



ECONOMIC CRIMES DEPARTMENT

GLENN DEFENSE MARINE ASIA

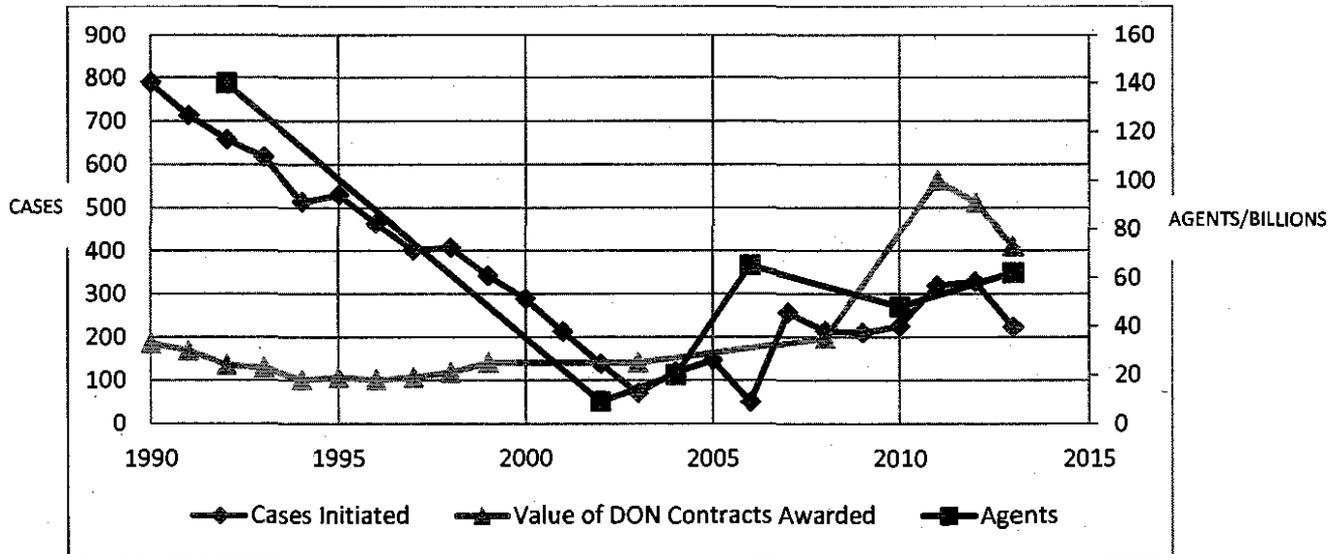
Since 2004, there have been numerous allegations GDMA was involved in fraudulent activity, to include overcharging the USN, threatening competitors and subcontractors, influencing foreign port officials, ghost or incomplete deliveries of goods and services, and corruption of the procurement process.

Although 10 criminal intelligence reports were produced, and 14 investigations were initiated between 2004 and 2012, the alleged criminal activity by GDMA was not interrupted. The

(b)(7)(A), (b)(7)(D), (b)(7)(E)

Factors that allowed GDMA to continue its criminal activity prior to Leonard Francis' arrest in September 2013, included the following:

- GDMA established a network of DoN personnel who were able to explain away allegations.
- When confronted about questionable charges, GDMA credited the Navy the charges in question, thereby eliminating any monetary loss and the appearance of criminal intent.
- No dedicated NCIS Economic Crimes (EC) agents were assigned to offices in the Pacific Rim and Southeast Asia until 2008, when one agent was assigned to the NCIS Far East Field Office in Yokosuka, Japan.
- Special Agents assigned to the NCIS Far East and Singapore Field Offices possessed limited training and experience in procurement fraud investigations.





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Prior to September 2001, NCIS possessed a robust EC program with 140 dedicated Special Agents. After September 11, 2001, however, only nine dedicated agents remained, as assets were diverted to address the threat of terrorism. In 2006, additional EC billets were added to stateside field offices where they focused on safety issues associated with the procurement of counterfeit and materially deficient parts. In 2008, one EC billet was established in both the NCIS Far East and Europe Field Offices.

The NCIS EC program is currently comprised of 73 dedicated billets, to include supervisory personnel. More than half of the agents assigned have minimal (< one year) or no experience in the investigation of major procurement fraud.

