



Written Testimony  
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**Before the Congress of the United States, House of Representatives**  
**Committee on Oversight and Reform**  
**Subcommittee on Government Operations**  
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Mr. Chairman Connolly, Ranking Member Hice, and Members of the Subcommittee:

Thank you for the invitation to testify about serious concerns regarding Postmaster General Louis DeJoy and how his continued leadership jeopardizes our public Postal Service and America's 2020 elections. I am calling on him to resign, or be fired.

I am the Executive Director of True North Research, which investigates the influence of dark money on public policy and our democracy. I help lead four research projects:

- **KochDocs.org** about billionaire Charles Koch's political empire;
- **IWFexposed.org**, about how the Independent Women's Forum and Voice promote distorted claims that advance the legislative agenda of Koch, Juul/Altria and others;
- **ALECexposed.org**, a project I launched nine years ago about a group where state legislators vote as equals with corporate lobbyists, including Koch Industries, on "model" legislation, behind closed doors;
- **BOLD ReThink**, a joint effort about the idea of democratic government as a force for the common good and how Koch and his allies have attacked that idea; and
- **The Ben Franklin Project**, a new initiative I am helping to launch to defend our public Postal Service.

I previously served as the Chief Counsel for Nominations for the then-Chairman and then Ranking Member of the U.S. Senate Judiciary Committee; as the Deputy Chief of the Article III Judges Division of the Administrative Office of the U.S. Courts; as a Deputy Assistant Attorney General in the Office of Legal Policy/Policy Development at the U.S. Department of Justice, under both Miss Reno and Mr. Ashcroft; and in other

posts. I've testified before the House Permanent Select Committee on Intelligence, the House Committee on Homeland Security, and the U.S. Senate Judiciary Committee.

## Background

While preparing for this hearing, I saw a new television advertisement from DeJoy's new PR efforts telling viewers "The U.S. Postal Service is here to deliver your packages and the peace of mind of knowing that important things--like your prescriptions and your ballots--are on the way, every day, all across America. We'll keep delivering for you." He hired a PR firm last month for crisis management messaging.

I am certain that the devoted women and men who work for us, the American people, at the Postal Service are working hard to deliver on those assurances, but Mr. DeJoy's actions have taken our Postal Service seriously off course since he took over in June.

It is truly regrettable, as Committee Chairwoman Carolyn Maloney documented, that the data and internal records demonstrate "significant and widespread drops across the board. In First-Class marketing, periodicals, and other categories." She noted the data shows the delays citizens and journalists are reporting "are not a myth or a conspiracy theory..." "These steep declines did not start in April or May, when the coronavirus crisis hit us, but in July when Mr. DeJoy came on board and began making his changes."

The work this Subcommittee is doing is vital to protecting We the People from the PR spin of Mr. DeJoy and the adverse impact on our Republic from his precipitous dictates. It is essential that our Representatives ensure our Postal Service has the support it needs to thrive in the crucial role it plays in getting people their medicines and ballots on time, especially during this pandemic. The Postal Service is an essential part of our nation's critical infrastructure--for individuals, small businesses, and big companies.

In fact, the data this Committee and Subcommittee has received shows that the Postal Service was very successful in delivering mail, medicines, and other packages on time this spring, despite the surge in the deadly Covid-19 pandemic. However, that data also shows that under Mr. DeJoy's leadership, Americans across the country have faced enormous hardships, as Laura J. Nelson and Maya Lau reported for the *Los Angeles Times*: "["Like Armageddon': Rotting food, dead animals and chaos at postal facilities amid cutbacks."](#) One of many affected, Retired Lt. General Russell A. Honore detailed on [MSNBC with Brian Williams](#) how the delays had limited his ability to get medicines.

DeJoy's decisions as the new leader of this massive operation have been a real failure for the American people. And his arrogant refusal to order sorting machines that have been removed be restored, despite these documented delays, poses a grave risk to the capacity of our Postal Service to get ballots to citizens on time and to get them returned in time to be counted.

Speaking personally, my absentee ballot that I mailed for the August 11 primary in Wisconsin was not delivered to my town clerk, even though I personally saw it postmarked at the Post Office. As of last week, she said it still has not arrived. However, this spring prior to when Mr. DeJoy took over, my mailed ballot was delivered to the clerk—even as Wisconsin faced unprecedented judicial interference in public health orders—as with prior years.

