



ANNUAL REPORT

FY 2018



UNITED STATES POSTAL INSPECTION SERVICE



ANNUAL REPORT FY 2018



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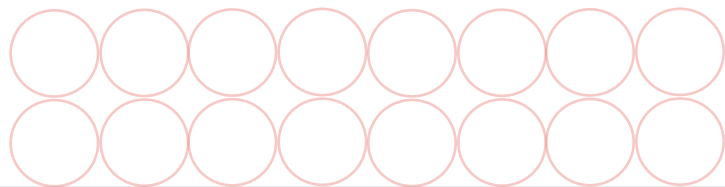
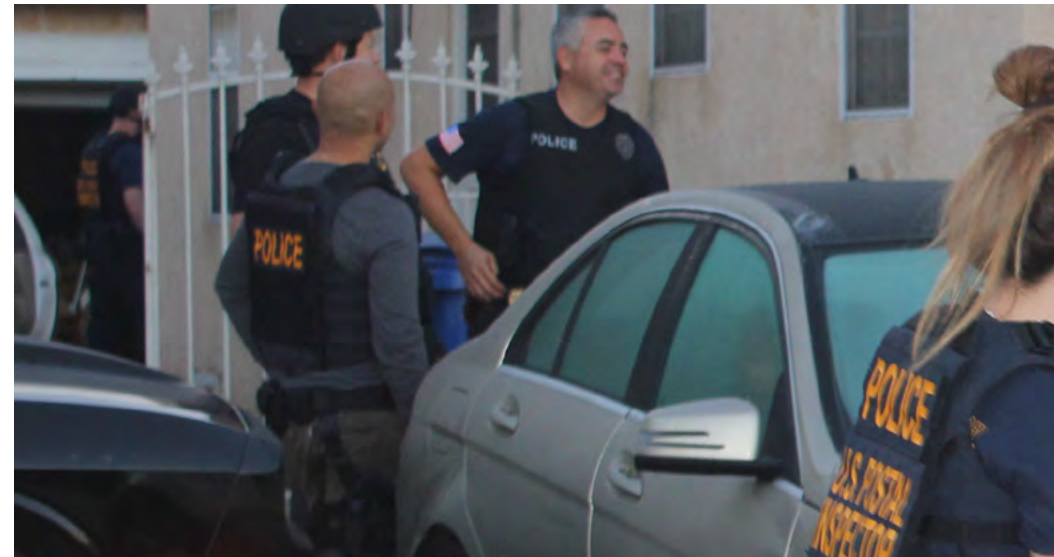


WHO WE ARE



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 1,268 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 560, 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 575 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, or anthrax mailings in this century — 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 243 years ago, on August 7, 1775.



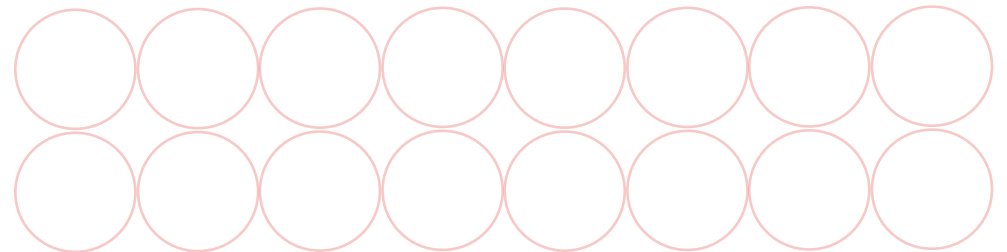
MESSAGE FROM THE CHIEF



From the time the forerunner of the U.S. Postal Inspection Service was established in August of 1775, we have had a consistent mission — protect the mail and the postal employees who process and deliver it. Protecting the mail is our part of the public trust between the American public and the Postal Service. Americans have an expectation (in fact, it’s thought of as a “right”) to have their mail delivered timely and intact. We in the Postal Inspection Service help deliver on that expectation. Customers trust us to protect their mail and keep it safe. We do it by protecting the U.S. Postal Service and its employees and customers, and we do it by enforcing the laws that defend the nation’s mail system from illegal or dangerous use.

In my career, I’ve been on both sides of that promise. As a letter carrier in Louisiana, I was one of the many who delivered the mail. As a Postal Inspector, I was one of the small number who protected the mail. The law enforcement side is challenging, but rewarding. I am proud of the professionalism and leadership our Postal Inspectors and Postal Police Officers display every day. Our efforts focus on three areas: Protecting, Enforcing, and Preventing.

Remaining vigilant and protecting our postal employees remains our top priority. Postal Inspectors visited postal facilities as part of our Safe and Secure Program, educating employees on how to identify suspicious mailings and on steps to take in an active shooter situation. Responding to hurricanes, floods, and wildfires, Postal Inspectors helped restore mail service and account for postal employees in areas affected by these natural disasters. Inspectors and Postal Police Officers responded to 841 incidents of violent crimes, making eight arrests for homicides, 66 for robberies, 32 for burglaries, and 215 arrests for assaults and threats on postal employees.



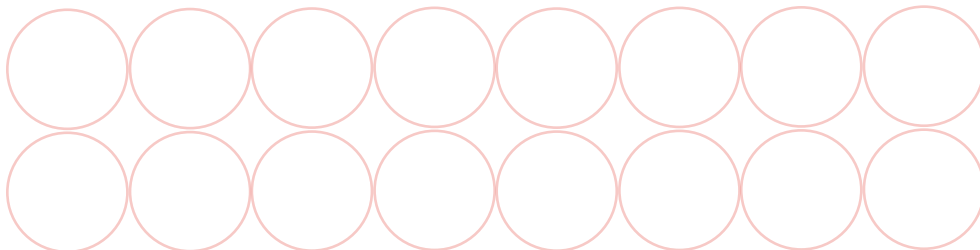
Enforcing the 200 federal statutes that deal with postal crime make up our second area of focus. There are criminals out there who take things out of your mailbox, and there are others who put things in. As Postal Inspectors, we investigate these crimes and arrest the criminals. Our enforcement efforts last year resulted in 5,969 arrests and 4,648 convictions related to the investigation of postal crimes. Of those arrests, 2,487 were for those criminals who took mail out of mailboxes; for those who put things into mailboxes, 499 fraudsters and scam artists were prosecuted.

But an area that is grabbing the attention of all law enforcement agencies is the opioid epidemic. The increasing volume of prohibited substances in the mailstream have made it necessary to deploy additional resources to this area. As a result, we've seen dramatic increases in our interdiction of dangerous opioids, such as fentanyl. In the past two years, we have achieved a 1,000% increase in international parcel seizures and a 750% increase in domestic seizures.

Preventing postal crimes is the third area of our strategic focus. Inspectors use state-of-the-art equipment to identify hazardous substances and suspicious items in the mail, preventing these items from injuring postal employees or customers. During the year, Inspectors responded to 2,555 incidents involving suspicious items, substances, powders, or liquids in the mail or at postal facilities — no fatalities resulted. We've also found that educating the American public about scams and frauds is the best way to prevent them from becoming victims. One way is through our TV show, "The Inspectors," a half-hour, Emmy Award-winning show airing on Saturday mornings on the CBS network. Last year, more than 60 million viewers received a consumer awareness message through the show. During the year we also partnered with the AARP on a new crime prevention campaign called "Operation Protect Veterans." This national initiative focuses on making veterans aware of frauds that target them.

Scientists and specialists in our National Forensic Laboratory Services (FLS) examined more than 275,000 items and identified 862 suspects, playing a key role in bringing justice to those individuals responsible for postal-related criminal offenses. FLS also provides scientific and technical expertise to the criminal and security investigations of the Postal Inspection Service.

In a 1935 article about Post Office Inspectors, written by Eleanor Roosevelt, the First Lady addressed our Service: "The Inspectors are vigilant.... They are constantly engaged in the apprehension of malefactors, and have many exciting adventures which would rival our best detective stories." I've had a chance to be a part of this agency and work with the dedicated individuals who continue to track down these malefactors. As I turn in my retirement papers, I want to thank our dedicated employees, whose work continues to ensure America's trust in the U.S. Mail.



MEET OUR LEADERS



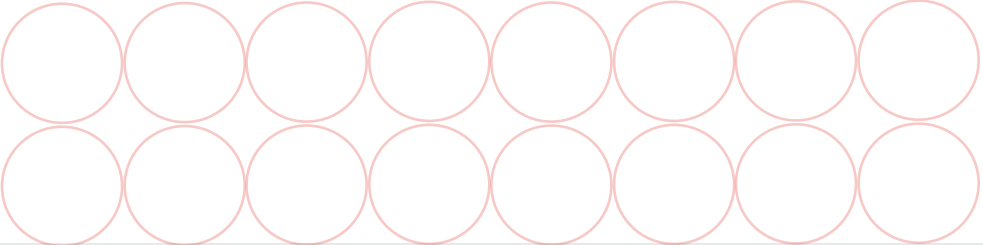
Gary Barksdale
Deputy Chief Inspector
Headquarters Operations



Maria L. Kelokates
Deputy Chief Inspector
Strategic Initiatives



Keith E. Milke
Deputy Chief Inspector
Eastern Field Operations





Robert Wemyss
Deputy Chief Inspector
Western Field Operations



Sandra L. Spector
Inspector in Charge
Office of Counsel



Barbara Dandridge
Acting Director
Business 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.

New Legislation

On October 18, 2017, Congress passed the Elder Abuse Prevention and Prosecution Act (EAPPA) to address the financial abuse and exploitation of senior citizens — a crime believed to be vastly underreported. Many of these victims fail to receive the help they need, and their abusers go unpunished. EAPPA covers criminal acts committed by individuals or entities, including family members and/or caregivers, and includes mail, telephone, and Internet-based scams. The new law seeks to improve law enforcement training and assistance to victims. It also creates enhanced penalties for those who engage in telemarketing and email scams targeting seniors. EAPPA also designates Elder Justice Coordinators in federal judicial districts and at the Department of Justice, and instructs the Executive Office for United States Attorneys to operate as a resource group to assist prosecutors in pursuing elder abuse cases. These designated prosecutors have begun reaching out to Postal Inspectors and other federal partners, encouraging them to bring cases forward.

Operation Protect Veterans

Last November, USPS announced its partnership with AARP to warn military veterans about fraud schemes. Research shows that veterans report being victimized by fraud twice as often as the general public. Beginning in February 2018, we distributed fraud prevention materials to the more than 30,000 Post Offices around the country.

The pamphlets are designed to help military veterans avoid scams, especially those that target them, such as VA loan scams, pension poaching, and fake vet charity scams. More than 6,000 postal customers — about two-thirds of whom were vets — filled out the survey found in the back of the brochure, providing insight into who gets scammed and what kind of scams are most prevalent.