Way ahead:

- Increase the number of dedicated EC Special Agent (GS-1811) and Forensic Financial Examiner (GS-0511) billets, commensurate with the volume of DoN contracting. (With only 72 dedicated Special Agent and 1 Forensic Financial Examiner billets, the NCIS EC program is the smallest of the Defense Criminal Investigative Organizations, yet the DoN expends more contracting dollars than any of the other Armed Services.) (Unfunded)
- Two vacant, stateside EC billets were relocated to the NCIS Singapore Field Office and are scheduled to be filled during the summer of 2014. (Funded)
- Expand training by developing a training plan specific to the investigation of public corruption and economic crimes. (Unfunded)
- The current training plan is limited to one, two-week Basic Procurement Fraud course offered by the Federal Law Enforcement Training Center (FLETC). Expanded training options include Product Substitution and International Money Laundering classes offered by FLETC. (Partially funded)
- Incorporate online training offered by the Defense Acquisition University (DAU), which allow for continuing education specific to DoD contracting. (No fee)
- Incorporate training from private sector SME's offered by the Association of Certified Fraud Examiners (ACFE) on specific schemes, to include conflict of interest, bribery and corruption. (Partially funded)
- Develop EC subject matter experts and future EC program managers through the Masters of Business Administration/Certified Fraud Examiner program offered through the Naval Postgraduate School. (Unfunded)
- Increase the number of agents that hold the Certified Fraud Examiner (CFE) designation, considered the standard for anti-fraud professionals, to a minimum of two per field office. (Unfunded)
- Train and appropriately equip the program's newly hired (Jan 14) Forensic Financial Examiner. (Unfunded)
- Develop and obtain intermediate and advanced EC training for dedicated Special Agents through FLETC, ACFE and DAU. (Unfunded)
- Obtain financial forensic analytical software, which expedites the analysis of financial documents. (Unfunded)

Updated: 10 Feb 14

(b)(6), (b)(7)(C)



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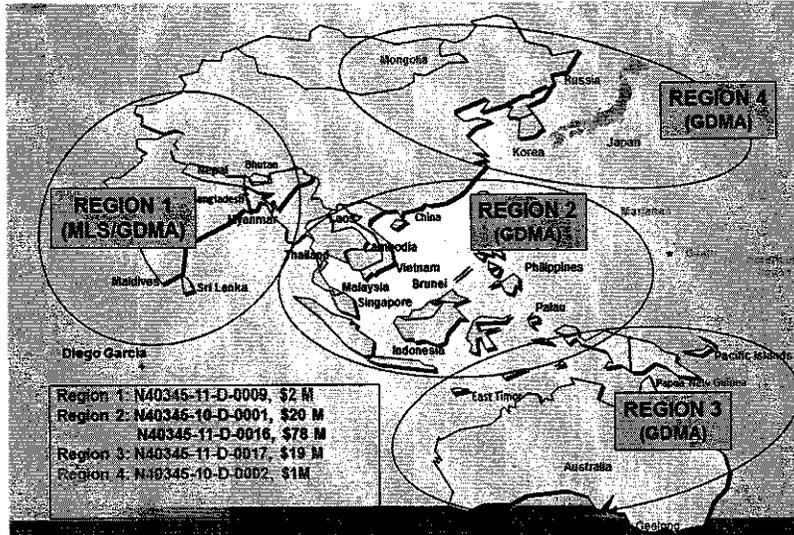
- Develop EC awareness briefing material for delivery to the complete spectrum of personnel involved in DoN contracting (active duty, civilians, and contractors). (Unfunded)
- Work in concert with the Navy's Acquisition Integrity Office to identify avenues and procedures through which criminal and civil court ordered restitution by defendants can be returned to DoN coffers. (No funding required)



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Detailed Breakdown of NCIS' Interaction with GDMA

From 2010 through September 2013, GDMA was contracted to provide a majority of the husbanding services in the Pacific region.



(b)(7)(A)

2006: Allegation made that GDMA submitted falsified invoices for husbanding services provided during the USS Ronald Reagan (CVN-76) port visit to Hong Kong. The (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) reported the CHT category on the invoice appeared to be excessively high for a four-day port visit. Interviews revealed the Reagan ran out of money during their port visit in Malaysia, and as the husbanding contractor for both ports, GDMA allowed the ship to pay the difference in Hong Kong. The (b)(6), (b)(7)(C) of the USS Ronald Reagan reportedly reimbursed GDMA for the \$68,000 owed for Malaysia by inflating the amount of CHT used in Hong Kong. Consequently, no investigation was initiated. (CCN

