



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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August 6, 1970

Dear Mr. Chairman:

Your letter of November 7, 1969, requested that we investigate the procedures followed by the Postal Inspection Service in resolving theft cases involving postal employees charged with stealing money or mail, and furnish your Committee with a report on our findings and that, if appropriate, we submit recommendations for legislation. You expressed concern as to whether the rights of employees were being safeguarded and whether procedural due process was being observed.

We examined into the policies and procedures followed by the Inspection Service in charging mail losses to postal employees and made a detailed review of the case files for 17 employees whom we randomly selected from 204 employees caught and arrested for stealing mail in six States and the District of Columbia during the period July 1, 1968, to December 31, 1969.

In each of the cases, the Inspection Service charged the apprehended employee with mail losses in addition to the mail the employee was caught stealing and requested payment from the surety for losses not collected from the employee. For the 17 cases, the losses charged to the employees totaled \$24,300. Of this amount, only \$3,700 could be recovered from the employees. Another \$19,600 was requested from the surety, but only \$3,900 had been received as of the date of our review. The remaining \$1,000 was uncollectible. The Department did not have readily available data which showed the extent of such losses and the recoveries nationwide. Arrests of postal employees caught stealing mail during the period covered by our review totaled 1,848. Our review was made at Post Office Department Headquarters and at the Inspection Service field unit in Washington, D.C.

We believe that the investigative procedures of the Inspection Service do not provide a reasonable basis for charging apprehended postal employees with mail losses that the employees were not caught

stealing. Such losses are identified with apprehended employees usually on the basis of the inspector's investigative experience and judgment rather than on adequately documented data.

The data supporting the total charges against the postal employees included in our detailed case review and our discussions with Inspection Service officials showed that the postal inspectors did not clearly establish that the employees stole money or mail other than that which they were caught stealing. The data accumulated in accordance with existing procedures did not establish that:

- the mail which contained valuables was not being held as "undeliverable as addressed" in the dead letter or dead parcel branch of some post office or had not been sold at auction as unclaimed mail;
- the loss occurred within the postal system;
- the mail actually reached the employee's duty station and he had access to it;
- another postal employee did not steal the mail;
- employees of other Government agencies, business firms, or other organizations did not steal the mail.

We believe that the Department should not charge employees with mail losses other than the mail they are caught stealing without clearly establishing that such losses are attributable to their acts.

The Department makes recoveries from a surety for Government and ordinary mail losses and reimburses postal patrons for their losses. Government losses consist of registered, insured, or collect-on-delivery mail losses for which the Department must reimburse the patrons irrespective of whether the losses are recovered.

Other mail losses are referred to by the Department as ordinary losses because the Government is not liable to reimburse postal patrons for such losses. The Department's practice of reimbursing postal patrons for ordinary losses, if recovery is made from employees or the surety, results in these patrons receiving indemnification services for which they have not paid. (Other patrons must pay for such service.)

The Department incurs investigation costs in determining ordinary mail losses to be charged to an employee caught stealing similar mail and is not reimbursed for such costs. In addition, the practice of reimbursing patrons for such losses may increase the Department's insurance premiums to the surety because losses claimed by the Department are a factor having a bearing on the amount of the premiums.

Officials of the Inspection Service recently informed us that steps were being taken to reduce the number of mail thefts by improvements in the recruitment and training of inspectors, in plant security, and in the screening of new applicants for postal employment to identify potential thieves. We believe that such measures, if effectively carried out, should help to deter potential thefts and to identify employees who should be removed from the postal service.

We believe also that the Inspection Service should develop specific procedures to be uniformly followed by inspectors in accumulating data to establish the amount of losses that should be charged to employees caught stealing. Such procedures should require the Inspection Service to obtain adequate support and verification of the reported losses.

