

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

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For Immediate Release

NAVY COMMANDER CHARGED WITH ACCEPTING \$100,000 CASH AND PROSTITUTES IN WIDENING INTERNATIONAL BRIBERY SCHEME

Third Navy Official Charged Along with Owner of Singapore-Based Glenn Defense Marine Asia

NEWS RELEASE SUMMARY – November 6, 2013

SAN DIEGO, CA - A third senior U.S. Navy official was charged in a complaint unsealed today with accepting prostitutes, luxury travel and \$100,000 cash from a foreign defense contractor in exchange for classified and internal U.S. Navy information, announced U.S. Attorney Laura E. Duffy and Acting Assistant Attorney General Mythili Raman of the Justice Department's Criminal Division.

U.S. Navy Commander Jose Luis Sanchez, 41, was arrested in Tampa, Florida, this morning and made his initial appearance in federal court in the Middle District of Florida this afternoon. The United States will seek removal of Sanchez to San Diego to face charges. Also named in the complaint is Leonard Glenn Francis, 49, of Malaysia, the CEO of Glenn Defense Marine Asia (GDMA), who was arrested September 16, 2013, in San Diego.

Two other senior Navy officials – Commander Michael Vannak Khem Misiewicz, 46, and Naval Criminal Investigative Service Supervisory Special Agent John Bertrand Beliveau II, 44 – have been charged separately

in connection with bribery allegations. GDMA executive Alex Wisidagama, 40, of Singapore, has also been charged with participating in a related scheme to overbill the Navy for services provided in ports throughout Southeast Asia.

“According to the allegations in this case, a number of officials were willing to sacrifice their integrity and millions of taxpayer dollars for personal gratification,” said U.S. Attorney Laura Duffy. “While the overwhelming majority of the 400,000 active duty Navy personnel conduct themselves in a manner that is beyond reproach, we and our law enforcement partners at Naval Criminal Investigative Service and Defense Criminal Investigative Service continue to investigate the allegations of fraud and corruption that tarnish the stellar reputation of the U.S. Navy.”

“As described in the corruption charges unsealed today, senior officials with the United States Navy abused their trusted positions as leaders in our armed forces by peddling favorable treatment -- and even classified government information -- for their personal benefit,” said Acting Assistant Attorney General Raman. “In turn, the GDMA executives who illicitly sought information and favors from those Navy officials boasted about their unlawful access to those officials and then traded on the influence that they illegally bought. Day by day, this massive Navy fraud and bribery investigation continues to widen, and as the charges announced today show, we will follow the evidence wherever it takes us.”

“The arrest and criminal complaint against Commander Sanchez is the result of an ongoing investigation by the Defense Criminal Investigative Service and its law enforcement partners to identify and prosecute those individuals who would abuse their positions of trust within the Department of Defense,” said Chris D. Hendrickson, Special Agent In Charge, Office of the Inspector General, Department of Defense, Defense Criminal Investigative Service Western Field Office. “Allegations like these against Commander Sanchez can tarnish the reputation of honest and hardworking government personnel and put military personnel defending our nation around the globe at risk. The mission of DCIS is to ‘Protect America’s Warfighters’ and we will continue to relentlessly identify and investigate those individuals seeking to enrich themselves at the expense of the U.S. taxpayers.”

According to the complaint, Sanchez received bribes in return for sending sensitive U.S. Navy information to Francis, and making recommendations within the Navy to benefit Francis’s company, GDMA. GDMA is a multinational corporation and longtime government contractor based in Singapore, which provides hundreds of millions of dollars of “husbanding” services for the U.S. Navy in at least a dozen countries throughout the Pacific. Husbanding involves supplying food, water, fuel, tugboats and fenders, security, transportation, trash and liquid waste removal, and other goods and services to ships and submarines in foreign ports.

Like Sanchez, Misiewicz is accused of providing sensitive Navy information to Francis and secretly working on behalf of GDMA in exchange for prostitutes and luxury travel. GDMA, which has operating locations in Japan, Singapore, Thailand, Malaysia, Korea, India, Hong Kong, Indonesia, Australia, Philippines, Sri Lanka and the United States, allegedly overcharged the Navy and submitted bogus invoices for millions of dollars in services, the complaint said. Beliveau, the NCIS agent, is charged in another complaint with illegally supplying Francis with sensitive information, including reports of investigations by NCIS into possible fraud committed by GDMA in billing the U.S. Navy under its contracts. Wisidagama is charged with conspiracy to defraud the United States related to the overbilling.

According to court records, Sanchez allegedly provided Francis with internal Navy information, such as U.S. Navy ship schedules – some of which were classified - and information about husbanding issues that could affect GDMA – some of which was classified – in order to help GDMA win and maintain Navy business.

