



THE UNITED STATES ATTORNEY'S OFFICE  
SOUTHERN DISTRICT *of* CALIFORNIA

Department of Justice  
U.S. Attorney's Office  
Southern District of California

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FOR IMMEDIATE RELEASE

Friday, March 25, 2016

## **Highest-Ranking Navy Official Sentenced to 46 Months in Prison for Accepting Bribes from Foreign Defense Contractor in Massive Bribery and Fraud Scheme**

*For Further Information, Contact: Assistant U.S. Attorney Mark W. Pletcher (619) 546-9714*

### **NEWS RELEASE SUMMARY** – March 25, 2016

SAN DIEGO – U.S. Navy Captain Daniel Dusek, the highest-ranking official charged in the massive Navy bribery scandal, was sentenced in federal court today to 46 months in prison for giving classified information to foreign defense contractor Leonard Glenn Francis in exchange for prostitutes, luxury travel and other gifts.

In addition to imposing the prison term, U.S. District Judge Janis L. Sammartino ordered Dusek to pay a \$70,000 fine and \$30,000 in restitution to the Navy. He was ordered to report to the U.S. Bureau of Prisons on June 15.

Dusek, 49, pleaded guilty in January 2015 to a single count of conspiracy to commit bribery. Dusek admitted that he used his influence as Deputy Director of Operations for the 7th Fleet, headquartered in Yokosuka, Japan, and later as executive officer of the USS Essex and the commanding officer of the USS Bonhomme Richard, to benefit Francis and his company, Singapore-based Glenn Defense Marine Asia, which for decades provided port services to U.S. Navy ships. Dusek admitted that in return, Francis plied him with meals, alcohol, entertainment, gifts, dozens of nights and incidentals at luxury hotels and the services of prostitutes.

Underscoring his importance to the conspiracy, in an email to one of his employees, Francis wrote: "(Dusek) is a golden asset to drive the big decks (aircraft carriers) into our fat revenue GDMA ports."

During the sentencing hearing, Judge Sammartino told Dusek: "It's truly unimaginable to the court that someone in your position with the United States Navy would sell out based on what was provided to you – hotel rooms, entertainment and the services of prostitutes." She noted that Dusek's actions "potentially jeopardized national security."

"Captain Dusek's betrayal is the most distressing because the Navy placed so much trust, power and authority in his hands," said U.S. Attorney Laura Duffy. "This is a fitting sentence for a man who was so valuable that his conspirators labeled him their 'Golden Asset.'"

"As a Navy officer, Captain Dusek took an oath to bear true faith and allegiance to the United States. Instead, he chose self-interest, greed and prurience," said Assistant Attorney General Leslie R. Caldwell. "And when he learned of the investigation, Captain Dusek deleted his email accounts in an attempt to shield his crimes from law enforcement. The Department of Justice is committed to holding public officials responsible when they betray the public trust."

"This outcome again sends the message that corruption will be vigorously investigated and prosecuted," said Director James B. Burch of the Department of Defense, Defense Criminal Investigative Service. "This is an unfortunate example of dishonorable Naval officers who recklessly risked the safety of our troops by trading classified information for cash, extravagant gifts and prostitutes. Cases such as these are not motivated by need or other difficult personal circumstances; they are the product of simple greed. This investigation should serve as a warning that those who compromise the integrity of the United States will face their day of reckoning. DCIS and our law enforcement partners will pursue these crimes relentlessly."

"Captain Dusek put greed and personal pleasure above the safety of his shipmates, and, in doing so, violated his sworn oath as a naval officer," said Naval Criminal Investigative Service Director Andrew Traver. "His sentence today attests to the seriousness of his crimes. NCIS, along with our partners at the Department of Justice, the Defense Criminal Investigative Service, and the Defense Contract Audit Agency have been steadfast in our commitment to fully investigate the actions of all those involved in the GDMA case, and will continue with the same determination as the investigation proceeds."

Anita Bales, director, of Defense Contract Audit Agency, said, "DCAA is honored to be a partner with DCIS, NCIS, and the Department of Justice in this investigation. Our investigative support auditors did an outstanding job analyzing the evidence. I'm proud of their work and its impact on bringing justice to those who corruptly defraud the government."

According to Dusek's plea agreement, he hand-delivered Navy ship schedules to the GDMA office in Japan or emailed them directly to Francis or a GDMA employee on dozens of occasions, each time taking steps to avoid detection by law enforcement or U.S. Navy personnel.

Dusek was so helpful to GDMA that an employee gloated, Dusek is “an official GDMA card holder.” He was lavishly rewarded for his efforts. In one example cited in the plea agreement, GDMA paid for a hotel for Dusek and his family at the Marriott Waikiki in Hawaii on July 19, 2010. A few weeks later, on August 5, 2010, GDMA paid for a hotel room for Dusek at the Shangri-La in Makati, Philippines and while there, GDMA provided him with the services of a prostitute.

Soon after Dusek’s vacations in Hawaii and the Philippines, Francis asked Dusek to exercise his influence on GDMA’s behalf by steering the aircraft carrier USS Abraham Lincoln and its associated strike group to Port Klang, Malaysia – a port terminal owned by Francis. Dusek replied in a series of emails to GDMA in late August 2010 that he would make it happen. “Good discussion with N00 (Admiral) today and convince him that PKCC (Francis’ terminal) is the better choice,” Dusek wrote to Francis on August 21, 2010. Three days later, Dusek reported to Francis that he had “everyone in agreement that the next CSG (Carrier Strike Group) through the AOR (area of responsibility) will stop at PKCC. Dates will be 08-12 Oct.”

In fact, the USS Abraham Lincoln Carrier Strike Group did make that visit to Francis’ port on October 8-12, 2010, a port visit that cost the United States approximately \$1.6 million.

On September 17, 2013, when Dusek learned that Francis and Navy personnel had been arrested, he deleted the contents of his email accounts in an effort to avoid detection by law enforcement.

To date, 10 individuals have been charged in connection with this scheme; of those, nine have pleaded guilty, including Dusek, Lieutenant Commander Todd Malaki, Commander Michael Vannak Khem Misiewicz, NCIS Special Agent John Beliveau, Commander Jose Luis Sanchez and U.S. Navy Petty Officer First Class Dan Layug. Former Department of Defense civilian employee Paul Simpkins awaits trial. On Jan. 21, 2016, Layug was sentenced to 27 months in prison and a \$15,000 fine; and on Jan. 29, 2016, Malaki was sentenced to 40 months in prison and to pay \$15,000 in restitution to the Navy and a \$15,000 fine; the others await sentencing.

The ongoing investigation is being conducted by NCIS, DCIS and the Defense Contract Audit Agency. The case is being prosecuted by Assistant U.S. Attorney Mark W. Pletcher of the Southern District of California and Trial Attorney Brian R. Young 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](http://www.ncis.navy.mil) or the DOD Hotline at [www.dodig.mil/hotline](http://www.dodig.mil/hotline), or call (800) 424-9098.

**DEFENDANT**

**Case Number: 15-CR-131-JLS**

Daniel Dusek

Age: 49

San Diego, CA

**SUMMARY OF CHARGES**

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

**INVESTIGATING AGENCIES**

Defense Criminal Investigative Service

Naval Criminal Investigative Service

Defense Contract Audit Agency