However, my concerns are about far more than my own ballot not being delivered. I will focus today on three areas of serious concerns about Mr. DeJoy and our Postal Service:

1. DeJoy's conflicts of interest and troubling background;
2. His actions to date at the helm of the Postal Service; and
3. The direction he is taking the Postal Service, if he does not resign or is not removed from this post, *which has no term limit*.

As I wrote at the outset, I am calling on Louis DeJoy to resign.

If he will not resign, I am calling on him to be fired.

At a minimum, I think he should be suspended until a thorough investigation of his activities and background is completed.

I also believe Congress must reform the vetting and selection process to ensure that the serious mistakes that were made to allow him to be hired are never repeated again. That reform should also redress failures in the structure of the Board of Governors. Congress must exert greater statutory control over this agency to protect its mission.

### **Severe Failure to Properly Vet Mr. DeJoy for This Position of Public Trust**

It seems clear at this point that the recently appointed Board of Governors of the U.S. Postal Service utterly failed to thoroughly vet Mr. DeJoy for the position which is without any statutory term limit, meaning he could hold the post for life unless the Board removes him or he resigns.

The buck stops with the Chairman of the Board, Mike Duncan, a political hand who has helped raise tens of millions of dollars to keep Senator Mitch McConnell in the leadership of the U.S. Senate, [as documented by David Sirota and Walker Bragman](#). They note that Duncan is continuing to raise millions for Senate Republicans while also serving on the Postal Board of Governors, which presents a substantial and disqualifying conflict of interest given the role the Postal Service plays in delivering ballots in our election. And then there are the claims made by President Donald Trump who has consistently attacked voting by mail, making false accusations about voter

fraud [admitting that he is blocking new funding to help the Postal Service to thwart its capacity to deliver ballots.](#)

Additionally, it is clear that Duncan intervened in the selection process that was underway to help push for Mr. DeJoy to get the job. As Aaron C. Davis, Amy Gardner, and Jon Swaine of the *Washington Post* reported this month:

*“DeJoy was not originally on a list of prospective candidates for the job, Robert M. Duncan, chairman of the USPS Board of Governors, told House lawmakers in testimony last month. Duncan, a longtime GOP fundraiser, said he submitted DeJoy’s name as a candidate after his ‘interest, or availability, became known to me.’”* (emphasis added)

It is unclear what kind of background check and ethics review Mr. DeJoy was subject to, by the Board or its delegates, but it is quite clear it was inadequate.

Many of the troubling aspects of Mr. DeJoy’s background would have been readily ascertainable through a basic Google search and review of campaign finance filings.

The fact that the short-handed Board of Governors approved him at Duncan’s urging despite obvious red flags is deeply disturbing. When I worked in the Senate examining nominees for federal circuit and district judgeships and candidates to be U.S. Attorney, we would have readily discovered the kinds of issues I will note here, had Mr. DeJoy come before the Committee.

However, Congress has delegated to the Board to select the Postmaster General, as a result of changes in 1970 that removed this post from being a political appointee and Member of the Cabinet. Until this year, that meant that the top job for the post office had been filled by a career civil servant, someone unlikely to have the kind of partisan political track record of someone like Mr. DeJoy. Congress should repeal that delegation and impose a term limit, along with a thorough investigation before any confirmation.

## **I. There Are Significant Red Flags and Concerning Unknowns about DeJoy**

**A. Mr. DeJoy has been accused of violating anti-corruption laws in a new investigative story; he denies this, but the evidence warrants a thorough Congressional investigation as well as an appropriate and comprehensive review by federal and state prosecutors and election agencies.**

According to the *Washington Post*’s investigation:

- *“Plant managers at [DeJoy’s former company] New Breed said they received strongly worded admonitions from superiors that they should give money when DeJoy was holding fundraisers.”*
- *“A program manager said that when he was handed his first company bonus, a New Breed vice president told him he should buy a ticket to DeJoy’s next fundraiser.”*
- *“Several employees said New Breed often distributed large bonuses of five figures or higher. Bonuses did not usually correlate with the exact amount ... but were large enough to account for both performance payments and donations, according to the two people with knowledge of company finances.”*

As you know, Rep. Jim Cooper of this Committee asked Mr. DeJoy if he had ever reimbursed employees for their political donations, and he vehemently denied it. Based on the new information in the story, however, I ask the Committee to make a referral to the U.S. Attorney’s Office to investigate whether his statement violated 18 U.S.C. 1001.