The practice of providing indemnification services to patrons for ordinary losses should be discontinued unless a fee is charged for the services. Because the Government is not liable for ordinary losses, the Department does not have legal authority to offset the amount of such losses against the employees' salary and retirement benefits as it does for Government losses. If the Department believes that it should continue reimbursing postal patrons for ordinary mail losses,

it should request the Congress to amend the United States Code (5 U.S.C. 5511 and 5512) to authorize offsets against employees' salary and retirement benefits for losses where data is developed to clearly show that the losses were attributable to the acts of the employees. If legal authority is needed to establish fees for providing indemnification services to these postal patrons, the Department should request appropriate legislation from the Congress.

Our findings are discussed in more detail in the enclosure with this letter.

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The Department was not asked to formally comment on the report. However, in accordance with arrangements with your office, the Department is being notified of the release date and the Chief Postal Inspector has been informed of the subject matter of this report.

We trust that this information will be helpful.

Sincerely yours,

R. F. Keller

Assistant Comptroller General  
of the United States

Enclosure

The Honorable Gale W. McGee  
Chairman, Committee on  
Post Office and Civil Service  
United States Senate

GENERAL ACCOUNTING OFFICE  
EXAMINATION INTO PROCEDURES FOLLOWED BY THE  
POSTAL INSPECTION SERVICE  
IN CHARGING POSTAL EMPLOYEES  
WITH MAIL LOSSES

SCOPE

Our examination of the procedures followed by the Postal Inspection Service in investigating theft cases in which postal employees have been charged with stealing money or mail included a review of the Post Office Department's prescribed procedures, a detailed review of the case files for 17 employees whom we randomly selected from 204 employees caught and arrested for stealing mail in six States and the District of Columbia during the period July 1, 1968, to December 31, 1969. We also held discussions with Inspection Service and post office officials. For the cases we reviewed, the losses charged to employees totaled \$24,300. Of this amount only \$3,700 could be recovered from the employees. Another \$19,600 was requested from the surety, but only \$3,900 had been received as of the date of our review. The remaining \$1,000 was uncollectible. The Department did not have readily available data to show the extent of such losses and recoveries nationwide. During the above period, 1,848 postal employees caught stealing mail were arrested.

IDENTIFICATION OF  
MAIL LOSSES

The Post Office Department classifies its mail losses either as Government losses or as ordinary losses. Government losses consist of insured, registered, and collect-on-delivery mail losses for which the Department must reimburse the patrons irrespective of whether the losses are recovered. Ordinary losses consist of all other mail losses for which the Department does not have any liability to reimburse the patrons.

Mail that is undeliverable as addressed and does not contain a return address is sent to the dead letter or dead parcel branch where

attempts are made to identify the sender or addressee so that the mail can be delivered.

Department procedures require that losses of mail matter be reported by patrons on form 1510 (Inquiry for the Loss of Mailing of Mail Matter). Information for the form is provided by the patrons and postal employees. For an effective search to be made for lost mail at the mailing and addressee post offices and at their respective dead letter and dead parcel branches, and for the inspectors to chart the flow of the mail through the postal system, the following information must be included on the forms.

1. Date, time, and place of mailing. Place of mailing must include city, State, and main post office, station, branch, or location of collection box where mailed.
2. Whether the mail was a letter or a parcel and whether it was either insured, registered, collect-on-delivery, or other mail.
3. Complete description and value of the lost mail.
4. Name of employees who would have collected the mail and the date, time, and place it would have been collected and deposited.
5. Date and time the mail should have been dispatched from the mailing post office and the mode of transportation that would have been used to get the mail to the addressee post office. This information is not needed if the mailing and addressee post offices are the same.
6. Name and title of person who would have receipted for the mail at the addressee post office.
7. Name of employee who should have delivered the mail to the addressee.

Searches for lost mail are made at the mailing and addressee post offices. If the loss concerns a letter which contained more than one dollar in cash or other enclosures having an estimated value of more than one dollar, or if it concerns a first-class parcel, the form 1510 is sent to the dead letter or dead parcel branch for the mailing office to determine whether the mail is being held. If the search

proves negative, the form is sent to the dead letter or dead parcel branch of the addressee post office for a further search and return to the post office of mailing. The outcome of each search is required to be stamped on form 1510 and, if the mail was not found, the form is then forwarded to the Inspection Service.

