

**Department of Justice**

U.S. Attorney's Office

Eastern District of Pennsylvania

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FOR IMMEDIATE RELEASE

Friday, April 15, 2022

## **Former Local Union Vice President Sentenced to Two Years for Operating Overtime Kickback Scheme in the Allentown Post Office**

PHILADELPHIA – United States Attorney Jennifer Arbittier Williams announced that Joseph Whitbeck, 56, of Tamaqua, PA, was sentenced to two years in prison, three years of supervised release, and ordered to pay a \$50,000 fine by United States District Court Judge Edward G. Smith for devising a scheme to defraud fellow union members out of rightfully earned overtime compensation.

In November 2021, the defendant pleaded guilty to multiple charges of wire fraud and honest services wire fraud. While serving as the Vice President for the Local 274 branch of the National Association of Letter Carriers in the Lehigh Valley area, Whitbeck operated a kickback scheme involving certain letter carriers at the Allentown Post Office. As the Vice President, the defendant filed numerous grievances on behalf of groups of letter carriers, claiming that U.S. Postal Service managers violated overtime rules. 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, 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 prevented non-participating letter carriers from receiving overtime grievance funds to which they were entitled. The defendant often made false and misleading statements to convince letter carriers to participate in his scheme; for example, he frequently told letter carriers that he would use the kick-backed funds to assist other letter carriers who were out of work.

The defendant'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 their members, not swindle them out of rightfully earned pay or urge them to participate in fraud,” said U.S. Attorney Williams. “As Vice President of the local branch of Letter Carriers, Whitbeck had a duty to advocate on behalf of all members in the Allentown Post Office in connection with the equitable distribution of overtime grievance settlements. He abused his position and for that he will now spend [months or years] in prison.”

“Mr. Whitbeck used his union position to take financial advantage of the very colleagues he was charged with representing. The U.S. Postal Service Office of Inspector General together with the U.S. Attorney's Office and our law enforcement partners will pursue those individuals who would use their positions of public trust within the Postal Service to victimize or steal from others for personal gain,” said Acting Special Agent in Charge Michael Spolidoro, Mid-Atlantic Area Field Office-Office of Inspector General for the U.S. Postal Service.

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.

**Topic(s):**

Financial Fraud

**Component(s):**

USAO - Pennsylvania, Eastern

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