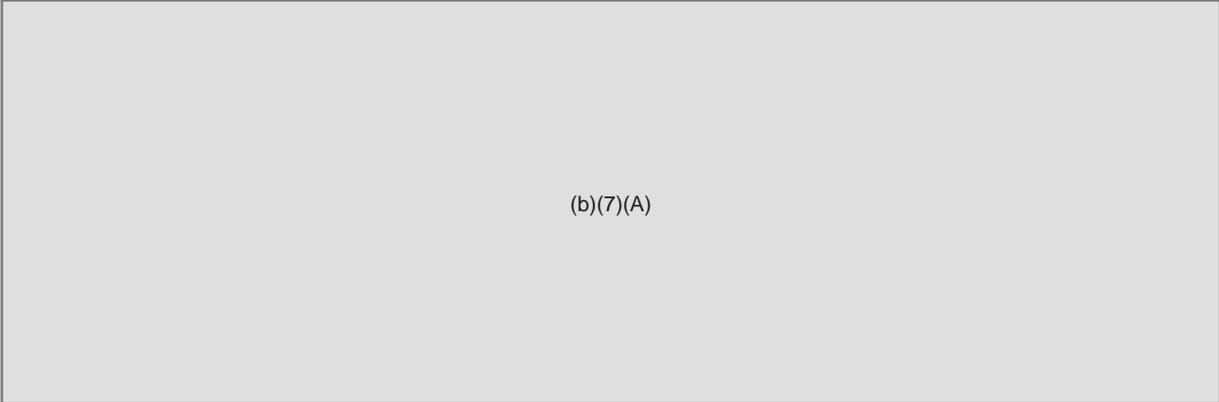
* 01JUN06-REXK-0159-4XCR applies

2007: Two Navy Inspector General (NAVIG) complaints identified GDMA as overcharging the Navy and suggested contract oversight was lax because of intimidation and bribes.



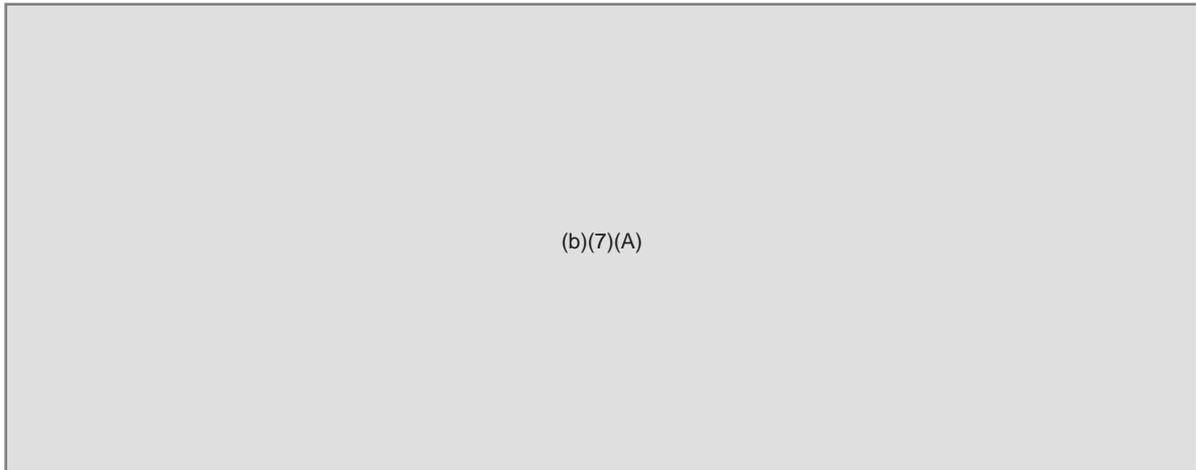
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- April 2007: A NAVIG report alleged GDMA overcharged for various force protection items while providing husbanding services to the Navy in Southeast Asia. Two Fleet Industrial Supply Center (FISC) Detachment Singapore employees conducted a review of the GDMA invoices and USNS Stockham payments for services. The review revealed no charges for services not provided, or overcharge for services, as cited in the anonymous letter. (CCNs 19APR07-0023-0011-4MCR & 03MAY07-SNMQ-0084-4MNA pertain)

•  (b)(7)(A)

2009: Multiple complaints/allegations received from NCIS Sources and U.S. Fleet & Industrial Supply Center (FISC) personnel pertaining to the questionable billing (vehicles, CHT, fuel, port tariff) and operating practices of GDMA. The investigations were closed when GDMA modified their invoices when confronted, and DoJ declined to pursue prosecutions due to no clear criminal violations.

