

SUBMISSION TO THE UNITED STATES POSTAL SERVICE  
ON BEHALF OF AZEEZALY S. JAFFER

Juan P. Morillo  
Matthew B. Hsu  
James L. Chen  
SIDLEY AUSTIN LLP  
1501 K Street, N.W.  
Washington, DC 20005  
(202) 736-8000

Dated: July 27, 2006

## TABLE OF CONTENTS

I.	INTRODUCTION .....	1
II.	BACKGROUND.....	2
	A.    Mr. Jaffer’s Responsibilities as Vice President of Public Affairs and Communications .....	2
	B.    Postal Service Shift to a Corporate Model .....	3
	C.    Mr. Jaffer’s Efforts to Promote the Postal Service.....	4
	1.    Retained Stamps.....	4
	2.    Advertising Benefits .....	6
	a.    Celebrity Appearances .....	7
	b.    Product Placements .....	7
III.	ALLEGATIONS REGARDING IMPROPER EXPENDITURES AND ABUSE OF OFFICIAL POSITION.....	10
	A.    The Postal Service Vests Substantial Discretion with Mr. Jaffer to Carry Out His Official Duties .....	10
	B.    Mr. Jaffer’s Expenditures and Business Activities Are Transparent to the Postal Service .....	12
	1.    Public Affairs and Communications Budget Process .....	12
	2.    PAC Programs Expenditures .....	14
	3.    All of Mr. Jaffer’s Expenses Have Been Approved by Postal Service Officials .....	14
	C.    Mr. Jaffer’s IMPAC and Travel Card Purchases Have Been Appropriate.....	15
	1.    IMPAC Card Purchases .....	15
	2.    Travel Card Purchases .....	16
	3.    The Applicable Postal Service Travel and IMPAC Policies Regarding Meal Expenditures Are Ambiguous and Conflict with Other Postal Service Policies .....	17

D.	Mr. Jaffer’s Expenditures for Business Meals Have Been Consistent with Postal Service Policies and Regulations .....	21
1.	Postal Service Policies Regarding Meals, Alcohol and Tipping .....	21
2.	Mr. Jaffer Has Not Incurred Excessive Costs For Business Meals .....	24
3.	Mr. Jaffer’s Purchases of Alcohol for Business Dinners and Postal Service Events Complied with Postal Service Regulations.....	24
4.	Mr. Jaffer Has Exercised Reasonable Judgment With Respect to His Tipping for Business Dinners .....	26
5.	Mr. Jaffer Has Made Good-Faith Efforts to Reimburse the Postal Service for Personal Expenses.....	27
E.	Mr. Jaffer’s Use of a Chauffeured Vehicle is Consistent with Postal Service Policies and Regulations.....	27
F.	Mr. Jaffer Has Not Used His Position as an Officer to Obtain Improper Benefits for Himself, Friends or Family Members .....	30
1.	Hotel Frequent Traveler Points, Hotel Stays and Airline Upgrades.....	30
a.	Hotel Frequent Traveler Points .....	30
b.	Hotel Suites .....	31
c.	Airline Upgrades .....	32
2.	EID Stamp Art and Mint Sets .....	33
3.	The National Executive Conference “Gift Closet” .....	33
4.	Distribution of Gift Cards .....	34
IV.	THE OIG’S ALLEGATIONS REGARDING MR. JAFFER’S PERSONAL CONDUCT ARE FALSE .....	35
A.	Sexual Misconduct.....	35
B.	Alcohol Consumption.....	37
C.	Abusiveness Towards Subordinates .....	38
V.	CONCLUSION.....	39

## I. INTRODUCTION

This submission is made on behalf of Azeezaly S. Jaffer, Vice President for Public Affairs and Communications (“PAC”) for the United States Postal Service (“USPS” or “Postal Service”) in connection with an investigation conducted by the Office of Inspector General (“OIG”). Over the course of approximately 12 months, OIG inspectors have been investigating a veritable laundry list of allegations. Mr. Jaffer has fully and forthrightly cooperated with the OIG’s investigation. Mr. Jaffer voluntarily submitted to an extensive interview. In addition, he produced documents on April 13, 2006, May 1, 2006, and June 2, 2006.

Mr. Jaffer has been a loyal and dedicated Postal Service employee, who has devoted 20 years to the Postal Service. He has always attempted to conduct himself ethically and in compliance with all applicable Postal Service policies. Mr. Jaffer has always acted to advance the goals of the Postal Service, and has in good-faith exercised his authority and discretion as an officer to further these goals. He has thrived in the Postal Service, and has always received good to very good annual job reviews. Indeed, he has been recognized within the public relations community as a highly capable and effective manager.<sup>1</sup>

The allegations against Mr. Jaffer fall into two general categories: (1) allegations that Mr. Jaffer’s personal conduct has been inappropriate, and (2) allegations that he abused his position as an officer by authorizing extravagant expenditures and by obtaining improper personal benefits by virtue of his position as a Postal Service officer. We understand that the

---

<sup>1</sup> See, e.g., PR NEWS 2005 WINNER’S CIRCLE (announcing Mr. Jaffer as an honorable mention for 2005 Public Affairs Executive of the Year), available at <http://www.pnewsonline.com/awards/winnerscircle>.

OIG has prepared a report detailing the findings of this investigation. The OIG, however, has refused to provide a copy of the report or to disclose its specific findings or conclusions to us. Thus, this submission and its supporting documentation address and refute the myriad of accusations raised during the investigation.

Specifically, this submission discusses the following. First, it summarizes the background of Mr. Jaffer's job responsibilities and the benefits that his work has brought to the Postal Service. Second, this submission addresses the allegations against Mr. Jaffer concerning his official actions and expenditures. Third, this submission addresses the allegations that Mr. Jaffer's personal conduct as a Postal Service employee has been inappropriate or unethical. We respectfully request the opportunity to meet with the appropriate Postal Service officials to discuss more specifically any concerns raised by the OIG and to address any questions unanswered by this submission.

## **II. BACKGROUND**

### **A. Mr. Jaffer's Responsibilities as Vice President of Public Affairs and Communications**

Mr. Jaffer is the Vice President for Public Affairs and Communication ("PAC"). PAC consists of four components: (1) public affairs, (2) internal communications, (3) media relations, and (4) promotional communications and logistics. PAC is responsible for all aspects of USPS public relations, internal communications, promotional activities and Postal Service events. As the officer in charge of PAC, Mr. Jaffer is responsible for overseeing all departmental communications, including promoting the USPS brand, defending the organization in print and television media, and introducing new stamps.

One important aspect of Mr. Jaffer's job is his responsibility for communicating to the media and the public about crises and emergencies that impact the Postal Service. For example, after the 9/11 terrorist attacks and the anthrax attacks, Mr. Jaffer led PAC in developing the Postal Service's response to these events, informing the public and Postal Service employees of the steps being taken to ensure the safety of customers and employees, and developing the strategy to restore customer confidence in the Postal Service. Due in large part to Mr. Jaffer's efforts, the USPS won numerous awards for crisis communications in the aftermath of the 9/11 and anthrax attacks.<sup>2</sup>

Mr. Jaffer is also responsible for coordinating the Postal Service's promotional activities. These activities include events to publicize the issuance of new stamps, product placements in movies or television programs, advertising tie-ins, and co-marketing arrangements with companies to increase brand recognition and generate positive publicity for the Postal Service. As the Postal Service has changed its operating model, these promotional and marketing efforts have played an important role in the Postal Service's attempts to generate and increase revenue — in particular the sale of retained stamps, *i.e.*, stamps that an individual purchases but does not mail — and to compete and increase brand recognition in an increasingly competitive environment.

#### **B. Postal Service Shift to a Corporate Model**

The Postal Service's efforts to actively promote and publicize its activities is part of the Postal Service's larger shift from operating under a government model to a quasi-private

---

<sup>2</sup> See, e.g., *Communications Kudos for USPS*, USPS NEWS ONLINE, Sept. 30, 2002; *USPS Wins PRWeek's Coveted Award For Its Anthrax Crisis Management*, USPS NEWS ONLINE, March 10, 2003; *"Best of the Best"— USPS Sweeps in Season's Public Relations Awards*, USPS NEWS ONLINE, June 9, 2003.

sector model. Postmaster General John Potter has described this shift as an attempt to run the Postal Service as a “Commercial Government Enterprise,” under which the Postal Service seeks to leverage existing sources of revenue, develop new opportunities for revenue growth, and generate “reasonable returns” to finance Postal Service operations and capital projects, rather than simply trying to cover operating costs.<sup>3</sup> Postmaster General Potter has challenged the Postal Service to develop “new ways of encouraging revenue growth” by, among other things, considering joint profit-making ventures with private enterprises.<sup>4</sup> Moreover, realizing that “[t]he Postal Service can no longer take for granted that all citizens and businesses are aware of all the services it offers,” the Postal Service leadership recognized that it must increase brand recognition and raise the profile of the Postal Service within the general public and business community.<sup>5</sup> It is within this context that beginning in the early 1990s, former Postmaster General Bill Henderson charged Mr. Jaffer with the responsibility of promoting the Postal Service, raising the profile of the organization, and contributing to its annual revenue.