Notably, one of DeJoy’s assistants who pursued political contributions from his employees is now being paid as his Chief of Staff at the U.S. Postal Service. She has not been accused of wrongdoing; the *Post’s* story focused on DeJoy.

A key component of federal anti-corruption laws, dating back to the Tillman Act of 1907, is that a corporation cannot give money directly to a federal candidate. A corporation reimbursing campaign donations in part or in whole would violate that long-standing criminal law and prohibition, if proven under the law. Modern legal precedents underscore that a person cannot mask his own political contributions through reimbursing others. That’s a third rail kind of violation of campaign laws, if proven, and the kind of thing that results in penalties. It is not a minor issue at all.

If Mr. DeJoy had been properly vetted, this troubling pattern should have been noted. The *Post* reporters uncovered this deeply troubling story by reviewing campaign finance disclosures that showed numerous significant political donations by his employees that correlated with Mr. DeJoy’s, which then ceased when he sold the company. I would ask that the *Post* be included in the record.

There appears to have been no scrutiny of this by the Board of Governors. The Attorney General for North Carolina has noted that the activity described in the *Post* “merits investigation;” the state has no statute of limitations on such matters.

The evidence from witnesses recounted in that story alone is of such seriousness that I believe it warrants an immediate suspension of DeJoy from any responsibilities over the Postal Service, until that matter is resolved. It also underscores the need for Congress to restore its role in the appointment process.

**B. Mr. DeJoy made a dramatic increase in political donations right before Mr. Duncan learned of his interest in becoming Postmaster General. Mr. DeJoy's role as a financier of Donald Trump's 2020 campaign and of Senator McConnell's re-election bid and effort to retain control of the U.S. Senate should disqualify Mr. DeJoy from presiding over the agency charged with handling voting by mail.**

These close financial ties create an appearance of bias that undermines public confidence in the integrity of the institution of the Postal Service. This has caused it harm that stands to outlast Mr. DeJoy and his actions, which have disrupted and delayed the delivery of mail on the eve of this election in the midst of a once-in-a-century, catastrophic pandemic, which has robbed the lives of nearly 200,000 Americans due to the deadly and infectious nature of this disease.

Although Mr. DeJoy was not appointed by President Trump, DeJoy suddenly gave the president's campaign and the RNC more than \$600K over the span of just eight weeks, after the Postmaster General opening was announced. In the 2019-2020 cycle, DeJoy has given more than \$1.5 million to GOP candidates and campaigns, the bulk of which has gone to aid Trump's 2020 election strategy. This includes nearly \$80K to aid GOP Senate races since last December, when Megan Brennan announced her intention to resign as Postmaster General, after Trump had enough appointees to get her replaced.

In the 2019-2020 cycle, Mr. DeJoy gave money to the campaigns of the following U.S. Senators: Mitch McConnell (R-KY), Martha McSally (R-AZ), Thom Tillis (R-NC), and Josh Hawley (R-MO). Mr. DeJoy has also donated repeatedly to John James (R-MI), who is campaigning against U.S. Senator Gary Peters (D-MI).

Notably, the amount DeJoy has given to GOP candidates, campaigns, and PACs in the past year exceeds the amount he gave in the prior four years. Previously, Mr. DeJoy hosted Trump at his mansion for a fundraiser. The President also chose DeJoy to be one of the three men he entrusted to handle the RNC's finances. The other two appointed at the same time resigned in disgrace: his fixer, Michael Cohen, who has since been convicted of federal offenses, and Elliott Broidy, a venture capitalist who pleaded guilty to a bribery-related crime in 2009 but is more notorious for resigning from the RNC over a \$1.6 million hush money payment arranged for him by Cohen. DeJoy and his wife, Dr. Aldona Wos, were also rewarded with appointments to the White House Fellows selection commission.

This level of partisanship--combined with Mr. DeJoy's disruptive orders--undermines public trust in the Postal Service as an institution. He should never have been appointed, and he should step down from the position of public trust that it appears his partisan financial gifts paved the way for.