- February 2009: A NCIS Source provided information pertaining to the questionable billing and operating practices of GDMA for their operation(s) and services in Laem Chabang commercial port, Chonburi, Thailand. (CCN ~~18MAR09-SNSN-0102-4XCR~~ * pertains)
- July 2009: USMC Contracting Officers suggested GDMA was somehow influencing the Indonesian military against the use of a competitor. (CCN ~~10SEP09-SNSN-0341-4XNA~~ *)

•  (b)(7)(A)



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- October 2009: A DoD hotline complaint alleged deception by GDMA to initiate cancelation of bunker fuel properly ordered by the Defense Energy Supply Center (DESC) under contract SP0600-06-D-0391. When the DESC fuel order was canceled, the complaint alleged it allowed GDMA to order fuel from another source at a significantly increased price. The complainant also alleged waste and abuse by FISC Singapore personnel by failing to stop the alleged fraud. DoJ declined to entertain prosecution, noting the lack of definitive criminal violations detailed in the hotline report. (CCN 17NOV09-SNJK-0018-4XNA) *
- December 2009: A GDMA competitor alleged disclosure of proprietary information to GDMA via the Asia Navy Electronic Commerce On-line (NECO) website by a DoN employee. When interviewed, the employee's (b)(6), (b)(7)(C) stated the disclosure was inadvertent, and no investigation was initiated. The (b)(6), (b)(7)(C) is a subject of the current GDMA investigation. (CCN 07DEC09-FEYK-0373-4XCR) refers *
- December 2009, Force Protection support related contact with GDMA. (CCN 04DEC09-FAAJ-0190-5MNA pertains).

(b)(7)(A)

- (b)(7)(A)

- (b)(7)(A)

2011: SNFO publishes a vulnerability assessment of FLC Singapore in which the GDMA contracts are identified as the primary vulnerability. (03NOV11-SNSN-0340-4GCR) *

(b)(7)(A), (b)(7)(D), (b)(7)(E)



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- April 2012: (b)(6), (b)(7)(C) USS Blue Ridge (LCC-19) expressed concern regarding the vulnerability of the being overcharged for CHT removal by husbanding contractor Military Agency Services (MAS). The (b)(6), (b)(7)(C) was not concerned about GDMA because he knew the GDMA project manager was (b)(6), (b)(7)(C). (b)(6), (b)(7)(C) The (b)(6), (b)(7)(C) stated there were many times when he knew MAS was gouging him, and when charges were protested, they would typically settle in the middle because there was no way to factually dispute their inflated measurements and prices. (CCN ~~20APR12-FEYK-0259-4YCR~~) *

- May 2012: A NCIS Special Agent on site during a USN port call supported by GDMA was approached by host nation personal who voiced major criticisms of MAS, a competitor of GDMA. All (b)(6), (b)(7)(C) interviewed had positive comments regarding the support they received from GDMA. The \$2.1 million paid to GDMA to support the USS Carl Vinson (CVN-70) port visit was deemed reasonable. (CCN ~~28MAY12-FEYK-0348-4YCR~~ refers) *

- [Redacted] (b)(7)(A)

- May 2012: Allegations were made that a conflict of interest existed involving a (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) working for GDMA. The investigation was declined for prosecution by DoJ. (CCNs16MAR12-FEYK-0160-4CCR and 29MAY12-SNSN-0087-4CNA apply)

- [Redacted] (b)(7)(A)

- [Redacted] (b)(7)(A)

- October 2012: A limited assistance investigation was initiated to provide support to a Korean police investigation environmental crimes related to CHT dumping by GDMA. (CCN ~~26OCT12-FEPU-6010-4NNA~~) *

- [Redacted] (b)(7)(A)

- [Redacted] (b)(7)(A)



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(b)(7)(A)

(b)(7)(A), (b)(7)(E)

March 2013: SNFO briefed a small FLC working group on the investigation, to include the concerns regarding an extensive source network established by Francis. The group began contingency planning for husbanding services following Francis' future arrest.

(b)(7)(A)

(b)(7)(A), (b)(7)(E)

(b)(7)(A)

13SEP13-SWND-0491-4HNA
18OCT13-FESS-0260-4XCR

S/GDMA- Current investigation
I/Receipt of information pertaining to the rerouting of the former USS GUARDIAN (MCM-5)