### **C. Mr. Jaffer’s Efforts to Promote the Postal Service**

#### **1. Retained Stamps**

Since the early 1990’s, Mr. Jaffer has been extraordinarily successful in promoting the Postal Service. In 1993, when former Postmaster General Henderson (then Chief Marketing Officer) selected Mr. Jaffer to be the Director of Stamp Services, Mr. Jaffer had an immediate impact on one of the Postal Service’s most important sources of revenue: retained

---

<sup>3</sup> John E. Potter, United States Postmaster General, Remarks at the National Press Club (April 5, 2002).

<sup>4</sup> *Id.* The United States Postal Service Transformation plan published in April of 2002 similarly speaks of the need to “[e]nhance revenue opportunities by leveraging existing assets[.]”

<sup>5</sup> FIVE-YEAR STRATEGIC PLAN OF THE UNITED STATES POSTAL SERVICE FOR THE FISCAL YEARS 2004-2008 (September 2003) at 69.

stamps. Sales of retained stamps generate substantial revenue. Because the USPS incurs relatively small costs in order to sell retained stamps, this revenue flows directly to the Postal Service's bottom line.<sup>6</sup>

Before 1993, the USPS sold retained stamps primarily to dedicated stamp collectors. However, the number of stamp collectors in the United States has declined steadily from a high of 7 million serious collectors in the 1950s and 1960s to approximately 250,000 in the early 1990s.<sup>7</sup> When the Postal Service issued the Elvis stamp in 1993, the Postal Service's revenues from the sale of retained stamps had declined to approximately \$70 million annually. However, by 1996, the Postal Service had sold \$188 million in retained stamps, and a recent survey of the U.S. retail stamp market estimated that in 2005, the Postal Service sold approximately \$266 million in retained stamps.<sup>8</sup> This revenue growth has been fueled by the sale of retained stamps to casual collectors, which in part results from the efforts of the Postal Service (and Mr. Jaffer) to market this type of product.<sup>9</sup>

For instance, in 1993, Mr. Jaffer created the "Vote for the Elvis Stamp" campaign, a promotional campaign inviting the public to vote for the image of Elvis that would be featured on the Elvis stamp. This campaign garnered widespread media attention, and generated substantial revenue.<sup>10</sup> According to the Postal Service's own calculations, the Elvis

---

<sup>6</sup> Al Urbanski, *Don't Mail It In*, PROMO, Oct. 1, 1999, available at [http://promomagazine.com/mag/marketing\\_dont\\_mail/index.html](http://promomagazine.com/mag/marketing_dont_mail/index.html).

<sup>7</sup> Urbanski, *supra* note 5.

<sup>8</sup> Michael Schreiber, *Linn's Survey: U.S. Retail Stamp Market Rises to More Than \$1 Billion*, LINN'S STAMP NEWS, June 12, 2006, at 3.

<sup>9</sup> Michael Laurence, *Survey: Stamp Market Roared Back in 2004*, LINN'S STAMP NEWS, available at <http://www.linns.com/features/pagethree/pagethree.asp?uID=>.

<sup>10</sup> *Id.*

stamp is the most popular commemorative stamp of the last 20 years. Dedicated and casual collectors had purchased 124 million stamps as of April 2006. Mr. Jaffer's marketing efforts played an essential role in encouraging fans of Elvis Presley, most of whom are not dedicated stamp collectors, to purchase this stamp in record numbers. Indeed, many of the best-selling stamps of the last 20 years have been issued while Mr. Jaffer was either the Director of Stamp Services or the PAC Vice President.

Mr. Jaffer has continued to promote and drive demand for new stamps issued by the Postal Service. For example, when the Postal Service began releasing its Looney Tunes series of stamps in 1998, Mr. Jaffer spearheaded efforts to publicize this issuance through promotional efforts such as stamp issuance ceremonies and billboard advertisements. Mr. Jaffer's efforts resulted in initial demand for these stamps that exceeded the initial sales of the Elvis stamp.<sup>11</sup> More recently, Mr. Jaffer led the efforts to publicize the issuance of the Ronald Reagan stamp, which involved hosting stamp events that drew large audiences and significant media attention. In fact, the Reagan stamp was the most popular stamp of 2005.<sup>12</sup> In addition, Mr. Jaffer's efforts helped to promote goodwill and develop relationships between the Postal Service, the Reagan family and Members of Congress.

## 2. Advertising Benefits

Mr. Jaffer has also spent time and effort cultivating professional relationships with individuals and organizations outside of the Postal Service. He has maintained existing relationships and cultivated new ones by hosting dinners with current and potential USPS

---

<sup>11</sup> *Id.*

<sup>12</sup> Jay Bigalke, *New 39¢ Ronald Reagan stamp issued June 14 at Reagan Library*, LINN'S STAMP NEWS, June 12, 2006, at 20.

business partners, by sending USPS stamp art to individuals, and by seeking out opportunities for individuals and organizations to collaborate with the Postal Service. In addition to generating corporate goodwill, his efforts have yielded tangible and significant benefits for the Postal Service.

a. Celebrity Appearances

Mr. Jaffer has used his extensive contacts within the entertainment industry to secure appearances by celebrities such as Michael Douglas, Angelica Huston, Clint Eastwood, Johnny Cash, Morgan Freeman, Rosie O'Donnell and many others to promote the issuance of new stamps. Because the appearances of these celebrities have increased the media coverage of stamp events, Mr. Jaffer's efforts have allowed the Postal Service to more effectively market its product to casual stamp collectors who otherwise may not have been aware of a new stamp release.<sup>13</sup> Moreover, because of the relationships that Mr. Jaffer has cultivated with these celebrities and their representatives, these celebrities have waived their standard appearance fees for these Postal Service events. The celebrities who have appeared for the Postal Service can demand appearance fees ranging from \$15,000 to significantly more.<sup>14</sup> As a result, Mr. Jaffer's efforts have resulted in substantial cost avoidance for the Postal Service.<sup>15</sup>

b. Product Placements

Mr. Jaffer's efforts to establish relationships outside of the Postal Service have also resulted in product placements and co-marketing opportunities, thereby increasing the

---

<sup>13</sup> Declaration of David Petrou ("Petrou Decl.") ¶ 12, attached as Exhibit 1.

<sup>14</sup> *Id.* ¶¶ 10-13.

<sup>15</sup> *Id.* ¶¶ 11, 13

visibility and brand recognition of the Postal Service – essentially at no cost to the Postal Service. As the Postal Service has recognized, in order to compete against private companies and the technological alternatives to using the U.S. mail, the Postal Service must find ways to promote itself, to increase brand recognition, and to create an image of a modern business enterprise.<sup>16</sup> A few of Mr. Jaffer’s accomplishments in this area are described below.

During the production of the movie *Shrek 2*, Mr. Jaffer was able to leverage his relationship with Jeffery Katzenberg of DreamWorks SKG. In collaboration with Mr. Katzenberg, Mr. Jaffer was able to secure a Postal Service product placement in *Shrek 2*. Indeed, this product placement consisted of the creation of an entirely new scene involving the “Far Away Post Office.” Because of Mr. Jaffer’s professional relationship with Mr. Katzenberg, the scene was added to the movie at no cost to the Postal Service. This type of product placement yielded a substantial financial benefit for the Postal Service in the form of advertising value and cost avoidance.<sup>17</sup> When the movie premiered, the Postal Service obtained additional promotional and advertising value by being able to display images of movie characters endorsing USPS products and services.

In the movie *Robots*, Mr. Jaffer capitalized on his long-standing relationship with FOX by convincing the studio to create a “Mailbox” character in the movie. In addition to the promotional benefit of having a Postal Service character in the movie, the Postal Service again was able to use characters from the movie to *highlight and promote USPS products and services.*

---

<sup>16</sup> John E. Potter, United States Postmaster General, Remarks at the National Press Club (April 5, 2002); FIVE-YEAR STRATEGIC PLAN OF THE UNITED STATES POSTAL SERVICE FOR THE FISCAL YEARS 2004-2008 (September 2003) at 69.

<sup>17</sup> *Id.* ¶¶ 14, 16, 21.

