspectors, who were responding to previous thefts from the same collection box. Yeran Martinez was later identified as Gonzales’s co-conspirator.

Martinez and Gonzales, were indicted on December 19, 2018, for violations of 18 U.S.C. 1344 (Bank Fraud) and 18 U.S.C. 1349 (Conspiracy). Both subjects pleaded guilty to Conspiracy to Commit Bank Fraud.

Yeran Martinez was sentenced to 10 months’ federal incarceration. Catiel Gonzales was sentenced to 36 months’ federal probation. Gonzales was also ordered to pay restitution to the U.S. Postal Service in the amount of \$24,034.26 and also to pay restitution to multiple financial institutions in the amount of \$44,993.50.



# INTERCEPTING DANGEROUS MAIL



*U.S. Postal Inspection Service's mail screening vehicles (2019).*

The Inspection Service's Dangerous Mail Investigations (DMI) program is made up of over 400 specially trained Inspectors who are equipped to respond when prohibited mailings, suspicious substances, or hazardous materials (including explosive devices) are sent through the U.S. Mail. The DMI program, which has evolved since the first response to the Anthrax investigation in 2001, has remained a top priority for the Inspection Service. This past year, DMI Inspectors responded to 3,289 incidents involving suspicious items, substances, powders, or liquids in the mail or at postal facilities.

DMI Inspectors receive comprehensive HAZMAT training and use multi-tiered field-screening equipment to identify hazards surrounding the U.S. Postal Service. These hazards may include suspicious powders, liquids, threats, hoaxes, or improvised explosive devices (IEDs).

During FY 2019, DMI Inspectors were involved in over 10 high-profile investigations involving mail that contained suspicious substances, along with threatening communications to federal and state government officials, religious organizations, foreign embassies, and news media agencies. These investigations and others led to 38 arrests and 30 convictions.

## Mail Screening at National Security Events

The Inspection Service worked with federal, state, and local law enforcement partners to provide mail screening at 14 national mail-screening events during FY 19. These events were conducted throughout the country and included Super Bowl 53 in Atlanta, GA, the NBA All-Star Game, the Masters Golf Tournament, and a variety of other sporting events. 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 each event. The Postal Inspection Service has participated in over 64 national mail screening events in the past six years.

## Sayoc Mailings

In October 2018, the Inspection Service and other federal law enforcement agencies investigated at least 16 mailings to high-profile political figures, news media agencies, and actors. These mailings contained components consistent with an explosive device. Within days of the first mailing, Cesar Sayoc was identified and arrested by federal authorities. In August 2019, Sayoc was sentenced to 20 years in federal prison.





*U.S. Postal Inspectors and other law enforcement during the arrest of Cesar Sayoc on Oct. 26, 2018.*



*U.S. Postal Inspectors and other law enforcement during the investigation of the Sayoc mailings.*

# IMPEDING NARCOTICS TRAFFICKING

In the midst of an ongoing opioid crisis, the U.S. Postal Service works aggressively with law enforcement and key trade partners to stem the flow of illegal drugs entering the United States. Central to this effort is the U.S. Postal Inspection Service's Contraband Interdiction and Investigations Group (CI2), whose mission is to protect postal employees, the American public, and the U.S. Mail from dangerous and illegal contraband, specifically illicit drugs and firearms.

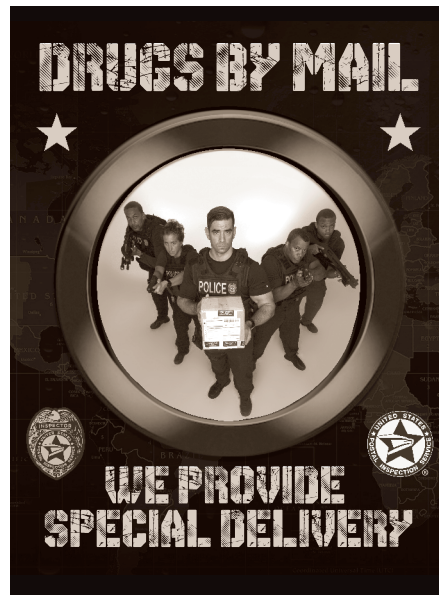
In FY 2019 Postal Inspectors made 2,562 arrests involving drug trafficking, saw the conviction of 2,063 suspects, and seized over 150,000 pounds of illegal narcotics, and \$24,770,114.

## ONDCP China Trip

In September 2019, Chief Postal Inspector Gary Barksdale and CI2 INC Dan Adame accompanied White House Office of National Drug Control Policy (ONDCP) Director Jim Carroll and Acting Customs and Border Protection Commissioner Mark Morgan to Beijing, China. The U.S. delegation met with Chinese officials to discuss combating illicit fentanyl and other synthetic opioids from entering into the United States. Discussions were held with Chinese officials from the National Narcotics Control Commission and the Ministry of Public Security, as well as United States Ambassador Terry Branstad. Meetings were also held with shipping industry leaders, and a tour of Chinese mail inspection and customs facilities was provided. This trip was in response to the Administration's request for cooperation with China to disrupt the flow of illicit fentanyl trafficked globally, which has led to a staggering number of Americans who have died from an opioid overdose.



Chief Postal Inspector Gary Barksdale (center right) meets with President Trump and ONDCP officials to discuss the opioid delegation to China.



## Las Vegas Man Sentenced to 14 Years for Mailing Meth

In November 2016, Postal Inspectors, working with DEA agents in New Hampshire, began investigating numerous suspicious parcels mailed from New Hampshire to Las Vegas, as well as alleged narcotics parcels mailed from Las Vegas to New Hampshire. Investigative efforts led to Inspectors obtaining a search warrant for a parcel originating in Las Vegas destined for an individual in New Hampshire, which contained approximately 12 pounds of methamphetamine. Further investigation resulted in a number of additional parcels being identified and found to contain methamphetamine. The identified parcels and extensive follow-up efforts led to the arrests and sentencing of several members of an illegal narcotics distribution ring operating in New Hampshire. Subsequently, the source of the illegal drugs from Las Vegas was identified as Edward Espejo. Espejo was arrested at his home in Las Vegas on May 8, 2018, pleaded guilty on August 31, 2018, and was sentenced on May 30, 2019. Espejo is believed to have supplied distributors in New Hampshire from July 2016 through May 2018. Eleven (11) others (Espejo's distributors in New Hampshire, along with co-conspirators) have been sentenced to between 6 months' probation and 25 years in prison.

## Dark Web Fentanyl Vendor Sentenced to 12 Years

A Postal Inspection Service investigation led to Michael S. Schoenmann, 31, being sentenced to 12 years in prison for advertising and selling fentanyl-infused nasal spray on the Dark Web, which led to the overdose death of Wyatt Cox, a 25-year-old Florida man. Postal Inspectors received a law enforcement alert from local Florida authorities in December 2017 about a package Cox received in the mail containing a bottle of what was believed to be nasal spray but later identified as a fentanyl analogue.

