EXTENSIONS OF REMARKS

''POSTAL SERVICE HAS ITS EYE ON YOU''

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 27, 2001

Mr. PAUL. Mr. Speaker, I am pleased to take this opportunity to draw my colleagues' attention to the attached article ''Postal Service Has Its Eye On You'' by John Berlau of Insight magazine, which outlines the latest example of government spying on innocent citizens. Mr. Berlau deals with the Post Office's ''Under the Eagle's Eye'' program which the Post Office implemented to fulfill the requirements of the Nixon-era Bank Secrecy Act. Under this program, postal employees must report purchases of money orders of over $3,000 to federal law enforcement officials. The program also requires postal clerks to report any ''suspicious behavior'' by someone purchasing a money order. Mr. Speaker, the guidelines for reporting ''suspicious behavior'' are so broad that anyone whose actions appear to a postal employee to be the slightest bit out of the ordinary could become the subject of a ''suspicious activity report,'' and a federal investigation!

As postal officials admitted to Mr. Berlau, the Post Office is training its employees to assume those purchasing large money orders are criminals. In fact, the training manual for this program explicitly states that ''it is better to report many legitimate transactions that seem suspicious than let one illegal one slip through.'' This policy turns the presumption of innocence, which has been recognized as one of the bulwarks of liberty since medieval times, on its head. Allowing any federal employee to assume the possibility of a crime based on nothing more than a subjective judgment of ''suspicious behavior'' represents a serious erosion of our constitutional rights to liberty, privacy, and due process.

I am sure I do not need to remind my colleagues of the public's fierce opposition to the ''Know Your Customer'' proposal, or the continuing public outrage over the Post Office's proposal to increase monitoring of Americans who choose to receive their mail at a Commercial Mail Receiving Agency (CMRA). I have little doubt that Americans will react with the same anger when they discover that the Post Office is filing reports on them simply because they appeared ''suspicious'' to a postal clerk.

This is why I will soon be introducing legislation to curb the Post Office's regulatory authority over individual Americans and small business (including those who compete with the Post Office) as well as legislation to repeal the statutory authority to implement these ''Know Your Customer'' type policies. I urge my colleagues to read Mr. Berlau's article and join me in protecting the privacy and liberty of Americans by ensuring law-abiding Americans may live their lives free from the prying ''Eagle Eye'' of the Federal Government.

POSTAL SERVICE HAS ITS EYE ON YOU

(By John Berlau)

Since 1997, the U.S. Postal Service has been conducting a customer-surveillance program, 'Under the Eagle's Eye,' and reporting innocent activity to federal law enforcement.

Remember ''Know Your Customer''? Two years ago the federal government tried to require banks to profile every customer's ''normal and expected transactions'' and report the slightest deviation to the feds as a ''suspicious activity.'' The Federal Deposit Insurance Corp. withdrew the requirement in March 1999 after receiving 300,000 opposing comments and massive bipartisan opposition.

But while your bank teller may not have been snooping and snitching on your every financial move, your local post office has been (and is) watching you closely, Insight has learned. That is, if you have bought money orders, made wire transfers or sought cash cards from a postal clerk. Since 1997, in fact, the window clerk may very well have reported you to the government as a ''suspicious'' customer. It doesn't matter that you are not a drug dealer, terrorist or other type of criminal or that the transaction itself was perfectly legal. The guiding principle of the new postal program to combat money laundering, according to a U.S. Postal Service training video obtained by Insight, is: ''It's better to report 10 legal transactions than to let one illegal ID transaction get by.''

Many privacy advocates see similarities in the post office's customer-surveillance program, called ''Under the Eagle's Eye,'' to the ''Know Your Customer'' rules. In fact, in a postal-service training manual also obtained by Insight, postal clerks are admonished to ''know your customers.''

Both the manual and the training video give a broad definition of ''suspicious'' in instructing clerks when to fill out a ''suspicious activity report'' after a customer has made a purchase. ''The rule of thumb is if it seems suspicious to you, then it is suspicious,'' says the manual. ''As we said before, and will say again, it is better to report many legitimate transactions that seem suspicious than let one illegal one slip through.''