This project also resulted in substantial financial benefits in the form of advertising value and cost avoidance.<sup>18</sup>

Similarly, based on his contacts in the entertainment field, Mr. Jaffer was able to convince the producers of Bravo Network television show, *Project Runway*, to include a Postal Service uniform as a project for the fashion designers on the show, again resulting in substantial financial benefits to the Postal Service.<sup>19</sup>

Mr. Jaffer's contacts in the business community have yielded significant benefits as well. For instance, in 2004, HP and the Postal Service teamed up to produce a USPS-centric television and print advertising campaign. HP produced advertising that showcased the Postal Service's state-of-the-art mail processing systems, much of which runs on HP machinery and software. The advertising, which was paid for by HP, resulted in positive brand placement during the run of this \$40 million advertising campaign. As a result of this collaboration, Mr. Jaffer established a business relationship with HP CEO Carly Fiorina, culminating in Ms. Fiorina's appearance at the Postal Service's National Executive Conference — at no cost to USPS.<sup>20</sup>

In sum, Mr. Jaffer's efforts to build relationships outside the Postal Service and strengthen its brand recognition have yielded substantial, tangible financial and public relations benefits for the Postal Service.

---

<sup>18</sup> *Id.* ¶¶ 14, 17, 21.

<sup>19</sup> *Id.* ¶¶ 14, 19, 21.

<sup>20</sup> *Id.* at 14, 20, 21.

### **III. ALLEGATIONS REGARDING IMPROPER EXPENDITURES AND ABUSE OF OFFICIAL POSITION**

The OIG's investigation focused on allegations that Mr. Jaffer has made unnecessary and extravagant expenditures using Postal Service funds, and that he used his position as a Postal Service officer to obtain improper benefits for himself, his friends and family members. These allegations are wholly without merit.

#### **A. The Postal Service Vests Substantial Discretion with Mr. Jaffer to Carry Out His Official Duties**

The Postal Service and its policies give officers, like Mr. Jaffer, substantial discretion to carry out and accomplish the goals of the Postal Service. As the Acknowledgement of Accountability, which each officer of the Postal Service signs, recognizes, "[i]ndividual managers enjoy considerable latitude with regard to funds and utilization."<sup>21</sup> Officers have the discretion to authorize expenditures when they are reasonable and in the interest of the Postal Service.<sup>22</sup> The reasonableness of an officer's expenditures is highly dependent on the officer's job responsibilities, the reason for the expenditure, the interest of the Postal Service, and the facts and circumstances surrounding the expenditure.

---

<sup>21</sup> Letter from Postmaster General Potter dated Oct. 6, 2005, attachment at 1 ("Acknowledgement of Accountability"), attached as Exhibit 2.

<sup>22</sup> See, e.g., Letter from Lynn Malcolm to officers stating that "[w]orking meals should only be conducted when they represent prudent business expenditures," attached as Exhibit 3; Postal Management Instruction FM-640-2001-4 entitled "Payment for Meals and Refreshments" ("Management Instruction on Meals") stating that business meetings should avoid overlapping the lunch and dinner periods "when practicable," attached as Exhibit 4; Travel and Representation Expense Accounts for Officers and Use of Official Vehicles ("Travel Policy") stating that "[t]he authority to incur [travel and representation] expenses shall be exercised reasonably and prudently and always in the interest of the U.S. Postal Service. Each officer is accountable for U.S. Postal Service funds and must avoid expenses that appear unnecessary or extravagant," attached as Exhibit 5; Acknowledgement of Accountability stating that "[m]anagers are challenged and burdened to accept responsibility for managing in such a way that later review would lead reasonable, knowledgeable reviewer to conclude that decision and action were appropriate for the circumstances involved."

Mr. Jaffer's job is to cultivate relationships with external business organizations to increase existing revenue streams, develop new ones, create marketing and promotional opportunities and generate goodwill for the Postal Service. As set forth above, the business relationships that Mr. Jaffer has forged have lead to a myriad of benefits for the Postal Service, such as Postal Service products appearing in televisions and movies, celebrity appearances at stamp unveilings, and cross-marketing campaigns where pop culture figures are used to sell Postal Service products.

The OIG imposed its own standard to judge the propriety of Mr. Jaffer's official expenditures. In particular, the OIG analyzed the expenditures under the "*Washington Post* test" — *i.e.*, how a member of the general public would react to an expenditure if he or she read about it in the *Washington Post*.<sup>23</sup> This is not the standard. The standard is whether an expenditure is reasonable and necessary. The OIG should not be permitted to employ its own subjective standard based on how a hypothetical *Washington Post* reader would react to an expenditure. Nor should the OIG's business judgment prevail over Mr. Jaffer's. Moreover, Mr. Jaffer's expenditures have to be evaluated in the context of applicable Postal Service policies that vest significant discretion in officers like Mr. Jaffer to incur necessary and reasonable expenditures to fulfill their job responsibilities. Mr. Jaffer's responsibilities are like no other officer's responsibilities. He is charged with promoting the Postal Service, and to accomplish this goal, he has to develop and nurture relationships in the private sector.<sup>24</sup> He does this exceptionally

---

<sup>23</sup> The OIG inspectors made frequent reference to this test during Mr. Jaffer's interview.

<sup>24</sup> The OIG's inspectors appear to simply not understand the nature of Mr. Jaffer's job and how it supports broader Postal Service business strategy. For example, during the May 19 interview, while Mr. Jaffer was describing how his efforts to cultivate relationships have resulted in "free" advertising, one of the inspectors questioned why this was necessary because "people will need to buy stamps anyway." This statement reflects a lack of knowledge of the

(Continued)

well. His efforts over the years have lead to substantial quantifiable benefits for the Postal Service at a miniscule cost.<sup>25</sup>

**B. Mr. Jaffer's Expenditures and Business Activities Are Transparent to the Postal Service**

Postal Service policies and procedures ensure that Mr. Jaffer's expenditures are reviewed and approved by independent Postal officials. First, Postal Service executives at the highest levels are involved in the setting of PAC's overall budget. Second, as explained in Section III.C, *infra*, expenses incurred by Mr. Jaffer that are paid from PAC's budget are reviewed by two approving officials: (1) Mr. Robert Crump, Budget Specialist for PAC, who reviews eBuy requests and IMPAC card purchases, and (2) Ms. Dorothy Cook, an employee in the finance function, who reviews eTravel requests for expenses charged to the government travel card. Mr. Crump and Ms. Cook help to ensure that Mr. Jaffer processes expenditures properly and complies with appropriate Postal Service policies. Accordingly, the Postal Service is aware of Mr. Jaffer's business activities, and his expenditures are transparent to the Postal Service.

1. Public Affairs and Communications Budget Process

Each fiscal year, Mr. Jaffer and Mr. Crump, the PAC budget specialist, develop the PAC budget. Public Affairs and Communications finances its activities through two separate budgets. Public Affairs has a programs budget. This budget covers PAC expenditures for its

---

Postal Service's promotional efforts. *See* USPS Strategic Transformation Plan dated September 2005 at 10 (noting the Postal Service's focus on "aggressive sales, promotion and outreach").

<sup>25</sup> *See generally*, Petrou Decl. (summarizing and providing estimates of Mr. Jaffer's advertising value and cost avoidance benefits to the Postal Service).

national programs and events, such as stamp unveilings, publications issued by PAC, and USPS TV.<sup>26</sup> PAC also has an administrative budget, which supports a variety of PAC functions, including personnel salaries and benefits, travel costs, office supplies, and special projects that Mr. Jaffer oversees, such as the Postal Ambassadors.<sup>27</sup>

To develop the programs budget, Mr. Crump solicits input from PAC managers, who provide Mr. Crump with information about proposed PAC programs for the upcoming year. Mr. Crump then meets with Mr. Jaffer to decide which programs to seek funding for and at what level.<sup>28</sup> Once Mr. Jaffer and Mr. Crump have drafted the programs budget, they appear before a budget review committee, comprised of the Chief Financial Officer (“CFO”), the Controller, the Deputy Postmaster General and a rotation of other Senior Vice Presidents, to justify the funding requested for all of the activities that PAC will undertake during the year.<sup>29</sup> This group reviews the proposed budget for reasonableness and for the necessity of each program, and adjusts requested funding as appropriate.<sup>30</sup> Accordingly, PAC’s programs budget, including its budget for specific programs and activities is approved by and transparent to the Postal Service senior leadership.

The office of the CFO allocates funding for PAC’s administrative budget from the Postal Service’s overall budget. Mr. Jaffer, however, does not request or recommend a specific amount for PAC’s administrative budget. Rather, the amount of funding for PAC’s

---

<sup>26</sup> Declaration of Robert Crump (“Crump Decl.”) ¶ 6, attached as Exhibit 6.