The Inspection Service uses form 1510's to launch investigations. If a number of forms are accumulated which show that losses have occurred at a particular location, an investigation is made to determine the cause and to identify, if possible, those who may be responsible for the losses.

We noted that many of the form 1510's reporting mail losses charged to the 17 employees included in our review did not contain adequate descriptive data to identify the lost mail, the time and place the item was mailed, or collection and delivery data needed to search for the lost mail and to determine whether the mail reached the employee's duty station and whether he had access to it. For example, one form 1510 contained the following description of items lost in the mail: "3 prs. children shoes, 1 child tee shirt, pants, dress." Also, the form did not contain collection and delivery data needed to establish that the mail had reached the duty station of the employee suspected of being responsible for its disappearance. An official at the Washington, D.C., Post Office told us that postal personnel would not be able to identify and recover any of the articles listed on the form 1510 unless they knew the manufacturer's name or the brand name, size, color, style, and type of material for each article, because many such articles are usually in the dead parcel branch or "loose-in-the-mail section" at any point in time.

Department records showed that, during the 18-month period ended December 31, 1969, its 16 dead letter branches destroyed about 52 million of the 56 million dead letters processed because information was not adequate to permit delivery or return to patrons. The records showed that, of \$498,000 removed from letters, \$159,000 was returned to the senders and the balance was deposited with the Treasurer of the United States. Department records showed also that about 1.8 million parcels were not returned to the senders during the period.

The Postal Manual requires that auction sales of parcels which cannot be returned to the sender be held at least twice a year. However, the records showed that, during the 18-month period covered by our review, auction sales were held at the 16 dead parcel branches

about every 3 months because of the large number of unclaimed parcels and that \$1.5 million had been realized from such sales. Obviously, if a form 1510 is sent to the post office after auctions have been held, the search for the lost parcel will prove fruitless. Under Department procedures if the mail is not found, it is assumed lost and so reported to the Inspection Service.

We believe that under the circumstances it is not reasonable to conclude that lost mail described on form 1510's was stolen if it was not located at the mailing or addressee post office or at their respective dead letter or dead parcel branches. Also, an official at the Washington, D.C., Post Office told us that lost mail matter may not be located in the mailing or addressee post office or the respective dead letter or dead parcel branches because (1) the description included on the form 1510 was incomplete or not sufficient for positive identification, (2) an incorrect or illegible address or zip code may have caused the mail to be delivered to a post office other than the addressee's post office, which would result in the mail being sent to a dead letter or parcel branch other than the branch for the addressee's post office or, (3) the mail was damaged to the extent that it was impossible to determine the sender or addressee.

As an example of a deficient address, the official showed us an envelope that had contained a birthday card and \$10 in cash, which was stamped "no such street." The letter did not have a return address and the handwritten address of the intended recipient appeared to be "Washington, D.C." However, the address could have been one of several Washingtons in the country. The official told us that, if the postal patron who mailed the above card filed a form 1510, a search would be made for the card only at the post office where mailed, at the addressee's post office as shown on the form 1510, and at the dead letter branches of those post offices. He stated that the search would be fruitless because the mail could have been sent to any one of the Washingtons in the country.

#### PROCEDURES FOR CHARGING MAIL LOSSES TO POSTAL EMPLOYEES

Lost mail which cannot be located in a post office is reported to the Postal Inspection Service field units. A separate copy of each form 1510 reporting a loss is filed for the mailing and addressee post offices. The Inspection Service assumes that the post offices have made a thorough search for the lost mail reported and that a valid loss

exists. Once a sufficient number of losses have been accumulated for a particular post office to establish that a pattern of losses exists, a postal inspector makes an investigation at the post office. A pattern would be indicated if the losses for a post office exceeded the normal losses expected for the office or if there was a sudden increase in reported losses for the office. The application of these criteria is based on judgments of the inspectors assigned to the Postal Inspection Service field units.