It is statements such as these that raise the ire of leading privacy advocates on both the left and right, most of whom didn't know about the program until asked by Insight to comment. For example, Rep. RON PAUL, R-Texas, who led the charge on Capitol Hill against the ''Know Your Customer'' rules, expressed both surprise and concern about ''Under the Eagle's Eye.'' He says the video's instructions to report transactions as suspicious are ''the reverse of what the theory used to be: We were supposed to let guilty people go by if we were doing harm to innocent people'' when the methods of trying to apprehend criminals violated the rights of ordinary citizens. PAUL says he may introduce legislation to stop ''Under the Eagle's Eye.''

The same sort of response came from another prominent critic of ''Know Your Customer,'' this time on the left, who was appalled by details of the training video. ''The postal service is training its employees to invade their customers' privacy,'' Greg Nojeim, associate director of the American Civil Liberties Union Washington National Office, tells Insight. ''This training will result in the reporting to the government of tens of thousands of innocent transactions that are none of the government's business. I had thought the postal-service's eagle stood for freedom. Now I know it stands for, 'We're watching you!' ''

But postal officials who run ''Under the Eagle's Eye'' say that flagging customers who do not follow ''normal'' patterns is essential if law enforcement is to catch criminals laundering money from illegal transactions. ''The postal service has a responsibility to know what their legitimate customers are doing with their instruments,'' Al Gillum, a former postal inspector who now is acting program manager, tells Insight. ''If people are buying instruments outside of a norm that the entity itself has to establish, then that's where you-start with suspicious analysis, suspicious reporting. It literally is based on knowing what our legitimate customers do, what activities they're involved in.''

Gillum's boss, Henry Gibson, the postal-service's Bank Secrecy Act compliance officer, says the anti-money-laundering program started in 1997 already has helped catch some criminals. ''We've received acknowledgment from our chief postal inspector that information from our system was very helpful in the actual catching of some potential bad guys,'' Gibson says.

Gillum and Gibson are proud that the postal service received a letter of commendation from then-attorney general Janet Reno in 2000 for this program. The database system the postal service developed with Information Builders, an information-technology consulting firm, received an award from Government Computer News in 2000 and was a finalist in the government/nonprofit category for the 2001 Computerworld Honors Program. An Information Builders press release touts the system as ''a standard for Bank Secrecy Act compliance and anti-money-laundering controls.''

Gibson and Gillum say the program resulted from new regulations created by the Clinton-era Treasury Department in 1997 to apply provisions of the Bank Secrecy Act to ''money service businesses'' that sell financial instruments such as stored-value cash cards, money orders and wire transfers, as well as banks. Surprisingly, the postal service sells about one-third of all U.S. money orders, more than $27 billion last year. It also sells stored-value cards and some types of wire transfers. Although the regulations were not to take effect until 2002, Gillum says the postal service wanted to be ''proactive'' and ''visionary.''

Postal spokesmen emphasize strongly that programs take time to put in place and they are doing only what the law demands.

It also was the Bank Secrecy Act that opened the door for the ''Know Your Customer'' rules on banks, to which congressional leaders objected as a threat to privacy. Lawrence Lindsey, now head of the Bush administration's National Economic Council, frequently has pointed out that more than 100,000 reports are collected on innocent bank customers for every one conviction of money laundering. ''That ratio of 99,999-to-1 is something we normally would not tolerate as a reasonable balance between privacy and the collection of guilty verdicts,'' Lindsey wrote in a chapter of the

Competitive Enterprise Institute's book The Future of Financial Privacy, published last year.

Critics of this snooping both inside and outside the postal service are howling mad that the agency's reputation for protecting the privacy of its customers is being compromised. ''It sounds to me that they're going past the Treasury guidelines,'' says Rick Merritt, executive director of Postal Watch, a private watchdog group. The regulations, for example, do not give specific examples of suspicious activity, leaving that largely for the regulated companies to determine. But the postal-service training video points to lots of ''red flags,'' such as a customer counting money in the line. It warns that even customers whom clerks know often should be considered suspect if they frequently purchase money orders.