<sup>27</sup> *Id.* ¶ 10. The Postal Ambassadors program is an advertising campaign using actual USPS letter carriers from each of the Postal Service’s 80 administrative districts as spokespersons for the Postal Service. The Postal Ambassadors appear in print, radio and television advertisements and make personal appearances to promote the Postal Service.

<sup>28</sup> *Id.* ¶ 8.

<sup>29</sup> *Id.* ¶ 9.

<sup>30</sup> *Id.*

administrative budget is determined exclusively by the office of the CFO.<sup>31</sup> The administrative budget is used to fund PAC administrative expense items such as employee salaries, travel and special PAC projects, including the Postal Ambassadors program.

2. PAC Programs Expenditures

All of PAC's programs-related expenditures are pre-approved through the Postal Service's eBuy system. The eBuy program is an online requisitioning program for tracking and authorizing expenditures. For instance, if PAC wishes to host an event promoting the issuance of a new stamp, the event coordinator submits a request through the eBuy system to receive approval for funds needed to stage the event. The eBuy request would include requests for funds to cover expenses such as equipment rental, catering, and working meals associated with the event. Mr. Crump reviews the eBuy request to ensure that it is necessary and reasonable, and has the authority to deny the request if it is not in compliance with Postal Service regulations.<sup>32</sup> Mr. Crump follows this procedure for all of the programs-related expenses. Accordingly, all of these expenditures, including expenses that Mr. Jaffer incurs, are transparent to and approved by Postal Service officials.

3. All of Mr. Jaffer's Travel Expenses Have Been Approved by Postal Service Officials

Mr. Jaffer's travel expenses have always been approved by the Postal Service. As explained further in Section III.C.2 *infra*, no Postal Service employee or official has ever questioned any of Mr. Jaffer's requests for reimbursement, including for his travel and

---

<sup>31</sup> *Id.* ¶ 11.

<sup>32</sup> *Id.* ¶ 14.

representation expenses.<sup>33</sup> Lastly, the manner in which Mr. Jaffer has sought reimbursement for his travel and representation expenses has never been questioned by any Postal Service official.<sup>34</sup>

**C. Mr. Jaffer's IMPAC and Travel Card Purchases Have Been Appropriate**

**1. IMPAC Card Purchases**

Mr. Jaffer himself does not have an IMPAC card — a Postal Service issued credit card used for business purchases. In addition, Mr. Jaffer does not process his expense reports personally. However, he has always instructed his events staff, who process expenditure reports in connection with specific events, his assistant Ms. Carol Wright, and his writer/special assistant Ms. Yolanda Womack-Echols to familiarize themselves with the Postal Service policies regarding expenditures, including IMPAC card expenses.

Ms. Wright, Ms. Womack-Echols and other PAC employees often arrange for the payment of meals that Mr. Jaffer attends. Ms. Wright and Ms. Womack-Echols also place some charges related to the meal expenses on their respective IMPAC cards.<sup>35</sup> For instance, Ms. Womack-Echols has arranged for working and recognition meals at Peking Gourmet Inn and Morton's Steakhouse to be charged to her card. The OIG appears to believe that Mr. Jaffer's practice of paying for many of his business meals with an IMPAC credit card (which is processed through the eBuy system) rather than the government travel card (which is processed through the eTravel system) is inappropriate and an attempt to intentionally obscure the nature of

---

<sup>33</sup> Declaration of Carol Wright ("Wright Decl.") ¶ 21, attached as Exhibit 7; Crump Decl. ¶¶ 21-22.

<sup>34</sup> Wright Decl. ¶ 14; Declaration of Yolanda Womack-Echols ("Womack-Echols Decl.") ¶¶ 16, 18, 20, attached as Exhibit 8; Decl of Robert Crump ¶¶ 19-20, 26.

<sup>35</sup> Wright Decl. ¶ 11; Womack-Echols Decl. ¶ 17; Crump Decl. ¶ 17.

his expenditures. However, the use of IMPAC cards for these expenditures are reviewed within the Postal Service.

Specifically, each month, Ms. Womack-Echols and Ms. Wright submit IMPAC card statements listing all IMPAC card charges, including any charges related to Mr. Jaffer, for Mr. Crump's review and approval.<sup>36</sup> The IMPAC card statements provide an itemized list of charges made that month. In addition, Ms. Womack-Echols and Ms. Wright append receipts corresponding to each IMPAC card charge to their statements.<sup>37</sup> Accordingly, the amount of money spent by Mr. Jaffer on working and recognition meals is reviewed by Mr. Crump, who has the authority to reject payment for any charges that do not comply with Postal Service regulations.

## 2. Travel Card Purchases

When Mr. Jaffer travels for business, he charges expenses such as airfare, lodging, car rentals and some business meals to his travel card, a credit card issued by the Postal Service. Expenditures on the travel card are reviewed by Ms. Cook, a Postal Service finance employee, who is responsible for reviewing all of the travel expenditures of Postal Service officers submitted through eTravel.<sup>38</sup> (The eTravel program is an online program for submitting and processing travel reimbursement requests, including charges on the travel card.) Ms. Cook

---

<sup>36</sup> Wright Decl. ¶ 12; Womack-Echols Decl. ¶¶ 14-15; Decl of Robert Crump ¶¶ 18, 25.

<sup>37</sup> Wright Decl. ¶ 12; Womack-Echols Decl. ¶ 15; Crump Decl. ¶¶ 18, 25.

<sup>38</sup> Crump Decl. ¶ 21.

ensures that travel expenditures comply with Postal Service policies.<sup>39</sup> These expenses are paid out of PAC's administrative budget.

3. The Applicable Postal Service Travel and IMPAC Policies Regarding Meal Expenditures Are Ambiguous and Conflict with Other Postal Service Policies

According to OIG inspectors, the Postal Service's Travel and Representation Expense Accounts for Officers and Use of Official Vehicles ("Travel Policy") and the Officers' Travel Expense Guidelines ("Travel Guidelines"),<sup>40</sup> require Mr. Jaffer to use his travel card instead of an IMPAC card for most meal expenditures, including local meals. However, as the OIG itself acknowledged, the Travel Policy and Travel Guidelines are ambiguous and conflict with other Postal Service policies.

The Postal Service Management Instruction on Meals distinguishes between "working meals" and "business meals."<sup>41</sup> According to the Management Instruction on Meals, "working meals" are meals "served for the purpose of continuing official Postal Service business meeting[s] at the meeting site (on-site or off Postal Service premises) with Postal Service employees or with a mix of Postal Service employees and individuals representing outside organizations (not primarily contractors)."<sup>42</sup> "Business meals" are "meals (on-and-off site) where Postal Service executives (officers and PCES executives), as part of their official duties, are hosting meetings with customers who are not Postal Service employees."<sup>43</sup> "Working meals"

---

<sup>39</sup> *Id.*

<sup>40</sup> Attached as Exhibit 9.

<sup>41</sup> *See supra* n. 21.

<sup>42</sup> Management Instruction on Meals at 2.

<sup>43</sup> *Id.* at 3.

are supposed to be charged to an IMPAC card, whereas “business meals” are supposed to be charged to a travel card.<sup>44</sup>

The Travel Policy provides that an officer’s travel and representation expenses must be processed through the eTravel system and thus paid for with the government travel card. However, with respect to meal expenditures, the Travel Policy and Travel Guidelines only discuss an officer’s “actual” meal expenditures associated with travel.<sup>45</sup> The Travel Policy and Travel Guidelines do not define what constitutes an “actual” meal expenditure – whether it includes both “working” and “business” meals. As a result, it is unclear whether while traveling, Mr. Jaffer’s expenditures for working meals or meals associated with a PAC event must be charged to Mr. Jaffer’s travel card or an IMPAC Card, as the Management Instruction on Meals instructs officers to charge working meals to an IMPAC card. (The Management Instruction on Meals is silent as to whether the working meal policy applies to both local working meals and working meals while on travel.)

Moreover, the Travel Policy does not define specifically what constitutes a representation expenditure. Rather, the Travel Policy only defines “[o]ut-of-pocket expenses [as expenses] incurred while hosting official visitors to postal installations, representatives of customers, industry or employee groups, prospective employees, and foreign postal administrations and others with whom the U.S. Postal Service is conducting official business.”<sup>46</sup> Indeed, the Travel Guidelines, which are supposed to clarify the Travel Policy, only discuss

---

<sup>44</sup> *Id.* at 3-4.

<sup>45</sup> Travel Policy ¶ A.1; Travel Guidelines at 1.