Twenty Sentenced for “Smart Business Pros” Telemarketing Scheme

Postal Inspector Anna Hallstrom, Chicago Division

Postal Inspectors led a three-year inter-agency investigation into the activities of a nationwide fraudulent telemarketing scheme that victimized more than 4,100 consumers, most of whom were retirees. Twenty defendants were ultimately convicted and sentenced for their roles, several of



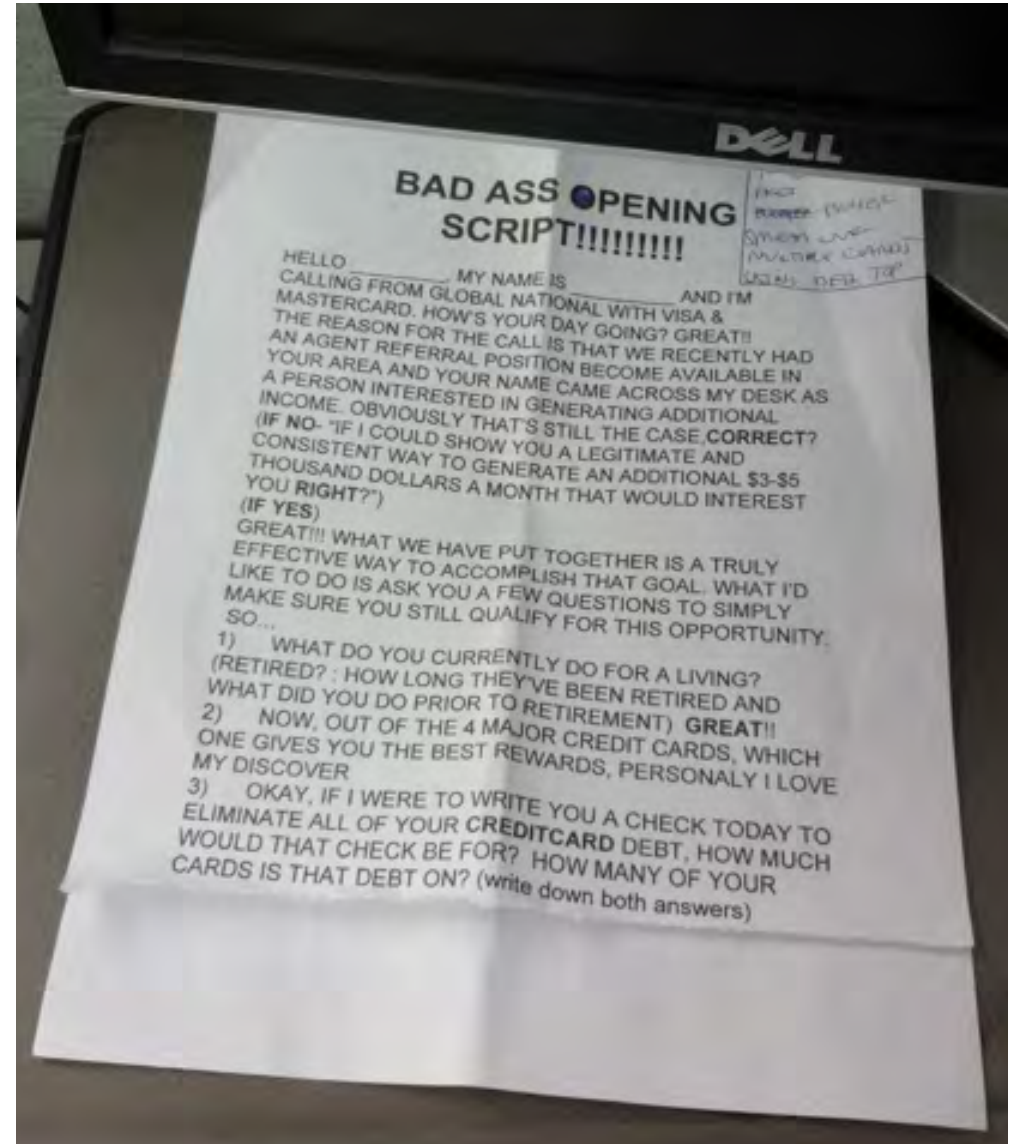
Some of the gold and silver coins seized in the Smart Business Pros investigation. (Photo by Arizona State Attorney General's Office.)

whom received prison sentences and were ordered to pay tens of millions of dollars in restitution. As part of their scheme, the defendants created different business entities in order to run their enterprise and disguise their actions. Most notable among the fake businesses was Smart Business Pros, which consisted only of a rented box in a commercial mail receiving agency in suburban St. Louis, MO. Individual losses ranged from a few thousand to \$300,000.

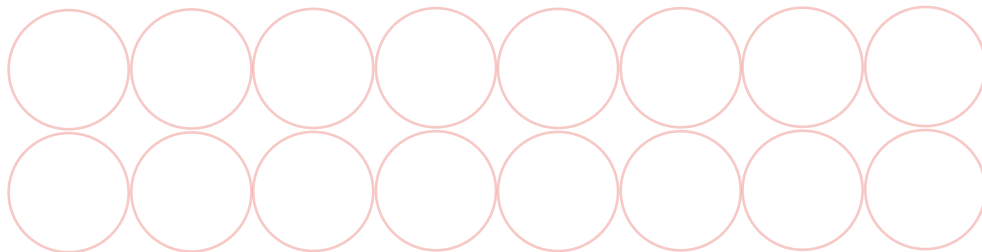
Michael McNeill, one of the principle organizers of the scheme, used multiple aliases to conceal his activities. McNeill was convicted of wire fraud in connection with telemarketing and conspiracy to commit money laundering and sentenced to ten years in prison. Timothy Murphy was the last of the 20 defendants to be sentenced. Murphy was sentenced to 54 months in prison after pleading guilty to charges of wire fraud in connection with telemarketing and conspiracy to commit money laundering. McNeill, Murphy and others led a telemarketing

enterprise that sold false and fictitious business opportunities as part of a scheme that reached across the United States and Canada and generated in excess of \$28 million in fraudulent sales. Defendants in the case were sentenced to a combined total of 595 months' imprisonment.

In addition to ordering restitution, the government seized numerous assets for forfeiture, including \$300,000 in cash, Rolex and Breitling watches, more than 80 gold and silver coins, a Jaguar sports coupe, and interest in a luxury home in Phoenix, AZ. The prosecution was part of a DOJ-led nationwide elder fraud sweep. The Department of Justice and federal law enforcement partners are part of the largest sweep of elder fraud cases in history. The combined cases involve more than 250 defendants from around the globe who victimized more than a million Americans, causing losses of more than half a billion dollars.



Actual script used in the telemarketing scam.

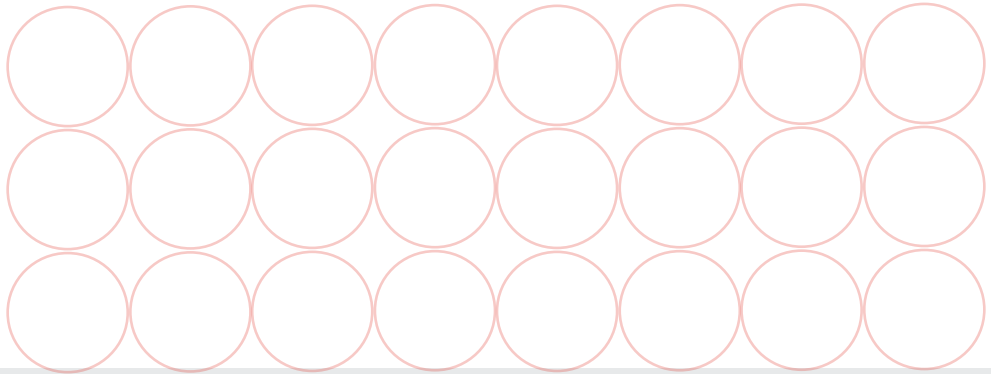


PROTECTING POSTAL CUSTOMERS

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 crime 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.

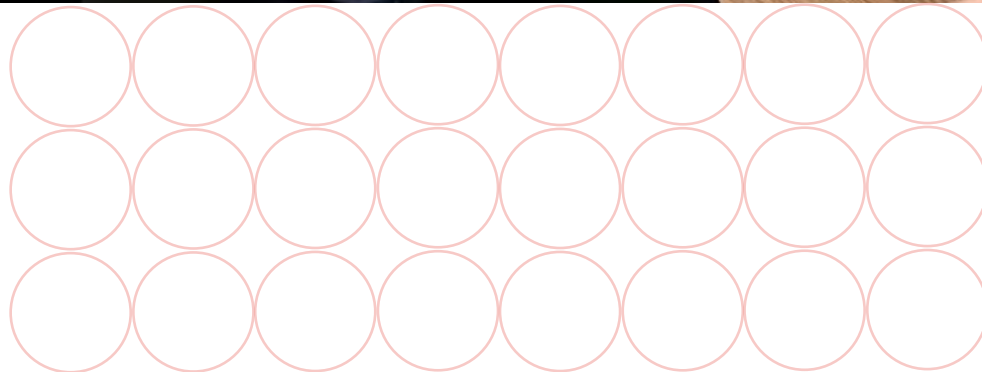
One of our most effective prevention tools is “The Inspectors,” a half-hour, Emmy Award-winning show airing on Saturday morning on the CBS network. The show reaches more than a million viewers each week with examples of how to avoid and respond to mail-related crimes such as mail fraud, foreign lotteries, mail theft, stolen packages, and more.

In November 2017, the Inspection Service embarked on a new crime prevention initiative with AARP — “Operation Protect Veterans.” This national campaign focuses on making veterans aware of frauds that target them. These projects are funded through forfeitures and fines collected from criminals convicted of postal crimes.





Search Warrant Operational Briefing.



ASSISTING CRIME VICTIMS

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

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

For the thirteenth year in a row, the Inspection Service participated in the National Crime Victims' Rights Week (NCVRW), held in April 2018. 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 "Expand the Circle: Reach All Victims," which emphasizes the importance of inclusion in victim services. The theme addresses how the crime victims' field can better ensure that every crime victim has access to services and support and how professionals, organizations, and communities can work in tandem to reach all victims.

Examples of Victims' Rights Work Performed During FY 2018

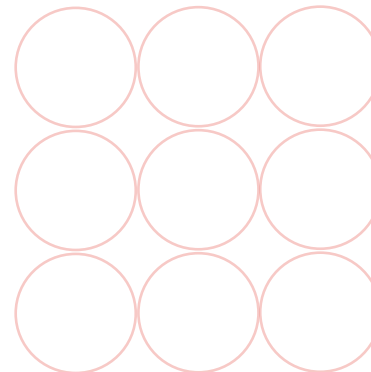
Miami Division

U.S. Postal Inspection Service hosted an event in the Tampa, FL, Main Post Office lobby. Information was provided regarding victims' rights, services, and resources available to assist victims in their recovery. NCVRW pamphlets were handed out along with USPIS pamphlets, brochures, and DVDs to help customers to not fall prey to identity theft, mail theft, and work-at-home, lottery, and sweepstakes schemes.

Denver Division

During National Crime Victims' Rights Week, Inspection Service personnel attended a resource fair hosted by the Minneapolis Community Technical College, Minneapolis, MN. This event showcased a brief presentation by attending agencies on how each agency supports crime victims. The college also arranged for a speaker from Cornerstone Advocacy Service to speak on the

topic of stalking. This event gave Inspectors opportunities to assist victims by providing information, as well as a chance to build and foster relationships with local, state, and federal agencies in attendance.





ADMINISTERING ASSET FORFEITURE

Deterring Crime with Forfeiture

Illegal drug trafficking, mail fraud, and other crimes in the mail not only endanger employees and victimize consumers, but also tarnish the integrity of the Postal Service brand. Asset forfeiture remains one of the nation's most effective weapons in deterring crime.