#### Investigation at the post office

The postal inspector attempts to determine from information on the form 1510's at what point within the post office system losses may be occurring and then employs the use of test mail and observations to identify employees who may be stealing mail. For example, if most of the reported mail losses associated with a post office involved complaints from patrons on a particular delivery route, the inspector would plant test mail in the carrier's mail to determine whether the carrier was stealing. However, if losses appeared to be widespread and involved several or all routes, the losses might be occurring during the mail-processing functions within the post office. Accordingly, the inspector would plant test mail and observe the employees at work within the post office to determine which employees were stealing.

If an employee is observed stealing the test mail or other mail matter, the inspector immediately arrests the employee. The inspector advises the employee of his constitutional rights and may have him jailed. The inspector furnishes the U.S. Attorney with the details of the arrest. The U.S. Attorney advises the inspector whether the employee should be charged with a violation of Postal Statutes. If the employee is charged, he may be taken before a U.S. Commissioner to have bond set.

In all cases, when prosecution is authorized by the U.S. Attorney, the employee is brought to court to face criminal charges for theft and/or rifling of mail. At the time the employee is apprehended, he is immediately suspended from his job. The employee's unpaid salary and other benefits are held pending determination as to the total amount of Government losses to be charged to the employee.

Approximately 60 days following the employee's arrest, the inspectors are required to determine the total amount of mail losses to be charged to him. These losses are in addition to the total amount

involved in the lost letter, package, etc., which the employee was caught stealing.

Review at field unit headquarters

After the inspector determines the total losses to be charged to the employee, he forwards this information to his respective field unit headquarters for review and processing. Other field units are contacted to determine whether the losses have been charged to other employees. If the replies received from the other field units are negative, confirmation forms are prepared and mailed to the sender and addressee to confirm that the loss still exists and to indicate the value of the loss.

Actions taken by the Bureau  
of the Chief Postal Inspector

The field unit headquarters forwards the confirmation and a report of each loss to the Bureau of the Chief Postal Inspector where the final decision is made on the losses to be charged to the employee. Using the form 1510's, confirmations, and other data pertaining to the losses, the Bureau determines whether the losses are similar to the mail the employee was caught stealing and prepares a letter of demand, stating the total amount due the Government, and forwards it to the employee. The employee is given 15 days in which to reply or make payment. He is also advised that, if a reply or payment is not received, demand will be made on his surety.

If the full amount of a Government loss (insured, registered, test, and collect-on-delivery mail) is not recovered from the employee voluntarily, the Inspection Service requests the Postal Data Center to offset such loss against any monies due the employee (salary, terminal leave pay, bond deductions, retirement deductions, etc.). If such monies are insufficient to offset the Government loss, the Department makes demand on the surety for the remaining balance due.

Similar procedures are used for ordinary losses, except that funds belonging to an employee are not withheld. The Department does not withhold funds due the employee for ordinary losses because 5 U.S.C. 5511 and 5512, concerning the withholding of pay, refer only to debts due the United States, and the Department considers these losses to be debts due the patron.

Questionable mail losses  
charged to postal employees

We reviewed in detail case files for 17 postal employees caught and arrested for stealing mail in six States and the District of Columbia during the period July 1, 1968, to December 31, 1969. In each case the employee stole test mail or was observed stealing other mail matter and was charged with a violation of Postal Statutes. Either the employees were prosecuted on criminal charges for the mail they were caught stealing or they were still awaiting trial. We did not find any indication that the Inspection Service had improperly charged the employees with violation of Postal Statutes.