<sup>46</sup> Travel Policy ¶ A.1.

specifically “[m]eals for hosting official visitors to postal installations.”<sup>47</sup> As a result, the relevant policies do not provide sufficient guidance on what meals constitute “representation meals.” Indeed, it was therefore reasonable for Mr. Jaffer to conclude that many of his meals were working meals.

Indeed, many of Mr. Jaffer’s meal expenditures are working meals, whether with Postal Service employees working on the event or a mix of Postal Service employees and individuals outside the Postal Service, and employee appreciation and recognition meals. With respect to these expenditures, the Travel Policy and Travel Guidelines conflict with the Management Instruction on Meals. As noted, the Management Instruction on Meals provides that an officer can authorize payment for working meals “for the purpose of continuing official Postal Service business meetings at the meeting site (on-site or *off Postal Service premises*) with Postal Service employees or *with a mix of Postal Service employees and individuals representing outside organizations*” (emphasis added) and directs officers to pay for such meals with the Postal Service IMPAC credit card.<sup>48</sup> However, if an officer incurs expenses hosting customer, industry or employee groups, the Travel Policy directs the officer to use the travel card. It seems far from clear what would distinguish “Postal Service employees or a mix of Postal Service employees and individuals representing outside organizations” from “representatives of customers, industry or employee groups.” Moreover, the Management Instruction of Meals provides that employee recognition or group appreciation meals should be paid for with the

---

<sup>47</sup> Travel Guidelines at 2.

<sup>48</sup> Management Instruction on Meals at 2-3

IMPAC credit card.<sup>49</sup> The Travel Policy, on the other hand, provides that these meals be paid for with the travel credit card.<sup>50</sup>

In addition, some of Mr. Jaffer's meal expenditures occur in the context of specific Postal Service events that his events staff have staged and are incorporated into the overall PAC events budget. Charges associated with events must be pre-approved through the eBuy system, and these expenditures are drawn from the portion of the PAC budget earmarked for events. *See supra* Section III.B.2. Thus, because PAC expenditures have always been authorized in this way, Mr. Jaffer has always processed the meals through the eBuy process and paid for event expenses with a PAC employee's IMPAC card.<sup>51</sup> Processing event expenditures in this way enhances budget accountability, rather than creating a lack of transparency, by having a single authorizing official, Mr. Crump, review and approve all costs, including those costs incurred by Mr. Jaffer, associated with an event.

Under the OIG's view, when a PAC events staffer develops the cost estimate for a PAC event, the staffer has to exclude all expenses that Mr. Jaffer incurs in connection with the PAC event. If this were the policy, it would create an unworkable system in which an event coordinator would develop a budget for an event, and then deduct all of the expenses that Mr. Jaffer incurred in connection with the event from the total budget. Rather than having Mr. Crump review all event expenditures, Mr. Crump would review some of the expenditures associated with an event, while Ms. Cook would review the expenditures charged to Mr. Jaffer's

---

<sup>49</sup> *Id.*

<sup>50</sup> Compare Travel Guidelines at 1-2, with Management Instruction on Meals at 2-3.

<sup>51</sup> The Travel Policy and the Travel Guidelines, however, are silent with respect to officer expenses associated with these Postal Service events. Indeed, the Travel Policy only discusses the payment of an officer's "actual expenses incurred during official travel and for specified representation expenses."

travel card regardless of whether these expenditures were charged in connection with the PAC event. Rather than increasing transparency and control over expenditures, this system would cause confusion and eliminate effective oversight of the expenditures authorized by Mr. Jaffer for PAC events.

**D. Mr. Jaffer's Expenditures for Business Meals Have Been Consistent with Postal Service Policies and Regulations**

The OIG investigation also focuses on allegations that Mr. Jaffer has been wasteful with respect to Postal Service funds expended for business meals.<sup>52</sup> Specifically, the OIG has suggested that (1) his business lunches and dinners were too frequent and extravagant, (2) he authorized the purchase of excessive amounts of alcohol or alcohol that was too expensive, (3) his tips were excessive, (4) some business meals did not have a legitimate business purpose, and (5) he failed to reimburse the Postal Service when friends or family attended meals that he hosted. None of these allegations are true. To the contrary, Mr. Jaffer's expenditures for business and working meals have fully complied with Postal Service regulations.

1. Postal Service Policies Regarding Meals, Alcohol and Tipping

In connection with Postal Service business, Mr. Jaffer authorizes the purchase of food and refreshments in several contexts: food and refreshments served at specific Postal Service events, business dinners with individuals working with the Postal Service or who may work with the Postal Service in connection with specific events or promotions, working lunches

---

<sup>52</sup> The OIG has suggested that it intends to highlight specific meals that were, in its view, excessive. We requested information regarding the specific meals to no avail. As a result, this submission cannot comment on specific meals that the OIG believes are excessive.

and dinners for employees at Postal Service headquarters, and employee recognition meals. The Management Instruction on Meals clearly states that, as an officer, Mr. Jaffer is permitted to authorize these expenditures.<sup>53</sup> Neither this Management Instruction nor other Postal Service policies provide guidelines or rules limiting how much officers may spend or how often they may authorize these expenditures. The only limitation of an officer's discretion is the general duty to avoid unnecessary or extravagant expenditures.<sup>54</sup>

The Management Instruction on Meals provides that refreshments may be served "at official business meetings (on- or off-site) and at Postal Service employee recognition and appreciation gatherings" and "may also be served at meetings where there is a mix of Postal Service employees and individuals representing outside organizations (not primarily contractors)."<sup>55</sup> As noted, working meals are considered to be "lunch and dinner served for the purpose of continuing official Postal Service business meetings at the meeting site (on-site or off Postal Service premises)" and may involve either Postal Service employees only or "a mix of Postal Service employees and individuals representing outside organizations (not primarily contractors)."<sup>56</sup> Postal Service officers may also authorize working meals for employee recognition and group appreciation meetings.<sup>57</sup>

The only specific limitations on an officer's discretion to purchase working meals are that working meals are "not authorized for routine meetings such as weekly or biweekly staff

---

<sup>53</sup> Management Instruction on Meals at 2-4.

<sup>54</sup> See n. 21, *supra*.

<sup>55</sup> *Id.* at 1.

<sup>56</sup> *Id.* at 2.

<sup>57</sup> *Id.* The Management Instruction on Meals provides that refreshments and working meals should be paid for with the IMPAC card.

meetings” and are “not authorized for retirement parties, holiday gatherings, events for employees changing assignments, and gatherings celebrating personal events such as secretary’s day, birthdays, weddings, anniversaries and births.”<sup>58</sup> This policy also provides that refreshments and working meals should be paid for with the IMPAC Visa card.<sup>59</sup>

The Management Instruction on Meals further provides that “business meals with customers” are considered to be “meals (on- and off-site) where Postal Service executives (officers and PCES executives), as part of their official duties, are hosting meetings with customers who are not Postal Service employees.”<sup>60</sup> Moreover, Postal Service employees may also attend these meals and their meal costs are reimbursable.<sup>61</sup> This policy provides that business meals with customers should be paid for by using personal credit card, cash, or the Postal Service travel credit card.<sup>62</sup>

The Management Instruction on Meals also clearly states that, as an officer, Mr. Jaffer “may authorize Postal Service funds to purchase and pay for alcohol to be served in conjunction with officer-approved functions.”<sup>63</sup> The regulations are silent regarding tips left at business lunches and dinners, except for the Travel Guidelines, which provide that gratuities are reimbursable expenses.<sup>64</sup> The Travel Guidelines do not, however, provide any limit to how much officers may tip in the context of meals related to Postal Service business.

---

<sup>58</sup> *Id.*

<sup>59</sup> *Id.* at 3.

<sup>60</sup> *Id.*

<sup>61</sup> *Id.*

<sup>62</sup> *Id.* at 4.

<sup>63</sup> *Id.* at 2.

<sup>64</sup> Travel Guidelines at 1.

2. Mr. Jaffer Has Not Incurred Excessive Costs For Business Meals

Mr. Jaffer has exercised appropriate judgment when hosting business meals. First, Mr. Jaffer only hosts business meals for legitimate business purposes. For instance, Mr. Jaffer has hosted public relations consultants that represent professional athletes and music industry executives that have close relationships with musicians and entertainers. As a result of building relationships with these types of individuals, Mr. Jaffer may be able to secure the appearance of a star athlete or musician at a stamp event at no cost to the Postal Service. Similarly, Mr. Jaffer has had business meals with former Postmaster General Henderson. Mr. Jaffer's discussions with Mr. Henderson during these meals focused on the importance of employee morale and restoring public confidence in the Postal Service after the anthrax crisis. These discussions formed the genesis of the Postal Ambassadors program, which the Postal Service has highlighted as one of its programs to connect with the public and boost employee morale. Second, Mr. Jaffer only invites individuals to these dinners who have a legitimate business purpose for attending. Third, Mr. Jaffer has hosted the majority of his business dinners at one of three reasonably-priced restaurants: the Peking Gourmet Inn, a Chinese restaurant in Northern Virginia; Morton's Steakhouse in Washington, D.C.; or the Park Grill Los Angeles, the hotel restaurant at the Park Hyatt in Los Angeles. In sum, Mr. Jaffer has reasonably exercised his discretion in hosting business meals for legitimate business purposes.

