

NEWS RELEASE



***OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

***United States Attorney
Laura E. Duffy***

***For Further Information, Contact: Assistant U.S. Attorneys Mark W. Pletcher (619) 546-9714 or
Robert S. Huie (619) 546-7053***

For Immediate Release

NAVY COMMANDER PLEADS GUILTY TO ACCEPTING CASH AND PROSTITUTES IN INTERNATIONAL BRIBERY SCHEME

***U.S. Navy Commander Admits Providing Contractor with Classified Ship Schedules; Becomes Fifth of
Seven Defendants to Plead Guilty***

NEWS RELEASE SUMMARY – January 6, 2015

SAN DIEGO, CA – U.S. Navy Commander Jose Luis Sanchez pleaded guilty to bribery charges in federal court today, admitting that he provided a government contractor with classified ship schedules and other internal U.S. Navy information in exchange for cash, travel and entertainment expenses and the services of prostitutes.

Sanchez, 42, an active duty U.S. Navy Officer stationed in San Diego, is one of seven defendants charged – and the fifth to plead guilty – in the corruption probe involving Glenn Defense Marine Asia (GDMA), a defense contractor based in Singapore that serviced U.S. Navy ships and submarines throughout the Pacific.

Sanchez, the highest-ranking Naval official to plead guilty in the case so far, admitted to bribery and bribery conspiracy before U.S. Magistrate Judge David H. Bartick. A sentencing hearing was scheduled for March 27, 2015, at 9 a.m., before U.S. District Judge Janis L. Sammartino.

“Commander Sanchez lost sight of the Navy’s core values and embraced a lifestyle of greed,” said U.S. Attorney Laura Duffy. “We continue to unearth the full scope of this pernicious fraud and bribery scheme, and we will pursue the evidence, wherever it leads us.”

“Commander Sanchez sold out his command and country for cash bribes, luxury hotel rooms, and the services of prostitutes,” said Assistant Attorney General Leslie R. Caldwell of the Justice Department’s Criminal Division. “After today’s guilty plea, instead of free stays at the Shangri-La hotel, Sanchez is facing many nights in federal prison. The Department of Justice’s Criminal Division is committed to prosecuting those who abuse positions of public trust for personal enrichment at the expense of national security and the American taxpayers.”

“During the course of the investigation into the criminal enterprise, investigators have compiled voluminous evidence identifying multiple persons of interest, generating numerous leads, and establishing and corroborating connections,” said Director Andrew L. Traver of the Naval Criminal Investigative Service (NCIS). “NCIS and our law enforcement partners are committed to seeing this massive fraud and bribery investigation through to its conclusion, so that those responsible are held accountable.”

“This outcome again sends the message that corruption will be vigorously investigated and prosecuted,” said Deputy Inspector General of Investigations 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.”

According to his plea agreement, from April 2008 to April 2013, Sanchez held various logistical positions with the U.S. Navy’s Seventh Fleet in Asia. Sanchez admitted that, beginning in September 2009, he entered into a bribery scheme with Leonard Glenn Francis, the CEO of GDMA, in which Sanchez provided classified U.S. Navy ship schedules and other sensitive U.S. Navy information to Francis and used his position and influence within the U.S. Navy to benefit GDMA. In return, Francis gave him things of value such as cash, travel and entertainment expenses, and the services of prostitutes. Sanchez admitted that this bribery scheme continued until September 2013.

In his plea agreement, Sanchez admitted to seven specific instances in which he provided Francis with classified U.S. Navy ship and submarine schedules. He also admitted using his position and influence with the U.S. Navy to benefit GDMA and Francis on various occasions. Further, Sanchez admitted that he tipped Francis off about investigations into GDMA overbillings and briefed Francis on internal U.S. Navy deliberations.

Sanchez further admitted that, in exchange for this information, Francis provided him with cash, entertainment and stays at high-end hotels. For example, in May 2012, Francis paid for Sanchez to stay five nights at the Shangri-La, a luxury hotel in Singapore, and, two months later, Francis paid for Sanchez’s travel from Asia to the United States, at a cost of over \$7,500. According to the plea agreement, Francis arranged and paid for the services of prostitutes for Sanchez while Sanchez was in Singapore and elsewhere in Asia.

In addition to Sanchez, two other U.S. Navy officials – former NCIS Special Agent John Beliveau and Petty Officer First Class Dan Layug – have pleaded guilty in this case, as well as former GDMA executives Alex Wisidagama and Edmond Aruffo.

