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**PRESIDENT OF FREDERICK MAIL PREPARATION SERVICE SENTENCED TO
PRISON FOR FRAUD RESULTING IN LOSSES OF OVER \$628,500**

Majority of Victims Were Non-Profit Clients Who Relied on the Mailings to Raise Funds

Baltimore, Maryland – U.S. District Judge Catherine C. Blake sentenced Chester William Bigelow, age 58, of Woodbine, Maryland, today to 30 months in prison, followed by three years of supervised release, for conspiracy to commit mail and wire fraud relating to the failure to provide contracted-for services to clients of Bigelow's company, RMS Direct, Inc., resulting in losses of over \$628,500. Judge Blake also ordered Bigelow to perform 200 hours of community service and to forfeit \$628,581.48, representing postage payments made to RMS by its clients, but never paid to the USPS, as well as \$13,500, which he withdrew from the RMS bank account and was used by his family members to purchase a car for their personal use.

The sentence was announced by United States Attorney for the District of Maryland Rod J. Rosenstein and Postal Inspector in Charge Gary R. Barksdale of the U.S. Postal Inspection Service - Washington Division.

According to his plea agreement, Bigelow was the president and owned 65% of the shares of RMS Direct, Inc., a mail preparation service located in Frederick, Maryland, with over 200 clients and revenues of over \$5 million per year. Under the supervision of Bigelow and RMS vice president Stephen Reid, RMS entered into contracts to prepare and submit to the U.S. Postal Service (USPS), large-volume mailings, typically made up of pamphlets, brochures, books, and other printed materials.

RMS clients were primarily non-profit corporations that relied upon the mailings sent through RMS to raise funds, and the timing of the mailings was essential to their fundraising efforts. RMS assembled the mailings, applied the postage and addresses, and organized the pieces of mail for submission to the USPS. RMS submitted the mailings to a full-time USPS Acceptance Clerk that was assigned to its office. As proof that the mailings went out, RMS then emailed its clients either of two USPS documents – a postage statement signed and certified by the USPS Acceptance Clerk or a Mailing Transaction Receipt printed from an online USPS database. Both documents included information as to the dates, times, number of pieces of mail and postage paid. Once the RMS client received a statement, it would remit payment to RMS.

Bigelow admitted that the conspiracy began in 2005, when he and Reid, who owned 35% of the shares of RMS, falsified postage statements to misrepresent to RMS clients that mailings were being sent out in a timely fashion when, in fact, the mailings were late. Beginning in 2009, Bigelow and Reid selected certain mailings or portions of mailings that would not be submitted at all to USPS for delivery. Bigelow and Reid made sure that the documentation sent to the RMS client was falsified to indicate that the full mailing had been submitted, thereby causing the client to overpay RMS for postage and services.

To accomplish the fraud, Bigelow, Reid, and RMS employees operating at their direction, generated false postage statements, forged the signature of the USPS Acceptance Clerk and created a false impression of the special USPS date stamp used on the postage statement. Bigelow attempted to recreate the special USPS date stamp by hand, but was unsuccessful. Then, in 2006, RMS employees gained unauthorized access to the USPS Acceptance Clerk's key to the filing cabinet where the date stamp was stored. Bigelow instructed an RMS employee to make a copy of the key, which Bigelow kept in his desk drawer. From that time until 2010, Bigelow, Reid, and RMS employees operating at their direction used Bigelow's copy of the key to gain access to the date stamp when the USPS Acceptance Clerk was not present in order to falsify postage statements. Beginning in 2010, when the computer-generated Mailing Transaction Receipt was adopted by the USPS to certify mailings, Bigelow and Reid falsified those as well, using a document that had been created, which, when printed, looked identical to the USPS Mailing Transaction Receipt. Bigelow and Reid directed RMS employees to use this document to create false Mailing Transaction Receipts, which were sent to RMS clients as proof of the timely and complete submission of their mailings.

Bigelow and Reid took other measures to conceal the fraud and prolong the victimization of RMS clients. For example, RMS clients often included pieces of mail known as "seeds," in the mailings they provided to RMS. These "seeds" were sent to particular individuals or addresses so that the client could track the timing and appearance of the mailing. Bigelow directed RMS employees to make sure to deliver the "seeds" from the mailings that were going out late or were not otherwise submitted to the USPS, in order to conceal the fraud.

Bigelow also requested refunds for mailings or portions of mailings that RMS failed to submit to USPS for delivery. If postage was paid for a mailing, but the mailing was not submitted for delivery, RMS, as a third-party mailer, could request a refund of 90% of the postage value. Bigelow requested these refunds for unsent pieces of mail and retained the funds as RMS revenue. The refunds requested were generally in amounts less than the \$500 threshold that would have triggered additional scrutiny by USPS officials.

As a result of the scheme, at least 19 victims lost a total of \$628,581.48.

Stephen Reid, age 51, of Frederick, Maryland, previously pleaded guilty to the same charge and was sentenced to two years in prison and ordered to forfeit and pay restitution of \$628,581.48, the amount of loss resulting from the fraud.

United States Attorney Rod J. Rosenstein praised the U.S. Postal Inspection Service for its work in the investigation. Mr. Rosenstein thanked Special Assistant U.S. Attorney Matthew Lunder, a trial attorney with the Justice Department's Antitrust Division, National Criminal Enforcement Section, who prosecuted the case.