The video, which Gibson says cost $90,000 to make, uses entertaining special effects to illustrate its points. Employing the angel-and-devil technique often used in cartoons, the video presents two tiny characters in the imagination of a harried clerk. Regina Goodclerk, the angel, constantly urges the clerk to file suspicious-activity reports on customers. ''Better safe than sorry,'' she says. Sam Slick, the devil, wants to give customers the benefit of the doubt.

Some of the examples given are red flags such as a sleazy-looking customer offering the postal clerk a bribe. But the video also encourages reports to be filed on what appear to be perfectly legal money-order purchases. A black male teacher and Little League coach whom the female clerk, also black, has known for years walks into the post office wearing a crisp, pinstriped suit and purchases $2,800 in money orders, just under the $3,000 daily minimum for which the postal service requires customers to fill out a form. He frequently has been buying money orders during the last few days.

''Gee, I know he seems like an okay guy,'' Regina Goodclerk tells the employee. ''But buying so many money orders all of a sudden and just under the reporting limit, I'd rather be sure. He's a good guy, but this is just too suspicious to let go by.''

Gillum says this is part of the message that postal clerks can't be too careful because anyone could be a potential money launderer. ''A Little League coach could be a deacon in the church, could be the most upstanding citizen in the community, but where is that person getting $2,800 every day?'' Gillum asks. ''Why would a baseball coach, a schoolteacher in town, buy [that many money orders]? Our customers don't have that kind of money. If he's a schoolteacher, if he's got a job on the side, he's going to have a bank account and going to write checks on it, so why does he want to buy money orders? That's the point.''

Despite the fact that the Little League coach in the video was black, Gillum insists that the postal service tells its employees not to target by race or appearance.

One thing that should set off alarms, the postal service says, is a customer objecting to filling out an 8105–A form that requests their date of birth, occupation and driver's license or other government-issued ID for a purchase of money orders of $3,000 or more. If they cancel the purchase or request a smaller amount, the clerk automatically should fill out Form 8105–B, the ''suspicious-activity'' report. ''Whatever the reason, any customer who switches from a transaction that requires an 8105–A form to one that doesn't should earn himself or herself the honor of being described on a B form,'' the training manual says.

But the ''suspicious'' customers might just be concerned about privacy, says Solveig Singleton, a senior analyst at the Competitive Enterprise Institute. And a professional criminal likely would know that $3,000 was the reporting requirement before he walked into the post office. ''I think there's a lot of reasons that people might not want to fill out such forms; they may simply think it's none of the post office's business,'' Singleton tells Insight. ''The presumption seems to be that from the standpoint of the post office and the Bank Secrecy regulators every citizen is a suspect.''

Both Singleton and Nojeim say ''Under the Eagle's Eye'' unfairly targets the poor, minorities and immigrants—people outside of the traditional banking system. ''A large proportion of the reports will be immigrants sending money back home,'' Nojeim says. Singleton adds, ''It lends itself to discrimination against people who are sort of marginally part of the ordinary banking system or who may not trust things like checks and credit cards.''

There's also the question of what happens with the information once it's collected. Gillum says that innocent customers should feel secure because the information reported about ''suspicious'' customers is not automatically sent to the Treasury Department's Financial Crimes Enforcement Network (FinCEN) to be shared with law enforcement agencies worldwide. Although he says FinCEN wants the postal service to send all reports along to it, the postal authorities only will send the clerks' reports if they fit ''known parameters'' for suspicious activity. ''We are very sensitive to the private citizenry and their rights,'' Gillum insists. ''For what it's worth, we have every comfort level that, if we make a report, there are all kinds of reasons to believe that there is something going on there beyond just a legitimate purchase of money orders.''

But Gillum would not discuss any of the ''parameters'' the postal service uses to test for suspicious activity, saying that's a secret held among U.S. law-enforcement agencies. And if a clerk's report isn't sent to the Treasury Department, it still lingers for some time in the postal-service database. Gillum says that by law the postal service will not be able to destroy suspicious-activity reports for five years.

