



UNITED STATES POSTAL INSPECTION SERVICE

COMMUNICATIONS, GOVERNANCE AND STRATEGY

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Good morning, Chairman Collins, Ranking Member Casey, and members of the Committee. Thank you for holding this hearing on protecting veterans. I appreciate the opportunity to testify before this Committee on the efforts of the United States Postal Inspection Service (Inspection Service) to combat frauds that impact veterans.

My name is Carroll Harris. I am the acting Inspector in Charge overseeing Communications, Governance and Strategy within the U.S. Postal Inspection Service, the law enforcement, crime prevention and security arm of the United States Postal Service. The U.S. Postal Service is committed to protecting veterans from scammers. About 113,000 current postal employees served in the military, which is about one in five postal employees. That makes the Postal Service one of the largest employers of former service members.

I have over 29 years of government service, 14 of those as a federal agent. I started my career in government with the United States Marine Corps, where I served more than ten years of active duty, including combat duty in Iraq. I am still active in the Marine Corps Reserve in Quantico, Virginia as a Lieutenant Colonel. Prior to becoming a Postal Inspector, I was a federal agent with the Drug Enforcement Administration. I joined the Postal Inspection Service in 2008 and I have worked assignments ranging from mail theft to workplace violence. For the past three years, I have managed the Inspection Service's internal and external communications, press relations, government relations and crime prevention efforts. I hold advanced degrees in both Business Administration and Operations Science.

According to a recent AARP surveyⁱ, 16 percent of U.S. veterans have lost money to fraudsters, as compared to 8 percent of nonveterans. Put another way, veterans are twice as likely to unknowingly participate in a scam as compared to the general population. Examples of frauds older veterans are likely to engage in include lottery and sweepstakes scams, romance scams and investment schemes. Postal Inspectors investigate these types of frauds every day.

In addition to the more common schemes that older adults are likely to encounter, veterans report that they are targeted by a large number of scams directly related to their military service or the veterans' benefits they receive. Nearly 80 percent of the veterans surveyed reported they have encountered veterans-specific scams. These are scams that have been tailored just to them and include veteran pension buy-outs, fake veteran charities, and schemes that offer "special" access to veteran benefits.

One such scheme investigated by Postal Inspectors involved Gina Palasini. Palasini cast herself as an adviser who could help older veterans "boost" their pensions. She convinced

her clients to invest in financial products that she controlled in order to minimize the appearance of her client's assets so the veteran could qualify for more government assistance. She and advisers like her often fail to warn veterans that actions like these could disqualify the veteran from other government help, including Medicaid, and strictly limit their access to their own money. Palasini never invested the money her clients entrusted to her. She simply took their money and spent it on herself—that is, of course, until she landed in jail after an investigation by the Inspection Service and its law enforcement partners. District Attorney Richardson, seated here with me today, played an instrumental role in ensuring Ms. Palasini faced the justice she deserved.

In instances like these, Postal Inspectors recommend that veterans contact a veteran service organization for help locating a reliable, credentialed adviser who can help them ensure they are receiving all the benefits they qualify for. That way, veterans can feel confident they are entrusting the benefits they have earned with a reputable and reliable financial advisor.

Another finding from the AARP survey found that veterans who participated in scams were more likely to have had a “negative life event,” such as having suffered a serious injury or illness, struggled with mental health or addiction issues, or accumulated a significant amount of debt. Veterans also experience post-traumatic stress at a rate more than double the general public.

The AARP survey explored other ways in which veteran scam victims differ from the general public. Veteran scam victims say they are more likely to trust a person who has previously served in the military, and they are more likely to donate to charities that support service members and veterans. These are known as “affinity” scams. People who operate affinity schemes know that patriotism is a powerful window into a veteran's heart and wallet.

In one such affinity scheme, Postal Inspectors investigated a fake charity calling itself The Disabled and Paralyzed Veterans Foundation. This so-called “Foundation” sent consumers solicitations that led them to believe that donations would be used to help veterans at risk for suicide. The operators of the scheme collected tens of thousands of dollars for this and other fraudulent organizations that, in addition to claiming to help veterans, also purported to help breast cancer and childhood leukemia patients. Laverne Foreman, another witness here today, received one of these solicitations in the mail. He believed his money would aid veterans who had suffered significant injuries. His donation and the donations of other well-intentioned people never went towards helping anyone but the scammers who have been referred to the Department of Justice for prosecution. Whenever individuals want to contribute to unfamiliar charities, the Inspection Service recommends ensuring that the charity is legitimate by checking online with the [Better Business Bureau Wise Giving Alliance](#), [Charity Navigator](#) or [CharityWatch](#).