This past fiscal year, investigations by Postal Inspectors resulted in the seizure of 1,815 assets valued at \$71.2 million. Eighty-five percent of these seizures involved illegal narcotics and related proceeds, while the remaining 15 percent of seizures were primarily related to mail fraud and identity theft schemes.

In our efforts to reduce drugs in the mail, we leverage our resources and intelligence gathering by working with our local federal, state, and local law enforcement partners. The forfeiture program allows for the equitable sharing of seized proceeds to help offset the cost of law enforcement. This past year, in appreciation of the investigative support of our state and local partners, we made 1,656 sharing payments totaling \$5 million.

Funding Investigations and Education

Forfeiture funds continue to support a number of investigative and educational initiatives valuable to the Postal Inspection Service mission. Initiatives such as Project JOLT (Jamaican Operations Linked to Telemarketing) and the Cross-Border Task Forces with Canada make us more effective at protecting U.S. citizens from criminals who prey upon them from beyond our borders.

The Inspection Service also used forfeiture funds to initiate a number of consumer protection campaigns on the Internet, the news media, and television. Moreover, forfeiture funding provided state-of-the-art law enforcement training programs at little or no cost to the Postal Service. In 2018, the Inspection Service partnered with the Department of Justice to conduct a financial investigations seminar focused on providing 80 newly assigned agents and analysts with valuable financial investigative skills and forfeiture training.

Most notably, forfeiture supports our agency's ability to utilize new strategies and technologies for both deterring narcotics trafficking and enforcing criminal statutes against those using the U.S. Mail to distribute drugs. It provides us with the "edge" to stay one step ahead of the criminal element.

Forfeiture Cripples Worldwide Human Trafficking and Prostitution Website

In April 2018, the Inspection Service and its law enforcement partners announced the prosecution of backpage.com — a classified ads website profiting from the sales of prostitution advertisements. The website had long been suspected of facilitating child trafficking for prostitution. After a worldwide multi-agency investigation, a grand jury in Phoenix, AZ, handed up a 93-count indictment, which stated, "virtually every dollar flowing into Backpage's coffers represents the proceeds of illegal activity." Seven top officials of Backpage were arrested, and the government seized all of Backpage's websites around the world.



The indictment accused Backpage.com of allowing its ad service to be used to facilitate prostitution and claimed that some of the victims were as young as 14. The investigation further disclosed that, since its inception in 2004, the company had laundered an estimated \$500 million in prostitution-related proceeds and was operating websites in 97 countries.

In addition to the criminal counts, the government seized 25 bank accounts, 35 website domains in the U.S. and 20 other countries, and 10 residences in California, Arizona, Texas, and Illinois. In addition to one conspiracy count, the indictment listed 50 counts of facilitating prostitution, citing specific ads published on Backpage between September 2013 and February of 2018. According to the indictment, in 2014 Backpage’s annual profit was \$134 million.

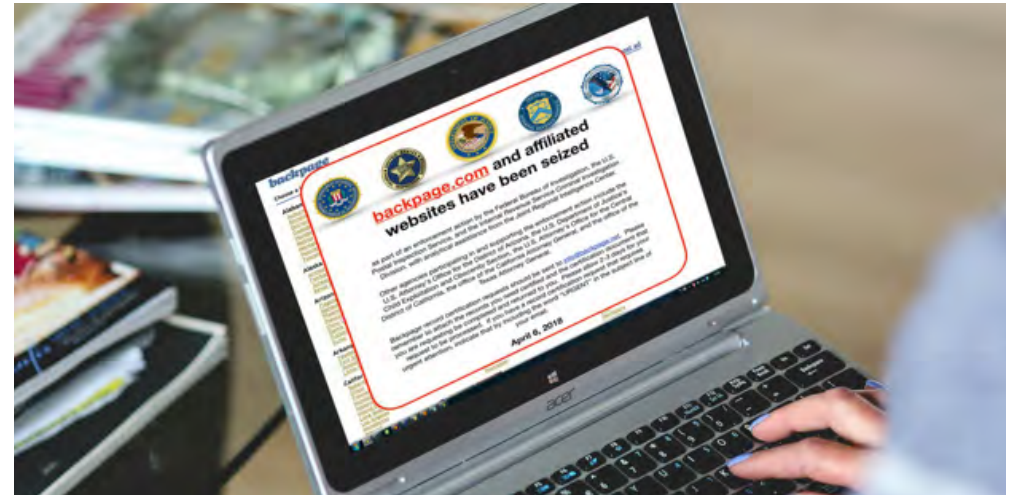
The indictment also includes one count of conspiracy to commit money laundering and 41 counts of alleged instances where sums of money as large as \$5 million were shifted between banks to avoid detection. That included routing the money through other businesses not directly associated to Backpage.com, wiring it to other countries for conversion, funneling it through gift cards, and laundering it through Bitcoin and other forms of cryptocurrency. The Postal Inspection Service led the money laundering and forfeiture aspects of the investigation.

Preserving Trust in the U. S. Mail

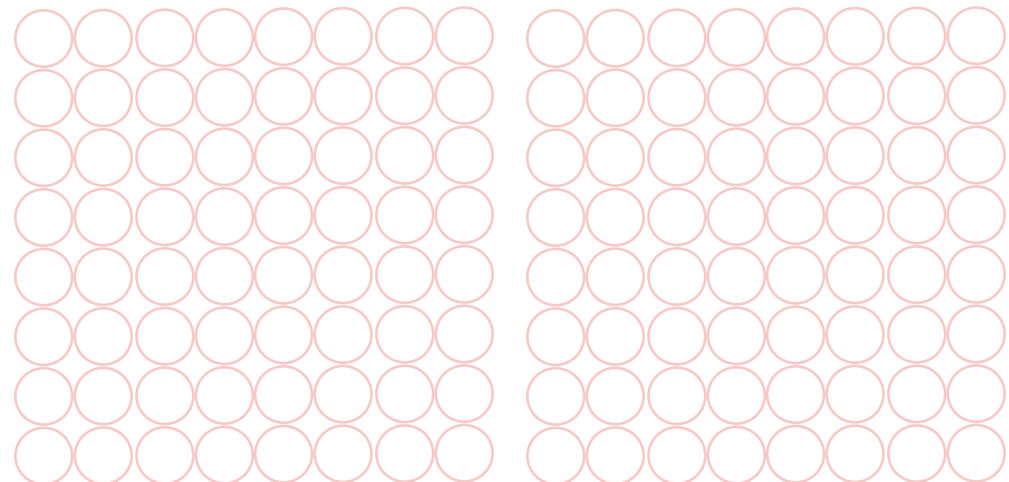
Postal Inspectors recently completed a six-year investigation of an international mass mailing sweepstakes scheme operated out of Arizona on various names and locations.

The defendants, operating under the names KPS Productions, JJMK Enterprises, JKS Ventures, and YR Mail Services, were charged with mailing fraudulent solicitation letters to recipients throughout the United States and other countries around the world. Each solicitation mailed by the defendants contained multiple misrepresentations designed to induce elderly and vulnerable victims to send payments in order to secure “valuable prizes” promised in the solicitations. Victims mailed payments to multiple Post Office Boxes and a commercial mail receiving agency controlled by the defendants. Although the defendants collected millions of dollars each year in response to these solicitations, the victims stated they never received the prizes they were promised.

Postal Inspectors effectively shut down the operation by obtaining a civil injunction (pursuant to 39 U.S.C. § 3005). While executing a warrant at the residence of the operators, Postal Inspectors found and seized various amounts of U.S. and foreign currency with a total U.S. value of \$745,039.20. As a result of the injunction, the defendants signed an agreement to “Cease and Desist” their sweepstakes scheme.



The government seized all of Backpage’s websites around the world and posted this notice to those visiting the site.



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.



A neighborhood delivery box broken into by a mail thief.

Targeting Mail Theft in Alaska

Postal Inspector Alan Damron, Seattle Division

Numerous mail theft complaints from Anchorage, AK, resulted in the federal convictions for members of a mail theft ring. Postal Inspectors worked with Anchorage and Palmer Police Departments to identify and convict Sara James, her husband Jonathan James, David Gonzales, Brandon Madrid, Braden Asbury, and Karri Embach.

Sarah and Jonathan James would drive Gonzales around Anchorage to go “mailboxing.” Gonzalez would steal checks, credit cards, and personal identifying information. They would then “wash,” alter, and negotiate checks using stolen identities, recruiting others to assist them. During the investigation, the group’s *modus operandi* changed from negotiating altered checks to negotiating counterfeit checks that were created using information from stolen authentic checks. Sara James and Gonzalez would share the proceeds and exchange drugs for the stolen mail and personal identifying information. Sara James and Gonzalez committed these crimes while they were released on bail pending state charges.

During a search warrant, evidence of mail theft, access device fraud, identity theft, counterfeit U.S. currency, forgery, drugs, and a firearm were recovered. The group was using a rented vehicle that had suspicious license plates. All suspects received prison time, and over \$85,000 dollars in restitution was ordered.

Inspectors Catch Check Thieves in California

Postal Inspector Elizabeth Foley, San Francisco Division

On October 25, 2017, Lom Nguyen, Jeanne Macias Mendoza, and Kimi Matsuno attempted to negotiate a stolen check they had forged. An employee at the Save Mart thought it was suspicious and called the Ripon Police. Ripon Police stopped them in the GMC U-Haul they were driving and discovered a trash bag of over 1,000 pieces of mail belonging to more than 400 victims.

Postal Inspectors interviewed the three suspects and contacted the victims. Nguyen and Mendoza would steal mail in Elk Grove, CA, and search for checkbooks and credit/debit cards. They would then try to make purchases with the stolen cards. Matsuno would arrange to have fake temporary driver’s licenses created using the personal identifying information from the stolen mail, using Mendoza’s photo. Losses were estimated at \$111,500. Nguyen was sentenced to 10 years and eight months in prison. Mendoza was sentenced to seven years in prison. Matsuno was sentenced to five years in prison.

Check Counterfeiters Sentenced in Colorado

Postal Inspector Kenneth P. Haithcoat, Denver Division

Kathleen Cooke, Sean Jones, and Alan Mill were the leaders of an 11-person mail theft ring working the Denver area. From the mail they stole, they would gather personal identifying information and checks. The ring would alter and/or create counterfeit checks to negotiate at banks and businesses. They would sell or trade personal identifying information, meth, and/or heroin with each other.

A search of Cooke’s apartment uncovered a computer and magnetic ink character recognition (MICR). MICR is specifically used for printing checks. The USPIS Forensic Laboratory Service conducted a forensic exam on the recovered computer.

