

Department of Justice
U.S. Attorney's Office
Eastern District of Pennsylvania

FOR IMMEDIATE RELEASE

Wednesday, April 14, 2021

Former Local Union Vice President Indicted for Operating Overtime Kickback Scheme in the Allentown Post Office

PHILADELPHIA – Acting United States Attorney Jennifer Arbittier Williams announced that Joseph Whitbeck, 55, of Tamaqua, PA, was charged by Indictment with wire fraud and honest services wire fraud stemming from his operation of a scheme to defraud fellow union members out of rightfully earned overtime compensation.

The Indictment alleges that the defendant, while serving as the Vice President for the Local 274 branch of the National Association of Letter Carriers in the Lehigh Valley area, operated a kickback scheme involving certain letter carriers at the Allentown Post Office. As the Vice President, Whitbeck filed numerous grievances on behalf of groups of letter carriers, claiming that U.S. Postal Service managers violated overtime rules. The indictment charges that Whitbeck then settled these class-action grievances for total lump sums, without designating the specific individuals to whom overtime grievance payments were owed, so that he could select the payees at a later time. Meanwhile, according to the Indictment, Whitbeck offered to secure extra overtime grievance payouts for some letter carriers who agreed to kick back a portion directly to him, generally in cash. This kickback scheme, as charged, prevented non-participating letter carriers from receiving overtime grievance funds to which they were entitled. The Indictment also alleges that the defendant often made false and misleading statements to convince letter carriers to participate in his scheme; for example, the defendant frequently told letter carriers that he would use the kick-backed funds to assist other letter carriers who were out of work.

According to the Indictment, Whitbeck's covert kickback scheme lasted more than a decade and was uncovered only when a concerned letter carrier raised the issue at a union Executive Board meeting in March 2018.

"Union representatives are supposed to act in the best interest of the union members, not manipulate them into participating in fraud," said Acting U.S. Attorney Williams. "Here, Whitbeck held a position of trust and owed a fiduciary duty of honesty and loyalty to all letter carriers in the Allentown Post Office in connection with the equitable distribution of overtime grievance settlements. The defendant allegedly abused that trust and violated his obligation to union and non-union letter carriers alike."

"The vast majority of the Postal Service's 630,000 employees are hard-working, trustworthy individuals who work around the clock to deliver the nation's mail," said Kenneth Cleavelly, Executive Special Agent in Charge for the Eastern Area Field Office, United States Postal Service, Office of Inspector General. "However, when one of those individuals chooses to violate that trust, and the trust of their fellow employees, special agents with the U.S. Postal Service Office of Inspector General (USPS OIG) will vigorously investigate serious allegations, and seek the individual's prosecution and termination if appropriate. To report crimes committed by Postal Service employees, contact USPS OIG special agents at www.uspsoig.gov or 888-USPS-OIG."

"An important mission of the U.S. Department of Labor, Office of Inspector General is to investigate allegations of corruption and fraud related to labor unions," said Jonathan Mellone, Acting Special

Agent-in-Charge, Philadelphia Region, U.S. Department of Labor Office of Inspector General. “We will continue to work with our law enforcement partners to investigate these types of allegations”

If convicted, the defendant faces a maximum possible sentence of 400 years imprisonment, a \$5,000,000 fine, three years supervised release, and a \$2,000 special assessment.

The case was investigated by the U.S. Postal Service – Office of Inspector General, the U.S. Department of Labor – Office of Inspector General, and the U.S. Department of Labor – Office of Labor-Management Standards, and is being prosecuted by Assistant United States Attorney Patrick J. Murray.

An indictment, information, or criminal complaint is an accusation. A defendant is presumed innocent unless and until proven guilty.

Topic(s):

Financial Fraud

Component(s):

USAO - Pennsylvania, Eastern

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