



UNITED STATES POSTAL INSPECTION SERVICE

CRIMINAL INVESTIGATIONS GROUP

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United States Postal Inspection Service
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Good morning, Chairman Collins, Ranking Member Casey, and members of the Committee. Thank you for holding this hearing on stopping illegal unsolicited calls. I appreciate the opportunity to testify before this Committee on our efforts to combat fraud and to protect the American public.

My name is Delany De Leon-Colon, and I am the Inspector in Charge of the U.S. Postal Inspection Service's (Inspection Service) Criminal Investigation Group (CIG). The Postal Inspection Service is the law enforcement, prevention and security arm of the United States Postal Service. I oversee several national programs that include mail fraud, money laundering, mail theft, identity theft, violent crimes and child exploitation.

Prior to arriving at our national headquarters in Washington, D.C., I was Assistant Inspector in Charge of our Miami field office. In that role I worked closely with law enforcement partners, domestic and abroad, including authorities in Jamaica, to investigate lottery and sweepstakes fraud. I began my law enforcement career as an inspector with the Immigration and Naturalization Service (INS), and later as an agent with the U.S. Secret Service (USSS) before being appointed as a U.S. Postal Inspector in 2004.

Telephone Scams

Every day, consumers of all ages are bombarded by marketing pitches, promotions, and offers. Some are legitimate, while others are not. Most marketing pitches, especially fraudulent ones, are wrapped in language designed to appeal on an emotional level, not an intellectual one. As a law enforcement officer, I have seen over and over again how persuasive language, coupled with various forms of high-tech deception, are used to catch the attention of consumers and convince them to part with their money.

Imagine your phone rings and the voice on the other ends tells you it's your lucky day. However, you must first pay a little cash, called an "insurance fee." For some, especially older Americans, the chance to get out of debt or to leave something to their children and grandchildren has a very strong appeal. So, over the course of days, weeks, or even months, well-intentioned individuals keep sending in more money to pay the "fees and taxes," even though their "winnings" never arrive. The caller ID shows the call is coming from their local area code, or from a government agency in Washington, DC, adding authenticity in the mind of the person on the receiving end of the call. The urge to believe is overwhelming.

Once an individual has been persuaded to pay an initial fee, the scheme's operator takes the relationship to the next level, asking for yet more money, while emotionally isolating the individual from friends and family by warning them not to share their good news with loved ones until they receive their winnings. The demands for more fees are relentless, and may even include threats if the demands are not met. Because the individual believes the caller is inside the U.S., or even local, these threats are especially convincing.

What makes the recipient of these calls believe they are winners? When told exceptionally good or bad news, such as "you've won a prize," or "your grandchild has been in an accident," emotion can often override skepticism. And that is exactly what the operators of these schemes rely upon when they manipulate the consumer's caller ID display. By spoofing the phone number, the very technology designed to help consumers make informed decisions before they pick up has been turned against them. In my experience, most of the people we've interviewed were not aware that call-spoofing technology existed. By their own admission, they overcame their doubts and bought into the caller's fabulous claims because of the information displayed on their caller ID. Spoofed phone numbers were instrumental in leading the victims to believe the call was for real.

Case Example

The Inspection Service is proud to be on the front-lines investigating sweepstakes and telemarketing scams. The case in which Ms. Stancik so powerfully testified was investigated by Postal Inspectors in Charlotte, North Carolina with assistance from the Federal Bureau of Investigations (FBI), Internal Revenue Service Criminal Investigations (IRS-CI), and Homeland Security Investigations (HSI). The case was successfully prosecuted by the Fraud Section of the Department of Justice (DOJ).

The investigation focused on an offshore call center run by, Andrew Smith, a Jamaican national, and Christopher Griffin, a U.S. citizen, both living in Costa Rica at the time. The two principals, along with others under their direction, posed as representatives of the U.S. Securities and Exchange Commission (SEC) and the Federal Trade Commission (FTC). They contacted consumers in the United States, claiming they had won a substantial prize. Everyone who responded, many of whom were older adults, believed they stood to receive a significant financial reward, but they needed to make a series of up-front payments before collecting the reward. It was explained that the payments were needed to cover insurance fees, taxes and import fees.

The Costa Rican call center used a variety of means to conceal its true identity, especially call spoofing technology that made it appear the calls were placed from Washington, D.C. The understanding that these calls were coming from a long-established federal agency in the nation's capital lent considerable weight to the scam. Other internet-enabled technologies also played a role in furthering the deception. At trial, one victim testified how she was warned to keep paying the fees as the caller knew where she and her family lived. He made strategic use of images and other information that he found on the internet to reinforce his point.

In the course of their investigation, Postal Inspectors learned that payments were sent by international wire transfer directly to the call center in Costa Rica, or through the purchase of

money orders that were sent by mail or private courier. At other times, the scheme's operators hired "runners" to collect money directly from the victim, even meeting victims at their homes to collect bags of cash, which the runners, in turn, handed over to their handlers in Costa Rica.

Nine defendants were ultimately charged on various counts of Conspiracy to Commit Wire Fraud, Wire Fraud, Conspiracy to Commit Money Laundering and International Money Laundering. Eight of the defendants worked in the call center in Costa Rica, while one was charged with money laundering for his knowing participation in laundering funds from the U.S. to co-conspirators in Costa Rica. Postal Inspectors identified approximately 1,800 people living in the U.S. who collectively lost more than \$10 million just in connection with this single fraudulent operation. One such person who lost a significant amount of money was Ms. Stancik's grandmother, Marjorie Jones.

With help from the Department of Justice's Office of International Affairs, the Department of State, Interpol and authorities in Costa Rica, several defendants were extradited to face charges in the United States, while others were arrested on U.S. soil. Three defendants remain fugitives and are the subject of international warrants and Interpol "Red Notices." Andrew Smith and Christopher Griffin were both convicted and, in April of this year, sentenced to 25 and 20 years in federal prison, respectively. Ms. Stancik testified on behalf of her grandmother at the sentencing of one key defendant.

The Inspection Service's Mail Fraud Program

The Inspection Service aggressively investigates frauds where there is a connection to the U.S. Mail or involves the use of a postal product or service. Examples include mass mailing fraud, lottery fraud, tech support scams, romance scams, grandparent scams and overseas boiler rooms, even when the mail is not the first point of contact. We obtain investigative leads through shared intelligence with other federal agencies, state and local law enforcement, and even from Postal Service employees who reported their concerns about an older customer they interacted with who, for example, attempted to buy money orders to send to someone they met online or over the phone.

The reach of the Inspection Service is not just limited to the United States. We understand fraud does not stop at the border, so neither do postal inspectors. The Inspection Service is one of the primary law enforcement agencies of the newly formed DOJ Transnational Elder Fraud Strike Force (DOJ Elder Fraud Strike Force). The DOJ Elder Fraud Strike Force is bringing together dedicated resources from the Inspection Service, FBI, DOJ, and other federal law enforcement agencies, as well as the private sector, to investigate transnational criminal organizations that perpetrate fraud schemes on older Americans. The Inspection Service also has inspectors working full-time in Jamaica and at EUROPOL in The Hague. We are committed to following our investigations wherever they may lead.

Prevention

Postal inspectors across the United States work every day to investigate cases and arrest the perpetrators of mail fraud, but we know an issue as broad reaching as this requires efforts on many fronts. We engage with consumers of all ages to teach them how to recognize schemes and take steps to safeguard their finances. While we work year-round to prevent fraud, each March we partner with the Federal Trade Commission (FTC) and other consumer groups for National Consumer Protection Week. We continually work to reach a wide array of consumers through presentations at town halls and community centers, events and displays in Post Office lobbies, and through social media.

The Inspection Service has launched numerous consumer protection campaigns in recent years. From 2012 until 2017, the Inspection Service produced numerous public service announcements focused on consumer fraud, which were distributed to 125 television stations covering 77 percent of the U.S. viewing audience. In 2017, we launched *Operation Protect Veterans* along with AARP to educate service members about fraud schemes that specifically target those who have served in the military. Research shows that veterans are nearly twice as likely as the general public to be victimized by fraud. According to the U.S. Census, over 9.3 million veterans are over age 65.

The Inspection Service's prevention literature offers practical advice for consumers, including how to contact phone service providers for help blocking unwanted calls. We work with academic researchers at the National Center on Elder Abuse to create messages that are meaningful to consumers of all ages, and include easy to take steps to stay safe financially. Finally, we recently upgraded our external website, uspis.gov, so the public can learn more about scams they may have encountered and to make it easier to report fraud.

Conclusion

Again, I want to thank the committee for holding this hearing and for allowing me to share with you the work that Postal Inspectors do to safeguard Americans from fraud. I applaud the Committee's efforts to address the issue of technologies that facilitate schemes and that give scammers an unfair advantage. Thank you.