Court records allege that Sanchez regularly emailed Francis internal Navy discussions about GDMA,

including legal opinions, and made recommendations in GDMA's favor about port visits and Navy personnel assignments. In return, Francis gave Sanchez over \$100,000 in cash, together with travel expenses and prostitutes. Court records allege that the conspiracy started in January 2009, when Sanchez was the Deputy Logistics Officer for the Commander of the U.S. Navy Seventh Fleet in Yokosuka, Japan, and continued when he was transferred to serve as Director of Operations for Fleet Logistics Command in Singapore, until he transferred to Florida in April 2013.

Sanchez and Francis allegedly communicated regularly via email and Facebook. Sanchez referred to Francis as "Lion King" and "Boss" in the emails, while Francis called Sanchez "brudda." For his part, Francis allegedly hired female escorts for Sanchez and friends on multiple occasions.

According to court records, in an email exchange on Oct. 16, 2009, Sanchez and Francis allegedly discussed a trip Sanchez planned to take to Kuala Lumpur and Singapore with Navy friends he called his "Wolf Pack." They discussed the number of rooms the "Wolf Pack" needed, and Sanchez asked Francis for pictures of prostitutes for "motivation." Francis replied: "J, got it we will hook up after the FLAG dinner, will arrange a nest for you guys and some birds [women]." A few days later, on Oct. 19, 2009, Sanchez sent a Facebook message to Francis saying, "Yummy . . . daddy like." In an Oct. 23, 2009, Facebook message, Sanchez asked Francis, "Where r we staying in KL [Kuala Lumpur]? No pictures to get our spirits up?"

Between Aug. 26 and 28, 2011, Francis allegedly communicated through email to the address of an escort whom Francis had previously hired for Sanchez. Francis wrote: "Hey Love, Jose is in Manila at the Diamond Hotel go and see him he needs some love asap room." The escort responded to Francis, "Papi, I'm here jose's fon is not answering. I'm here [h]aving dri[n]ks at the lobby. Call him:: ((maybe his sleeping?" Later that day, she emailed Francis, "I'm with h[i]m already heehhe."

Court records allege that Francis sent an email on Oct. 20, 2011, asking Sanchez to help "swing" business his way regarding a U.S. Navy ship's need to refuel at a port in Thailand. The Navy can use "sea cards" to purchase fuel for its ships at a price negotiated by the Defense Logistics Agency for Energy, as opposed to procuring fuel at usually higher prices from the husbanding contractor. In an email from Sanchez the next day, he told Francis: "Ask and you shall receive...we worked this out this morning..." According to court records, the USS Mustin did conduct a port visit to Laem Chabang, Thailand, during which it purchased fuel from GDMA, not via "sea cards." As a result, the USS Mustin allegedly paid more than \$1 million for fuel – more than twice what the fuel would have cost through use of the "sea card."

The criminal complaint alleges that in an alleged Dec. 2, 2011, email discussion in which Sanchez told Francis about the status of an investigation of GDMA, Francis replied: "I have inside Intel from NCIS and read all the reports. I will show you a copy of a Classified Command File on me from NCIS ha ha."

This ongoing investigation is being conducted by NCIS, the Defense Criminal Investigative Service and the Defense Contract Audit Agency. Significant assistance was provided by the Drug Enforcement Administration, Homeland Security Investigations, the DOJ Criminal Division's Office of International Affairs, the Royal Thai Police and the Corrupt Practices Investigation Bureau Singapore. This case is being prosecuted by Assistant U.S. Attorneys Mark Pletcher and Robert Huie of the Southern District of California and Catherine Votaw, Director of Procurement Fraud for the Criminal Division's Fraud Section and Brian Young, Trial Attorney, of the Criminal Division's Fraud Section.

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

DEFENDANTS

Case Number: 13-MJ-4027

Leonard Glenn Francis
Jose Luis Sanchez

Case Number: 13-CR-3781

Leonard Glenn Francis
John Bertrand Beliveau II

Case Number: 13-CR-3782

Leonard Glenn Francis
Michael Vannak Khem Misiewicz

Case Number: 13-MJ3783

Alex Wisidagama

SUMMARY OF CHARGES

Case Number: 13-MJ-4027

Conspiracy to Commit Bribery in violation of 18 U.S.C. § 371

Case Number: 13-CR-3781

Conspiracy to Commit Bribery in violation of 18 U.S.C. § 371

Case Number: 13-CR-3782

Conspiracy to Commit Bribery in violation of 18 U.S.C. § 371

Case Number: 13-MJ-3783

Conspiracy to Defraud the United States in violation of 18 U.S.C. § 371

INVESTIGATING AGENCIES

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

***A complaint is not evidence that the defendants committed the crimes charged. The defendants are presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.**