

JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Tuesday, November 13, 2018

Former U.S. Navy Captain Pleads Guilty and Former Master Chief Petty Officer Sentenced in Sweeping U.S. Navy Corruption and Fraud Probe

A retired U.S. Navy captain pleaded guilty to criminal conflict of interest charges and a former U.S. Navy master chief was sentenced to 17 months in prison today on corruption charges. The defendants are among the latest U.S. Navy officials to plead guilty and be sentenced in the expansive corruption and fraud investigation involving foreign defense contractor Leonard Glenn Francis and his Singapore-based ship husbanding company, Glenn Defense Marine Asia (GDMA).

Assistant Attorney General Brian A. Benczkowski of the Justice Department's Criminal Division, U.S. Attorney Adam L. Braverman of the Southern District of California, Director Dermot F. O'Reilly of the Defense Criminal Investigative Service (DCIS) and Director Andrew L. Traver of the Naval Criminal Investigative Service (NCIS) made the announcement.

Jeffrey Breslau, 52, of Cumming, Georgia, pleaded guilty to one count of criminal conflict of interest before U.S. District Judge Janis Sammartino of the Southern District of California. Breslau was charged in September 2018. Retired Master Chief Ricarte Icmat David, 62, of Concepcion, Tarlac, Philippines, was sentenced by Judge Sammartino, who also ordered him to serve a year of supervised release and pay restitution of \$30,000. David was charged in August 2018 and pleaded guilty in September to one count of conspiracy to commit honest services wire fraud.

According to admissions made as part of his guilty plea, from October 2009 until July 2012, Breslau was a captain in the U.S. Navy assigned as director of public affairs for the U.S. Pacific Fleet, headquartered in Pearl Harbor, Hawaii. As part of his duties, Breslau was involved in devising the U.S. Navy's public affairs communications strategy, and provided public affairs guidance to Pacific Fleet components and other U.S. Navy commands. From August 2012 until July 2014, Breslau was assigned to the commanding officer for the Joint Public Affairs Support Element in Norfolk, Virginia, where he was responsible for leading joint crisis communications teams.

Breslau admitted that from March 2012 until September 2013, while serving in the above roles for the U.S. Navy, he provided Francis with public relations consulting services, including providing advice on how to respond to issues and controversies related to Francis's ship husbanding business with the U.S. Navy. These included issues related to port visit costs, allegations of malfeasance such as the unauthorized dumping of waste, disputes with competitors, and issues with Pacific Fleet and contracting personnel. During the course of his consulting agreement with Francis, Breslau authored, reviewed or edited at least 33 separate documents; authored at least 135 emails providing advice to Francis; provided at least 14 instances of "talking points" in advance of meetings between Francis and high ranking U.S. Navy personnel; and "ghostwrote" numerous emails on Francis's behalf to be transmitted to U.S. Navy personnel. During the course of this consulting agreement, Francis paid Breslau approximately \$65,000 without Breslau disclosing the agreement to the U.S. Navy, Breslau admitted.

As part of his guilty plea, David admitted that he was assigned various logistics positions with the U.S. Navy's Seventh Fleet, including with the Fleet Industrial Supply Center in Yokosuka, Japan from June 2001 to July 2004; on the USS Essex from July 2004 to August 2007; on the USS Kitty Hawk from September 2007 to August 2008; and on the USS George Washington from September 2008 to July 2010. In these positions, David was responsible for ordering and verifying goods and services for the ships on which he served, including from contractors during port calls. Throughout

this period, David received from Francis various things of value, including five star hotel rooms during every port visit, he admitted.

David further admitted that he repeatedly facilitated fraud on the United States by allowing Francis and GDMA to inflate the husbanding invoices to bill for services never rendered. For example, David instructed Francis to inflate invoices for the USS Essex's anticipated November 2007 port visit to the Philippines. As David transitioned to a new position aboard the nuclear aircraft carrier USS Kitty Hawk, on or about May 8, 2008, Francis's company paid approximately 84,637.00 Hong Kong Dollars (HKD) for hotel reservations at the Grand Hyatt Hong Kong for U.S. Navy personnel assigned to the USS Kitty Hawk including 10,396 HKD for David's four-night stay in a Harbor View Room, David admitted.

Francis pleaded guilty in 2015 to bribery and fraud charges, admitting that he presided over a massive, decade-long conspiracy involving "scores" of U.S. Navy officials, tens of millions of dollars in fraud and millions of dollars in bribes and lavish gifts, including luxury travel, airline upgrades, five-star hotel accommodations, top-shelf alcohol, the services of prostitutes, Cuban cigars, Kobe beef and Spanish suckling pigs.

So far, 33 defendants have been charged and 22 have pleaded guilty, many admitting to accepting things of value from Francis in exchange for helping the contractor win and maintain contracts and overbill the Navy by millions of dollars.

The case was investigated by DCIS, NCIS and the Defense Contract Audit Agency. The case is being prosecuted by Assistant Chief Brian R. Young of the Criminal Division's Fraud Section and Assistant U.S. Attorneys Mark W. Pletcher, Patrick Hovakimian and Robert Huie of the Southern District of California.

Topic(s):

Financial Fraud

Component(s):

Criminal Division

Criminal - Criminal Fraud Section

Press Release Number:

18-1497

Updated November 13, 2018