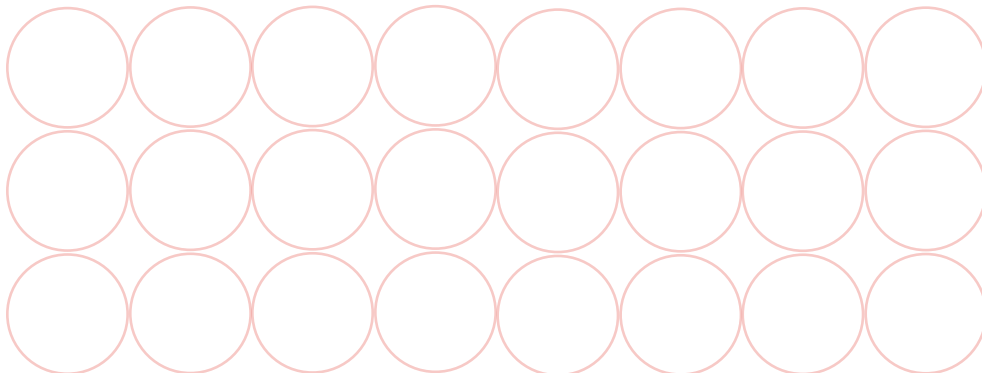
The Postal Inspection Service investigated, in cooperation with the Denver District Attorney’s Economic Crime Unit, Denver Police Department, Colorado Bureau of Investigation, Blackhawk Police Department, FBI Rocky Mountain Safe Streets Task Force, Arapahoe County Sheriff’s Office, and Jefferson County Sheriff’s Office. In early 2018, Cooke, Jones, and Mill were all sentenced to over 10 years in prison. Mill received the longest prison sentence of 22 years. Collectively, the group stole more than \$100,000 and victimized more than 400 people and businesses.

South Carolina Mail/Identity Thieves Sentenced

Postal Inspector Stacy B. Momon, Charlotte Division

Cary and Tonya Wright were in possession of hundreds of pieces of stolen mail when they were arrested on multiple forgery charges in Greenville County, SC. Charlotte Division Postal Inspectors worked with the Greenville County Sheriff’s Office and the Greenville City Police Department. During their investigation they identified other suspects, including Casey Raines. Raines and Cary Wright would work with others to steal mail for financial information and personal identifying information. Raines would open multiple bank accounts to deposit stolen and counterfeit checks, then withdraw the money to purchase methamphetamine.

Law enforcement executed a search warrant at Wright’s home and recovered stolen mail, access devices, blank check stock, and a computer used to create counterfeit checks. Raines was sentenced to 36 months in prison and ordered to pay \$7,581 in restitution. Wright was sentenced to 51 months in prison.



Some mail thieves prefer to break into blue collection boxes to steal mail in bulk.



Others use improvised devices in an attempt to “fish” letters from the mail slot.

INTERCEPTING DANGEROUS MAIL



Suite of the Inspection Service's Mobile Mail Screening vehicles: The Mobile Mail Screening Station (MMSS), Mobile Mail Screening Trailer (MMST), and the X-ray Truck.

During FY 2018, Postal Inspectors conducted over 11 high-profile investigations involving mail containing suspicious substances, along with threatening communications to federal and state government officials, religious organizations, foreign embassies, and news media. These investigations are a top priority.

While testing proved the substances were non-hazardous, the correspondence in the mailings implied direct threats of bodily harm. These cases are prosecuted to the full extent of the law. During this past year, these investigations led to 29 arrests and 17 convictions.

Specially trained and equipped Postal Inspectors respond when a prohibited mailing, suspicious substance, or the rare crime of an explosive device in the mail may cause harm. Inspectors responded to 2,555 incidents involving suspicious items, substances, powders, or liquids in the mail or at postal facilities this past year.

Mail Screening at National Security Events

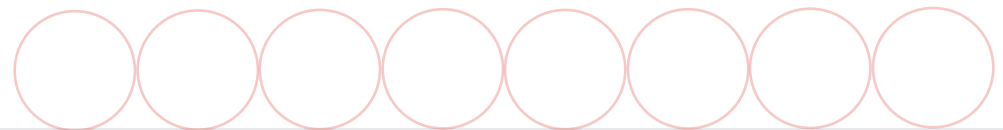
Public gatherings are certified as National Special Security Events when they are considered attractive targets for terrorists or assassins due to their visibility or political connection. The Postal Inspection Service's mail-screening program supports the Postal Service's responsibilities dictated by the Department of Homeland Security (DHS) Presidential Directives in its National Response Plan. The program is supported by the Postal Inspection Service's Mobile Mail Screening Station, a transportable, self-sufficient platform that provides mail screening for chemical, biological, radiological, and explosive threats. The program also deploys vans equipped with X-ray units and field-screening equipment.

In 2018, the Inspection Service worked with federal, state, and local law enforcement partners to provide mail screening at 10 national mail-screening events including our flagship event, Super Bowl 52 in Minneapolis, MN. Over 26,000 mail items were screened during these 10 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 the event. Postal Inspectors also coordinated mail-screening activities for the four largest carriers: the Postal Service, FedEx, United Parcel Service, and DHL International. They additionally coordinated mail-screening for smaller messenger and courier services with the Secret Service.

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

The Postal Inspection Service has participated in over 50 National Mail Screening events in the past five years. Our mail screening equipment is driven to all areas within the United States. In 2018 the Inspection Service upgraded our Mobile Mail Screening equipment to support any emergent requests for mail screening due to limited resources. These improvements enhance the Inspection Service's mission and ability to provide mail-screening activities for high-profile events to keep employees and customers safe.



Hazardous Materials

During FY 2018, the Postal Inspection Service expanded its Self-Contained Breathing Apparatus (SCBA) Program. In an effort to increase response times to potential threats associated with the USPS Biohazard Detection System (BDS), the SCBA Program was given the added responsibility of responding to BDS alerts within the Postal Service. The SCBA Program is tasked with responding to threats within the Postal Service where environmental hazards may have precluded entry by Dangerous Mail Investigations (DMI) equipped Inspectors. The cause of such environmental hazards could range from criminal acts to the far too frequent deliberate and wanton disregard of mailing standards by some individuals.

International Service Center Interdictions

Interdictions at the International Service Centers (ISCs) are all about protection — protecting revenue and the USPS brand, and protecting the American public from fraud.

Export Compliance

These laws ensure U.S. national security, protect national economic interests, and reinforce foreign policy. Postal customers are responsible for complying with export laws, but the Inspection Service reviews the mail to ensure customer compliance.

The International Mail Security Export Screening Program detects outbound international packages that do not comply with export law requirements. In FY 2018, over 64 million customs declarations were screened with 443,978 packages identified with potential violations. After conducting a physical review, screeners detected 22,410 packages that did not comply. These were returned to the sender along with educational materials explaining export control requirements.



Dangerous Goods

While dangerous goods are regularly carried as cargo on passenger and cargo aircraft, there are unique risks involved with mailing dangerous goods by international air transportation. In FY 2018, the International Mail Security team used an electronic screening method to review 64,278,347 customs declarations for dangerous goods. From those, 25,683 packages that potentially contained a dangerous good or which were packed improperly were returned to the sender. Approximately 66% of the returned items contained lithium batteries.

Counterfeit Postage

Postage fraud and manipulated customs declarations are scams that are directed at the Postal Service, which impacts the Postal Service’s bottom line. Inspection Service screeners removed packages bearing counterfeit postage and manipulated customs declaration forms from the international mailstream, protecting USPS revenue. In FY 2018, 4,923 packages with an estimated postage value of \$275,512 were removed from the mailstream.

Illegal Lottery Mail and Counterfeit Postal Money Orders

Foreign lotteries are illegal in the United States. These lottery solicitations are usually criminal frauds designed to dupe victims into sending the perpetrators money. Inspection Service screening programs help interdict illegal lottery mailings and protect victims from financial harm. In FY 2018, interdictions prevented criminal misuse of the mail and removed 369,542 illegal lottery solicitation letters that were part of 3,116 different scams. These letters often contain counterfeit checks or money orders. Inspection Service screeners interdicted solicitations containing counterfeit checks with a face value of approximately \$484,321,875. Screeners also removed mail pieces containing counterfeit postal money orders. These interdictions protect the Postal Service brand so USPS money orders continue to be a widely trusted financial instrument. In FY 2018, Postal Inspectors interdicted over 7,000 counterfeit postal money orders with a total face value of \$7,751,436.



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 Investigation 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 the past two years, the Postal Inspection Service, in collaboration with federal agencies and state and local law enforcement, has implemented improved investigative techniques that significantly increase our ability to intercept dangerous opioids, such as fentanyl. From fiscal year 2016 through 2018, we achieved a 1,000% increase in international parcel seizures and a 750% increase in domestic parcel seizures related to opioids. In FY 2018, Postal Inspectors and our law enforcement partners seized 96,668 pounds of mailed narcotics, including marijuana, methamphetamine, synthetic opioids, and other dangerous drugs.

The Postal Inspection Service further executed an agreement with Customs and Border Protection to define responsibilities and leverage shared technological solutions to improve interdiction efforts and enhance global security. Despite the ground we have

gained, there is much work ahead of us. We will continue to work tirelessly to combat this serious epidemic.

Ohio Man Sentenced to 17 Years for Mailing Cocaine

In June 2015, Postal Inspectors in Cleveland, OH, were advised of a drug trafficking organization responsible for distributing cocaine from Puerto Rico to Ohio, New York, New Jersey, Pennsylvania, Connecticut, and Illinois. During the course of the investi-



Contraband concealed within parcels.

gation, Inspectors intercepted 13 Priority Mail parcels sent from Cleveland, OH, to Puerto Rico that contained over \$456,000 in U.S. currency. Inspectors also seized over seven kilos of cocaine concealed in multiple parcels from Puerto Rico destined to various parts of the U.S. Inspectors identified recidivist Nelson Figueroa as the primary target of the investigation and observed him mailing parcels to Puerto Rico that contained U.S. currency. Inspectors identified over 110 related U.S. Mail parcels suspected of containing cocaine and/or the proceeds thereof.

In 2010, following his arrest by Postal Inspectors, Figueroa pled guilty in federal court to attempted possession of cocaine with intent to distribute and was sentenced to 51 months in prison followed by four years' supervised release. Figueroa also served 57 months in prison after pleading guilty in federal court to conspiracy to distribute heroin in 2002.

In 2016, Figueroa fled the Northern District of Ohio following a 13-count indictment for Use of the United States Mails to Facilitate the Distribution of Cocaine and Cocaine Proceeds. In 2017, Postal Inspectors and DEA in Florida conducted a search warrant on a residence resulting in the arrest of Figueroa and the seizure of \$1,200,000 in U.S. currency. Figueroa was sentenced to 17 years in federal prison followed by 21 years of supervised release.



Inspectors Take Down Dark Web Drug Vendor, “DoggFood”

In August 2017, Postal Inspectors in Baltimore, MD, and Conway, AR, initiated a joint investigation involving an overdose death. Postal Inspectors in Arkansas were notified of a heroin overdose death involving a University of Arkansas Medical Sciences Police Officer in Conway. The package associated with the death investigation was a Priority Mail package shipped from Baltimore, believed to have contained heroin mixed with a synthetic drug. Further investigation led to the identification of a drug trafficking organization shipping user quantities of heroin across the U.S.



Following an interview of a recipient of a suspected heroin parcel, investigators learned the heroin was purchased with Bitcoin from Dark Web vendor “DoggFood.” Fingerprints found on related mailings belonged to 33-year-old Cory Skinner of Pikesville, MD. When law enforcement searched Skinner’s residence, they recovered several items of evidence including the laptop used to run the Dark Web vendor “DoggFood,” postal shipping supplies, \$6,600 in U.S. currency, and a loaded Smith & Wesson 9mm firearm.

On August 13, 2018, a U.S. District Judge sentenced Skinner to seven years in prison, followed by four years’ supervised release, for conspiracy to distribute and possess



with intent to distribute 100 grams or more of heroin as well as quantities of cocaine and buprenorphine.