Local authorities determined the return address was not associated with a legitimate business and requested Inspection Service assistance with mailing label analysis. Inspection Service investigative efforts led to the identification of the Dark Web vendor as U4IA. Subsequent investigative efforts resulted in the identification of Schoenmann as U4IA. Inspectors learned during their investigation that, from 2017 through March 2018, Schoenmann used the Dark Web site to advertise and sell fentanyl nasal spray throughout the United States. He indicated on his site that he got his fentanyl from various vendors overseas then packaged it as nasal spray to allow addicts like himself to use the fentanyl undetected. Schoenmann was arrested on March 8, 2018, following the execution of a federal search warrant at his residence in Spring Green, WI.



**Nasal Spray shipments containing fentanyl.**

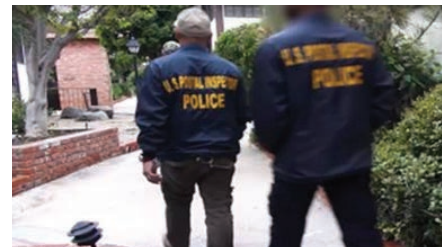
### **Dark Web Vendor “Dopeboy210” Sentenced to 30 Years**

In March 2017 Postal Inspectors and DEA agents initiated an investigation into a Dark Web vendor known as “Dopeboy210,” who was determined to be connected to the fentanyl overdose death of U.S. Marine Corporal Mark M. Mambulao. Postal Inspectors’ investigation resulted in the identification of an Easy Post account used by the vendor. A review of parcel history associated with the account led to a determination the target was the source of supply for other Dark Web vendors. Postal Inspectors in eight states participated in the investigation, which led to the identification and interception of suspect parcels found to contain distribution quantities of oxycodone pills pressed with fentanyl or methamphetamine. On June 22, 2017, the vendor — Alaa Awalli — was

indicted on one count of distribution of fentanyl, methamphetamine, and cocaine, as well as one count of possession of firearms during a drug trafficking crime. Awalli pleaded guilty to the indictment. On October 3, 2019, in the Western District of Texas, he was sentenced to 30 years in federal prison for distribution of fentanyl, methamphetamine, and cocaine and possession of a firearm during a drug trafficking crime. It is estimated that Awalli used the Dark Net to distribute 895,000 pills — fentanyl-laced Oxycodone, methamphetamine-laced Adderall, and Xanax.

### **J-CODE**

The Postal Inspection Service is a part of the Department of Justice created Joint Criminal Opioid and Darknet Enforcement (J-CODE) team, created in 2018 to leverage the power of partnerships, including federal and international, to combat the increasing threat of online drug trafficking. J-CODE brings together the resources and investigative efforts of the Inspection Service, the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), U.S. Immigration and Customs Enforcement Homeland Security Investigations (HSI), U.S. Customs and Border Protection (CBP), the Department of Defense (DOD), and the Department of Justice (DOJ), as well as international partners like Europol. This year, J-CODE conducted Operation SaboTor, resulting in 65 search warrants executed, 50 Dark Net accounts shut down, and 61 arrests, as well as seizures of 299.5 kilograms of drugs, 51 firearms, and approximately \$7 million.



**Postal Inspectors on site at a search warrant in California for Operation SaboTor.**

### **CI2 Summit**

CI2 hosted a program summit, under the theme “Power of Partnerships.” The summit featured several presentations from CI2 leadership, program management, and the field regarding current investigations and drug trends across the country. Additionally, a day was dedicated to our valued partners, to include DEA, HSI, the Office of National Drug Control Policy (ONDCP), and the High Intensity Drug Trafficking Area (HIDTA), as well as the FBI, J-CODE, the U.S. Attorney’s Office (USAO), and CBP. Discussions centered on Dark Web casework, the opioid crisis, the utilization of intelligence, drug trafficking methodologies, and the benefit of leveraging partner agency resources in a “one government” approach.



**(L-R) DCI Robert Wemyss, CBP National Targeting Center Director Roland Suliveras, FBI Management and Program Analyst Katie Brenden, HSI Transnational Organized Crime Division Chief Raul Aguilar, Chief Postal Inspector Gary Barksdale, DEA New York SAC Ray Donovan, CI2 Inspector in Charge Dan Adame.**

# HALTING CHILD EXPLOITATION



## National Center for Missing and Exploited Children (NCMEC)

On May 22, 2019, NCMEC released its Runaway Train 25 campaign. The campaign focused on the re-release of the music video Runaway Train, which originally featured missing children from across the country and helped recover 21 missing children. The new music video personalized the video to feature missing children from wherever the viewer was watching. The Inspection Service's Child Exploitation (CE) Program disseminated information about the campaign and provided the music video link to Inspection Service personnel across the country.

<http://www.missingkids.com/supportus/events/runawaytrain>

It is a federal offense to knowingly distribute or receive any child pornography by mail or other means of interstate or international commerce. Using the mail to transmit materials that exploit children debases the integrity of the postal system and further endangers the safety and well-being of young victims. The Inspection Service assigns specially trained Inspectors to investigate incidents when the mail is used for this purpose.

The Postal Inspection Service partners with the National Center for Missing and Exploited Children (NCMEC), the Department of Justice Child Exploitation and Obscenity Section, and the 93 U.S. Attorney's Offices across the United States to investigate child sexual exploitation involving the U.S. Mail and the Internet.

## \$165 CE Purchase Leads Inspectors to Serial Sex Offender Postal Inspector Lyndon Versoza, Los Angeles Division

In an operation investigating a known distributor of child pornography, Postal Inspectors identified Ezequiel Barragan, of Aliso Viejo, CA, as a customer who had ordered approximately \$165 of CE material. He was also found to have molested his foster son. As a result, he was charged and incarcerated on state charges.

While Barragan was in state custody, Inspector Lyndon Versoza learned through a separate investigation that Barragan had participated in child sex tourism. Barragan had been a teacher, coach, and foster parent. He used his position as a foster parent to take a 16-year-old boy under his care to China. While there, he engaged in illegal sexual activity with the boy and produced child pornography. According to a written statement by the boy, Barragan was "hunting for victims" when they met. Barragan also traveled to 37 foreign countries between 1998 and 2012, where he engaged in illicit sexual conduct with other minors, luring them with food, cash, and goods. In October 2018, Barragan pleaded guilty to one count of travel with intent to engage in illicit sexual conduct and one count of engaging in illicit sexual conduct in foreign places.

He was sentenced to 180 months in federal prison.





Inspector Versoza worked with the Los Angeles Joint Regional Intelligence Center and U.S. Immigration and Customs Enforcement's Homeland Security Investigations to investigate Barragan.