In 2017, AARP and the Inspection Service launched *Operation Protect Veterans*, a national campaign to warn those who have served in the military about scams and fraud schemes that specifically target veterans. Since the operation launched, AARP and the Inspection Service have been working together to warn veterans and their families to be on the lookout for some of the most common schemes, including:

- The benefits buyout offer: This scheme takes advantage of veterans in need by offering a quick upfront buyout in exchange for future disability or pension payments. The veteran gets quick cash now but at a value far less than they would have received from their pension over time.
- The fake charitable giving request: Scammers make fraudulent claims about charities benefitting veterans or wounded service members.
- Fraudulent records offer: In this scam, veterans are told that the scammer can access their military records or government forms – for a fee. However, this information is available for *free* through local U.S. Department of Veterans Affairs (VA) offices.
- The VA phishing scam: A scammer claiming to work for the VA calls veterans and asks for Social Security numbers and personal financial information.
- The bogus employment scam: Scammers collect personal information or charge a fee for obtaining a job that does not exist.

To raise awareness, *Operation Protect Veterans* has been using advertising, social media, email messages, brochures and a tailored website, OperationProtectVeterans.com. In a major component of the outreach campaign, printed materials were distributed in more than 30,000 Post Offices across the United States. Printed materials were also distributed in AARP's state offices, as well as to thousands of libraries and senior centers. When the operation launched in Washington DC, volunteers from the Inspection Service and AARP staged a reverse boiler room—a tactic that uses one of the scammers' own methods against them, and called veterans nationwide with news of the latest scams aimed at the military community and how to protect themselves. In a single day, Postal Inspectors and AARP volunteers made 10,000 calls to former members of the military.

When Postal Inspectors are asked how older consumers can stay safe financially, we tell them: Just remember to “stop and talk.” If you receive a request to invest money, pay a fee before you collect a prize, or send money to someone you have only known online, find a friend before your reach for your wallet.

In the military, we refer to this person as a foxhole buddy. We like to say “I’ve got your six.” Think of the hands of the clock facing forward at twelve and backward at six, “I’ve got your six” is like saying “I’ve got your back.” When I was in a foxhole, my buddy was the person I trusted to be my eyes when I could not see, and I did the same for him. My foxhole buddy—literally—was up when I was down; and when he was down, I was up.

People who operate fraud schemes are successful because they are persuasive and because they convince their targets to “keep it a secret.” Why? Because scams only work when people are isolated from those they know and trust. At any age, but especially after retirement, everyone needs to make sure there is an extra pair of eyes on their financial decisions. Everyone needs someone they can talk to in confidence about their finances, and to confer with as needed. Everyone needs a foxhole buddy. As part of retirement planning, the Inspection Service advises that everyone should find one or two people they can confide in about decisions like these. This applies to everyone, not just veterans.

Former service members can also contact their state’s veterans’ affairs office for reliable information on qualifying for benefits. The federal government’s website, [MilitaryConsumer.gov](https://www.militaryconsumer.gov), has free resources to help veterans and current service members make informed financial decisions. The VA also maintains a database of attorneys, claims agents and Veterans Service Organizations to help with benefits issues.

Our second piece of advice is, if you have spotted a scam: Report it. Whether a veteran has lost money or not, they can report it in several different ways. First is the *AARP’s Fraud Watch helpline number: 877-908-3360*. The Helpline is operated by staff and volunteers with extensive training and experience fighting scams. The most important thing these volunteers do is listen, and they listen without judgment.

The AARP Fraud Watch helpline can also help with:

- Actions to take if an individual has lost money.
- Guidance for families concerned that a loved one is unwittingly participating in a sweepstakes, romance or fraudulent investment scam.
- Referrals to law enforcement.
- Translation services.

In addition to calling the AARP’s helpline, people can report scams at the Inspection Service’s website, [USPIS.gov](https://www.uspis.gov). We share any fraud complaint we receive with the Federal Trade Commission which collects data from more than 300 law enforcement agencies and makes it available to authorized law enforcement agencies and regulators.

Consumers can also report scams to the Senate Special Committee on Aging at 855-303-9470. The Committee staff will ensure the report is referred to the appropriate agency for investigation.

Before I conclude, I want to thank the Committee for its efforts to stop fraudulent phone calls. We know that scams do not just happen over the telephone line, but the ease with which a fraudster can unduly influence others over the phone is unparalleled. Postal Inspectors routinely advise consumers to work with their phone service providers to stop robo- and other unwanted calls. Thank you for helping to stop fraudulent calls from overseas from ringing the phones of the American public in the first place.

I appreciate the opportunity to share with you the work that Postal Inspectors do to safeguard veterans and the American public at large from fraud. Thank you.

ⁱ Shadel, Doug, and Karla Pak. *Under Fire: Military Veterans and Consumer Fraud*. Washington DC: AARP Research, November 2017. <https://doi.org/10.26419/res.00182.001>