

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

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For Immediate Release

U.S. NAVY PETTY OFFICER BASED IN JAPAN PLEADS GUILTY IN INTERNATIONAL BRIBERY SCANDAL; ADMITS ACCEPTING MORE THAN \$10,000 IN CASH, CONSUMER ELECTRONICS AND LUXURY TRAVEL

NEWS RELEASE SUMMARY – May 20, 2014

SAN DIEGO – U.S. Navy Petty Officer First Class Daniel Layug pleaded guilty in federal court today to accepting more than \$10,000 in cash, consumer electronics and travel expenses from a foreign defense contractor in exchange for classified and internal Navy information.

Layug is the sixth defendant charged – and the third to plead guilty - in the alleged bribery scheme involving Singapore-based defense contractor Glenn Defense Marine Asia (GDMA), which for decades provided port services to U.S. Navy ships in the Asia Pacific region.

The 27-year-old petty officer entered his plea before U.S. Magistrate Judge Karen S. Crawford to a single count of conspiracy to commit bribery. He was allowed to remain on bond pending a sentencing hearing that was scheduled for xxx.

“Every service member is entrusted with the enormous responsibility of protecting this country at all costs,” said U.S. Attorney Laura Duffy. “Because of greed, Daniel Layug fell woefully short of that high calling, and this guilty plea holds him accountable for a painful betrayal.”

“The guilty plea of U.S. Navy Petty Officer First Class Dan Layug is part of an ongoing effort by the Defense Criminal Investigative Service and its law enforcement partners to bring to justice individuals who seek to enrich themselves at the expense of U.S. taxpayers,” said James B. Burch, Deputy Inspector General for Investigations, U.S. Department of Defense. “While the conduct of the vast majority of Service members is beyond reproach, Defense Criminal Investigative Service will vigorously pursue individuals who betray the trust bestowed upon them.”

NCIS quote

According to court documents, GDMA executives Leonard Francis and Alex Wisidigama enlisted the clandestine assistance of Navy personnel - including Commander Michael Vannak Khem Misiewicz, Commander Jose Luis Sanchez, Naval Criminal Investigative Service Special Agent John Beliveau and Layug - to provide classified ship schedules or sensitive information about the ongoing criminal investigation. In total, GDMA was able to overbill the Navy for port services by more than \$20 million.

In his plea agreement, Layug, 27, admitted that he accepted a \$1,000 a month allowance from GDMA, plus luxury hotel stays for himself and others in Malaysia, Singapore, Indonesia, Hong Kong and Thailand. He also admitted asking GDMA for numerous electronics devices, including an iPad 3, a Nikon digital camera, a Blackberry, a VAIO computer, a PSP gaming unit and a Wii gaming unit.

According to the complaint and plea agreement, Layug worked secretly on behalf of GDMA, using his position as a logistics specialist at a U.S. Navy facility in Yokosuka, Japan, to gain access to classified U.S. Navy ship schedules and then provided this information to GDMA’s vice president of global operations. Layug admitted he also provided pricing information from one of GDMA’s competitors.

In return, GDMA gave Layug envelopes of cash on a regular basis, the plea agreement said. On May 21, 2012, GDMA’s vice president of global operations instructed a GDMA accountant that “at the end of each month, we will be providing an allowance to Mr. Dan Layug. Total of US \$1,000. You may pay him the equivalent in Yen. He will come by the office at the end of each month to see you.”

According to the plea agreement, Layug sought consumer electronics from GDMA. In an email on March 9, 2012, Layug asked the vice president of global operations, “What are the chances of getting the new iPad 3? Please let me know.” In the plea agreement, Layug admitted that GDMA then provided him with an iPad 3.

In another email exchange on May 28, 2013, Layug asked the vice president of global operations for a “bucket list” of items including a high end camera, an iPhone5 cellular phone, a Samsung S4 cellular phone, and an Ipad Mini. Shortly after sending his “bucket list” to the vice president of global operations, Layug stated in an email that “the camera is awesome bro! Thanks a lot! Been a while since I had a new gadget!”

Francis - GDMA’s 49-year-old owner and CEO from Malaysia - had previously been charged with conspiring to bribe U.S. Navy officials. Francis’ cousin , 40-year-old GDMA executive Wisidagama, of Singapore, pleaded guilty on March 18, 2014, to defrauding the U.S. Navy.

Two other senior Navy officials – Commander Michael Vannak Khem Misiewicz, 46, and Commander Jose Luis Sanchez, 41 – have been charged separately with bribery conspiracies involving GDMA’s Francis and have pleaded not guilty. On December 17, 2013, Naval Criminal Investigative Service (NCIS) Supervisory Special Agent John Bertrand Beliveau II, 44, pleaded guilty to conspiracy and bribery charges for regularly tipping off Francis to the status of the government’s investigation into GDMA.

The ongoing investigation is being conducted by NCIS, the Defense Criminal Investigative Service and the Defense Contract Audit Agency.

The case is being prosecuted by Assistant U.S. Attorneys Mark W. Pletcher and Robert Huie of the Southern District of California, Director of Procurement Fraud Catherine Votaw and Trial Attorneys Brian Young and Wade Weems of the Criminal Division's Fraud Section.

Those with information relating to fraud, corruption or waste in government contracting should contact the NCIS anonymous tip line at www.ncis.navy.mil or the DOD Hotline at www.dodig.mil/hotline, or call (800) 424-9098.

DEFENDANT

Case Number: 14mj1402

Dan Layug

Yokosuka, Japan

SUMMARY OF CHARGES

Conspiracy to Commit Bribery in violation of 18 U.S.C. § 371
Maximum of 5 years in prison; a maximum \$250,000 fine, or twice the gross gain or loss from the offense, whichever is greater

INVESTIGATING AGENCIES

Defense Criminal Investigative Service
Naval Criminal Investigative Service
Defense Contract Audit Agency