### **Hundreds of CE Images Recovered from Damaged Hard Drive Postal Inspector Michael Connelly, Boston Division**

In July 2016, a computer repair company in Tempe, AZ, was repairing a hard drive mailed from a customer in Rhode Island. Based on paperwork that accompanied the hard drive, the person sending it was identified as Joseph Seymour. While examining the hard drive, an employee observed two images of an adult male having sexual intercourse with children. Titles of other files on the hard drive were suggestive of minors involved in sexual activity. The service technician viewed images in a few of those files and then contacted the Tempe Police Department. Tempe PD referred the case to the Rhode Island Internet Crimes Against Children Task Force.

In September 2016, Inspector Michael Connelly took possession of the evidence. After our Digital Evidence Unit examined the hard drive, Inspector Connelly uncovered several hundred images from the approximately 8,000 images on the hard drive. The images depicted child sex abuse material (CSAM) with females ranging from 4 to 16 years of age. Based on documents and other information found on the hard drive, the owner was determined to be Joseph Seymour.

Inspector Connelly executed a search warrant on Seymour's house in December 2016. He recovered computers, storage drives, and other electronic media. Inspector Connelly also interviewed Seymour, who confessed to owning the hard drive and obtaining the CE/CSAM images from the Dark Web. Seymour was arrested that day. Digital analysis of the items recovered in the search warrant provided thousands of CSAM images, including pre-pubescent children engaged in sexual acts, both with adults and other children.

Seymour pleaded guilty in October 2017 to possession of child pornography. On December 12, 2018, he was sentenced to 30 months' imprisonment, followed by 5 years' supervised release. He was also ordered to pay restitution of \$15,000 to 15 child victims, as well as a \$5,000 special assessment fee.

### **15-Year Sentence, Lifetime Probation for Child Porn Recidivist Postal Inspector Benjamin Weller, Chicago Division**

In 1994, Gregory Greene was arrested by Postal Inspectors on child pornography charges. He ultimately pleaded guilty and was sentenced to 366 days in prison.

This past year, Greene again faced similar charges. On July 11, 2019, Greene pleaded guilty to one count of a three-count indictment. In his plea agreement, Greene admitted he knowingly transported child pornography using a peer-to-peer network on at least 21 occasions between March 2016 and November 2016. Greene further admitted to possessing approximately 3,000 images of child pornography on computer equipment located within his residence. Of the approximate 3,000 images of child pornography, some involved minors younger than 12 years old.

On October 18, 2019, Gregory Greene appeared in federal court and was sentenced to 180 months (15 years) in prison by U.S. District Judge Philip Reinhard (NDIL-Rockford). Greene was also ordered to pay a \$100 special assessment and \$39,000 in restitution. Following his release, Greene will remain on supervised release for the remainder of his life.



# KEEPING EMPLOYEES SAFE AND SECURE



In FY 2018, the Criminal Investigations Group deployed Safe & Secure Phase V — Employee Collusion. Phase V is an 18-month campaign educating our employees on the consequences of becoming collusive in narcotics trafficking. At the conclusion of FY 2019, we have facilitated 1,757 presentations, engaging in stand-up talks with over 70,000 USPS employees.

## **Armed Robbery of the Buckingham Plaza Post Office Postal Inspector Eric Manuel, Denver Division**

On November 8, 2018, a man entered the Buckingham Plaza Post Office in Aurora, CO, wearing all black clothes, gloves, and a black balaclava. Walking towards the counter line, he displayed a semi-automatic handgun and ordered two postal employees to get on the ground. The man demanded the money from the drawers of the registers then walked both employees back to the workroom floor and forced them to lie down on the floor next to the open safe. The man peeked inside the safe, seeing it was empty, and then fled.

Postal Inspectors responded to the incident and obtained surveillance footage from inside the Post Office, as well as additional footage of the incident

from cameras outside. The footage showed the robber entering the Post Office and pointing a semi-automatic handgun directly at one of the postal employees behind the counter. After the robber exited the Buckingham Plaza Post Office, the footage captured him approaching a vehicle with Colorado license plates and fleeing the area.

Postal Inspectors learned the names and address of the registered owners of the fleeing vehicle and, with the assistance of the Aurora Police Department, conducted continuous surveillance of the owners' residence. Postal Inspectors made contact with the owners and learned that the unknown male who approached and entered their vehicle after exiting the Post Office was Willie DeWayne Phillip.

Phillip was apprehended and, on September 18, 2019, sentenced to eight



(8) years in federal prison, followed by five (5) years' supervised release, and ordered to pay \$5,204.68 in restitution.

### **Assault & Robbery of Letter Carrier, Los Angeles, CA**

**Postal Inspector Gabrielle Banovac,  
Los Angeles Division**

On April 5, 2018, a man assaulted and robbed a letter carrier who was delivering mail in Los Angeles, CA. The letter carrier was initially approached by the man and an unknown female. The man inquired about a parcel he was looking for going to a specific address. The man then showed the letter carrier the USPS.com website on his phone, indicating the parcel had been delivered (though the carrier did not deliver or have the parcel in her possession).

After informing the man she did not have his parcel, he asked to look inside her postal vehicle. When the letter carrier denied his request, he pushed her down on the floor in the back of her postal vehicle, pressing down on her neck with his elbow and forearm. The man then grabbed a parcel for a

different address, passing it off to the female who was with him. He then placed both of his hands around the neck of the letter carrier and choked her, telling her not to tell anyone about what was happening.

The letter carrier tried to escape the man's grasp, kicking at both him and the female. The man eventually released her, and the letter carrier attempted to get into the driver seat of her postal vehicle. The man then showed the letter carrier he had her cell phone, which he had removed from her breast pocket. The letter carrier pleaded to have her phone back, and Jones then grabbed her



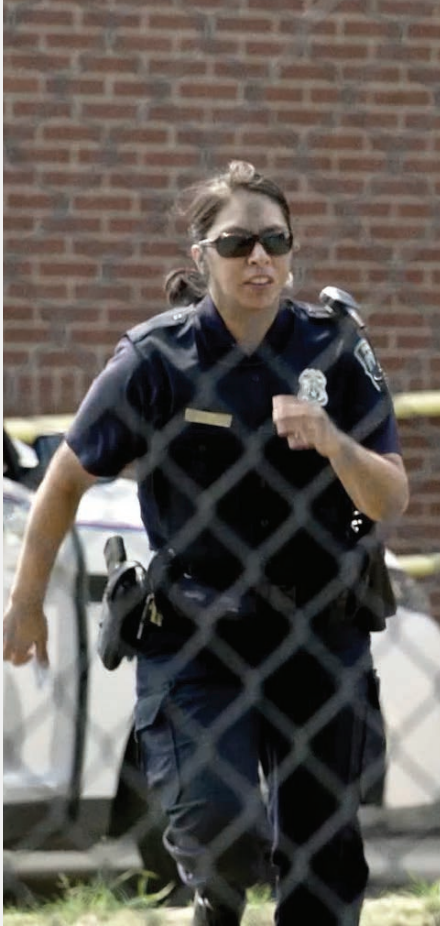
by her hair, while the unknown female began videotaping the incident with her cell phone. The man then told the letter carrier she should have let him look through her vehicle.

