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SOUTHERN DISTRICT OF CALIFORNIA

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

January 2016 Grand Jury

UNITED STATES OF AMERICA,

Case No. 17 CR 0623 JLS

I N D I C T M E N T

v.

Title 18, U.S.C., Sec. 371 - Conspiracy; Title 18, U.S.C., Sec. 201(b)(2)(A) and (C) - Bribery; Title 18, U.S.C., Sec. 1001(a)(2) - False Statements; Title 18, U.S.C., Sec. 1519 - Obstruction of Justice; Title 18, U.S.C., Secs. 1349, 1346, and 1343 - Conspiracy To Commit Honest Services Wire Fraud; Title 18, U.S.C., Sec. 981(a)(1)(c), and Title 28, U.S.C., Sec. 2461(c) - Criminal Forfeiture

DAVID NEWLAND (1),  
aka "Newly,"  
ENRICO DEGUZMAN (2),  
aka "Rick,"  
DONALD HORNBECK (3),  
aka "Bubbles,"  
JAMES DOLAN (4),  
aka "JD,"  
BRUCE LOVELESS (5),  
DAVID LAUSMAN (6),  
aka "Too Tall,"  
STEPHEN SHEDD (7),  
MARIO HERRERA (8),  
aka "Choke,"  
aka "Choke OIC,"  
ROBERT GORSUCH (9),

Defendants.

The grand jury charges that at all relevant times:

INTRODUCTORY ALLEGATIONS

A. The U.S. Navy's Seventh Fleet

*af*

1           1.     The U.S. Navy was a branch of the U.S. Department of Defense,  
2 whose mission was to maintain, train, and equip combat-ready naval forces  
3 capable of winning wars, deterring aggression, and maintaining freedom  
4 of the seas.    The U.S. Navy's Seventh Fleet was its largest numbered  
5 fleet, with 60-70 ships, 200-300 aircraft and approximately 40,000  
6 Sailors and Marines.   The Seventh Fleet was responsible for U.S. Navy  
7 ships and subordinate commands, which operate in the Western Pacific  
8 Ocean throughout Southeast Asia, Pacific Islands, Australia, Russia, and  
9 the Indian Ocean territories, as well ships and personnel from other U.S.  
10 Navy Fleets that enter the Seventh Fleet's area of responsibility  
11 ("AOR").   The U.S.S. Blue Ridge was the command and control ship of the  
12 Seventh Fleet and housed at-sea facilities for Seventh Fleet senior  
13 officials.   The Seventh Fleet's motto was: Ready Power for Peace.

14           2.     The Seventh Fleet was under the command of a Vice Admiral, who  
15 oversaw a staff of other senior U.S. Navy officers charged with running  
16 the Seventh Fleet's operations.   This operational staff was arrayed into  
17 Departments, each designated N1 through N8.   The Seventh Fleet's staff  
18 served aboard the U.S.S. Blue Ridge.

19           3.     The Seventh Fleet was further divided into specialized task  
20 forces, including Task Force 70 (CTF 70), which, among other things,  
21 commanded all transiting surface forces in the Seventh Fleet AOR, and  
22 Task Force 73 (CTF 73), comprised of the Seventh Fleet's supply ships  
23 and other support vessels.

24           4.     The U.S. Navy Naval Supply Systems Command ("NAVSUP") was a  
25 command within the U.S. Navy, which was responsible for the global supply  
26 and delivery of goods and services to U.S. Navy personnel and warfighting  
27 assets.   The U.S. Navy Fleet Logistics Centers ("FLC"), formerly the U.S.  
28 Navy Fleet and Industrial Supply Center ("FISC"), were subordinate

1 commands of NAVSUP located in various domestic and foreign locations.  
2 FLCs provided logistics support for naval installations and vessels  
3 operating in the FLC's AOR. The FLCs were responsible for soliciting,  
4 awarding, and overseeing contracts for goods and services, including ship  
5 husbanding, required by the U.S. Navy in each FLC's AOR. FLC Yokosuka  
6 supported naval installations and vessels operating in Japan, Hong Kong,  
7 South Korea, and Russia. FLC Yokosuka also oversaw the operations of an  
8 FLC Detachment in Singapore ("FLC Singapore"), which supported naval  
9 installations and vessels operating in Singapore, Malaysia, Indonesia,  
10 the Philippines, