

**Statement of Guy Cottrell  
Chief Postal Inspector  
United States Postal Inspection Service  
Before the Subcommittee on Government Operations of  
The Oversight and Government Reform Committee  
United States House of Representatives  
September 7, 2017**

Good morning, Chairman Meadows, Ranking Member Connolly, and members of the Subcommittee. Thank you, Chairman Meadows, for calling this hearing on drug trafficking and security standards used by the U.S. Postal Service and private carriers.

My name is Guy Cottrell, and I serve as the Chief Postal Inspector for the United States Postal Inspection Service (Inspection Service). In this role, I oversee the law enforcement arm of the Postal Service whose mission it is to support and protect the Postal Service and its employees, infrastructure, and customers. As one of America's oldest federal law enforcement organizations, we enforce the laws that defend the nation's mail system from illegal or dangerous use, and ensure public trust in the mail. To that end, we play an active role in the effort to address the problem of fentanyl and synthetic opioid distribution. I appreciate your interest in understanding the Inspection Service's role and exploring ways to ensure and strengthen our nation's mail security.

**Responding to the Opioid Crisis**

In plain terms, the role of the Inspection Service is to investigate mail-related crimes. When investigating contraband in international mail, we utilize a multi-layered approach. This approach, which I describe later in this testimony, combines our capabilities with the expertise of our law enforcement partners.<sup>1</sup> In addition, we use data analysis and information sharing to target inbound international mail that arrives in the United States at one of five International Service Centers (ISCs).<sup>2</sup>

Congress has given U.S. Customs and Border Protection (CBP) the responsibility and authority to search items at the first point of entry into the United States, including the authority at these locations to open and inspect all inbound items without a warrant to identify prohibited items. The Inspection Service's investigative authority usually begins

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<sup>1</sup> CBP, Drug Enforcement Agency, Organized Crime Drug Enforcement Task Force, High Intensity Drug Trafficking Area, Office of National Drug Control Policy, and local agencies.

<sup>2</sup> The Postal Service operates five ISCs that send and receive international mail shipments. These include facilities in New York NY, Miami FL, Chicago IL, San Francisco CA, and Los Angeles CA. There are four additional international mail receiving offices of exchange in New Jersey, Honolulu, San Juan, and the U.S. Virgin Islands.

once inbound international mail is released from the first point of entry by our CBP counterparts. If the Inspection Service suspects that an item contains contraband, postal inspectors generally need to present probable cause to a federal judge and secure a federal search warrant before opening any incoming international mail piece that is within a class sealed against inspection.

Detecting the importation of fentanyl and other synthetic opioids in the U.S. Mail is a key priority for the Inspection Service. We are continuously refining our law enforcement operations, target focus, and personnel resources to maximize our capabilities. Currently, the Inspection Service is focusing on several different investigative approaches:

- We review past and current Inspection Service and CBP seizure data to improve our investigative efforts and develop leads. We have launched a Cyber and Analytics Unit to enhance investigative techniques and analytics to better forecast and target international parcels.
- We have full-time personnel at the Drug Enforcement Administration's (DEA's) International Organized Crime Center (IOC-2), the Organized Crime Drug Enforcement Task Force (OCDETF) Fusion Center, and the CBP National Targeting Center (NTC). Being embedded in these locations allows the Inspection Service to share intelligence, coordinate cases and conduct joint enforcement operations domestically and internationally.
- The Inspection Service also partners with High Intensity Drug Trafficking Area (HIDTA) Task Forces, OCDETF, and the Office of National Drug Control Policy (ONDCP) to coordinate investigative information and real-time intelligence. These relationships strengthen cohesive communication and data sharing partnerships that enable the identification of criminal networks, which would not be possible without interagency cooperation.
- We currently participate in the ONDCP Federal Law Enforcement Secure Conference Group, the Interagency Implementation Group, and the DEA's Heroin/Fentanyl Task Force to stay abreast of the latest trends in criminal activity and transnational threats.
- We continue to work with Postal Service management to enhance operational processes and equipment that utilizes advanced technologies. This includes transitioning from manually sorting parcels to automated operations at the ISCs. We are investing in an opiate antidote to enhance employee safety and researching some of the latest investigative technologies such as handheld narcotics analyzers. Moving forward, we will continue to review new technology and deploy it as warranted.

As a result of these efforts and partnerships, some of our successes include:

- In March of this year, information was received regarding 300 inbound parcels of interest. Combining the efforts of the Inspection Service, Homeland Security Investigations (HSI), and DEA, numerous leads were sent to destination field divisions. CBP was able to intercept 133 of the mailings at ISCs. Postal inspectors were able to intercept 145 parcels. Of these parcels, all contained a synthetic opioid, or a controlled or unknown substance. The Inspection Service, HSI Hong Kong, and the Hong Kong Customs and Excise Department conducted additional follow-up in a related 4-day operation and intercepted an additional 135 parcels, 130 of which contained contraband, with 67 of those destined for the United States. This is an on-going international investigation.
- Recent investigations include multiple arrests: a fentanyl redistributor in Portland, OR; an individual receiving fentanyl patches and other narcotics in Montgomery, AL; and a Damascus, MD, distributor linked to an international fentanyl supplier.
- We currently have at least 100 open cases nationwide with at least 25 of those believed to have a dark-web or international online vendor nexus. These include a fentanyl distributor linked to over 3,000 transactions; an investigation that has revealed a large-scale pill press operation that netted the operator at least \$1.2 million; and a case involving several thousand mailings of what is believed to be U-47700, a synthetic opioid. This last case located a clandestine drug manufacturing and milling operation as a result of the analysis of intelligence from multiple agencies.

As the importation of synthetic opioids has evolved, we continue to enhance our investigative methods, deploy additional resources as needed, and strengthen strategic partnerships. Consequently, we have seen significant improvements in our ability to seize fentanyl and synthetic opioids from the U.S. Mail. From fiscal year (FY) 2016 through August of FY2017, we have achieved a greater than 300 percent increase in international parcel seizures and a greater than 800 percent increase in domestic parcel seizures related to synthetic opioids.

As we continue to utilize and develop our available resources to identify illicit drugs located in the United States and take appropriate action, we will continue to enhance investigative techniques and analytics to better forecast and target incoming parcels in order to seize fentanyl and synthetic opioids sent through the U.S. Mail.

### ***Status of Memorandum of Understanding (MOU)***

MOUs are a vital tool for interagency cooperation. An MOU between the Postal Service and CBP, which defines the participants' roles and responsibilities in relation to their mutual cooperation, was completed on September 1, 2017. It solidifies the interagency partnership between CBP, the Postal Service and the Inspection Service at all ISCs.

## **Growing Advance Electronic Data (AED)**

### ***The Growth of AED***

AED includes the sender's full name and address (including full business name), the recipient's full name and address, the stated content description, unit of measure and quantity, weight, value, and date of mailing. Since the enactment of the Trade Act of 2002, the United States and a number of other industrialized countries have improved technical capabilities to provide AED. Today, the Postal Service collects AED for more than 90 percent of its outbound international mail and in July – the most recent month for which we have finalized results – AED was received for 40.2 percent of inbound mail.<sup>3</sup> To put this in perspective, comparing data from FY 2015 to the present, AED for inbound international mail has increased from approximately one percent to its present percentage.

The increase in the percentage of inbound items with AED is expected to continue to grow, especially as we increase our partnership with commercial providers and more countries develop their capacities to provide this data.

While the Postal Service has been a leading proponent of AED, it is faced with certain constraints. As the designated postal operator of the United States, the Postal Service is obligated to accept and deliver letter and parcel post from nearly every country in the world. However, the Postal Service cannot set the postage prices paid by foreign shippers, and also cannot unilaterally set the rates for letter post and parcels (except certain expedited items) paid by foreign postal operators for delivery within the United States. Further, the Postal Service does not control the induction of foreign mail destined for the United States, so it cannot control the collection and transmission of AED abroad.

### ***Bilateral and Multilateral AED-Sharing Agreements***

The Postal Service has prioritized obtaining AED from the largest volume foreign postal operators (FPOs), which collectively account for over 90 percent of all inbound volumes.

Earlier this year, Postal Service management adopted a policy of requiring AED to accompany any package flows for which rates are established under bilaterally negotiated arrangements with FPOs (that is, agreements establishing inbound international mail rates for which there is a single counterparty). In accord with implementation of this policy, the Postal Service has entered into bilateral agreements with AED requirements for package flows covered by the agreements with the FPOs of Australia, China, Hong Kong, and Korea. The Postal Service will continue its efforts to negotiate AED requirements in other bilateral agreements, including a bilateral with Canada Post that is scheduled to expire at the end of calendar year 2017.

The Postal Service continues to lead the initiative for the exchange of AED through

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<sup>3</sup> Volumes measured exclude letter- and flat-shaped letter post items and military mail.

multilateral agreements and strategic alliances. The Kahala Posts Group (KPG) is an organization composed of several large volume postal operators. Through that organization, the Postal Service has shared AED best practices, assisted in the development of a Data Sharing Agreement (DSA), and encouraged members to commit to the collection of AED and set performance standards for themselves. As a result, KPG continues to prioritize AED efforts. Each of the eleven members submitted AED targets and timelines to support those goals. The Postal Service continues to engage members to track progress on those project plans as well as monitor their performance. Data sharing agreements have also been executed with many other countries, as Postal Service management strives to make AED exchanges the norm in cross-border postal exchanges.

### ***Partnerships with Commercial Providers of Inbound International Shipments***

The Postal Service accelerates AED collection through its Global Direct Entry (GDE) Wholesaler Program. Private sector companies that participate in GDE are required to provide inbound international shipments and parcels with AED to CBP using the commercial customs clearance process. Once cleared by CBP, companies enter the shipments and parcels as domestic mail into the Postal Service network. Prospective GDE wholesalers must meet certain criteria and receive approval from the Postal Service before participating in the program.

### ***Actions Through the Universal Postal Union***

Further, the Postal Service works closely with the United States Department of State, which has lead responsibility for representing the United States Government in the Universal Postal Union (UPU), the 192-member international organization charged with facilitating the exchange of mail among member countries through treaty agreements. At the UPU, United States initiatives have included advocating in favor of proposals for AED requirements with supporting features like mandatory barcodes, and have contributed to the UPU membership's increase in adoption and implementation of AED messaging and security standards.

As Chief Postal Inspector, I serve as Chairman of the Postal Security Group (PSG), within the UPU located in Berne, Switzerland. Chief Postal Inspectors have chaired this group since 1997. The PSG has provided training, support materials and assistance to posts during the last 20 years. After the Yemen incident in October 2010, the PSG spearheaded the development of improved security standards for the world's posts, known as S58 - *General Security Measures* and S59 - *Office of Exchange and International Airmail Security*. The Inspection Service serves as a consultant to the PSG for training that directly supports the aforementioned security standards. Security standards S58 and S59 are meant to standardize dedicated security guidelines around the world. They establish a security assessment and evaluation process that recognizes successful compliance.

The PSG will also continue to compile information and disseminate best practices among its member countries in its efforts to improve security in postal networks.

## **Using AED**

### ***International Mail Processing***

In the current process, inbound international mail from foreign postal operators arrives at one of our ISCs. After an initial bulk screening by CBP, inbound international items are unloaded and individual mail bags and receptacles receive a receipt scan by the Postal Service. At this point, items requested by CBP are presented to CBP for further inspection.

For those items for which AED are furnished, CBP has an enhanced ability to target items for inspection. Once CBP has completed its inspection and assessed any applicable duties and taxes, those items that are cleared are released to the Postal Service for processing and delivery.

### ***ISC Pilot Programs***

As briefly mentioned earlier, the Postal Service and the Inspection Service are continuing to coordinate with CBP to enhance our current operational processes and equipment at our ISCs. The Postal Service began a pilot program in mid-2015 at the New York ISC to use inbound AED to facilitate more advanced targeting by CBP. The Postal Service provides AED to CBP that can be used to review and target specific mail pieces prior to arrival at the ISC. CBP identifies the individual target items, and the Postal Service locates the target items within the inbound receptacles based on AED. Once located, the Postal Service presents the targeted items to CBP for inspection.

With the lessons learned from the original pilot, the Postal Service and CBP expanded the program to two other ISCs over the past three months. The Postal Service is actively working with CBP to expand this approach to the remaining two ISCs in the near future. Over the last six months, the Inspection Service and CBP have more than tripled the number of holds placed on a daily basis, as well as expanded both the countries and types of packages available for targeting, as sorting has advanced from manual to automated. As the Postal Service continues to advance mail sorting technology, these successes will grow.

The increase in the percentage of inbound items with AED is also expected to continue to grow, especially as more countries develop their capacities to generate AED with outbound dispatches. It should be emphasized that the Postal Service currently receives data on a substantial amount of inbound shipments, including those originating in China, which is a source of fentanyl and other synthetic opioids.

The GAO recently completed a report on International Mail Security. The Postal Service agrees with the recommendation that CBP, in coordination with the Postal Service, (1) establish measurable performance goals to assess pilot programs, and (2) evaluate the costs and benefits of using AED to target mail for inspection in comparison with other targeting methods. This will be important to determine before spending

significant resources.

The Postal Service and CBP meet weekly to review the status of the pilot program. The workgroup has already begun working through the methodology for determining performance goals for the pilot programs, comparing data on holds placed and ensuring information is shared among the stakeholders. The Postal Service is prepared to support CBP in the evaluation of costs and benefits of AED as needed.

## **Conclusion**

In conclusion, the Inspection Service understands and appreciates the concerns about illegal drugs and contraband entering the United States through various delivery networks, including the mail.

While AED is used to strengthen our investigations and further identify trends, operational methodologies and potential suspects, it is only part of the multi-layered approach the Inspection Service uses for contraband interdiction. The Inspection Service relies heavily on the principle that every law enforcement agency brings value and potentially vital information to help identify major drug traffickers. Information can originate from the local level with an arrest, a tip from an informant, or interdiction initiatives that lead to a seizure. For continued success in thwarting the international drug trade, cooperation and teamwork between law enforcement agencies has proven critical. Information sharing is an invaluable asset at the importation and street level, and everywhere in between. Leveraging technology, maximizing the effectiveness of automation, and utilizing intelligence is critical to the efforts of combatting fentanyl and synthetic opioid distribution.

Throughout our 242-year history, the Inspection Service and the Postal Service have been and will continue to be committed to taking all practicable measures to ensure the security of our nation's mail, and to provide the American public the best, most efficient service possible. Again, thank you for this opportunity to testify and I look forward to answering your questions.

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## **Guy Cottrell**

**Chief Postal Inspector, U.S. Postal Inspection Service**

Guy Cottrell was named Chief Postal Inspector for the U.S. Postal Inspection Service in July, 2010. In this role, Cottrell oversees all operations of the Postal Inspection Service, which includes the National Headquarters, 18 divisions, two service centers and a national forensic laboratory. The installations are staffed by over 1,400 postal inspectors, more than 650 postal police officers and approximately 600 support personnel. He is also the Chairman of the Universal Postal Union's Postal Security Group. He reports to the Postmaster General.



Prior to his appointment, Cottrell served as Deputy Chief Inspector, Headquarters, where he had oversight of all national security programs. A native of West Virginia who grew up in the New Orleans, Louisiana area, Cottrell joined the Postal Service in 1987 as a letter carrier in New Orleans. In 1990, Guy was promoted to postal inspector in the New Orleans Division, where he investigated internal and external mail theft throughout Louisiana and southern Mississippi.

Since that time, he has held a number of supervisory positions in various major metropolitan areas across the country, including management of the U.S. Postal Inspection Service's Washington Field Office during much of the joint FBI/USPIS Amerithrax investigation.

In 2008, Guy served as Inspector-in-Charge of the Security & Crime Prevention/Communications group, where he guided the Postal Inspection Service toward a risk and management analysis platform, streamlined a wide array of security-related programs, and implemented numerous cost effective and innovative solutions. His group also produced several internal and external security and crime prevention publications, videos and overhauled the Postal Inspection Service's external web site.

Cottrell holds a Bachelors degree in psychology from the University of New Orleans.