Postal Inspectors responded to the Post Office and immediately began conducting their investigation. They interviewed the letter carrier, witnesses, and other subjects of interest. Their investigation revealed target locations of subjects of interest, which led to conducting surveillance.

Through the furtherance of the investigation, Inspectors identified Tommy Lee Jones (not to be confused with the film actor) as their target. They arrested Jones without incident. On September 18, 2019, Jones was sentenced to 51 months in federal prison, followed by three (3) years of supervised release, and ordered to pay a \$100 special assessment, \$10,056.00 in restitution, and serve 20 hours of community service per week upon release. In addition, Jones was ordered not to have any contact with the letter carrier, in any form or through any third party.



# DEPLOYING SECURITY



Protecting postal employees, our facilities, and the mail they process and handle is of vital importance to the Postal Service and the Postal Inspection Service. Ensuring the Postal Service can continue providing service to the American public in the event of an attack, natural disaster, or other crime involves coordinated protection planning efforts and a thorough evaluation of every vulnerability.

Inspectors and Postal Police Officers ensure the safety of nearly 500,000 employees and 36,000 postal facilities. Our uniformed Postal Police Officers are assigned to major postal facilities throughout the country. These officers provide perimeter security, respond to emergency situations, report security breaches and threats against employees, and perform other essential protective functions.



To help accomplish this mission, the Inspection Service conducts annual risk assessments to ensure security controls are upheld and in place. During FY 2019, we conducted security reviews of 664 postal facilities using the Vulnerability Risk Assessment Tool (VRAT). VRAT is a comprehensive, risk-based model to identify security deficiencies. Based on an analysis of crimes against persons and property in each area where a postal facility exists, these annual Postal Inspection Service risk assessments ensure security controls are in place to mitigate the risks in each area.

Uniformed Postal Police Officers help raise the security profile at large USPS facilities. Whether they are performing perimeter security, escorting high-value mail, or performing other essential protective functions, their presence and professionalism play a crucial role in accomplishing the Inspection Service mission to protect the Postal Service, its employees, and infrastructure.

# SAFEGUARDING REVENUE AND ASSETS

ACCOUNTABILITY • INTEGRITY • RESPECT • EXCELLENCE



The U.S. Postal Service delivers almost 150 billion pieces of mail annually, more efficiently and at a lower cost than any comparable post. It does so without the financial support of the American taxpayer.

USPS is a self-funding entity that derives its revenues entirely through the sale of postal products and services. For that reason, the Postal Service relies on its customers to pay the required postage costs.

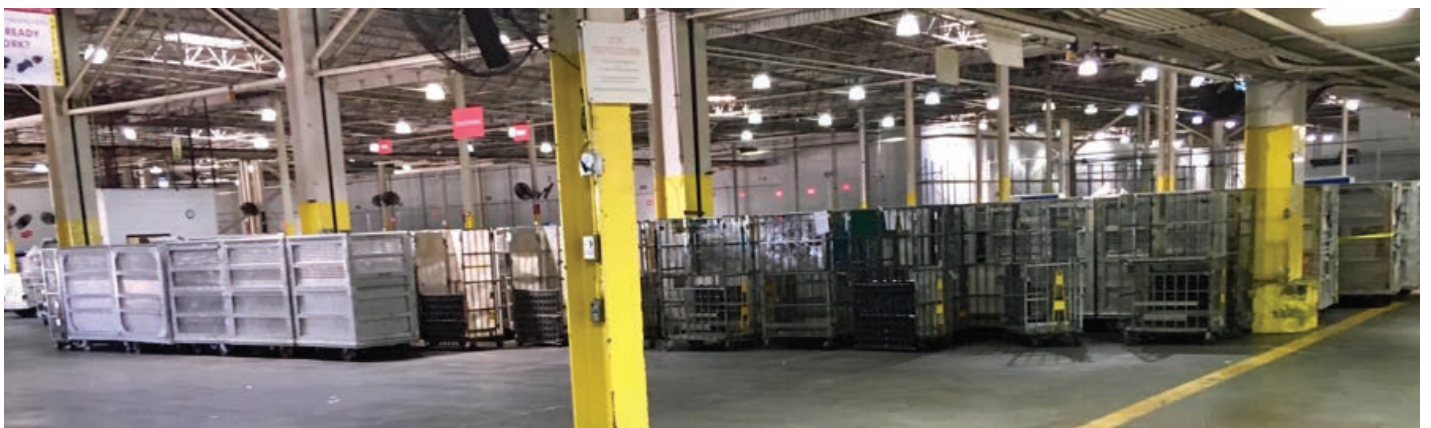
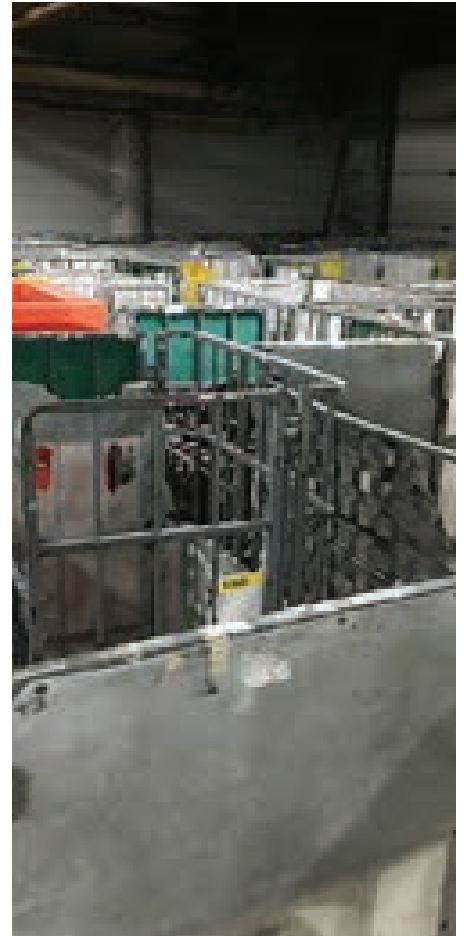
Postal Inspectors work with Postal Service groups to protect revenue and investigate claims of short-paid postage that indicates possible fraud.

### MAIL TRANSPORT EQUIPMENT RECOVERY PROGRAM

Global Security has oversight of the Mail Transportation Equipment (MTE) recovery program, which serves to identify and recover postal equipment and, when warranted, seeks criminal prosecution. In FY 2019, there was

an expansion of prevention visits to sites, including two required major airport location visits. This newly added prevention effort proved fruitful. A multi-pronged approach of hotline tips, leads, and enforcement efforts led to a recovery of \$1.7 million in recovered USPS MTE. A total of 454 prevention visits were completed in a multitude of entities, including: recyclers, pallet businesses, cargo warehouses, airline cargo warehouses, CMRAs, major mailers, printing shops, freight forwarders, and USPS facilities.

