

Postal Service draws criticism for \$1.2 million home buy

By Abbie Boudreau, Scott Zamost and Jessi Joseph
CNN Special Investigations Unit

STORY HIGHLIGHTS

- 8,400-square-foot home bought so postmaster could move to Texas
- Spokesman says home will be resold; agent says that could be tough
- Postmaster general has said service may be cut back because of economy
- Postal Service is semipublic corporation, not supported by taxpayer funds

LAKE WATEREE, South Carolina (CNN) -- At a time when the U.S. Postal Service says it is experiencing a financial crisis, it purchased a \$1.2 million home from an employee so he could relocate, a CNN investigation has found.



Postal Service spokesman Greg Frey said the home will be resold, as others have been.

"It's not like we threw away a million dollars," Frey told CNN. "We are hoping it's going to go for the appraised value."

But a real estate agent in the area said the home could be a tough sell in a depressed housing market -- and the USPS said it lost an average of more than \$58,000 on the 500-plus homes its relocation program bought and sold in 2008.

The 8,400-square-foot, six-bedroom home on Lake Wateree, about 30 miles north of Columbia, is likely to be the last million-dollar home purchased by the Postal Service. A \$1 million cap on homes eligible for the relocation program took effect in February, Frey said.

But the program has raised eyebrows among critics and is under scrutiny by the USPS inspector-general's office in the wake of a CNN investigation.

The South Carolina home belonged to Ronald Hopson, the former postmaster in Lexington, South Carolina, and his wife, Evelyn. The property includes five acres, four bathrooms, two half-baths and an indoor swimming pool.

Hopson is now the customer service manager for the USPS branch in Carrollton, Texas. He would not discuss the house and referred CNN to the service's press office for additional questions. But property records show that the house was purchased by the Postal Service's relocation contractor, Connecticut-based Cartus Relocation, in February.

Just weeks earlier, Postmaster General John Potter told a congressional subcommittee that the post office was considering cutting back mail delivery because of the economy.

"The Postal Service, like the rest of the economy, is experiencing a severe financial crisis, and I'm here today to ask for your help to protect America's postal system," Potter said.

He added that the post office has cut travel expenses and frozen executive salaries.

Billie Bierer, who owns the lot next door to Hopson's old home, called the purchase "crazy."

"I mean, this should not be allowed in any company, and in this economy, things need to change," Bierer said.

The Postal Service is a semipublic corporation, chartered by the U.S. government but not supported by taxpayer funds. Corporate relocation services are a common executive perk in the corporate world, where companies typically buy a property from an employee who is transferring to another city and resell it later.

Some U.S. government agencies do the same thing, but with limits on how much they will spend. For example, the Food and Drug Administration limits its relocation assistance to homes under \$330,000.

Frey said the average cost of the 1,022 homes purchased through the USPS relocation program in 2007 and 2008 was \$257,874. Fifteen of those remain on the market, he said.

Of the 1,022, 14 cost between \$1 million and \$2.8 million. All of those have been sold, Frey said, but typically at a loss once closing costs, attorneys fees and commissions are paid.

In 2007, after the U.S. housing boom peaked, [the USPS lost an average of \\$50,542 on each deal](#), he said. In 2008, with the market in full retreat, [the average loss climbed to \\$58,397](#).

And in Lake Wateree, real estate agent David Beckroge said, buyers for million-dollar properties are hard to come by right now.

"That would be very tough," he said.

The purchase of Hopson's home drew criticism from Pete Sepp, vice president of the National Taxpayers Union, a Washington-based government watchdog group.

"At a time when the Postal Service is considering cutting back on delivery, raising stamp prices, perhaps even going to the federal government for a taxpayer bailout, this sends the wrong signal. It is likely to make customers very angry," Sepp said.

And Sen. Chuck Grassley, who has been a critic of the Postal Service relocation policy, has asked Postal Service Inspector-General David Williams to investigate the deal. A spokesman for Williams' office said it was conducting a preliminary review of the case.

"We need to know that the Postal Service is for the patrons of the Postal Service, the people that are buying stamps, the people that are supporting it, that they're getting their money's worth," said Grassley, R-Iowa.