**C. Mr. DeJoy also has obvious financial conflicts of interest based on his holdings in XPO Logistics, even though he no longer leads that company.**

According to the public ethics form filed by his wife, Dr. Aldona Wos, in support of her nomination to become the U.S. Ambassador to Canada, Mr. DeJoy has tens of millions of dollars in stock in XPO Logistics, a contractor and competitor of the U.S. Postal Service. Although XPO Logistics has sought to distance itself from Mr. DeJoy by saying that it does not know how much stock he holds, Mr. DeJoy knows how much of his wealth is tied to a company that gets part of its wealth from contracts from the Postal Service.

DeJoy had between \$30,250,003 and \$75,000,000 invested in XPO Logistics as of March of this year, with dividends/gains this past year of between \$1.6 million and \$11.1 million on that stock, in addition to restricted units he can sell later.

In fact, according to an examination by Dan Zak and Jacob Bogage in the *Washington Post*, the company lore is that Mr. DeJoy was able to expand his father's New York trucking and delivery company because of a big contract from the U.S. Postal Service. He reportedly later moved the company from New York City to North Carolina to take advantage of the ability to build facilities in proximity to distribution centers of the U.S. Postal Service. Part of that contract involved cleaning and repairing Postal Service bags and bins.

Indeed, Mr. DeJoy has another major conflict of interest involving XPO Logistics, which has been under-reported. As part of the sale of New Breed to XPO Logistics at the end of 2014, DeJoy secured a major long-term revenue stream from XPO to lease from his LLCs nearly 150,000 square feet of warehouse and office space in North Carolina. According to SEC filings, those leases are for five-year renewable terms, up to 15 years, with annual revenue of more than \$2 million per year for Mr. DeJoy, filtered through a complex arrangement of LLCs and family trusts.

XPO is both a contractor of the Postal Service and a competitor that could benefit if the Postal Service were forced into bankruptcy or pushed toward commercialization that would "part-out" its operations. XPO Logistics has been expanding its operations, as with its acquisition of New Breed.

Notably, that deal came with an appointment of Mr. DeJoy as the CEO of XPO's North American operations, but he held that position for only a year. At the end of 2015, DeJoy and the company announced he was retiring, at age 58, and they entered an agreement and release that resulted in him being given a position on the corporation's Board.

As a Board member, he was given a six-figure annual compensation, including stock. He was also given a six-figure retention bonus at the end of every board year. But in mid-2018, he suddenly resigned from the Board, forfeiting that retention bonus. It is not clear why his tenure in the leadership of XPO Logistics was so short, although the *Post* story interviewed several former employees, some of whom said positive things and some of whom talked about how terrified some employees were of him. DeJoy has denied that there was any “negative culture” at New Breed.

Any thorough vetting of Mr. DeJoy by the Board of Governors should have turned up the kind of troubling behavior that some of his former staffers described in detail to the *Washington Post*. Such stories, if known, should have caused pause to any overseeing authority, before giving a candidate a job with an exponentially larger workforce than Mr. DeJoy had ever managed, and a workforce that is not within the dominion of a private company executive.

The enormity of Mr. DeJoy financial conflict based on his stock and his ongoing major leasing arrangements with XPO Logistics should not just be waived away. It is not clear which authority figure, if any, thoroughly reviewed Mr. DeJoy’s stock holdings and leasing arrangements and who signed off on allowing them to continue, and if so, on what legal rationale.

#### **D. Mr. DeJoy has additional potential conflicts of interest based on his other financial relationships.**

Another potential issue is Mr. DeJoy’s long-term financial relationship with the private equity firm Warburg Pincus. According to his wife’s financial filings, he has between \$2.5 million to \$11 million invested in two Warburg Pincus private equity funds, with income of between \$200K and \$2 million in the past year.

Starting in 2005, Warburg Pincus held a major stake in DeJoy’s company, New Breed, and orchestrated its 2014 merger with XPO Logistics. It is not known how much XPO stock Warburg Pincus holds, if any. Mr. DeJoy also has liabilities with the private equity firm in the form of capital commitments to Warburg totaling between \$5,250,000 and \$25,500,000.

It is not known what those capital commitments are invested in, but Warburg Pincus has been a long-time financial partner of DeJoy and New Breed/XPO.

Warburg Pincus has also used its private equity to secure [stakes](#) in [other logistics companies across the globe that](#) could financially benefit from privatizing or parting out the U.S. Postal Service. It has also previously [invested in pension buyout](#) firms. It [has helped UPS acquire other firms, like Coyote Logistics](#), to expand its reach.