Further, to increase the awareness and educate external entities on the importance of USPS MTE and the financial losses to the USPS, Global Security presented at the Institute of Scrap Recycling Industries (ISRI) Convention and Exposition in Austin, TX. The presentation highlighted the MTE Recovery Program, Postal Inspection Service strategies, prevention efforts, and law enforcement action.



*Charlotte Division FY 2019 – Delta Global Services, 120 general purpose and over-the-road containers recovered.*

# WORKING GLOBALLY



*Global Security hosts foreign delegates from Swiss Post and Australia Post on International Mail Security at JFK International Service Center, July 2019.*

## UPU/PSG

The Postal Service and the Postal Inspection Service participate in the Universal Postal Union (UPU), a specialized agency of the United Nations comprising 192 member countries. The UPU coordinates postal policies among member nations and the worldwide postal network.

The Postal Inspection Service Global Security Group plays a key role in mitigation strategy planning for the UPU and the Postal Security Group (PSG). It is chaired by the Chief Postal Inspector (CPI). In FY 2019, two PSG meetings took place at the International Bureau of the UPU in Berne, Switzerland. CPI Gary Barksdale and Deputy Chief Inspector (DCI) David Bowers both chaired the meetings.

These meetings allow the opportunity to disseminate best security practices among member countries and update strategy plans.

The ICAO-UPU Contact Committee held its second meeting in Montreal, Canada, in July 2019. This committee is co-chaired by the Inspector in Charge (INC) of Security. The committee works to ensure that the civil aviation sector and posts are working together.

## USPS Avoids UPU Exit

In October 2018, the presidential administration presented a letter of intent to withdraw our participation from the UPU. During FY 2019, the Global Security Group participated as a key stakeholder in the USPS UPU Exit Strategy working group. Global Security provided the security standards and requirements for inclusion to all draft bilateral and cooperation agreements, which would be utilized to continue serving foreign post-to-post operations outside of the UPU.

At the Third Extraordinary Congress held in Geneva, Switzerland, the UPU approved by consensus Option V, allowing the USPS to remain in the UPU. Under the new terms, the

U.S. is permitted to self-declare rates for inbound letter packets based on domestic rates. The U.S. will also set self-declared rates to be effective July 2020. Rates are limited to a 5% increase or decrease per year. Rates will be self-declared on a reciprocal basis, and could impact volume, depending on cost.

## Global Security Working Globally

Global Security Program Managers conducted five (5) Capacity Building Workshops on Postal Security, in conjunction with the World Customs Organization (WCO), the International Narcotics Control Board (INCB), and the United Nations Office of Drugs and Crime (UNODC), consisting of security protocols, practical exercises, and on-site visits to a local Office of Exchange.

The participating regions were Asia Pacific Postal Union, Latin America, Caribbean Postal Union, Arab Permanent Postal Commission, West African Postal Conference, and Middle East and Northern Africa. The attendees were comprised of Designated Operators and Customs Operators, representing a total of 93 countries.

Global Security also led the Security Standards review for Canada, Morocco, and Bermuda during FY 19, achieving an additional five (5) certifications. Other efforts consisted of an S58/59 training at the PostEurop security workshop in Moscow, a review in Honduras, response to significant mail theft complaints, and an Asia Pacific review in the Solomon Islands and Vanuatu.

Local initiatives and partnerships included the hosting of Swiss Post and Australia Post at JFK Airport for security training in July 2019, as joint interdiction operations with Customs and Border Patrol (CBP) at JFK Airport and joint military mail narcotics interdiction with Contraband Interdiction and Investigations (CI2), Chicago Division



Inspectors, and contractors from Export Compliance.

Further, after a prior international air carrier review uncovered security gaps, the Global Security Group developed a training program for International Commercial Air (ICAIR) 2019, pursuant to updated security requirements. Training is scheduled for FY 2020. In conjunction with our Office of Counsel (OOC), the Global Security Group also finalized the Memorandum of Understanding with Customs and Border Patrol (CBP), related to San Juan, PR, treatment of inbound mail matter.

### HAZMAT

Nearly 700 requests for warning letters were received in response to the discovery of hazardous materials in the mailstream. Eleven (11) resulted in issuance of Civil Penalties, with the total amount exceeding \$500,000. The HAZMAT training courses were incorporated into the Strategic Training Initiatives in the Postal Service's employee learning platform. Three HAZMAT working groups were created to update the HAZMAT SOP and to improve compliance with Mailpiece Incident Reporting Tool (MIRT) in the field. A successful HAZMAT/Security Summit was held in Nashville, TN, in August 2019.

### Aviation Security

This fiscal year, Aviation Security was integral in implementing the 3PK9 pilot program, in collaboration with TSA and Security Group members. The pilot consists of Explosive Detection Canine teams screening Priority Mail and/or mail weighing over 16 ounces moving on domestic Commercial Air carriers. The pilot began with one air stop in Phoenix, AZ, with one airline participating. Global Security Program Managers participated in a training event at the pilot location to identify the expansion to the International Service Centers.



**Chief Barksdale addressing the audience at the HAZMAT/Security Summit, Nashville, TN, August 2019.**



**Global Group Inspectors Carlos Rodriguez (dark suit) and Zajo Hoti (gray suit) go over documents with Bermuda Post managers during a UPU security standards review.**

The Aviation Security team worked collaboratively with USPS stakeholders to update the Anonymous Mail Standard Operating Procedure, due to recent changes in acceptance, which included the rejection of: any mailpiece over one-half inch thick that uses postage stamps; any mailpiece that weighs more than 10 ounces and uses postage stamps; and other mailpieces specifically associated to customs declarations forms and postage stamps.

# FORENSIC EXAMINATION



At the National Forensic Laboratory (NFL) in Dulles, VA, and at 22 Digital Evidence locations around the U.S., highly trained forensic scientists and technical specialists play a key role in identifying, apprehending, prosecuting, and convicting individuals responsible for postal-related criminal offenses. Their expertise in Questioned Documents and Imaging, Fingerprints, Physical Sciences, and Digital Evidence is essential to the successful resolution of the Postal Inspection Service's criminal and security investigations. Postal Inspectors rely on Forensic Laboratory Services (FLS) to solve postal crimes.

## Quality Assurance

FLS demonstrated its commitment to quality assurance through a complete revamp of its policies and procedures and quality system to comply with a new standard of international requirements — ISO/IEC 17025:2017 General requirements for the competence of testing and calibration laboratories. A team from A2LA, an independent, non-profit, internationally recognized accreditation body (which has accredited laboratories in all 50 states and some 49 countries) assessed FLS operations, policies, procedures, and facilities in August and September 2019 to ensure that FLS will maintain its accreditation under the updated requirements.