3. Mr. Jaffer's Purchases of Alcohol for Business Dinners and Postal Service Events Complied with Postal Service Regulations

According to the OIG, some of Mr. Jaffer's alcohol purchases have been unnecessary or excessive because of (1) the number of alcoholic beverages purchased, (2) the cost of alcohol purchase (specifically, that Mr. Jaffer ordered wine costing \$70 to \$80 per bottle),

and (3) the fact that on some occasions the alcohol bill exceeds the food bill.<sup>65</sup> The OIG's allegations should be rejected. Mr. Jaffer's alcohol purchases were appropriate.

Mr. Jaffer exercised reasonable and appropriate judgment with respect to the alcohol he purchased at business meals. His requests for reimbursement were never denied. The Postal Service never cautioned or counseled Mr. Jaffer regarding his alcohol purchases, and there have been no incidents in which complaints have been made regarding Mr. Jaffer's alcohol purchases. Mr. Jaffer has acted as someone in his position should — he has entertained individuals who have benefited or may be in a position to benefit the Postal Service.

The OIG's focus on a specific employee appreciation dinner is misplaced. Specifically, after the Reagan stamp dedication, one of Mr. Jaffer's events staffers at the time, ██████████, called Mr. Jaffer to invite him to join a group of Postal Service employees who had worked on the event at a Washington, D.C. restaurant called Yuca's. Mr. Jaffer explained to ██████████ that he had already eaten dinner and was exhausted. ██████████ explained that the PAC employees who worked on the event would appreciate Mr. Jaffer's presence at the restaurant for at least a short period of time. Mr. Jaffer therefore went to Yuca's to have a drink with the employees. Mr. Jaffer stayed briefly, and before leaving, told ██████████ that he could charge the meal to the Postal Service as an employee appreciation meal. Mr. Jaffer later learned that ██████████ had included the food and drinks for non-Postal Service employees on the bill, and he instructed ██████████ to ensure that it never happen again.

---

<sup>65</sup> As with the business meals, Mr. Jaffer, through counsel, requested information from the OIG regarding the specific alcohol purchases it believed were inappropriate. The OIG refused to provide that information.

The OIG stated that this expenditure was unreasonable because the alcohol constituted 75% of the restaurant bill. Mr. Jaffer never reviewed the restaurant bill himself before it was paid. It was reasonable for him to rely on [REDACTED], one of his experienced managers, to exercise good judgment. Moreover, the Reagan stamp dedication was one of the largest and most significant stamp ceremonies that PAC has ever staged, and the PAC events staff dedicated considerable time and effort in order to plan and successfully stage this event. Thus, Mr. Jaffer's employees worked long hours and sacrificed their personal time to make the event a success, which in turn reflected well on the Postal Service. To show his appreciation for their hard work and dedication, Mr. Jaffer reasonably authorized this expenditure as an employee recognition dinner.

4. Mr. Jaffer Has Exercised Reasonable Judgment With Respect to His Tipping for Business Dinners

The OIG has challenged Mr. Jaffer's level of tipping as excessive. He generally tips 20% to 25% of the bill on business *and* personal meals.<sup>66</sup> He hosts business lunches and dinners at a few restaurants where he has become a loyal and well-known patron. He and his guests receive prompt and courteous attention from the restaurant's staff. As with all of Mr. Jaffer's expenditures, the Postal Service has never rejected or questioned any of the tips that he has left, nor has any Postal Service employee ever cautioned or counseled him.<sup>67</sup> In the absence of any applicable Postal Service policy or regulation, the OIG's sense of what is reasonable should not override Mr. Jaffer's exercise of discretion.

---

<sup>66</sup> Declaration of Nina Tsui ("Tsui Decl.") ¶ 8, attached as Exhibit 10.

<sup>67</sup> There are no Postal Service policies or regulations that set forth the appropriate level for tipping.

5. Mr. Jaffer Has Made Good-Faith Efforts to Reimburse the Postal Service for Personal Expenses

The OIG has indicated that Mr. Jaffer may not have reimbursed the Postal Service for the costs of the meals for his friends or family members who have attended a business meal. The OIG did not identify any specific instances in which Mr. Jaffer failed to reimburse the Postal Service. Contrary to the OIG's insinuation, Mr. Jaffer's personal friends and family members rarely attend business meals. Moreover, in the rare instances in which friends or family have attended, he has made good faith efforts to reimburse the Postal Service for these expenses, as reflected in the documents that Mr. Jaffer produced to the OIG on April 13, 2006 and May 1, 2006.<sup>68</sup>

**E. Mr. Jaffer's Use of a Chauffeured Vehicle is Consistent with Postal Service Policies and Regulations**

The OIG suggested that Mr. Jaffer's use of a chauffeured vehicle during business hours is inappropriate, and that use of Postal Service vehicles for transportation to in-town meetings or business lunches is extravagant. As a Postal Service officer, however, Mr. Jaffer is entitled under Postal Service policy to use a chauffeured vehicle. According to Management Instruction FM-530-2001-3 entitled "Use of Chauffeurs at Headquarters and Designated Drivers in the Field" ("Management Instruction on Chauffeurs"), officers are permitted to use chauffeurs during the performance of official duties or for official purposes.<sup>69</sup> Official purposes are defined

---

<sup>68</sup> Attached as Exhibits 11 and 12. When a friend or family member of Mr. Jaffer attends a Postal Service meal, Mr. Jaffer provides Ms. Womack-Echols with the number of friends or family members in attendance. She divides the total amount of the bill by the number of individuals at the event and advises Mr. Jaffer of the amount he owes. He writes a check to the Postal Service from his personal account. Mr. Jaffer also periodically reviews his meal expenses to determine whether he must reimburse the Postal Service additional amounts.

<sup>69</sup> Management Instruction on Chauffeurs at 2, attached as Exhibit 13.

as “*any purpose that would further the mission of the Postal Service.*”<sup>70</sup> Postal regulations also permit spouses, managers and other Postal Service employees to use a chauffeur driving a Postal Service vehicle when accompanying an officer on official business.<sup>71</sup> Outside of “normal working hours,” officers are instructed to minimize use of chauffeurs and to use public transportation when it is less expensive than a chauffeured vehicle.<sup>72</sup> The Travel Policy also allows reimbursement for such expenses under the condition that such expenditures are “directly related to the conduct of U.S. Postal Service activities and are necessary to the interests of the U.S. Postal Service.”<sup>73</sup>

Mr. Jaffer typically uses the headquarters drivers to transport him to and from headquarters to meetings in town and from his residence to the airport for business travel. He uses the headquarters drivers only during business hours to avoid overtime charges to the Postal Service. Mr. Jaffer also uses a private company, Washington Air, for chauffeured transportation after business hours (when the Postal Service drivers charge overtime) or for transportation to and from the airport for business travel. These uses are clearly appropriate under Postal Service policies.

The OIG suggested that Mr. Jaffer’s use of a chauffeured vehicle during business hours is inappropriate, and in particular, suggested that use of Postal Service vehicles for transportation to in-town meetings or business lunches is extravagant. However, this criticism is

---

<sup>70</sup> *Id.* at 1 (emphasis added).

<sup>71</sup> *Id.* at 2.

<sup>72</sup> *Id.*

<sup>73</sup> Travel Policy ¶ C.1.

a criticism of the Postal Service policy itself, which clearly allows Mr. Jaffer to use a Postal Service driver for these specific purposes.

The OIG inspectors also suggested that Mr. Jaffer's use of the Washington Air car service for after-hours Postal Service business was inappropriate because in these situations, Mr. Jaffer should have sought a less expensive alternative, such as a taxi or other form of public transportation. Although the Management Instruction on Chauffeurs limits the use of Postal Service vehicles outside of business hours, the Postal Service policies do not prohibit Mr. Jaffer's use of the Washington Air car service during these times.

The Travel Policy indicates that the Vice President, Finance, Controller must review officer's travel expenditures.<sup>74</sup> These reviews have always found Mr. Jaffer's use of Postal Service vehicles and the Washington Air car service to be appropriate and in compliance with Postal Service regulations. Indeed, the Postal Service has consistently approved Mr. Jaffer's use of chauffeurs, except on one occasion. The one time the Postal Service rejected Mr. Jaffer's expenditure request occurred in 2001 when Mr. Jaffer had left his car at Postal Service headquarters. In this instance, he called Washington Air to transport him from home to work and submitted the expense, which the Postal Service rejected.