As I told the *Washington Post*, the fact that the American people do not know the actual financial holdings of the man heading the Postal Service is unacceptable, especially as he orders disruptions that have sabotaged prompt mail delivery and that could destabilize our 2020 election.

That's not all.

Mr. DeJoy also controls a non-profit, The Louis DeJoy and Aldona Z. Wos Family Foundation, which held at least \$21 million in what it described only as "securities" as its primary asset as of its last publicly posted IRS form 990, which was filed at the end of 2017. That form does not include a schedule listing the holdings that constitute those securities.

Its non-taxable assets surged with a \$21 million tax-deductible donation in 2014 after DeJoy sold New Breed to XPO Logistics, but that cash has since been converted to stocks, which are affirmatively not disclosed in his charity's financial filings. It is possible that the non-profit is invested in the kind of mutual funds that do not typically pose a conflict of interest, but it is also possible that the "securities" include investments in shipping and logistics companies.

The public should know the investments of the person at the helm of our Postal Service, especially with the pressure to privatize it, as with President Trump's 2018 proposed federal budget which included components of such an agenda.

It is also noteworthy that it does not appear that Mr. DeJoy would be subject to President Trump's Executive Order on revolving door lobbying, because he is not expressly an executive appointee. It is not clear if there are any laws that would bar Mr. DeJoy from joining a competitor of the Postal Service or a company that wants a piece of potentially profitable postal routes, if and when he leaves the post.

**E. Mr. DeJoy was also accused by his brother of forging his signature and hiding profitable companies from that brother. The case settled with a non-disclosure agreement.**

Given the gaps in what Congress and the American people know about Mr. DeJoy's current or recent financial holdings, it is troubling that he was sued by his brother, Dominick DeJoy, Jr., who alleged that Mr. DeJoy told him certain companies were subsidiaries of the family business they owned jointly but then it turned out that Mr. DeJoy had secretly created companies with a similar name that were held only in his name and the name of another brother, Michael DeJoy, who also denied wrongdoing.

Dominick DeJoy, Jr., swore in his complaint that Mr. DeJoy cheated him out of millions of dollars of business that he helped generate through this secret arrangement, and that Mr. DeJoy was able to do so because he had trained as an accountant and knew how to structure different legal entities. Dominick DeJoy, Jr., also alleged that Mr. DeJoy forged his signature on documents submitted to U.S. banks to open various accounts.

Mr. DeJoy denied the allegations generally, but admitted that in fact the other companies were legally separate and admitted in some materials that his brother had seen the main family business was described as a parent company even though the other companies were not, in fact, subsidiaries. Mr. DeJoy also asserted that he had signed his brother's name on financial documents, but that he also used those accounts to transfer some money to his brother.

The suit was filed at the end of 1999, when Dominick DeJoy, Jr., said he discovered that in his view his own brother had cheated him out of millions of dollars, had those companies been jointly owned as subsidiaries, as he said he believed they were.

The DeJoy brothers reached a confidential settlement in 2000. There were never any charges brought for the allegations regarding signing someone else's name.

Nevertheless, the claims alleged are troubling given the position of enormous public responsibility Mr. DeJoy now holds.

It is not clear if the Board of Governors was aware of this lawsuit and asked Mr. DeJoy any questions about the corporate structuring activities his brother, Dominick DeJoy, Jr., attested to in his complaint. This suit was easily discoverable through a basic Lexis/Nexis search.

#### **F. Why would the Board of Governors' President shepherd DeJoy through to lead the Postal Service as Postmaster General?**

The answer that has been given is that Mr. DeJoy was the best person for the job, based on the way he ran his family companies, but is that really the case based on everything that is now known? Did other finalists have financial conflicts also? Were a range of subordinate employees interviewed to assess the candidate's reputation among staffers for any potential disqualifying behavior?

In 1970, Congress established reforms to make the U.S. Postal Service more independent of the political branches. Since then, we've not seen the Postal Service be led by two more political men than Mr. DeJoy and Mr. Duncan, the Trump appointee to the Board, who is its President. The Board has a majority of Republican appointees and all of the current Members were nominated by Trump and moved through the Senate by Senator Ron Johnson and Senator Mitch McConnell.