## Customer Service and Examinations

FLS affirmed its dedication to excellent customer service through case work

achievements, technical assistance, and expert testimony. The scientists and experts examined over 125,000 items (including 1,462 mobile devices and 483 terabytes of data), identified 999 suspects in Postal Inspection Service investigations, coordinated 33 new requests for DNA analysis, and analyzed 92 items of evidence for DNA, which led to 10 identifications. Twelve DNA profiles from Inspection Service cases were entered into the FBI's Combined DNA Index System, resulting in 12 matches and vital investigative information for the field. FLS also submitted 17 exhibits to the National Integrated Ballistic Information Network, resulting in one (1) match. The Incident Response Team responded eight (8) times to different locations for six (6) cases, providing Inspectors with on-site support in processing crime scenes. FLS personnel appeared in court 20 times and provided testimony 17 times.

FLS continued to use all available resources to address high volumes of laboratory requests related to the prohibited mailing of narcotics. An external controlled substance contract laboratory was employed to assist with the Chemistry backlog, and FLS also hired several in-house contractors (chemists, latent print analysts, and technicians) to assist with processing and analyzing evidence in Chemistry and Fingerprints & Automated Fingerprint Identification System (AFIS). These additional resources had a significant impact on the backlog in FY 2019, reducing on-hand requests by 237 (or 23%) since the start of FY 2019 and also significantly reducing the number of requests older than 90 days. These resources, as well as new workflow processes provided significant tools in the backlog reduction efforts and allowed units to complete casework and reduce backlog even with on-going analyst vacancies. In the Fingerprint & AFIS Unit, the backlog was reduced by 195 submissions (or 36%), while the unit continued to rebuild career staff by embarking on full-time training of three (3) new analysts (25% of the complement).

### Technology

FLS made evident its focus on technological advancement through the procurement and/or development of new equipment, hardware, and software to support Inspection Service investigations. Among these were the development and purchase of Evidence Recovery Kits with Mikrosil to assist field Inspectors with processing and recovery

of toolmarks on collection boxes. The FLS Firearm & Toolmark Examiner provided in-person training to divisions experiencing recent incidents and also created a short video to demonstrate the use of the Mikrosil applicator and best practices for collection of trace evidence from collection boxes. This purchase and training will benefit all involved and reduce Inspector time spent removing, packaging, and transporting boxes and doors to the NFL for processing by forensic examiners.

During the final quarter of FY 2019, FLS purchased and deployed Cellebrite Premium, a tool to unlock and examine both Android and iOS mobile devices. The Cellebrite Premium tool supplements the GrayKey system acquired in FY 2018 and allows the Digital Evidence Unit to provide information that was previously unattainable from electronic devices. Since deployment in August, the Cellebrite Premium tool has been used to process 67 devices, with 34 bypassed and extracted. During FY 2019, 216 devices were processed by the GrayKey, and 143 were unlocked and/or extracted.

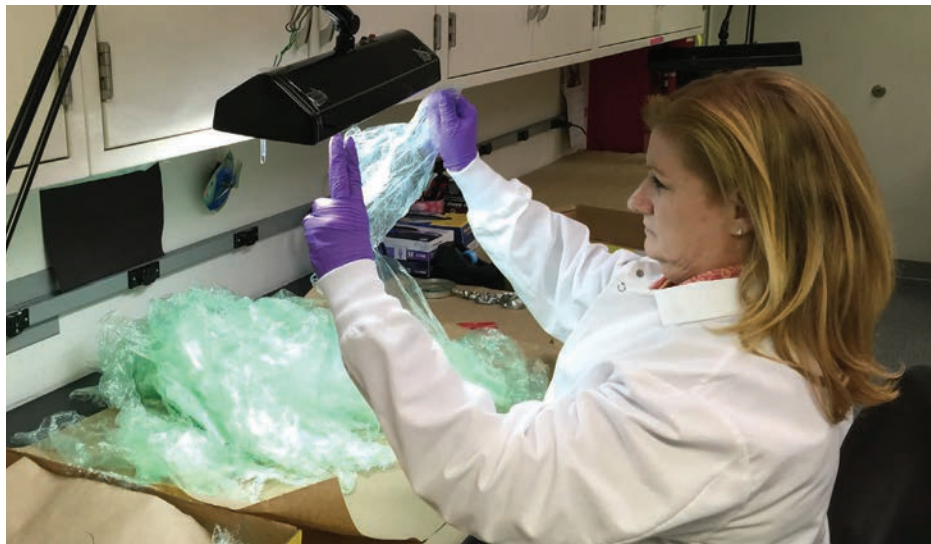
Other new equipment purchased for NFL included: new humidity chambers to aid in processing larger volumes of evidence in the Fingerprint & AFIS Units; a new FT-IR Spectrometer System and new Gas Chromatograph with Flamed Ionization Detector (FID) for the analysis of controlled substances in the Chemistry Section and a new Gas Chromatograph/Mass Spectrometer EI Bundle for analyzing and identifying

forensic paint, polymer, tape, and adhesives evidence in Physical Evidence. In the Digital Evidence Unit, Storage Area Networks (SANs) were purchased to centralize the archiving of evidence and support better intelligence and information sharing. All analysts received new analysis workstations, providing the hardware necessary to process the wide range of complex digital evidence submitted for analysis.

### Subject Matter Expertise

In addition to our numerous court testimonies, FLS forensic scientists provided subject matter expertise both internally and externally. The Assistant Laboratory Director for Questioned Documents & Imaging (QD&I) continued to play a significant role in a project within USPS, serving as the Inspection Service's Contracting Officer Technical Representative (COTR) to USPS for the USPS Money Order, thereby ensuring the inclusion of important security features.

Other FLS personnel served as subject matter experts at various Inspection Service training courses, as well as being the primary instructors for the Advanced Crime Scene Processing course for 24 Inspectors in June 2019. FLS personnel also contributed to the field of forensic science through several presentations and training at national conferences. Two Forensic Computer Analysts completed certification with the International Association of Computer Investigative Specialists (IACIS), and one Forensic Document Examiner completed certification through the American Board of Forensic Document Examiners (ABFDE). Many others participated as subject matter experts, directors, and program chairs for professional organizations, certification boards, and scientific working groups, including: the Organization of Scientific Area Committees, the American Academy of Forensic Sciences, ASTM International E30 Committee on Forensic Sciences, the Scientific working Group on Digital Evidence, the American Society of Questioned Document Examiners, the American Board of Forensic Document Examiners, the American Board of Criminalistics, the American Society of Trace Evidence Examiners, and the Forensic Specialties Accreditation Board.



# INVESTIGATING CYBER THREATS



The Postal Inspection Service's Cybercrime unit is responsible for providing investigative, forensic, and analytical support to Inspection Service field divisions and the USPS Corporate Information Security Office. The unit helps safeguard the Postal Service's network infrastructure to ensure daily operations are uninterrupted and cyberattacks are mitigated so postal customers can do business with the Postal Service online with confidence. Our Inspectors aggressively investigate security incidents and criminal activities affecting the USPS computer network, USPS E-Commerce products and services, and field investigations related to the Dark Web and cryptocurrencies.

