

JUSTICE NEWS

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Former Supervisory Contracting Officer Sentenced to 72 Months in Prison as Part of Expanding Navy Bribery Scandal

A former supervisory contracting officer was sentenced to 72 months in prison today for accepting bribe payments in exchange for steering U.S. Navy contracts to the president and chief executive officer of a defense contractor.

Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division, U.S. Attorney Laura E. Duffy of the Southern District of California, Director Andrew L. Traver of the Naval Criminal Investigative Service (NCIS) and Director Dermot F. O'Reilly of the Defense Criminal Investigative Service (DCIS) made the announcement.

Paul Simpkins, 62, of Haymarket, Virginia, was sentenced by U.S. District Judge Janis L. Sammartino of the Southern District of California for his role in steering contracts to Leonard Francis, the president and CEO of Glenn Defense Marine Asia (GDMA). Judge Sammartino also ordered Simpkins to pay \$450,000 in restitution, to forfeit \$150,000 and pay a \$50,000 fine. Simpkins pleaded guilty on June 23 to conspiracy to commit bribery and bribery.

"Paul Simpkins abused his position as a Navy contracting officer to obtain cash, air travel, hotel rooms and prostitutes," said Assistant Attorney General Caldwell. "Along with others convicted in this ongoing investigation, Simpkins tarnished the reputation earned by the U.S. Navy officers and enlisted and civilian personnel who honorably serve this nation every day."

"With premeditation beyond that of many of the other defendants in this case, Simpkins methodically plotted to receive hundreds of thousands of dollars in bribe money and launder it through a secret foreign bank account in someone else's name," said U.S. Attorney Duffy. "We tip our hat to the investigators who discovered this crime and brought the perpetrator to justice. With the lengthy prison sentence imposed today, we take another step on this long journey toward deterring future misconduct and restoring the public's trust in our most storied institutions."

"Simpkins is yet another example of an individual forsaking his responsibility to American warfighters and taxpayers in favor of personal gain," said Director Traver. "As the GDMA investigation moves forward, NCIS will continue to fulfill our responsibility of holding people like Simpkins accountable for their actions."

"Today's sentencing of Paul Simpkins is yet another example of the continued dedication by DCIS and our law enforcement partners to bring to justice those individuals who would abuse their positions of trust within the Department of Defense," said Director O'Reilly. "Corrupt contracting practices damage the public trust and ultimately undermine the efforts of the Department of Defense to support our men and women in uniform."

According to admissions made as part of his plea agreement, Simpkins held a number of managerial-level contracting positions throughout the federal government, including positions as a supervisory contract specialist at the U.S. Navy Regional Contracting Center in Singapore from April 2005 through June 2007; a contracting officer assistant director with the Executive Office of U.S. Attorneys in Washington from June 2007 to December 2007; and as a supervisory manager in the Department of Defense's (DoD) Office of Small Business Programs beginning in December 2007. Simpkins admitted that from approximately May 2006 to September 2012, he participated in a bribery scheme with Francis in which he accepted travel and entertainment expenses, the services of prostitutes and at least \$300,000 in exchange for helping to steer lucrative U.S. Navy contract to Francis and GDMA. Simpkins provided Francis with internal, proprietary U.S. Navy information and intervened on GDMA's behalf in contract disputes, he admitted.

To conceal the true nature of wire transfers, Simpkins used an email account belonging to his mistress to advise Francis of the routing and account information for a bank account belonging to his wife. In another email, Simpkins asked Francis to provide "some clean, disease free" women and in another email Simpkins advised Francis that he "will arrive in Singapore on 11 September. Whats [sic] the plan to meet up and maybe do some honey's? [sic]"

Simpkins used his influence within the U.S. Navy to benefit GDMA, including by helping GDMA to secure valuable ship husbanding contracts to service U.S. Navy vessels in Thailand and the Philippines, he admitted. In addition, Simpkins interceded on GDMA's behalf in contract disputes with the U.S. Navy. In one incident in 2006, for example, Simpkins's subordinate recommended that GDMA's husbanding contract in Thailand not be extended due to "many exceedingly high cost" items and concluded that the contract should be re-opened to competitive bidding, which would have allowed other firms to bid on the contract. Simpkins overruled the subordinate and extended GDMA's contract, he admitted. In another example, Simpkins instructed U.S. Navy officials in Hong Kong to discontinue the use of meters that monitored the volume of liquid waste that GDMA removed from U.S. Navy ships under its husbanding contracts. In June 2006, Simpkins instructed a U.S. Navy official not to review invoices that GDMA submitted in connection to a recent port call in Hong Kong after Francis complained that U.S. Navy personnel were asking questions, Simpkins admitted.

To date, a total of 16 individuals have been charged in connection with the GDMA corruption and fraud investigation. Francis has pleaded guilty and awaits sentencing. As part of his plea agreement, Francis admitted to over-billing the U.S. Navy for over \$35 million on ship husbanding contracts by, among other means, reporting that GMDA had removed more liquid waste from ships than it actually did. Four other GDMA executives have also been charged, Alex Wisidagama, Ed Aruffo, Neil Peterson and Linda Raja. Wisidagama has pleaded guilty and was sentenced on March 18 to 63 months in prison and \$34.8 million in restitution to the Navy. Aruffo has pleaded guilty and awaits sentencing; Peterson's and Raja's cases are pending.

The remaining 11 of the 16 individuals charged are current or former U.S. Navy officials, including Admiral Robert Gilbeau, Lt. Commander Gentry Debord, Commander Bobby Pitts, Captain Daniel Dusek, Commander Michael Misiewicz, Lt. Commander Todd Malaki, Commander Jose Luis Sanchez, former NCIS Supervisory Special Agent John Beliveau II, Petty Officer First Class Daniel Layug and Paul Simpkins, a former DoD civilian employee who oversaw contracting in Singapore.

Gilbeau, Debord, Dusek, Misiewicz, Malaki, Beliveau, Sanchez and Layug have also pleaded guilty in connection with the scheme. On Jan. 21, Layug was sentenced to 27 months in prison and a \$15,000 fine; on Jan. 29, Malaki was sentenced to 40 months in prison and to pay \$15,000 in restitution to the Navy and a \$15,000 fine; on March 25, Dusek was sentenced to 46 months in prison and to pay \$30,000 in restitution to the Navy and a \$70,000 fine; on April 29, Misiewicz was sentenced to 78 months in prison and to pay a fine of \$100,000 and to pay \$95,000 in restitution to the Navy; and on Oct. 14, 2015, Beliveau was

sentenced to serve 144 months in prison and ordered to pay \$20 million in restitution to the Navy. Gilbeau and Sanchez await sentencing. Pitts was charged in May 2016 and his case remains pending.

NCIS, DCIS and DCAA investigated the case. Assistant Chief Brian R. Young of the Criminal Division's Fraud Section and Assistant U.S. Attorneys Mark W. Pletcher and Patrick Hovakimian of the Southern District of California are prosecuting the case.

The Fraud Section plays a pivotal role in the Department of Justice's fight against white collar crime around the country. 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.

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