Utah Man Sentenced for Mailing Machine Gun Conversion Kits

In 2016, a joint investigation between Postal Inspectors and ATF agents resulted in the conviction of a Salt Lake City, UT, man responsible for manufacturing an estimated 1,400 machine gun conversion devices using the U.S. Mail to distribute each device to customers across the U.S.

ATF Agents and Postal Inspectors executed a search warrant on the Salt Lake City residence, where they recovered numerous pieces of evidence related to the manufacturing of machine gun conversion devices. Investigators learned that the product called “ARFA kit,” which means AR Full Auto, was sold to any customer who was willing to pay \$100. The device took minutes to install and changed semi-automatic rifles into

automatic machine guns. There was no background check process, and it was found that numerous customers were convicted felons.

In January 2018, after a four-day jury trial, the defendant was found guilty of Unlawfully Engaging in the Business of Manufacturing Machine Guns and Illegal Possession and Transfer of Machine Guns. He was sentenced to 33 months in prison followed by three years’ supervised release.



HALTING CHILD EXPLOITATION

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.

Massachusetts Man Sentenced on Child Pornography/Molestation Charges

Postal Inspector Michael J. Connelly, Boston Division

In response to a CyberTips informant filed with NCMEC by both eBay and Skype, Postal Inspectors and the Massachusetts State Police/Internet Crimes Against Children Taskforce conducted a joint investigation into Philip Toronto, of Billerica, MA. Toronto was a confirmed customer of Azov Film, a commercial child pornography distribution company located in Toronto, Canada, which was the target of the Postal Inspection Service's Operation SPADE. Multiple search warrants were executed on Toronto's residence and online accounts. Toronto was also interviewed during the initial search warrant, eventually confessing to molesting two separate minor children and filming the abuse over a period of several years. He was arrested that night and charged federally with child pornography production, along with state charges of multiple counts of aggravated rape and indecent assault and battery on a child.

Digital forensics examinations were conducted jointly with Forensic Laboratory Services — Digital Evidence Unit, Boston, as well as the MA State Police Computer Crimes Unit, and both were of tremendous help in convicting him of these crimes.

On February 15, 2018, Toronto was sentenced federally to 40 years' incarceration and five years' supervised release. On April 25, 2018, he was sentenced by the State of Massachusetts to 15 years in state prison to be served concurrently with his federal sentence.

Prison for Illinois Offender

Postal Inspector Kevin Gorham, Chicago Division

In early 2015, the Postal Inspection Service was notified by the FBI that Michael Lee Graham of West York, IL, was involved in sending and receiving child pornography images to an undercover FBI Agent in Florida.

Graham was interviewed by Postal Inspectors, FBI, and Postal OIG at his home in March 2015 and admitted to sending and receiving child pornography. A subsequent forensic examination of Graham's personal laptop computer revealed approximately 106 images that were identified by NCMEC as having child victims from approximately 40 different exploitation series. The FBI was responsible for victim notification of those victims who expressed a desire to be notified.

Graham pleaded guilty at an information hearing on November 7, 2017, to one count of possession of child pornography. He was sentenced on July 24, 2018, to 132 months in prison.

Ohio Man Sentenced for Ordering Child Pornography Through Mail

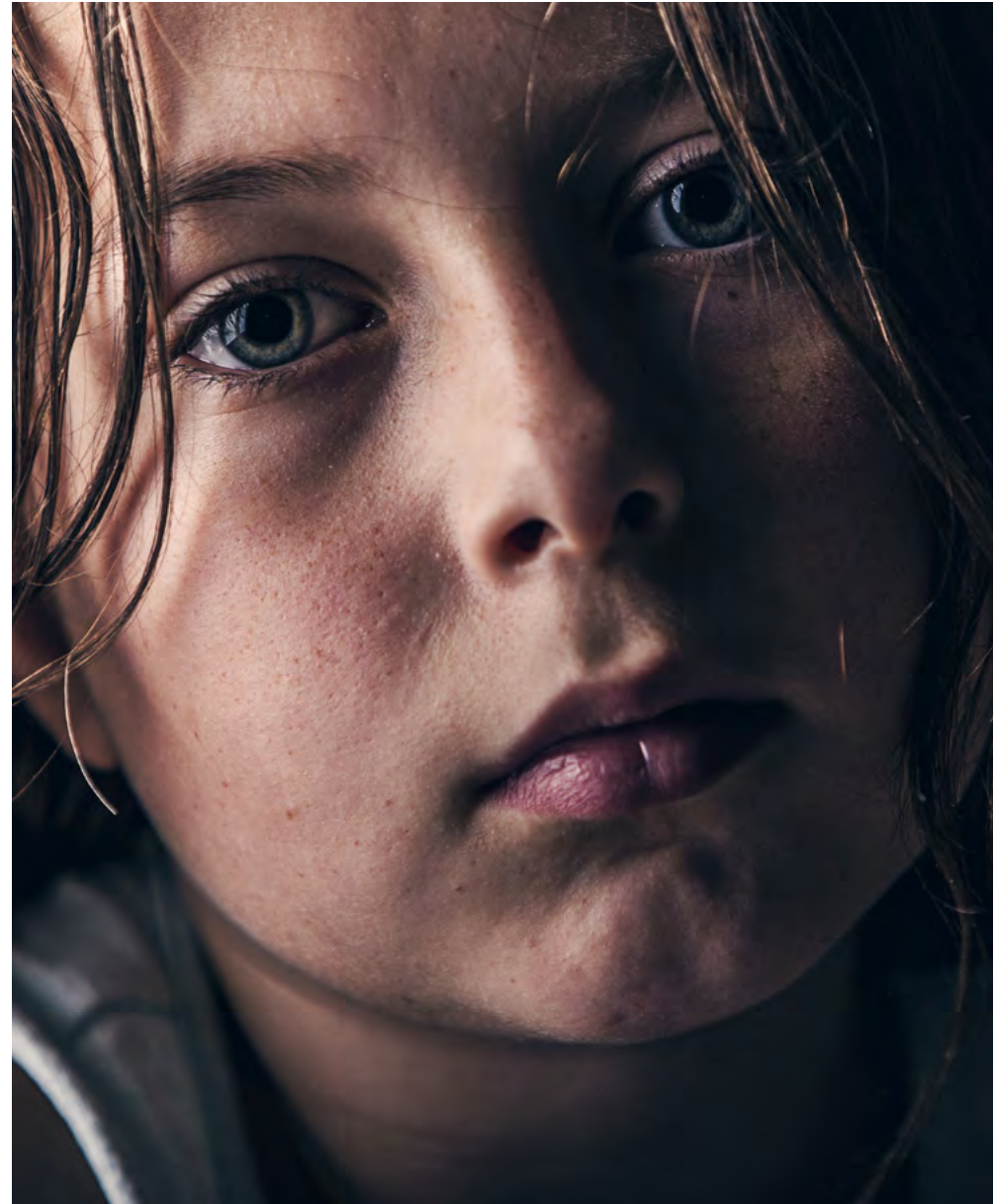
Postal Inspector Ian P. Ortega, Pittsburgh Division

On September 15, 2016, U.S. Postal Inspectors from the Cleveland Field Office conducted a consent interview and search at the residence of Christopher Benson in Willoughby Hills, OH. The subject was identified by PayPal Inc. as a potential recipient of child pornography. A background investigation identified Benson as a previous customer of "CNDVD" and "WeBe Web," a distributor of child pornography DVDs via U.S. Mail. These entities were the subject of prior Postal Inspection Service child exploitation investigations.

During the interview, Benson admitted ordering through the U.S. Mail DVDs depicting minor girls engaged in "modeling." He also admitted to viewing and downloading child pornography. Benson denied producing any child pornography and denied having sexual contact with minors.

On January 17, 2018, a change of plea hearing was held for Benson, at which time he withdrew his plea of not guilty and entered a guilty plea to receiving material relating to the sexual exploitation of minors.

On May 3, 2018, Benson was sentenced to 78 months' imprisonment and 60 months of supervised release. Benson was given no fine and ordered to pay a \$5,000 special assessment fee.



KEEPING EMPLOYEES SAFE AND SECURE

Father and Son Post Office Robbers Sentenced

Postal Inspector Kelly Pacheco, Houston Division

On January 28, 2016, Joe Robert Martinez entered the Garden Oaks Post Office in Houston, TX, approached the counter, then displayed a semi-automatic handgun and ordered the clerk on duty to give him the money from the cash drawer. The clerk complied with Martinez's demands and set the register drawer on the counter. After removing the money from the drawer, Martinez ordered the clerk to get back and get on her knees. Then he left the Post Office and fled on foot.

Postal Inspectors responded to the Post Office and canvassed the immediate area. They obtained surveillance footage from inside the Post Office, notated the robber's physical description, and, in coordination with the Houston Police Department, processed the crime scene. Inspectors created a reward letter and contacted a local news outlet to disseminate the video and reward letter to the public.

A day later, Postal Inspectors received an anonymous tip from a caller stating that the man in the surveillance video was Joe Robert Martinez. Postal Inspectors continued coordination with the Houston Police Department and learned that Martinez and his son, Joe Robert Martinez, Jr., were involved in additional armed robberies in the Houston area. Postal Inspectors conducted surveillance at a local hotel and located and arrested Martinez, Sr., without incident. They interviewed him, and he confessed to the robbery of the Garden Oaks Post Office.

On October 11, 2017, Martinez, Sr., was sentenced to 25 years in federal prison, followed by three years' supervised release, and ordered to pay \$1,060.66 in restitution. Joe Robert Martinez, Jr., was later arrested for robbery charges and was also sentenced on October 11 to 10 years in federal prison, followed by three years' supervised release, and ordered to pay \$1,060.66 in restitution.

Man Sentenced to 10 Years for Assault on Letter Carrier

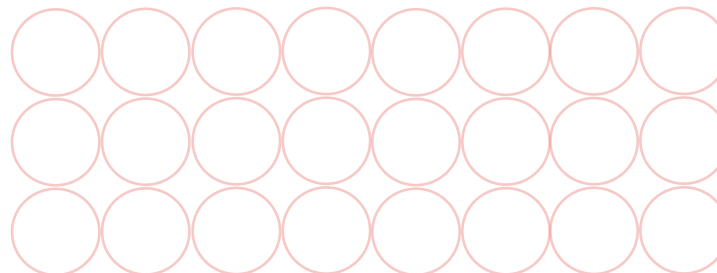
Postal Inspector Michael Kaminski, Phoenix Division

On November 21, 2017, Seth Sebert (a.k.a. Asia Lynn) attacked a letter carrier who was delivering mail in Phoenix, AZ. The letter carrier had just opened the panel doors of the apartment collection box to gain access to the individual mailboxes when he noticed Sebert reaching into one of the individual mailboxes. The carrier told Sebert that, for the security of the mail, customers are not allowed to reach into the mailboxes while the panel doors are open. Sebert approached the carrier and yelled, "Don't you tell me what to do." Sebert then struck the carrier on the left side of his head with an unknown object.

The carrier held his hands up to block the assault, but Sebert continued to attack him. Finally, Sebert pulled a box cutter from his pocket, pointed it at the carrier, and said he would cut him if he ever told him what he could not do.

When Sebert walked away and to his apartment, the carrier noted the apartment number and contacted his supervisor, who then called Postal Inspectors. Inspectors responded to the local urgent care where the letter carrier was being treated for a dislocated shoulder and abrasions on the right side of his eye. After talking with the carrier, they went to the scene of the crime and interviewed witnesses, all of whom corroborated the letter carrier's statement.