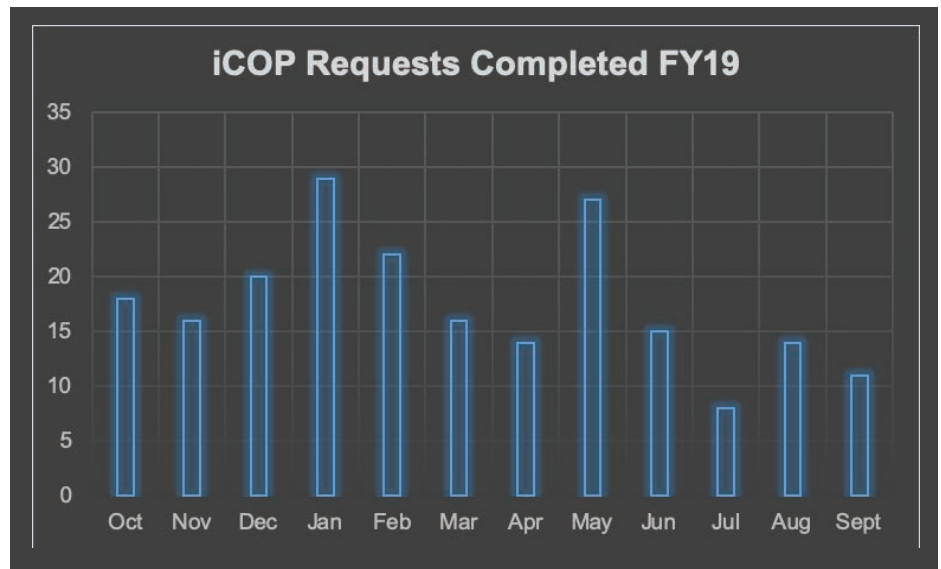


*The investigation and prosecution of the administrators of the Wall Street Dark Web marketplace led to the seizure of a Mercedes Benz sports car.*

## iCOP

The Internet Covert Operations Program (iCOP) is one of seven functional groups within the Inspection Service Cybercrime program. The iCOP program protects the Postal Service and the public by facilitating the identification, disruption, and dismantling of individuals and organizations that use the mail or USPS online tools to facilitate black market Internet trade or other illegal activities. Analysts in iCOP utilize USPS systems and tools to provide open source intelligence and cryptocurrency blockchain analysis in support of all Inspection Service investigations.

In Fiscal Year 2019, the iCOP team produced a total of 209 Intelligence Reports to the field in support of investigations involving narcotics, mail theft, revenue fraud,



homicide, dangerous mail, and more. In all, analysts identified nine (9) previously unknown individuals, and their reports resulted in the arrest of 10 individuals.

The iCOP team also completed 74 cryptocurrency analysis products resulting in the seizure of over \$300,000 in cryptocurrency.

**Cybercrime Group Assists in Dismantling WSM**

In FY 2019, the U.S. Postal Inspection Service Cybercrime group worked with several other federal law enforcement agencies and international law enforcement partners to disrupt, dismantle, and prosecute the administrators of the Wall Street Dark Web marketplace (WSM). The marketplace had over 4,500 active vendor accounts used to distribute illicit goods such as hacking tools, identity theft materials, and illegal narcotics — many of them through the United States Mail. Through multi-agency collaboration, blockchain analysis, open source Internet investigations, and traditional investigative techniques, the Postal Inspection Service’s Cybercrime group played a pivotal role in identifying all three administrators of Wall Street Market, who were arrested and prosecuted by German authorities. This investigation led to the seizure of over \$25 million USD in cryptocurrency, over half a million in Euros, and a Mercedes Benz sports car. This investigation revealed several opportunities to target, disrupt, dismantle, and prosecute other such online organized criminal enterprises and hidden services.



**CISO**

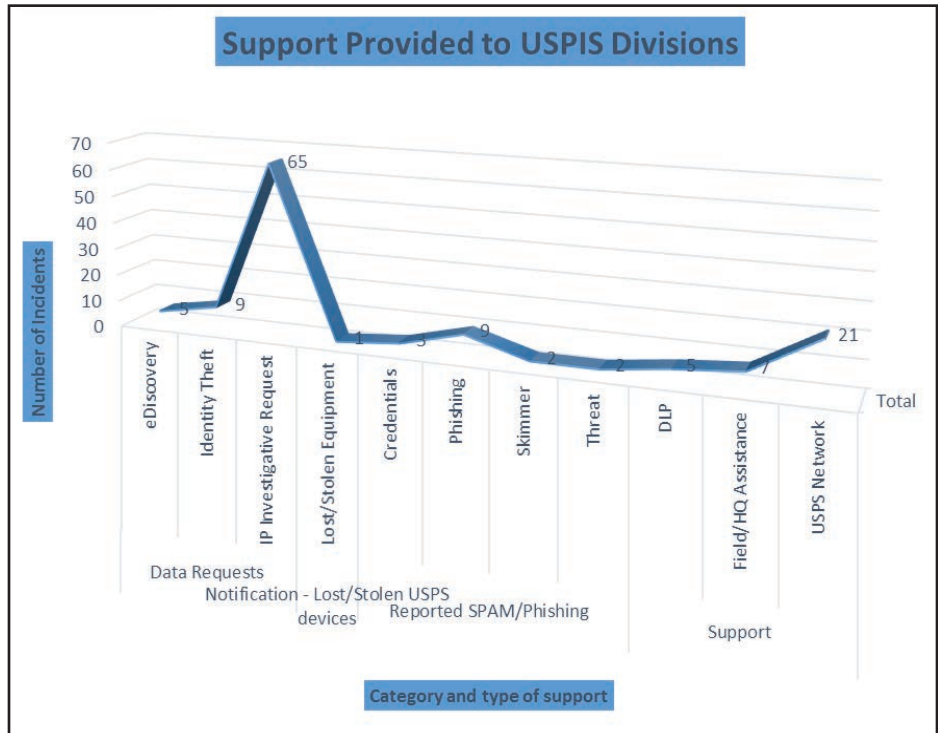
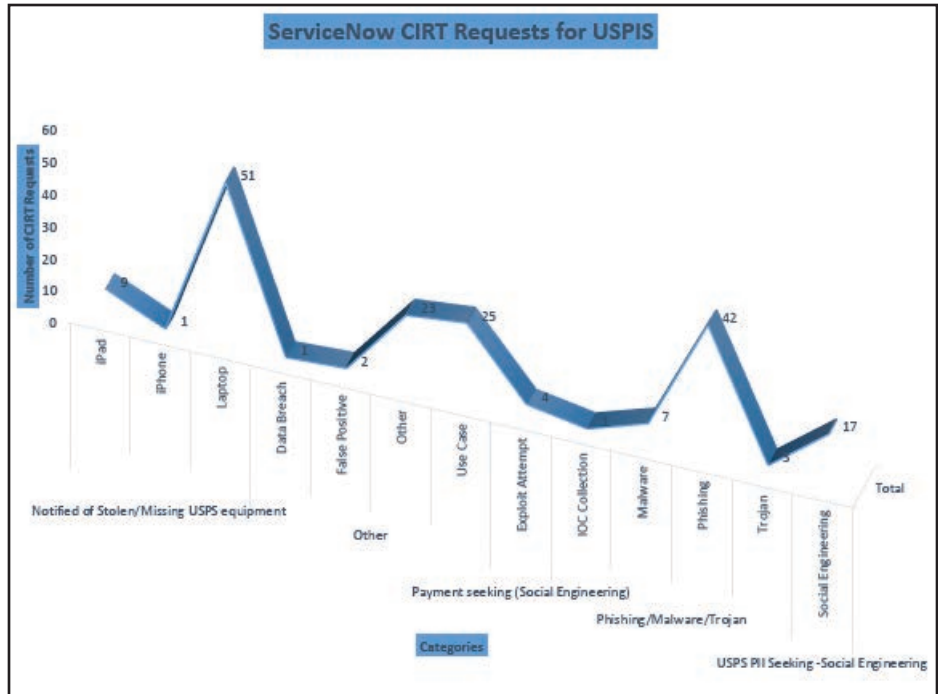
The Corporate Information Security Office (CISO) Liaison Team is one of seven functional groups within our