Duncan's history does not indicate that he has any qualifications or experience that would warrant helping to manage our Postal Service. On the contrary, his experience is far better suited to the other post he actually currently still holds: Chair of the Senate Leadership Fund, a Super PAC designed to help his fellow Kentuckian Mitch McConnell keep a Senate majority.

Duncan began helping that PAC as a member in 2016, the year he chaired Karl Rove's Super PAC, American Crossroads, which was created in 2010 to exploit the Supreme Court's decision in *Citizens United* to bar Congress from using McCain-Feingold to limit such groups. He has been a member of American Crossroads since 2010, and was twice its chair. In 2016, when Duncan chaired the group fighting to stop Hillary Clinton from being elected, DeJoy gave it \$25K to help, two weeks before the presidential election that left Trump the winner.

Duncan has also been a Director of GOP Data Trust, which had a data breach in 2017 that [leaked data about more than 200 million Americans](#) the group was keeping files on. In a separate story, Duncan told the Associated Press: "[I am more than a partisan animal...](#)"

There's more. Duncan helmed the Republican National Committee (RNC) as chair when it raised hundreds of millions of dollars to try unsuccessfully to beat Barack Obama during the 2008 presidential election. He's been chairman of the Republican Party of Kentucky's Budget (fundraising) Committee since 1996. He also worked briefly for the George W. Bush Administration. Duncan was first a delegate to the RNC in 1972, when President Richard M. Nixon was renominated, before resigning in disgrace.

Aside from being a partisan fundraiser for Trump, McConnell, and the GOP, Duncan is also a Kentucky banker, whose tax compliance and financial holdings answers in his Senate nomination questionnaire were stamped "redacted."

His Office of Government Ethics (OGE) form was signed off on by David Apol, the controversial OGE official who signed off on Jared Kushner's ethics forms and whom former chief ethics officer Walter Shaub has criticized for being too lax in waiving away potential conflicts of Trump appointees. (Mr. Apol also signed off on Dr. Wos' forms, Mr. DeJoy's wife, whom Trump tapped to be an ambassador.)

Duncan also briefly chaired the Tennessee Valley Authority, a huge public utility. He also spent years helping to peddle claims about "clean coal" as the President of the special interest group called "American Coalition for Clean Coal Electricity," which faltered in funding during his tenure. ACCCE is an industry front group which, [as DeSmogBlog has documented](#), has promoted disinformation about climate change,

tried to disrupt regional climate change agreements, and attacked efforts to protect Americans from the dangers of the neurotoxin mercury.

Unless Duncan is removed from the Postal Service's Board or he steps down, his term would exceed the next presidential term, expiring on December 8, 2025. He was first nominated by Trump to the Board in 2017 to finish the term of Thurgood Marshall, Jr., and he was renominated last August. Trump also named Duncan's son to be the U.S. Attorney with jurisdiction in the state of Kentucky.

## **II. Mr. DeJoy's Official Acts as Postmaster General Raise Serious Concerns**

### **A. The Surge in Removing Sorting Machines and the Refusal to Reinstall Them**

CNN has reported that internal Postal Service documents show that [a substantial number of mail sorting machines were removed starting June 13, 2020](#). It is certainly the case that every year some sorting machines are removed from operations as part of updating equipment or removing equipment that was no longer needed or operational. According to written testimony and documents submitted this week to a federal court in New York, [711 mail sorting machines were removed this year](#), until Mr. DeJoy agreed to halt the removal on August 18. This is the largest number removed in four years. The average number removed a year is 388.

In his Congressional testimony, Mr. DeJoy refused to order the removed machines to be re-installed, despite outcry over delays in people receiving life-saving medicines and checks as well as getting late fees for payments that were delivered late. News reports said that another official, who is subordinate to Mr. DeJoy ordered that machines not be re-installed, although some workers have reportedly re-installed them.

### **B. Dictating "on-time" departure even if mail isn't sorted.**

One of DeJoy's first acts as Postmaster General was to issue a memo dictating that mail trucks should leave "on-time," even if the mail is not fully sorted; his directives also micro-managed where mail trucks could park.

These dictates have led to chaos in the mail sorting and delivery operations where the ethic had been to sort on the same day, in order to avoid accumulation. Every day more mail comes, but that does not mean there are more workers to sort the accumulating mail.

Before Congress, Mr. DeJoy even touted this step as a positive development, despite its adverse repercussions for mail delivery.

One of the most surprising components of this order of DeJoy is that it was executed at his direction with no apparent or significant period of study about the downstream impacts of such a change.

