

Military contractor pleads guilty in US Navy corruption scandal

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On Thursday, military contractor Leonard Glenn Francis pleaded guilty in federal court to charges of fraud and bribery for his role in a scheme intended to fleece the US Navy out of tens millions of dollars. Francis must forfeit \$35 million in funds obtained by the firm and faces up to 25 years imprisonment for his role. Including Francis, five naval officials and two other contractors have been indicted for their part in the affair.

The guilty plea is connected to a federal investigation into military defense contractor Glenn Marine Defense Asia (GMDA) over a ten-year period beginning in 2004. Throughout this time, GMDA officials bribed naval officials with “top-shelf” luxury goods, paid vacations, hotel and spa visits, prostitutes, and other items so that the naval brass would give the firm preferential treatment and steer ships to its private ports.

At these locations, naval officials were paid to “drive the big decks [aircraft carriers]” into “fat revenue” ports, according to Francis’s memos presented by the prosecution. GMDA, which won a US government contract worth \$200 million despite numerous complaints stemming from the firm’s exorbitant fees, would then conspire with naval officials and subcontractors in order to vastly inflate the costs of services rendered. Despite a clause in its contract that fixed the prices the firm was allowed to charge the government, the company was able to exploit loopholes by bribing a number of officials in charge of processing appeals for so-called “incidental services.”

The federal investigation found that the firm registered 282 false quotes for services rendered at three Thailand-based ports during a nine-month period in 2011-2012 alone, resulting in an overcharge of nearly \$2.3 million. At two of the ports, the firm

utilized shell companies posing as local government officials to impose fictitious tariffs on passing vessels, raking in additional millions.

“Francis maintained corrupt relations with scores of Navy officials,” stated Assistant US Attorney Mark Pletcher to Reuters. A contractor speaking under conditions of anonymity told the *Washington Post* of GMDA’s practices that “[t]here is no way that anybody who’s been there for five minutes can’t have smelled something.” The contractor continued, “But the Navy routinely decided to look the other way. It was just constantly outrageous.”

Six others have pled guilty to charges stemming from the scandal, including Navy Capt. Daniel Dusek, who also pleaded guilty Thursday to one charge of conspiracy to commit bribery and is the highest-ranking military official to be indicted. Others involved include US Navy Commander Jose Luis Sanchez, who pled guilty last month of accepting \$100,000 in cash, entertainment, and other items; retired Lt. Commander Edmund A. Aruffo; and GMDA manager Alex Wisidagama.

Two senior military officials, Vice Admiral Ted Branch and Rear Admiral Bruce Loveless, directors of Naval Intelligence and Intelligence Operations, respectively, have had their access to classified material halted pending further investigation. Navy Commander Michael Vannak Khem Misiewicz has pled not guilty to charges against him in the affair.

In conjunction with a vast network of bribes, the firm was able to reap increasingly high profits as a component of the Obama administration’s “pivot to Asia,” in which vast military resources have been deployed to areas surrounding the Asian continent in preparation for a confrontation with the US’s global competitor, China. A 2013 *Washington Post* article

notes that in 2009, four of the firm's ports in Thailand and Malaysia received seven visits from US forces. One year later, the number grew to 48 visits, a sevenfold increase.

A spokesman for the US government has presented the bribery scandal, the largest in the Navy's nearly 240-year history, as an isolated event. "We hold our officers to very high standards of ethics and conduct when it comes to dealing with outside contractors, and the standards are very clear and are written down," said Rear Admiral John Kirby in a statement to the *New York Times* in 2013 when the federal lawsuit first emerged. "What we are seeing as this case unfolds is that there are allegations about officers who appear to have failed to meet that standard," he said.

Systemic corruption is endemic within the various predatory US military engagements throughout the globe. In 2013, ship supplying firm Inchcape had its contract terminated due to suspected overbilling of federal clients. The company is currently under investigation. Similarly, a 2009 report carried out by the Afghan ministry of finance found that of the tens of billions funneled by the US to its puppet regime, the majority has gone to international contractors and NGOs, who spent less than 20 percent of such funds on local projects benefiting the Afghan people. That year, US-occupied Afghanistan and Iraq both appeared on Transparency International's list of the world's most corrupt countries, ranked at numbers two and four, respectively.



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