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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

GENERAL GOVERNMENT  
DIVISION

OCT 20 1973



The Honorable William J. Cotter  
Chief Inspector - Inspection Service  
United States Postal Service

Dear Mr. Cotter:

We have completed our survey of the Inspection Service's consumer protection activities relating to mail fraud. On the basis of our survey work, we believe that a proper evaluation of the adequacy of the protection offered consumers in the area of mail fraud will require a review of the activities of other Government agencies, and cannot be based solely on an analysis of the Inspection Service's activities in this area. Such a review is currently under consideration.

Our survey did, however, identify an area in which we believe the Postal Service may want to institute changes which we believe could improve its effectiveness in handling mail fraud cases. This area involves the action to be taken by division offices in response to consumer complaints which do not appear to warrant full investigation. Our observations are set forth below.

NEED TO DETERMINE MOST EFFECTIVE PROCEDURE  
FOR HANDLING COMPLAINTS WHICH DO NOT APPEAR  
TO WARRANT FULL INVESTIGATION

Uniform Headquarters instructions which clearly define the action to be taken in response to consumer complaints which appear not to warrant full investigation should be established if the Inspection Service is to achieve the greatest possible success in handling such complaints. A review should be made of the presently differing local procedures to identify those offering the greatest potential for success. These should then be included in new uniform Headquarters instructions. Past experience should serve as a valid basis for determining the most expeditious and effective procedures for handling such cases.

The Postal Inspection Service received over 125,000 mail fraud complaints during fiscal year 1972. To gain the greatest return on

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investment for its limited resources, the Service obviously must be selective in deciding which of these thousands of complaints are deserving of investigation. When the Service decides a complaint warrants investigation, a case file is established. The complaint is entered in this file along with any other complaints relating to the same case and the file is assigned to an inspector for investigation. Any complaints relating to the same case, which are subsequently received, are forwarded directly to the assigned inspector.

The Inspection Service, however, has not provided its division offices with guidelines on the specific measures to be taken in response to the many thousands of consumer mail order complaints which do not appear to warrant full investigation. As a result, the division offices which we visited appeared to follow different practices in handling these cases.

For example, the San Francisco Division has followed the practice of corresponding directly with accused mail order merchandisers, requesting the firms to reconcile the problems with their customers. The procedure provides for two follow-up letters over a six week period if the first and then the second letter go unanswered. The Chicago Division, on the other hand, did not follow-up on correspondence with accused merchandisers unless a follow-up inquiry was received from the complainant. Unlike the above mentioned divisions, the Atlanta Division forwards data concerning complaints with potential for resolution to local postmasters for first-hand information concerning the accused, and for resolution through personal contact with the accused, if appropriate.

The degree to which each division followed its normal procedures and the degree to which complaints were successfully resolved varied. We recognize that because of the variety of potential fraud schemes, it may not always be possible to follow established procedures. However, we also believe that many of the complaints received are of a routine recurring nature. Past experience in handling cases of this nature should serve as a valid basis for determining the most expeditious and effective procedures for handling such cases.

We suggest that the Inspection Service evaluate the complaint processing procedures followed by each of its division offices as a basis for establishing uniform procedures to be followed by all divisions in processing complaints which do not appear to warrant a full investigation. This evaluation should give proper weight to

(1) the cost and time of various procedures, (2) the potential success of each procedure, and (3) the harmful effects which may or may not result from using certain procedures.

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We appreciate the cooperation extended to our representatives during the survey. We would appreciate being informed of any action taken or proposed in connection with the matter discussed in this letter.

Sincerely yours,

(Signed) William J. Anderson

John Landicho  
Associate Director