It is production planning 101 that in mass production or any major logistical operation, a seemingly small change in process can produce major ripple effects. Any prudent manager of a large-scale operation, and the Postal Service is one of the largest in the world, would have done a series of pilot programs or tests to determine the consequences--both intended and unintended--of a change in operations like that. I learned that indelibly working as a judicial clerk on a government contract case.

It is difficult to believe that someone who has run a logistics company would not have tested the impact of such a change thoroughly. Some executives, however, might arrogantly believe they know best and wield their power to issue directives that others feel obligated to implement.

It is not clear why Mr. DeJoy moved forward with such a major change in culture shortly after arriving, and in the midst of a pandemic when the Postal Service was facing substantial demands for deliveries by people sheltering at home, even though the Service's revenue took a hit, like all other companies and government agencies in America, with few exceptions.

It seems reckless in hindsight and shows questionable judgment from a management perspective not to reverse course when reports of mail accumulating had to be filtering up to the top.

### **C. DeJoy Also Halted Overtime, which also Harmed Delivery of Mail**

Another dictate from DeJoy was to halt overtime pay, even though Postal Service workers were working overtime to ensure that mail and packages were delivered on time, with many co-workers out sick or sheltering during the pandemic. DeJoy belatedly said he would reverse this dictate. The former Deputy Postmaster General, Ronald Strohman, who resigned this spring, [expressed skepticism](#) about Mr. DeJoy's assurances.

DeJoy also claimed to Congress that he was desperately looking for workers. Well, with millions of Americans unemployed, it seems it would not be that difficult to find employees and train them to serve in the Postal Service.

What has emerged is symptomatic of the fact that DeJoy seems more focused on cutting costs than on ensuring that the Postal Service has the revenue it needs to deliver what Americans expect and need.

For example, DeJoy has refused to renew the request of his predecessor for the \$25 billion in federal aid Postmaster General Brennan noted the Postal Service needs, as part of a \$75 billion relief package.

Instead, he appeared to be attempting to pacify Congress by saying he would halt some of these directives temporarily until after the election. On his post-election to-do list, he promised or threatened also to increase the cost charged for mail to and from Alaska.

He also appears to be negotiating a potential contract with JP Morgan Chase Bank for ATMs in post offices. This could involve contracts with non-compete clauses that would operate as a backdoor block on postal banking. We have seen such clauses in other privatization concessions.

### **III. Mr. DeJoy's Selection Also Raises Warning Flags for Privatization**

Finally, I believe it is imperative for Congress to re-assert its constitutional role in governing our Postal Service to protect it from destruction through privatization.

As I detailed in a [report](#) in July, the billionaire Charles Koch has staked men and groups pushing for privatizing our Postal Service since the early 1970s. I would ask that my report with True North Research, In The Public Interest, and the BOLD ReThink be included in the record. His Americans for Prosperity operation has also run ads this summer to pressure Senators not to support funds for the Postal Service. The echo chamber of Koch-funded groups, like the Independent Women's Forum, have all unleashed similar attacks on the Postal Service.

One of the things I found particularly surprising in that research was that the George W. Bush administration engaged in a major examination of how to privatize the Postal Service, even though it admitted that most Americans do not want to see it privatized. That examination mentioned privatization more than 150 times, but noted that an obstacle to accomplishing that goal was the potential future pension liabilities of postal workers.

When a long-time Koch ally and Postal Service privatization pusher, James C. Miller, III, was put on the Board of Governors and became the President, he worked with Senator Susan Collins (R-ME) to push through the Postal Accountability and Efficiency Act (the PAEA). It was not billed as a "privatization" bill, but its effect was to weigh down the Postal Service with an unprecedented debt burden to create a fund for decades of future health care benefits of postal retirees--a burden no other agency or private sector company has.

To me, there is no fair way to read the Postal Service's books and reasonably believe it could suddenly go from net revenue of nearly \$1 billion a year to being able to pay \$5

billion a year into a fund every year for the next ten years. But that is precisely the extraordinary liability the PAEA has foisted upon the Postal Service's balance sheet, as the Institute for Policy Studies has thoroughly detailed.