Gillum says the postal service is very strict that the reports only can be seen by law-enforcement officials and not used for other purposes such as marketing. A spokeswoman for the consulting company Information Builders stated in an e-mail to Insight, ''Information Builders personnel do not have access to this system.''

Observers say problems with ''Under the Eagle's Eye'' underscore the contradiction that despite the fact that the postal service advertises like a private business and largely is self-supporting, it still is a government agency with law-enforcement functions.

Gibson says his agency must set an example for private businesses on tracking, money orders. ''Being a government agency, we feel it's our responsibility that we should set the tone,'' he said. The Treasury Department ''basically challenged us in the mid-nineties to step up to the plate as a government entity,'' Gillum adds.

In fact, Gillum thinks Treasury may mandate that the private sector follow some aspects of the postal-service's program. He adds, however, that the postal service is not arguing for this to be imposed on its competitors.

In the meantime, the private sector is getting ready to comply with the Treasury regulations before they go into effect next January. But if 7-Eleven Inc., which through its franchises and company-owned stores is one of the largest sellers of money orders, is any guide, private vendors of money orders probably will not issue nearly as many suspicious-activity reports as the postal service. '''Our philosophy is to follow what the regulations require, and if they don't require us to fill out an SAR [suspicious-activity report] . . . then we wouldn't necessarily do it,'' 7-Eleven spokeswoman Margaret Chabris tells Insight. Asked specifically about customers who cancel or change a transaction when asked to fill out a form, Chabris said, ''We are not required to fill out an SAR if that happens.'' So why does the U.S. Postal Service?

That's one of the major issues raised by critics such as Postal Watch's Merritt. He says that lawmakers and the new postmaster general, Jack Potter, need to examine any undermining of customer trust by programs such as ''Under the Eagle's Eye'' before the postal service is allowed to go into new businesses such as providing e-mail addresses. ''Let's hope that this is not a trend for the postal service, because I don't think the American people are quite ready to be fully under the eagle's eye,'' he says.

TRIBUTE TO LLOYD OYSTER

HON. DAVE CAMP

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 27, 2001

Mr. CAMP. Mr. Speaker, I rise today to pay tribute to Lloyd Oyster, a decorated soldier from World War II. I would like to acknowledge his bravery as a servicemen fighting on the front lines in Europe at the Battle of the Bulge. His many medals and awards demonstrate his bravery and patriotism. I am proud to stand and honor this outstanding citizen of the United States and would like to call his admirable actions to the attention of my colleagues in the House of Representatives.

I have attached for the record an article printed in the Ogemaw County Herald by Deanna Cahill about Mr. Oyster's experience as a World War II soldier.

Six decades ago, at the end of World War II, Lloyd Oyster was given a choice. The Lupton man had to decide whether or not to spend an extra few months in Europe and receive the medals he was entitled to, or return home to his wife and baby daughter.

Critically wounded in the Battle of the Bulge, Oyster didn't hesitate. He wanted to go home. He didn't regret that decision until recently, when he remarked to his youngest son, Joe, that he wished he would have stayed and received his medals.

Without letting his father know, Joe went on a mission to grant his father's wish.

On Monday, June 4, that wish was granted when Rep. Dave Camp presented Oyster, one by one, with the Good Conduct Medal, Purple Heart, European-African-Middle Eastern Campaign Medal with four Bronze Stars, the World War II Victory Medal, the American Campaign Ribbon, Combat Infantryman Badge and the Honorable Service Lapel Button WW II.

An honored but humble Oyster graciously accepted his medals from Camp, but said many others were far more deserving.

''I didn't do any more than anybody else did,'' he said.

Lloyd Oyster was born at home Jan. 19, 1922, to parents Joseph and Verna Mae Oyster in Lupton. The youngest of six boys, Oyster lost his mother when he was only 5 years old. She died giving birth to her seventh son. The baby died as well.

''I remember burying her,'' said Oyster somberly. ''(After his mother died) we stayed together and Dad raised us on the farm.''