Cybercrime Program. The CISO Liaison Team focuses on supporting the Incident Response function of the USPS CISO organization. This support is provided through the submission of Computer Incident Response Team (CIRT) requests to the Postal Inspection Service for investigative support assistance, ranging from stolen USPS computer equipment to suspected malware attacks within the network to phishing email and website reports.

The CISO Liaison Team also provides

support to Postal Inspectors in the field through their role within USPS CISO. The support ranges from fulfilling requests for investigative data held by USPS IT and USPS.com to cyber analytical support on various investigations, to include identity theft, reported spam emails, and phishing websites that utilize the USPS brand to defraud consumers.

The graphs below show a breakdown of the CISO and Postal Inspection Service field support provided in FY 2019.



# PREPARING OUR WORKFORCE

ACCOUNTABILITY • INTEGRITY • RESPECT • EXCELLENCE



The Career Development Unit (CDU) is responsible for preparing, developing, and training our workforce to fulfill the mission of the U.S. Postal Inspection Service. CDU has oversight of the basic training programs for Postal Inspectors and Postal Police Officers (PPOs), the Assessment Center process for Postal Inspector applicants, the Polygraph Unit, and In-Service training programs — including the Leadership and Employee Development Program (LEDP).

In Fiscal Year 2019, our In-Service training staff delivered 64 classroom offerings to 987 Inspection Service employees. Employees also completed 5,724 sessions of 78 CDU online courses. To ensure all CDU-delivered training is current and relevant, nine (9) Subject Matter Expert (SME) meetings were conducted to update course content.

The Assessment Center process ensures Postal Inspector applicants travel to CDU and are assessed through an in-box exercise, panel interview, and group exercise where they are required to demonstrate the necessary knowledge, skills, and abilities to be a Postal Inspector. They are also required to participate in a physical fitness assessment and undergo a polygraph administration. During FY 2019, the CDU conducted 14 Assessment Center events, assessing 308 Postal Inspector applicants.

The Inspection Service Polygraph Unit supports the field through the consultation and administration of polygraph examinations in support of various criminal investigations. They also support the Postal Inspector hiring process through the administration of applicant exams. During FY 2019, the polygraph examiners conducted 35 criminal examinations and 166 examinations to Postal Inspector applicants.

CDU Program Managers/Instructors and Range Masters, along with detailed Postal Inspectors and PPO Sergeants, facilitated three (3) Basic Inspector Training (BIT) classes and four (4) Postal Police Officer Basic Training classes. Also, CDU and field subject matter experts revised the threat management training program for all BIT students, expanding the BIT program to 14 weeks. The pilot iteration of the new 14-week program was delivered during the BIT 2018-01 class.



# CONNECTING WITH CUSTOMERS

ACCOUNTABILITY • INTEGRITY • RESPECT • EXCELLENCE







The Postal Inspection Service’s radio and emergency communications are managed by our National Law Enforcement Communications Center (NLECC)/Radio Unit (NRU). NLECC provides critical public safety services to Postal Inspectors, Postal Police Officers, and other law enforcement agencies. These services include, but are not limited to: monitoring alarms at Postal Service facilities, centralized monitoring of the U.S. Postal Inspection Service radio communications network, providing after-hours emergency phone coverage for all of our offices, and critical incident reporting to senior management personnel. NLECC staff members access law enforcement and intelligence information from confidential databases such as the National Crime Information Center.

The Radio Communications unit ensures the U.S. Postal Inspection Service radio network is fully operational and implements new technologies that can best support the organization’s mission. The radio network infrastructure currently connects all 50 states, Puerto Rico, Guam, and additional U.S. territories to NLECC.

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UNITED STATES POSTAL INSPECTION SERVICE

# INVESTIGATIVE STATISTICS

# 2019



# INVESTIGATIVE STATISTICS: FY 2019

TYPE OF INVESTIGATION	CASES INITIATED	ARRESTS*	CONVICTIONS*
<b>ASSAULTS AND THREATS</b> (assaults and threats against on-duty postal employees)	576	247	154
<b>BURGLARY</b>	152	69	54
<b>CHILD EXPLOITATION</b>	11	9	10
<b>MAIL FRAUD</b>	480	509	395
<b>MAIL THEFT</b> (theft and possession of stolen mail)	1,278	2,078	2,067
<b>PROHIBITED MAIL NARCOTICS</b> (narcotics, steroids, drug proceeds and drug paraphernalia)	2,469	2,562	2,063
<b>MONEY LAUNDERING</b> (postal money orders)	39	47	63
<b>NON-MAILABLE, RESTRICTED MATTER</b> (firearms, weapons, intoxicants, extortion threats, and miscellaneous matter)	134	106	67
<b>REVENUE INVESTIGATIONS</b>	30	33	33
<b>ROBBERY</b>	94	66	65
<b>SECURITY AND CRIME PREVENTION</b> (consumer outreach and security countermeasures)	518	0	0
<b>SUSPICIOUS SUBSTANCES AND ITEMS</b> (includes bombs, explosives, threats, hazardous items, non-threatening items, and hoax CBRNE**)	54	33	24
<b>TOTAL</b>	<b>5,835</b>	<b>5,759</b>	<b>4,995</b>

\* Arrests and convictions reported in this period may be related to cases initiated in prior reporting periods. Convictions include pretrial diversions.

\*\* CBRNE refers to chemical, biological, radiological, nuclear, and explosive material.

UNITED STATES POSTAL INSPECTION SERVICE

# ANNUAL REPORT 2019



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