The OIG also indicated that the use of Washington Air violated Postal Service policy because Washington Air incorporates a standard 20% gratuity on Mr. Jaffer's invoice. However, the applicable policies regarding gratuity in these instances are ambiguous and confusing. Section 8-1.4.1 of the Travel Handbook states that when taking a limousine to an airport terminal for official travel, a Postal Service employee may give a gratuity of no more than

---

<sup>74</sup> *Id.* ¶ B.8.

15%.<sup>75</sup> However, the Travel Policy provides that “[t]he Postal Service reimburses officers for payment of actual expenses incurred during official travel”<sup>76</sup> and the Travel Guidelines define “actual expenses” as including transportation expenses as well as gratuities.<sup>77</sup> None of the guidelines concerning officer travel contain specific limitations or caps on gratuities for car services. Thus, given the conflicting nature of these policies and the fact that the Postal Service has always approved and never questioned Mr. Jaffer’s practice of providing a 20% gratuity, Mr. Jaffer reasonably concluded that his actions complied with Postal Service policies.

**F. Mr. Jaffer Has Not Used His Position as an Officer to Obtain Improper Benefits for Himself, Friends or Family Members**

The OIG alleged that Mr. Jaffer has used his position as a Postal Service officer to obtain personal benefits, or benefits for his friends and family members. These allegations are without merit.

1. Hotel Frequent Traveler Points, Hotel Stays and Airline Upgrades

a. Hotel Frequent Traveler Points

Mr. Jaffer has been a member of Hyatt’s frequent traveler program for many years. In connection with his membership in their program, Mr. Jaffer recalled two (possibly three) times when he received a certificate from Hyatt entitling him to 50,000 bonus points when reserving a block of rooms. As reflected by documents that Mr. Jaffer produced to the OIG on June 2, 2006, he also received additional hotel bonus points from Hyatt on other occasions,

---

<sup>75</sup> Handbook F-15 – Travel and Relocation § 8-1.4.1

<sup>76</sup> Travel Policy ¶ A.1.

<sup>77</sup> Travel Guidelines at 1.

although he has no specific recollection of receiving these points, and he does not believe that he received or redeemed any certificate to obtain the points. The OIG has alleged that Mr. Jaffer acted improperly by retaining these frequent traveler points. This allegation is without merit.

The Postal Service policies clearly allow Mr. Jaffer to retain these points. The applicable policy states that employees “may keep and use for personal travel *any accumulated mileage or points that you receive by participating in frequent flyer or frequent traveler programs*, such as those sponsored by airlines or hotels.”<sup>78</sup> Thus, under the policy Mr. Jaffer may keep any points for his personal use. The policy contains no limitations or qualifiers.

b. Hotel Suites

The OIG also indicated that Mr. Jaffer instructed his events staff to reserve a hotel suite for him whenever he travels. The OIG further alleged that in connection with an event, Mr. Jaffer’s staff negotiated a contract under which the hotel agreed to provide a suite for free for Mr. Jaffer’s use. However, in doing so, the PAC staff agreed that the hotel could charge more for the other rooms being used. Because of the increase in rates for the other rooms, the OIG stated that the Postal Service paid an additional \$8000, which was more than it would have cost to simply reserve and pay for the suite.

Mr. Jaffer has never instructed his staff to ensure that he has a suite whenever he stays at a hotel, and in fact, he routinely stays in a “regular” hotel room when traveling for the Postal Service. Due to Mr. Jaffer’s business contacts in Los Angeles, the Park Hyatt agreed about ten years ago to give the Postal Service (not just Mr. Jaffer) a substantially discounted rate

---

<sup>78</sup> Handbook F-15 § 5-1.2.3.1 (emphasis added), attached as Exhibit 14.

for employees staying at the hotel, which has resulted in substantial savings for the Postal Service.<sup>79</sup> Because Mr. Jaffer has been a loyal customer of the Park Hyatt, the hotel upgraded him to a suite when he stayed at the hotel. Significantly, the Park Hyatt did not charge Mr. Jaffer for the upgrade to a suite. When upgraded to a suite, the Park Hyatt charged Mr. Jaffer the same discounted rate as it would if he were staying in a “regular” room.

Similarly, the OIG’s allegation that Mr. Jaffer’s demands for a suite resulted in a contract that cost the Postal Service \$8000 is unfounded. He is not involved at the level of negotiating contracts for hotel rooms in connection with events, but rather delegates this task to his staff. He never instructed his staff to obtain a suite for him, and certainly would never have allowed them to negotiate a contract that cost the Postal Service \$8000 merely for an upgrade to a suite.

c. Airline Upgrades

As an officer, Mr. Jaffer is entitled to expend Postal Service funds to upgrade himself and Postal Service employees traveling with him to first-class.<sup>80</sup> The OIG alleged that Mr. Jaffer used Postal Service upgrade vouchers for friends or family. This allegation is false. When traveling with his wife, Mr. Jaffer uses his personal funds or his personally accumulated airline miles to purchase upgraded travel for his wife.

---

<sup>79</sup> Declaration of Cormac O’Modhrain (“O’Modhrain Decl.”) ¶ 6, attached as Exhibit 15.

<sup>80</sup> Travel Guidelines at 2.

## 2. EID Stamp Art and Mint Sets

Like most large business enterprises, the Postal Service sometimes distributes corporate gifts to business or community leaders to promote corporate goodwill. In this vein, Mr. Jaffer periodically distributes stamp art or mint sets on behalf of himself and at the request of other USPS officers.<sup>81</sup> The OIG, however, has questioned Mr. Jaffer's provision of EID stamp art to certain individuals, and specifically why Mr. Jaffer's father sent him a list of individuals to whom Mr. Jaffer sent EID stamp art.<sup>82</sup> The simple answer is that Mr. Jaffer's father is a leader in the Muslim community and he assisted Mr. Jaffer in identifying other Muslim community leaders. To the extent that Mr. Jaffer sent stamp art to friends or family, it was due to the fact that these individuals were leaders in the Muslim community, and not because of their connection to Mr. Jaffer or his father. In that same vein, Mr. Jaffer has not distributed mint sets to any individual simply because that individual was his or his family's friend. Rather, Mr. Jaffer has distributed stamp art and mint sets to cultivate goodwill towards the Postal Service and to benefit the Postal Service.

## 3. The National Executive Conference "Gift Closet"

Over several years, PAC purchased several gifts such as luggage sets and electronic equipment for Postal Service executives in connection with the National Executive Conference ("NEC"). As Ms. Womack-Echols explained, although PAC attempted to limit the

---

<sup>81</sup> Stamp art is a piece of art depicting an enlarged stamp. Mint sets are booklets containing the stamps issued by the Postal Service over the course of the past year.

<sup>82</sup> The EID stamp commemorates the two most important festivals – or Eids – in the Islamic Calendar, Eid al-Adha and Eid al-Fitr.

number of extra gifts it purchased, some gifts remained unclaimed after the conference.<sup>83</sup> These excess gifts were stored within a closet in PAC.

The OIG has alleged that Mr. Jaffer distributed NEC gifts to friends and family. This allegation is false, as confirmed by Ms. Womack-Echols.<sup>84</sup> Mr. Jaffer has never distributed a gift purchased in connection with the NEC to a friend or family member. Rather, the gifts have been distributed as intended, that is, to Postal Service executives attending the conference. Moreover, as permitted by Postal Service policies, Mr. Jaffer has distributed these gifts to demonstrate appreciation for outstanding employee contributions, *e.g.*, Mr. Jaffer distributed luggage sets to Postal Service employees who assisted with the Hurricane Katrina relief efforts.

The OIG has questioned a set of luggage given to Vonzell Solomon, a former Postal Service letter carrier who was a finalist on American Idol, and who subsequently performed promotional work for the Postal Service. In 2005, Ms. Solomon visited the Postal Service headquarters in connection with her promotional activities, and her luggage broke. As a favor to Ms. Solomon, Mr. Jaffer loaned her some luggage out of the gift closet.<sup>85</sup> Ms. Womack-Echols instructed Ms. Solomon to return the luggage to the Postal Service after her trip.<sup>86</sup>

#### 4. Distribution of Gift Cards

The Postal Service has a Recognition and Awards Program that confers broad authority to Vice Presidents, such as Mr. Jaffer, to give both cash and cash-equivalent (such as

---

<sup>83</sup> Womack-Echols Decl. ¶ 23.