In addition to charging the apprehended employees for mail matter they were caught stealing, the Inspection Service charged them with losses of \$24,300 for other mail which they were not caught stealing. The Department recovered only \$3,700 from the employees and requested the surety to make payment for \$19,600 of the losses which could not be recovered from the employees. The remaining \$1,000 was uncollectible. These losses consisted of mail reported to the Inspection Service by post offices as lost. Inspection Service officials informed us that it was assumed that the various post offices had made a thorough search and that the lost mail was not in the post offices.

An official at the Washington, D.C., Post Office stated that it was virtually impossible to establish whether mail was stolen, destroyed, auctioned off, or was in the dead letter or dead parcel section of some post office, or, in the case of cash, was deposited in the Treasury. On the basis of our observations of search operations for lost mail at the Washington, D.C., Post Office and our review of documents supporting the charges against the 17 employees, we agree with this official. Also, we question the Inspection Service's assumption that valid losses, chargeable to the postal employees, exist because the search performed by post offices for reported mail losses does not establish that the mail was stolen.

Each year the Department receives millions of pieces of mail which cannot be delivered as addressed nor identified with a postal patron's claim. As explained on page 4, there are many reasons why mail cannot be found in the postal system and this situation casts considerable doubt on the propriety of charging losses of such mail to postal employees.

We noted that many of the form 1510's did not include adequate descriptive data to identify the lost mail. Also, these forms did not show the time and place the item was mailed or collection and delivery data needed to search for lost mail and to determine whether the mail reached the employee's duty station and whether he had access to it. Without such data the lost mail cannot be effectively traced through the mail-processing system to establish that the mail actually arrived at the duty station of the employee charged with its disappearance. The inspectors stated that they could only estimate the day the accused employee may have had access to the lost mail on the basis of their experience and judgment.

Inspectors told us that, once an employee had been caught stealing, the employee might be charged with additional similar mail losses which could be attributed to him. If the mail losses were similar to the mail the employee was caught stealing and the employee's timecards showed that he was working on the day that the similar mail losses occurred, and if another employee was not caught stealing, the inspector, in his best judgment, estimated the similar mail losses and charged such losses to the employee. The inspectors stated also that they relied on their experience, judgment, and knowledge of the situation to make such determinations. The inspectors said that they could not determine the specific mail an employee who was caught stealing actually took and that they could not, in a court of law, prove that the employee took such lost mail.

We noted that some of the confirmations of mail losses reported on form 1510's were not returned by the sender or addressee; many confirmations included additional items and/or larger amounts than those shown on the form 1510's initially reporting the loss; and some confirmations included statements by the sender or addressee which raised questions as to whether a loss actually existed. Although some of the questionable mail losses were not charged to the employees, many such losses were charged.

For example, in one case the Inspection Service charged an employee with nine losses totaling \$264 even though the record indicated that confirmations had not been received from three of the addressees. The total losses not confirmed by the addressees amounted to \$35. The confirmation for another lost item, which was mailed on January 12, 1948, and included \$90 in cash, contained statements that raised serious questions as to whether an actual loss existed.

The sender filed his claim on January 24, 1968. The sender's confirmation, which was filed on January 7, 1969--1 year later--indicated that the cash was for payment of rent. He stated that he had not received credit from the addressee and that he had made a duplicate payment in February or March 1968. The addressee's confirmation dated January 21, 1969, included the following statement:

"Payment of \$90 was credited to account on 1/25/68. We assume this is article referred to, however, we cannot be absolutely positive it was specific article." (Underscoring supplied.)

The case file indicated that a follow-up was not made on the confirmation to show that a loss had actually occurred. The inspectors agreed that the loss was questionable and that a follow-up should have been made before the loss was charged to the employee.

Unverified listings of mail losses  
charged to postal employees

The Inspection Service follows a policy of accepting as mail losses chargeable to postal employees arrested for stealing mail, blanket statements of mail losses reported by other Government agencies, by business firms whose records show that credit was given to customers, and by charitable institutions for remittances not received. The Inspection Service requires that each statement show only the date of mailing, the sender, and the amount remitted. The Inspection Service policy states that such statements may be accepted without verification.

