



THE SECRETARY OF THE NAVY
WASHINGTON DC 20350-1000

JUN 14 2018

From: Secretary of the Navy
To: CAPT Timothy Conroy, USN (Ret.)

Subj: SECRETARIAL LETTER OF CENSURE

Ref: (a) 5 C.F.R. Part 2635
(b) DoD 5500.07-R (JER)
(c) U.S. Navy Regulations, 1990
(d) Uniform Code of Military Justice
(e) JAGMAN 0114a

1. In 2008, while serving as Chief of Staff, Carrier Strike Group SEVEN (CSG-7), and deployed to the Seventh Fleet area of operations, you demonstrated exceedingly poor judgment and leadership by improperly accepting gifts from Mr. Leonard Francis, the President of Glenn Defense Marine Asia (GDMA), a defense contractor and, therefore, a prohibited source. In addition, you maintained an inappropriate relationship with Mr. Francis, and engaged in conduct that was unbecoming an officer and a gentleman in accepting these gifts. As a business owner conducting significant contractual financial relationships with the United States government, Mr. Francis had a clear and obvious financial incentive to curry favor with senior officers. In addition, Mr. Francis was engaged in a criminal conspiracy to defraud the U.S. government. As demonstrated in federal court, the full extent of the losses to the United States and its taxpayers as a result of Mr. Francis's criminal activities exceeds \$34,800,000.

2. You repeatedly and improperly accepted gifts from a prohibited source by failing to pay fair market value or return them, as required per reference (a). On August 19, 2008, during a port visit to Kuala Lumpur, Malaysia, you attended two events hosted by Mr. Francis/GDMA. First, you attended an opulent dinner at the Chalet, Hotel Equatorial, where you were the senior officer and representative of the Strike Group Commander, for which you paid nothing and Mr. Francis/GDMA paid approximately \$25,000, or more than \$1,000 per person. The Strike Group Ethics Counselor later notified you of the potential issue that your attendance raised, but you took no action to address the impropriety of the dinner. After the dinner event, you accepted free transportation from Mr. Francis/GDMA in a private Hummer and attended a private party at the Bintang Palace Night Club with other officers, for which you paid nothing and Mr. Francis/GDMA expended in excess of \$5,000 on food, alcohol, and entertainment, including the services of women identified as prostitutes. Next, on October 31, 2008, during a port visit to Singapore, you attended another private party at a hotel, hosted by Mr. Francis/GDMA, for which you paid nothing, at which women identified as prostitutes were present. Lastly, at the conclusion of the party at the hotel in Singapore, you, along with a subordinate junior officer who was your "liberty buddy," took two of those women, who were paid for by Mr. Francis/GDMA, to your hotel suite where you engaged in sexual activity with one of them.

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3. On March 13, 2015, you were interviewed by Naval Criminal Investigative Service (NCIS) investigators and on January 5, 2016, you were interviewed by Defense Criminal Investigative Service (DCIS) investigators. You told the investigators that you consulted with the judge advocates assigned to CSG-7 and USS RONALD REAGAN (CVN 76) (in which CSG-7 was embarked), and that they advised you to avoid insulting foreign hosts, and that as long as Mr. Francis was not giving you a physical gift, you could accept consumables such as food, alcohol and cigars, regardless of the amount. DCIS and NCIS investigators interviewed these two judge advocates. The former Staff Judge Advocate to Commander, CSG-7 specifically denied providing any such advice and stated he notified you after the dinner in Kuala Lumpur of his concerns with the event but you took no remedial action to address the matter. The former Command Judge Advocate for RONALD REAGAN in his interview made no mention of any such advice, and was very clear that he only opined on gifts offered to RONALD REAGAN staff, which did not include you. There is no evidence to corroborate your assertion that you sought legal advice or disclosed all relevant circumstances in the conversations with either of these judge advocates in regards to any of the foregoing gifts. Based on the material in the record concerning you, there are no exceptions to the acceptance of these gifts that are applicable to you in accordance with reference (a).

4. Reference (b) establishes a clear prohibition of the use of one's public office for private gain. The gifts you received, as well as the fact that you had direct and personal contact with Mr. Francis regarding them, would lead a reasonable person with knowledge of the relevant facts to believe that you used your public office for private gain. Indeed, it was your senior rank and position as Chief of Staff, CSG-7 that prompted Mr. Francis to ply you with expensive gifts. Your willingness to accept those gifts provided the worst type of example for subordinate officers within your chain of command and other officers who observed your interaction with Mr. Francis.

5. Pursuant to reference (c), you were responsible for setting the ethical and moral tone for your subordinates and CSG-7. Your improper personal behavior, including acceptance of gifts on multiple occasions from a prohibited source, engagement in sexual acts with a prostitute, and your personal relationship with Mr. Francis set a wholly unacceptable ethical tone. As such, your conduct constituted a significant deviation from the standards expected of all naval officers, particularly those in senior leadership positions.

6. Moreover, the evidence reflects that the events sponsored by Mr. Francis/GDMA that you attended well exceeded the bounds of decorum and fell far below the conduct expected of a United States Navy Officer. These events involved excessive alcohol consumption and included the presence of women identified as prostitutes, all of which was to the disgrace of the armed forces. As a senior Navy officer and Chief of Staff, CSG-7, you had a duty to represent the United States and the United States Navy in a way that upheld the values of our great nation and Navy. Rather, you intentionally disregarded the ethical standards long established for the naval service and brought ill-repute and disgrace upon our honored institution. By encouraging subordinate officers to attend these events, you enabled Mr. Francis to identify and target other officers, and potentially recruit them for participation in his criminal scheme to defraud the United States. Your conduct, in addition to being in violation of the ethical rules already set forth, violated Article 133 of reference (d), whose explanatory text states: "*Not everyone is or*

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can be expected to meet unrealistically high moral standards, but there is a limit of tolerance based on the customs of the service and military necessity below which the personal standards of an officer . . . cannot fall without seriously compromising the person's standing as an officer . . . or the person's character as a gentleman." Your conduct fell well below that minimum baseline. It is clear that you did not care about the reputation of the Navy or the example you were setting for subordinate officers. You failed these officers, you failed your command, and you failed the Department of the Navy.

7. Your conduct during this period was contrary to the Standards of Ethical Conduct for Employees of the Executive Branch, the Joint Ethics Regulation, U.S. Navy Regulations, and the Uniform Code of Military Justice, references (a), (b), (c), and (d); standards which you had a duty to know, obey, and model.

8. Your actions have cast a shadow over the reputation of all the outstanding men and women who served in CSG-7 and onboard RONALD REAGAN during your time as Chief of Staff. You were expected to model the core values of the Navy as a leader and shape our Navy leaders of the future. Instead, you abused your position by accepting gifts from Mr. Francis/GDMA, participating in inappropriate activities, and worse yet, leading officers under your charge to imitate your poor behavior.

9. You are, therefore, administratively censured for you leadership failures. A copy of this letter will be placed in your official service record in accordance with reference (e).

10. Within 15 days of the receipt of this letter, you may forward a rebuttal, consistent with reference (e), for inclusion in your official record, if you so desire.

A handwritten signature in blue ink, appearing to read "R. Spencer", with a long horizontal stroke extending to the right.

RICHARD V. SPENCER

Copy to:
Consolidated Disposition Authority
Chief of Naval Personnel