



## THE SECRETARY OF THE NAVY

WASHINGTON, DC 20350-1000

JAN 23 2015

From: Secretary of the Navy  
To: RADM Terry B. Kraft, USN  
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) JAGMAN 0114a

1. In 2006 and 2007, while serving as Commanding Officer, USS RONALD REAGAN (CVN 76) which was deployed to the Seventh Fleet area of responsibility, you demonstrated very poor judgment and leadership by repeatedly accepting gifts from Mr. Leonard Francis, the President of Glenn Defense Marine Asia (GDMA), a defense contractor and, therefore, a prohibited source. You improperly accepted gifts from a prohibited source by repeatedly paying Mr. Francis for extravagant dinners at a rate far below their market value. As a prohibited source, Mr. Francis had a clear and obvious financial incentive to subsidize the purchase of these items in an effort to develop a stronger relationship with a senior officer.

2. You attended four GDMA-hosted dinner parties. The first dinner was held on 9 February 2006 at the Jaan Restaurant in Singapore; the second dinner was held on 4 June 2006 at the Suisse Chalet Restaurant in Kuala Lumpur, Malaysia. The third and fourth dinners were both in Hong Kong; one on 11 June 2006 at Petrus Restaurant and the other on 10 March 2007 at Spoon Restaurant. By your own admission, you paid \$70.00 for each of these dinners. The market value of each lavish dinner party was considerably more than \$70.00 per person. For example, the total cost of one of the dinners was approximately \$23,061.50, which equates to \$768.72 per attendee. Further, you stated to federal investigators that \$70.00 was a reasonable amount to pay, or words to that effect. As a senior officer with over 25 years of service at the time, you knew or should have known that \$70.00 per person was not the market value of these extravagant dinner parties.

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

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

(b)(7)(E), (b)(7)(A) You claimed that both the Carrier Strike Group SEVEN (COMCARSTRKGRU SEVEN) and RONALD REAGAN (b)(7)(E), (b)(7)(A) (b)(7)(C) had to approve attendance at off-ship dinners and that you had received specific guidance from your RONALD REAGAN (b)(7)(E), (b)(7)(A) that you could attend all four dinners. You additionally claimed that the RONALD REAGAN (b)(7)(E), (b)(7)(A) also spoke to the (b)(7)(E), (b)(7)(A) and that they determined that the cost of each of the four dinners should be around \$70.00. (b)(7)(E), (b)(7)(A)

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

The COMCARSTRKGRU SEVEN (b)(7)(E), (b)(7)(A)

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

(b)(7)(E), (b)(7)(A) does not specifically remember discussing these matters at the time and that, if he did discuss them, based on the description of the events which were provided to the COMCARSTRKGRU SEVEN (b)(7)(E), (b)(7)(A) by the investigators, he does not believe that those seeking a legal opinion fully disclosed the relevant facts. (b)(7)(E), (b)(7)(A)

your former RONALD REAGAN (b)(7)(E), (b)(7)(A) stated that he did not opine that you could legally engage in the described conduct. Furthermore, your former (b)(7)(E), (b)(7)(A) stated that since he was not a designated (b)(7)(E), (b)(7)(A) he knew that only the COMCARSTRKGRU SEVEN (b)(7)(E), (b)(7)(A) would have issued such legal opinions. Based on the materials in the record concerning you, there are no exceptions to the acceptance of these gifts which are applicable to you in accordance with reference (a).

4. Reference (a) makes clear that notwithstanding any exception that might have applied to you, gifts from the same or different sources on a basis so frequent that a reasonable person would be led to believe that you were using your public office for private gain shall not be accepted. Given the frequency of the gifts which you received from Mr. Francis, especially as two of the dinners occurred on dates that were only a week apart, your actions would have led a reasonable person with knowledge of the relevant facts to believe that you used your public office for private gain.

5. You further exercised poor judgment by issuing an official Bravo Zulu (BZ) message that described GDMA as the best in the world and unrivaled in the delivery of customer service, which is prohibited by references (a) and (b). The lack of judgment in issuing the BZ message was aggravated by the fact that you

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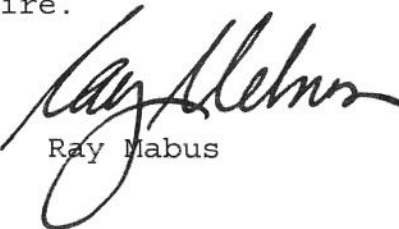
distributed the endorsement within days of attending one of the extravagant GDMA-hosted dinners.

6. In matters of personal behavior, you were responsible to set the ethical and moral tone for your subordinates, per reference (c). Your improper acceptance of gifts from a prohibited source set an unsatisfactory ethical tone. As such, your conduct constituted a significant deviation from the standards expected of all naval officers, particularly those entrusted with command.

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

8. You are, therefore, administratively censured for your leadership failure. A copy of this letter will be placed in your official service record in accordance with reference (d).

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



Ray Mabus

Copy to:  
CDA  
CNP