In four of the 17 cases we reviewed, inspectors charged employees with losses reported on blanket statements. In one case, the Government Printing Office (GPO) submitted a blanket statement showing over 1,500 individual cash losses totaling about \$1,100 for which credit was given to customers who reportedly mailed cash to the Superintendent of Documents during the period September 1, 1967, to January 7, 1969. The inspectors charged most of these losses to four postal employees arrested at the Washington, D.C., Post Office for mail theft, without determining whether GPO employees could have been responsible for the losses. The inspectors stated that it was a policy of the Inspection Service to accept blanket statements from Government agencies without verification.

On April 21, 1970, the inspector who charged the GPO mail losses to the four postal employees told us that one of the employees was a narcotic addict and that it was obvious to him that the employee stole to obtain money to buy narcotics. He stated that he charged most of the losses to this employee and the balance of the losses to the other three employees on the basis of his knowledge of the activities of the four employees, his experience, and his best judgment.

The case file for one of the four postal employees charged with the GPO mail losses was included in the cases we reviewed. In this case, the inspector charged the employee with 323 of the GPO cash losses totaling about \$200. In addition, the inspector charged the employee with 346 of the cash losses included in a blanket statement submitted by a photo lab showing losses it sustained as a result of credit given to its customers for remittances not received. The total amount of these losses charged to the employee was about \$1,000.

Even though the employee had been caught stealing mail, we believe that it was unreasonable to charge him with theft of mail addressed to GPO and the photo lab. We do not believe that the amount of losses shown on blanket statements submitted by Government agencies, business firms, and charitable institutions should be charged to postal employees, because the inspectors cannot determine conclusively whether a postal employee or an employee of the reporting Government agency, business firm, or charitable institution was responsible for the loss.

Concerning GPO losses, an article published in the Wednesday, May 13, 1970, edition of the Washington Daily News, disclosed that the Federal Bureau of Investigation (FBI) had charged four GPO employees with stealing money sent in by mail for Government publications. FBI and GPO officials said that there was no way to determine how much money had been stolen by the GPO employees.

Three of the GPO employees were employed during the period covered by the GPO blanket statement of losses charged to the four postal employees. It is possible that the GPO employees were responsible for the GPO mail losses charged to the postal employees.

#### INQUIRIES TO POSTAL PATRONS

The Department makes a demand on the responsible employee for payment of mail losses and then submits a claim to the surety for the

losses not recovered from the employee. The Department is authorized by 5 U.S.C. 5511 and 5512 to offset Government losses against any salary, retirement, or other funds due the employee before submitting the claim to the surety. The law does not authorize such offset for ordinary mail losses.

Losses of insured, registered, and collect-on-delivery mail (Government losses) are paid to the patron from postal funds upon the submission of a satisfactory claim and approval by the Department.

The amounts collected from the employee and the surety for ordinary mail losses are held in trust by the Department. Ordinary losses are subsequently paid to patrons out of the trust fund for those losses for which recovery was made.

Patrons who lose cash or valuables sent through the mails as ordinary mail have a determination not to pay the fees required for indemnification for loss or theft. We believe that the Department should not incur costs associated with indemnifying patrons for ordinary mail losses as is done for patrons who pay a fee for this service. Also, the collection from the surety for ordinary mail losses probably results in the Department's incurring increased surety bond premiums, because losses paid by a surety are a factor having a bearing on the surety's premium charges. Department records showed that demands had been made on the surety for \$19,605 or 81 percent of the losses charged to the 17 employees included in our review.

If the Department believes that it should continue reimbursing postal patrons for ordinary mail losses, the Department should request the Congress to amend 5 U.S.C. 5511 and 5512 to authorize the Department to make offsets against employees' salary and retirement benefits for losses where data is developed to clearly show that the losses were attributable to the acts of the employees. Also, if legal authority is needed to establish fees for providing indemnification service to these postal patrons, the Department should request appropriate legislation from the Congress.