The Inspectors learned that Sebert was recently arrested for an active Maricopa County Bench Warrant for Failure to Appear in the name of "Asia Lynn." Witnesses positively identified Sebert from a photo lineup as the suspect who yelled at and assaulted the letter carrier. On August 27, 2018, Sebert was sentenced to 10 years in federal prison and three years of supervised release for assault of a federal employee.

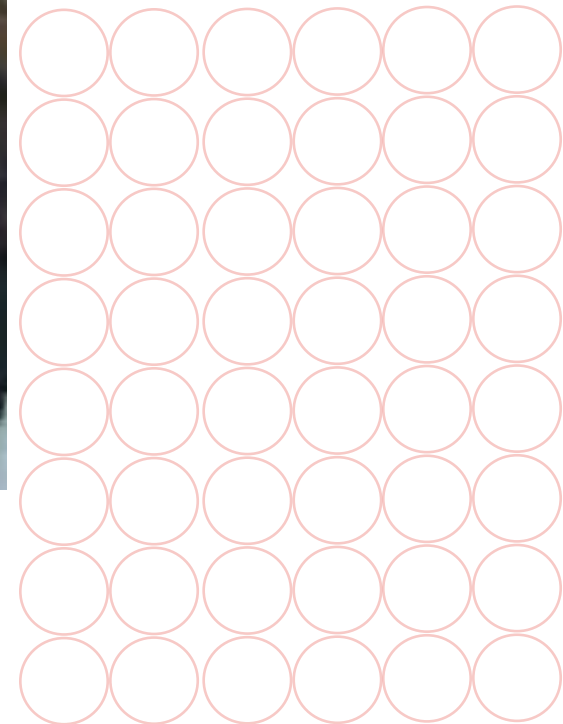




Security camera photo of Joe Robert Martinez robbing a postal employee.

Violent Crimes...

In 2018, Inspectors and Postal Police Officers responded to 941 incidents of violent crimes, making eight arrests for homicides, 66 arrests for robberies, 32 arrests for burglary, and 215 arrests for assaults and threats on postal employees.



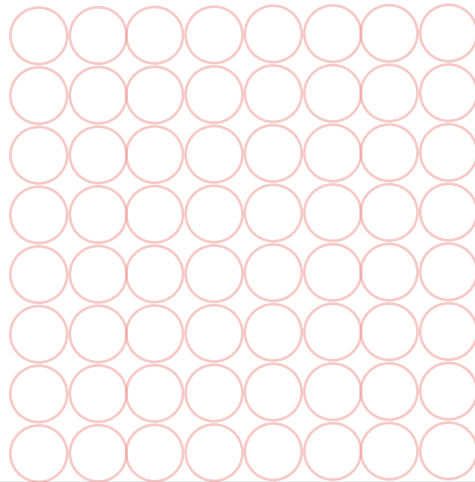
DEPLOYING SECURITY

Protecting our facilities, postal employees, 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 more than 500,000 employees and over 30,000 postal facilities. Our uniformed Postal Police Officers are assigned to major postal facilities throughout the country. There they serve to provide the safest possible working environment for postal employees. To help accomplish this mission, the Inspection Service conducts annual risk assessments to ensure security controls are upheld and in place.

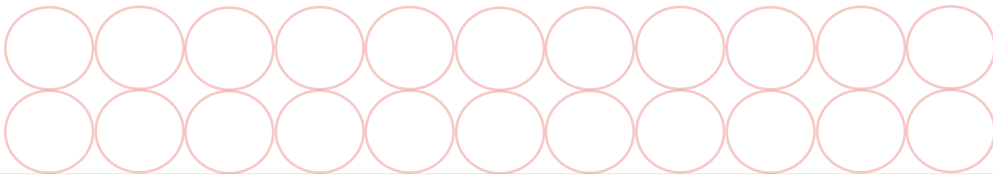
During FY 2018, the Inspection Service conducted security reviews of 527 postal facilities using the Vulnerability Risk Assessment Tool (VRAT). The VRAT is a comprehensive, risk-based model to identify security deficiencies. Based on an analysis of crimes against persons and property in each area where 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.





Uniformed Postal Police Officers protect employees and customers at major postal facilities across the U.S. and its territories.



SAFEGUARDING REVENUE AND ASSETS



Coordinated efforts of the New York Division and Western Nassau P&DC Transportation resulted in the recovery of 233 USPS pallets, valued at \$4,776, from Grenelefe Recyclers in Oceanside, NY.

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.

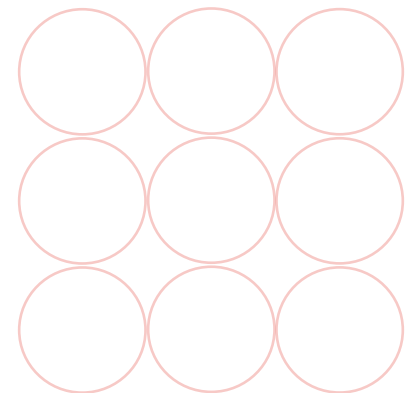
MTE Recovery Program Awarded Largest Restitution Amount for Stolen USPS Property

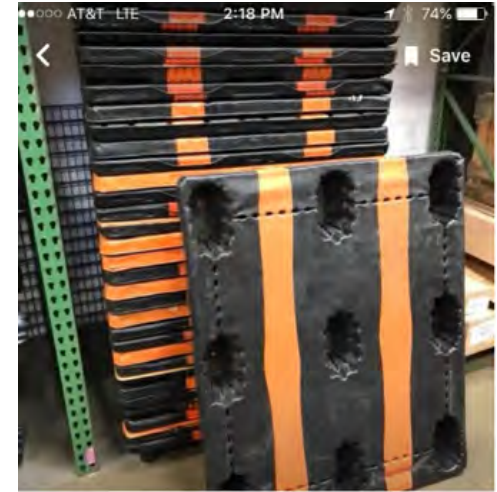
The Mail Transportation Equipment (MTE) Program identifies and recovers postal equipment and seeks criminal prosecution when warranted.

Response to hotline tips, leads, and proactive enforcement efforts resulted in approximately \$800,000 in recovered USPS equipment, and nearly 500 prevention visits to Post Offices, mailers, and businesses in the plastics industry, including recyclers.

In FY 2018, an Inspection Service investigation resulted in the sentencing of a pair of suspects to two years in federal prison for knowingly acquiring stolen USPS pallets, shredding them, and selling the recycled material on the black market through their recycling company in Southern California. This investigation resulted in an award of over \$3.4 million in restitution to the Postal Service, the largest restitution amount ordered for theft of USPS MTE.

In another case, Postal Inspection Service prevention outreach resulted in identification of an employee at a direct mailer in Chicago who ordered large amounts of USPS pallets for resale to a recycler. In FY 2018 the subject pled guilty to state charges and was sentenced to one year of probation.





\$1

Viewed by 40 people

plastic pallets

📍 Plymouth, IN (46563) · 4 hours ago

Plastic pallets \$1 each located in South Bend

Make Offer

Message Seller



Detroit Division's eRecovery coordinated with the USPS's South Bend (IN) Transportation in the recovery of USPS pallets posted on Facebook Marketplace for sale at Flower Distribution Warehouse.



New York Division discovered USPS pallets, tubs, trays and hampers at an Oceanside, NY, printing shop during a prevention visit. Continued collaboration with the Long Island District achieved recovery of overstocked/excess MTE.

WORKING GLOBALLY



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's role falls within the UPU's Postal Security Group (PSG). Since 1997, the Chief Postal Inspector has chaired the PSG, which provides training, support materials, and assistance to posts. The PSG developed Security Standards for the world's posts — known as S58, General Security Measures, and S59, Office of Exchange and International Airmail Security. These standards bring uniform security guidelines to posts worldwide.

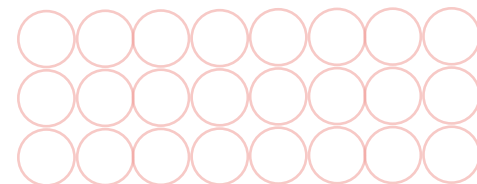
The PSG has also established a certification program to recognize compliance. Inspectors in the Global Security Group serve as security expert consultants, providing training and guidance to posts that are training their own subject matter experts to ensure compliance with UPU standards. There are currently six posts from within the Postal Union of the Americas, Spain, and Portugal (PUASP), two from the Caribbean Postal Union, and one from the Asia-Pacific Postal Union certified to have met the S58 and S59 security standards.

The process used by Postal Inspectors with PUASP — the first region to work toward compliance with the standards — became a model for the other regions. The process included focused training, a self-assessment tool, a compliance review program, and security review criteria. Postal Inspectors will be conducting further security training workshops and helping to build security expertise within each region. Compliance with the S58 and S59 security standards and the companion certification program safeguards mail service around the world.

On September 5, 2018, postal operators from around the world were recognized for their dedication to postal security during an awards ceremony at the Second Extraordinary Congress in Addis Ababa, Ethiopia. Eleven posts were awarded certificates for one or more international offices of exchange that achieved compliance with UPU Security Standards S58 and S59.



A Postal Inspector conducts a document review with the Thai Post as part of the security certification process.



The path to certification involves participation in online training through the UPU website known as TrainPost, participation in security training workshops, submission and review of supporting documentation concerning security practices of the post, and successfully passing a security review of the post's international office of exchange. Postal Inspectors, serving as UPU Security Consultants, lead the training and reviews as well as build security expertise within the regions.



A Security Training Workshop with 33 participants from 16 countries within the Asia Pacific region was conducted at the Asia Pacific Postal College in Bangkok, Thailand. Other security workshops conducted during 2018 happened within the PUASP, CPU, and PAPU restricted unions of the UPU as part of a strategy to gain compliance with Security Standards S58 and S59.

Proudly Serving the Military

In an effort to strengthen and improve mail channels entering Kuwait, the U.S. Army requested assistance from the Postal Inspection Service to coordinate a mail security review of screening processes and search and seizure procedures at the Kuwait Joint Military Mail Terminal (JMMT) at Camp Arifjan, Kuwait — a major hub in that military theater. Subject matter experts from the Military Postal Service Agency (MPSA), the Army's Central Command Postal Operations, and the Army CID participated. Closing out the week-long trip in February 2018, the group debriefed the garrison commander and forwarded mail screening recommendations to the Army's Adjutant General.



International Travel

The International Travel Program supported 103 trips to 32 countries as agency personnel conducted investigations, security missions, and training. A total of 264 non-tourist Official Passports are maintained. The program also implemented Department of State training requirements and conducts defensive briefings for travel to high-risk destinations. A medical and security evacuation insurance policy was also put into place this fiscal year.



Members of the Army Postal Operations Detachment (POD) and Joint Military Mail Terminal (JMMT) staff complete reviews of the screening operations at Camp Arifjan, Kuwait.

FORENSIC EXAMINATION

At the National Forensic Laboratory in Dulles, VA, and at 22 Digital Evidence locations around the United States, highly trained forensic scientists and technical specialists 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. Postal Inspectors rely on the forensic scientists and technical specialists in the units of Forensic Laboratory Services (FLS) — Questioned Documents and Imaging, Fingerprints, Physical Sciences and Digital Evidence — for their expertise in helping to solve postal crimes.