If the Postal Service were successful in creating such a fund, against the odds, that would make it more attractive for an IPO, but if it weighted the Postal Service down, that could hasten its demise for privatizers to pick apart. The PAEA created a potential win-win for privatizers. In fact, when Mr. Miller was re-nominated for the Board, he thanked Senator McConnell for backing him, noting his work with the Postal Service was not yet finished. He has been pushing for privatization since the early 1980s, back when he became notorious for signing off on treating ketchup as a vegetable for school lunches, a failed and much-mocked proposal of the Reagan Administration.

The truth is that privatizing the Postal Service is a far worse idea than that.

But we know this administration has set its eyes on that, too. It is also clear that Treasury Secretary Steve Mnuchin used his role in the Covid-19 negotiations to secure new power over the Postal Service. It appears that Congress' loan guarantee commitment of \$10 billion to help is now subject to restrictions that require more cost cutting before that infusion of cash is released. And, if these past three months under DeJoy's management teaches us anything it is that the mail services that the American people, government agencies like the Veterans Administration, and small and larger businesses need cannot afford cut backs in services.

The reality is that the Postal Service is the crown jewel of the civil agencies of the federal government. It is the most well-regarded and popular brand. We should be investing in it to strengthen it so it thrives in all the services it provides the American people, which this pandemic has underscored. As Dr. Christopher Shaw, a conservative who has written a book about the Postal Service, has noted: supporting the Postal Service should not be a partisan issue, it should be a transpartisan issue, because the Postal Service serves all Americans equally, from the smallest towns to the biggest cities. And the services it provides are vital ones.

I strongly believe the PAEA should be repealed, and along with it the bar on postal banking and the artificial cap on revenue tying the cost of stamps to the cost of living regardless of the needs of the Postal Service to modernize or strengthen its operations.

Instead, the Postal Service should be expanded. It has offices in thousands of towns and those offices could be expanded to add hubs for civic activities and to help prepare for disasters. The Postal Service's role in helping to distribute food and supplies in the aftermath of Hurricane Katrina provides one of many such examples. It could even be deployed to aid in a robust testing and tracing regime to help slow the spread of Covid-19. There are so many ways this excellent workforce, the second largest civilian

workforce in the U.S. and the most racially diverse, could be deployed to ensure our mail and packages, including medicines and ballot, are delivered on time and to help with other public needs.

The Postal Service could also become a bigger part of a greener economy, through intensive greening of the Postal fleets and postal buildings. We need to boldly rethink what our Postal Service can do and how can we invest in it to make it even stronger.

If you think Congress cannot afford to invest in an agency that has operated largely without tax revenues, then what about clawing back the reckless “carry-back” provisions in the Covid relief bill this spring that are poised to allow oil companies, like Marathon Oil, to get over a billion dollar tax refund for losses this year taken out of taxes they already paid and duly owed, as Jennifer A. Dlouhy and David Wethe of [Bloomberg reported last month](#). Congress could also repeal the huge tax cut Koch and his political operations took credit for when Trump signed into law the bill that slashed taxes on billionaires and their heirs and gave a pittance to most Americans.

Congress should also remove the 1970 provision that delegated the selection of the Postmaster General to the Board of Governors. The position could be an Administrator like the EPA, if not a Cabinet post.

But, in the near term, the Postal Service needs to have a leader the American people can trust to make sure our elections and election results are not disrupted or distorted because the agency has such partisan political leaders. Mr. DeJoy needs to be removed from public office. The Board should be reconstituted to ensure it has people whose records demonstrate a commitment to public institutions versus partisan political gain or to putting private gain above the public interest.

Obviously, the Senate needs to stop blocking needed funding for the Postal Service. The cost-cutting and austerity measures being pushed only hurt the American people, in their time of great need, and they only serve to weaken our public Postal Service, which has already cut its workforce dramatically over the past nearly 15 years. Congress also needs to take back from the Treasury Department the inappropriate role Secretary Mnuchin has asserted for himself over our Postal Service.

If we need more workers on deck and more overtime for our elections to run smoothly with Americans so greatly at risk in this pandemic--and it appears we do--then the Senate leadership should get out of the way and stop thwarting the funding the House has wisely endorsed.

Afterall, this Postal Service belongs to us as a people. It's as old as our democracy and it plays a vital role in the necessities of daily life, in our communities, in our streams of commerce, and in the proper functioning of our democracy.

It deserves a far better leader than Louis DeJoy. We all deserve better.

Thank you again for the invitation and for considering my views.