<sup>84</sup> *Id.* ¶ 24.

<sup>85</sup> *Id.* ¶ 25.

<sup>86</sup> *Id.*

gift certificate) awards to subordinate employees for excellent performance.<sup>87</sup> In accordance with this program, Mr. Jaffer has purchased and distributed gift cards to PAC employees. The OIG has made vague and unattributed allegations that Mr. Jaffer has improperly distributed gift cards to friends and family. As Ms. Womack-Echols – the PAC employee in charge of purchasing employee award gift cards – confirms, Mr. Jaffer has never given a gift card to any of his friends or family.<sup>88</sup>

#### **IV. THE OIG'S ALLEGATIONS REGARDING MR. JAFFER'S PERSONAL CONDUCT ARE FALSE**

The OIG alleges that Mr. Jaffer has engaged in a variety of improper conduct as a Postal Service officer. These allegations include accusations that Mr. Jaffer sexually harassed female Postal Service employees, drank alcohol to the point of incapacitation or incoherence, and abused or threatened his subordinates. These scurrilous allegations regarding Mr. Jaffer's personal conduct and behavior are either unfounded or constitute episodes in which Mr. Jaffer's conduct has been mischaracterized.

##### **A. Sexual Misconduct**

The OIG has indicated that unnamed witnesses have alleged that Mr. Jaffer has made vulgar statements to female employees and that he inappropriately touched female employees. These allegations are baseless and wholly without merit. Mr. Jaffer treats female employees of the Postal Service with respect and dignity, as he does all Postal Service employees. Indeed, no employee has filed a sexual harassment complaint against him.

---

<sup>87</sup> See generally ELM 470 – 476.

<sup>88</sup> Womack-Echols Decl. ¶ 27.

The OIG alleged that during a meeting to screen a video produced by [REDACTED], an employee within Mr. Jaffer's group, in connection with the Ronald Regan stamp dedication, Mr. Jaffer commented that "the video was good, but it was like getting a blow job without cumming." This allegation is patently false, as demonstrated by [REDACTED] declaration.<sup>89</sup> Likewise, allegations have been made that Mr. Jaffer stated that [REDACTED], a former contract employee in PAC, had a "nice ass" within her earshot. This allegation is false.

The OIG's allegation that he inappropriately touched a former Postal employee, [REDACTED], and pulled her pants down is also demonstrably false, as evidenced by declarations from both [REDACTED] and her sister [REDACTED], who was present at the time of the alleged incident.<sup>90</sup> More importantly, these employees and former employees have all confirmed that, based on their interactions with Mr. Jaffer, any such conduct would be completely out of character.<sup>91</sup> These individuals have also confirmed that Mr. Jaffer treats female employees respectfully and professionally and they have never witnessed Mr. Jaffer engage in any inappropriate behavior.<sup>92</sup>

The OIG also alleged that Mr. Jaffer engaged in improper conduct in connection with a dinner that he had with a PAC employee, [REDACTED]. According to the OIG, Mr. Jaffer invited [REDACTED] and her friend [REDACTED] to his house for a party. The OIG alleged,

---

<sup>89</sup> Declaration of [REDACTED] ("[REDACTED] Decl.") ¶ 6, attached as Exhibit 16.

<sup>90</sup> Declaration of [REDACTED] ("[REDACTED] Decl.") ¶ 8, attached as Exhibit 17; Declaration of [REDACTED] ("[REDACTED]") ¶ 8, attached as Exhibit 18.

<sup>91</sup> See, e.g., Wright Decl. ¶ 26; Womack-Echols Decl. ¶ 32; [REDACTED] Decl. ¶¶ 7-8; [REDACTED] Decl. ¶¶ 9-10; [REDACTED] Decl. ¶¶ 9-10.

<sup>92</sup> The OIG inspectors also vaguely indicated that Mr. Jaffer acted inappropriately towards a former Postal Service employee in PAC, [REDACTED]. Mr. Jaffer has never made any inappropriate comments to or about [REDACTED] and has never touched or attempted to touch [REDACTED] in an inappropriate way.

however, that when [REDACTED] and [REDACTED] arrived, there was in fact no party, and only Mr. Jaffer and [REDACTED] were present. The OIG did not provide further details about this incident or explain precisely why it considered it to be inappropriate.

This meal took place, but there was nothing nefarious or inappropriate about it. Shortly before Postmaster General Potter was appointed on June 1, 2001, he and [REDACTED] were planning to have dinner at Mr. Jaffer's house. Because [REDACTED] was a friend of [REDACTED] and [REDACTED], Mr. Jaffer invited her to attend the dinner. He recalled that [REDACTED] stated that her friend, [REDACTED], was in town, and Mr. Jaffer invited her to dinner as well. Nothing untoward or improper occurred, nor did Mr. Jaffer invite these women to dinner for some inappropriate reason. Indeed, the OIG stated that neither [REDACTED] or [REDACTED] complained or made any allegation regarding this dinner.

The OIG has also investigated an incident involving [REDACTED], a Postal Service employee in the finance function. Specifically, in 2000 or 2001 at a Postal Forum in Memphis, Tennessee, Mr. Jaffer and [REDACTED] shared a brief drink at the hotel bar, where the Postal Forum was being held. He offered to walk her back to her room, and she accepted. When they got to her room, he continued to talk with [REDACTED] in her room, and then he eventually fell asleep on the couch. When he woke up, he left her room and returned to his own room. He did not make any explicitly sexual or vulgar remarks to her, nor did he attempt to touch her or make sexual advances towards her.

#### **B. Alcohol Consumption**

The OIG also accused Mr. Jaffer of consuming excessive amounts of alcohol on many occasions. Specifically, the OIG alleges that Mr. Jaffer consumed alcohol to the point of

incoherence and unconsciousness, that he was refused boarding on flights due to intoxication, and that he left his shoes in a hotel lounge due to intoxication. None of these allegations are true.

Mr. Jaffer freely acknowledges that he has consumed alcohol at many different Postal Service events and business dinners. However, he has never consumed alcohol to the point of incapacitation or incoherence. Indeed, Postal Service employees who have worked with Mr. Jaffer for many years and have accompanied him on various business trips and business dinners have confirmed that rumors about Mr. Jaffer's drinking are exaggerated. These witnesses have confirmed that they have never seen Mr. Jaffer lose consciousness or be carried to his room because he was intoxicated.<sup>93</sup> In addition, employees at the Peking Gourmet Inn and Park Hyatt, where many of these episodes are alleged to have occurred, have stated that Mr. Jaffer has not acted inappropriately because of alcohol consumption.<sup>94</sup>

### **C. Abusiveness Towards Subordinates**

The OIG has made vague allegations that Mr. Jaffer has been abusive towards his subordinates. Mr. Jaffer has never been abusive or intimidating to any of his subordinates or anyone else in the Postal Service. Rather, Mr. Jaffer is described as a personable, welcoming and open manager. Mr. Jaffer is well-liked by PAC employees, his superiors and colleagues within the Postal Service, and is widely viewed as a hard-working and dedicated employee. Ms. Womack-Echols and Ms. Wright, the two subordinates that interact most with Mr. Jaffer and

---

<sup>93</sup> Wright Decl. ¶ 25; Womack-Echols Decl. ¶ 31.

<sup>94</sup> Tsui Decl. ¶ 9; O'Modhain Decl. ¶ 13.

work closely with him on a daily basis, confirm that any allegations of abusive, intimidating or threatening behavior from Mr. Jaffer directed towards any employee are untrue.<sup>95</sup>

Ms. Wright and Ms. Womack-Echols have performed minor errands for Mr. Jaffer on occasion. They willingly performed these tasks as a favor to Mr. Jaffer. Mr. Jaffer has never demanded that Ms. Wright or Ms. Womack-Echols perform these personal tasks, and has never threatened them with any form of adverse action if they did not complete them.<sup>96</sup> Moreover, both Ms. Wright and Ms. Womack-Echols confirm that these personal tasks were minor in nature and infrequent. They also confirm that these tasks did not detract from the performance of their official duties.<sup>97</sup>

## V. CONCLUSION

Mr. Jaffer has been a loyal employee and valuable contributor to the Postal Service during his 20-year career. His efforts to market USPS products and promote the Postal Service have resulted in many high-profile successes. The accusations made by the OIG are without merit and should not be permitted to tarnish Mr. Jaffer's exemplary record.

---

<sup>95</sup> Wright Decl. ¶ 6; Womack-Echols Decl. ¶ 6.

<sup>96</sup> Wright Decl. ¶ 4; Womack-Echols Decl. ¶ 4.

<sup>97</sup> Wright Decl. ¶ 4; Womack-Echols Decl. ¶ 4.