Customer Service and Training

FLS's commitment to serve and support the Postal Inspection Service was demonstrated through our casework achievements, technical assistance, and expert testimony. Our scientists and specialists examined over 275,000 items, (including 1,500 mobile devices and 644 terabytes of data), identified 862 suspects, coordinated 24 new requests for DNA analysis, and analyzed 117 items of evidence for DNA, leading to eight suspect identifications. Ten DNA profiles from Postal Inspection Service cases were entered into the FBI's Combined DNA Index System, resulting in six matches and vital investigative information for the field. FLS also submitted 17 exhibits to the National Integrated Ballistic Information Network, resulting in one match, and their Incident Response Team responded five times for three cases at five different locations, providing Inspectors with on-site crime scene processing support. FLS personnel appeared in court 58 times and provided testimony 25 times.

As part of our dedication to customer service, FLS made it a priority to focus our efforts on providing training to U.S. Postal Inspection Service personnel. In house, FLS developed updated guidelines on how to collect DNA buccal swabs to serve as reference samples for investigations, and created two new documents on how to properly handle, package, and ship controlled substances, including fentanyl and fentanyl-related compounds. Over the course of the fiscal year, FLS personnel also served as subject matter experts (SMEs) for many Inspection Service projects and initiatives. Two of these initiatives, the revamp of the Basic Inspector Training program and the Evidence Handling course, were spearheaded by the Career Development Unit. FLS subject matter experts worked extensively on these two courses and provided instruction hours for the Robbery and Burglary Advanced Investigative Techniques and Crime Scene Processing courses. Additionally, the Laboratory Director and each of the Assistant Laboratory Directors (ALDs) traveled to division leadership team meetings across the country to discuss the capabilities of the forensic laboratory and the ways in which our services could aid Inspection Service cases and projects. To this end, FLS provided technical support of a DMI Program assessment of Hazardous Materials Identifi-

cation Detection (HMID) equipment from different suppliers. The technical assistance included confirmatory data analyses and assessments of data portability, with the intent of enabling FLS Forensic Chemists to provide rapid reach-back support for HMID equipment users while in the field.

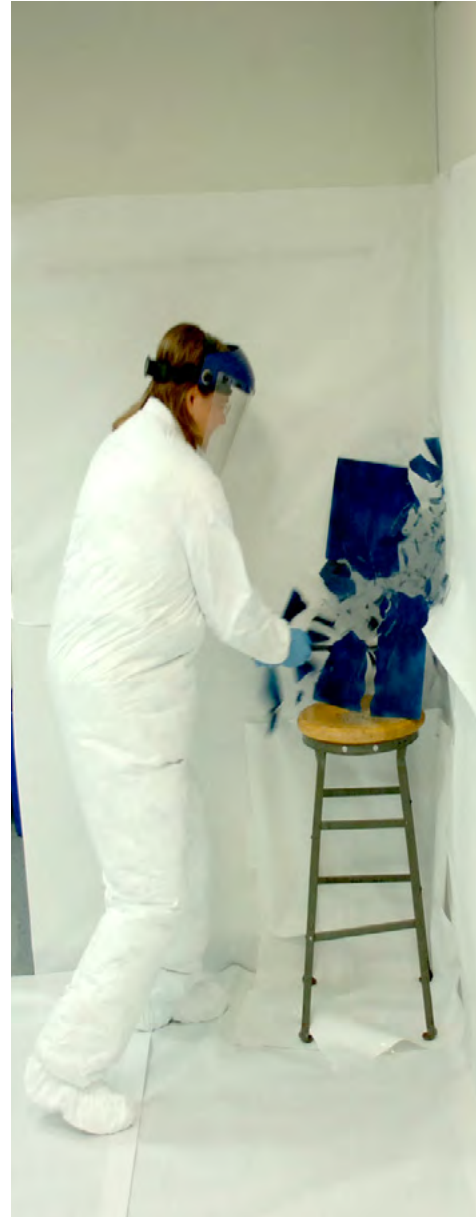
The FLS ALD for Questioned Documents & Imaging (QD&I) played a significant role in a large project within USPS, serving as the Inspection Service's Contracting Officer Technical Representative (COTR) to USPS for the USPS Money Order. In FY 2018, USPS began a complete redesign of their Money Order, and the COTR was instrumental in ensuring the document included important features which would ensure the security of the new document.

Technology

FLS's focus on technological advancement was demonstrated through the procurement and/or development of new hardware and software which would aid in Inspection Service investigations. In the latter half of FY 2018, FLS purchased a GrayKey System for the Digital Evidence Unit (DEU), which was deployed at our Anaheim DEU location. This new forensic tool is able to determine the password or pin code for many Apple iOS devices. Since its deployment, this forensic tool has successfully determined the password or pin code to at least 46 different Apple iOS mobile devices, enabling us to extract and examine data that would otherwise not have been accessible. While GrayKey is only currently available at our Anaheim DEU, all 22 Digital Evidence Unit locations received new imaging hardware, updated software for mobile extractions (e.g., cell phones, tablets, GPS devices, and drones), and new forensic imager kits that are used specifically for Apple Mac computers.

Other new equipment was purchased for analysts in the National Forensic Laboratory. The QD&I Unit received the Video Spectral Comparator 8000 (VSC8000) as well as a new updated Audio/Video forensic workstation. The Fingerprint Unit received new humidity chambers to aid in processing larger volumes of evidence, a laser, and a Crime-Scope. The Physical Sciences Unit received a new polarized light microscope in the Physical Evidence section and new balances in the Drug Chemistry section.

To aid our Inspectors in the field, a new mobile app, PEAP ++, was designed and deployed in FY 2018. This project was led by the Laboratory Director and the FLS PEAP Program Specialist. PEAP ++ is the mobile application for iOS devices with modules for Evidence Collection, Evidence Transfer, and Evidence Inventory. The first module of PEAP++ released was Evidence Collection. This module facilitates the documentation and scanning of evidence and barcodes with direct upload of data to Case Management (CM) from iOS devices.

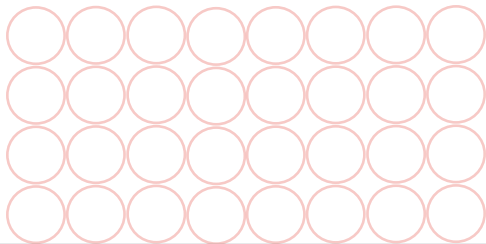


INVESTIGATING CYBER THREATS

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. Our 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 Inspection Service Cybercrime program is mission driven in all its efforts. The program's primary task is to enhance the cybercrime investigative response and intelligence gathering to detect and pursue organizational cyber threats for targeted criminal prosecution. To accomplish this task, the Inspection Service executes the following actions:

- Through criminal enforcement, protect organizational digital and information assets from unauthorized access, exfiltration, and counterfeiting.
- Gather and assess internal/external intelligence to initiate criminal investigations.
- Identify strategies and technologies that build stronger investigative detection and response capabilities to identify criminal threats.
- Develop a skilled and adaptable workforce through training, certifications and investigative experiences.



Core Components of Cybercrime

Intelligence

The Cybercrime program places various resources into strategic partnerships, like the National Cyber Forensic Training Alliance (NCFTA) and the National Cyber Investigative Joint Task Force (NCIJTF), to enhance investigations and gather critical cyber intelligence in support of the security of the U.S. Postal Service.

Incident Response

A team of incident responders, analysts, investigators, and forensic analysts, who work closely with the organization's Corporate Information Security Office to respond to cyber events and incident which impact the confidentiality, availability, and integrity of the network.

Dark Web

The Dark Web program enables the operational security standards, tools, and methods among the various field offices to be successful in working in the Dark Web, and the organization's use of cryptocurrency.

Investigations

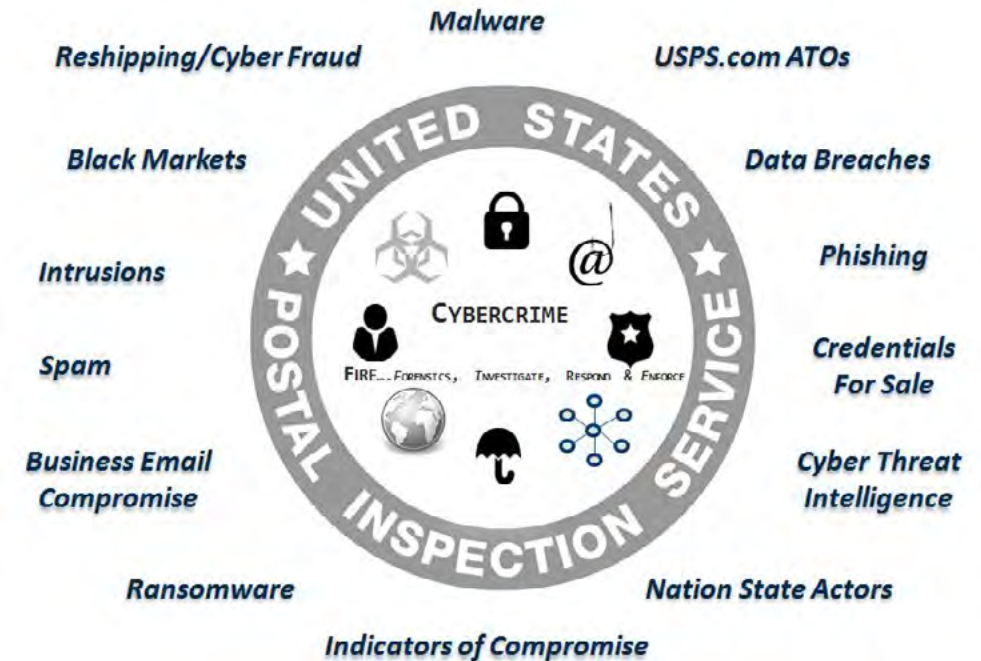
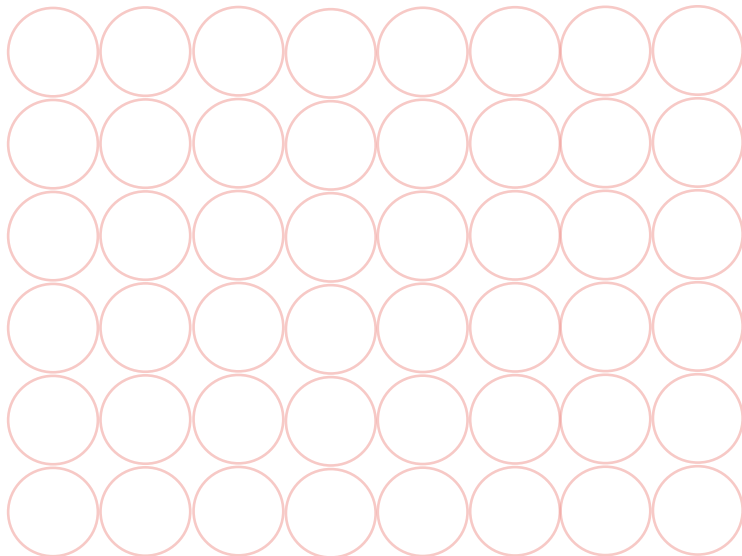
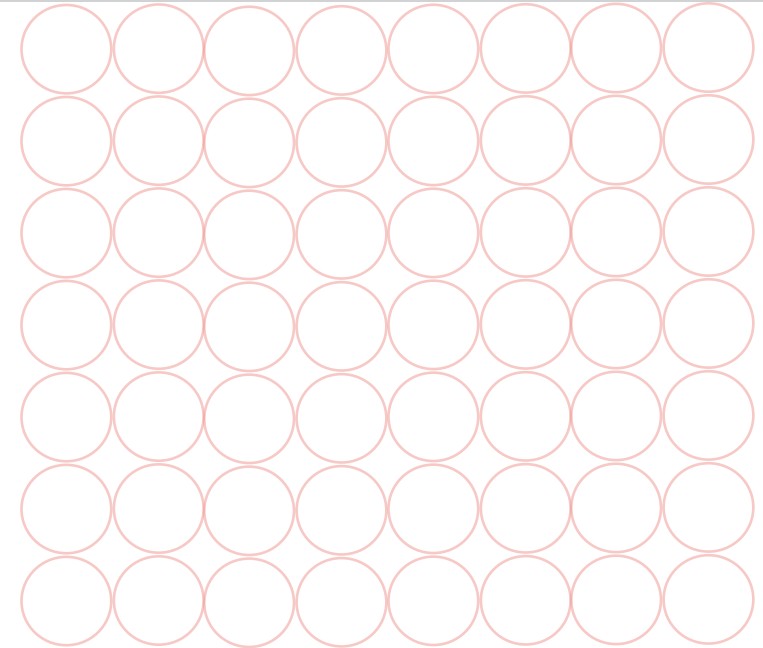
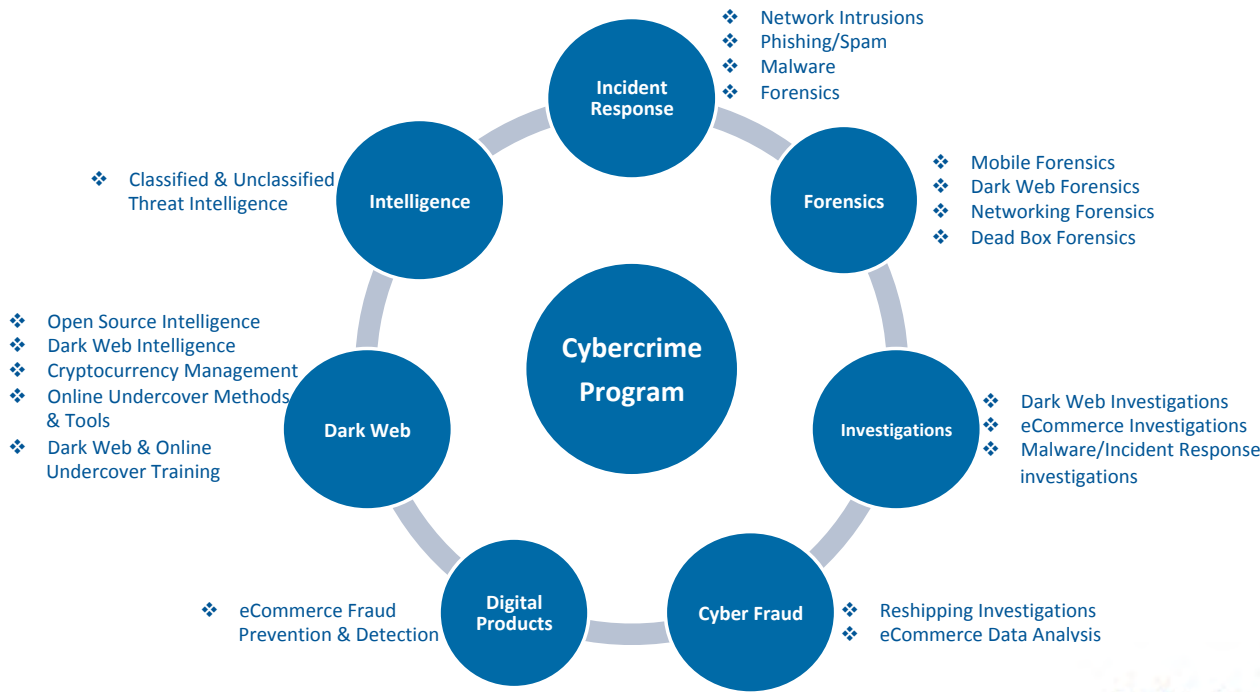
The Cybercrime program initiates investigations stemming from incident response activities, cyber threat actors who target the organization's online products and services for eCommerce fraud, and Dark Web sales of organizational data.

Forensics

Cybercrime has a team of forensic examiners who conduct a variety of examinations, including traditional laptop/computer forensics, mobile device forensics, networking/communication forensics, and Dark Web/cryptocurrency forensics.

Product Security

The review and evaluation of U.S. Postal Service products and services to ensure effective controls are in place to sufficiently protect the customer and the organization from fraud.



PREPARING OUR WORKFORCE

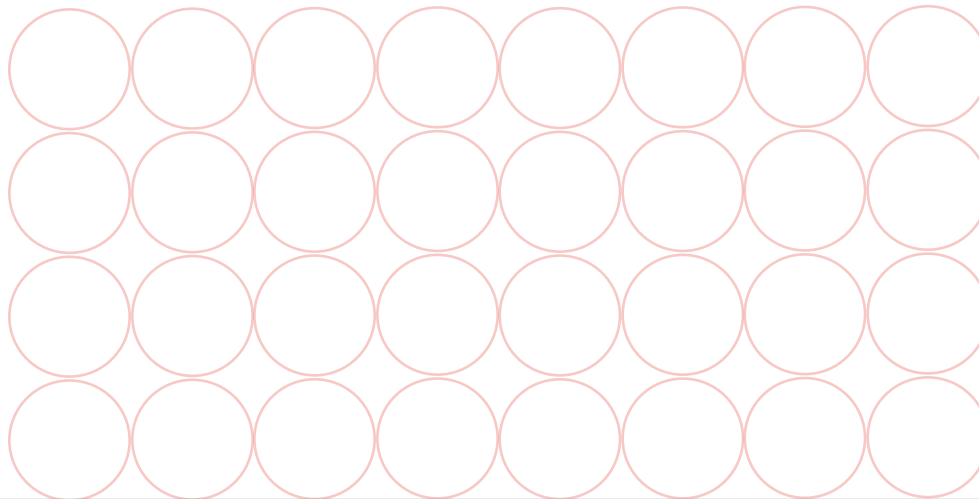
The Career Development Unit (CDU) is responsible for preparing, developing and training our workforce to fulfill the mission of the U.S. Postal Inspection Service. CDU has oversight of the basic training programs for Postal Inspectors and Postal Police Officers, the Assessment Center process for Postal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

In Fiscal Year 2018, our In-Service training staff delivered 81 classroom offerings to 1,442 Inspection Service employees. Employees also completed 4,775 sessions of 51 CDU online courses. To ensure all CDU delivered training is current and relevant, 12 subject matter expert (SME) meetings were conducted to update course content.

Our Leadership Development team delivered seven Leadership Academy classes to a combined total of 167 Assistant Inspectors in Charge, Team Leaders, Program Managers, and Postal Police Sergeants, Lieutenants, and Captains, as well as Professional/Technical/Administrative (PTA) personnel with supervisory and managerial responsibilities.

The Assessment Center process ensures Postal Inspector applicants demonstrate the necessary knowledge, skills, and abilities to be Postal Inspector Basic Training Program candidates. The CDU assessed 382 Postal Inspector applicants. In support of the hiring process, the polygraph examiners administered 208 examinations to Postal Inspector applicants. The polygraph examiners also conducted 39 examinations in support of Inspection Service criminal investigations.

CDU Program Managers/Instructors and Range Masters, along with detailed Postal Inspectors and PPO Sergeants, facilitated one Basic Inspector Training class and one Postal Police Officer Basic Training class. The CDU training facility underwent a full renovation which decreased the number of graduating Basic Inspector and Postal Police Officer Basic Training classes in FY 2018. The renovation improvements will enable the U.S. Postal Inspection Service to prepare both new applicants and current personnel to continually meet the evolving challenges of protecting the U.S. Postal Service, its employees, assets, and the U.S. Mail.

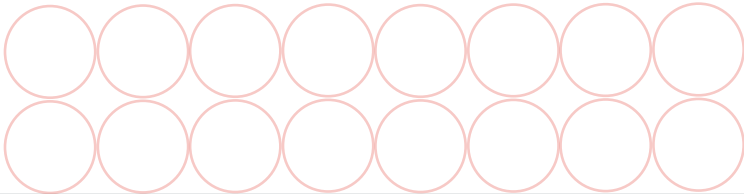




CONNECTING WITH CUSTOMERS



Employees at our National Law Enforcement Communications Center are there 24-7 to keep Postal Inspectors connected with each other and the public.



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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INVESTIGATIVE STATISTICS

2018



INVESTIGATIVE STATISTICS: FY 2018

PROTECT • PREVENT • ENFORCE • PREPARE

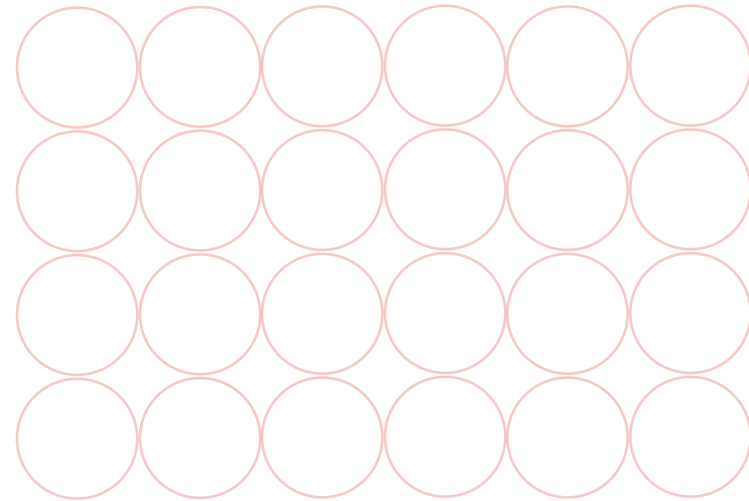
TYPE OF INVESTIGATION	CASES INITIATED	ARRESTS*	CONVICTIONS*
ASSAULTS AND THREATS (assaults and threats against on-duty postal employees)	673	269	187
BURGLARY	135	65	56
CHILD EXPLOITATION	12	16	21
MAIL FRAUD	405	499	441
MAIL THEFT (theft and possession of stolen mail)	1,356	2,487	2,101
PROHIBITED MAIL NARCOTICS (narcotics, steroids, drug proceeds, and drug paraphernalia)	2,233	2,321	1,624
MONEY LAUNDERING (postal money orders)	36	93	41
NONMAILABLE, RESTRICTED MATTER (firearms, weapons, intoxicants, extortion threats, and miscellaneous matter)	47	71	54
REVENUE INVESTIGATIONS	48	28	17
ROBBERY	127	95	98
SECURITY AND CRIME PREVENTION (consumer outreach and security countermeasures)	472	1	0
SUSPICIOUS SUBSTANCES AND ITEMS (bombs, explosives, threats, hazardous items, non-threatening items, and hoax [CBRNE**])	41	24	11
TOTAL	5,586	5,969	4,648

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

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

UNITED STATES POSTAL INSPECTION SERVICE ANNUAL REPORT

2018



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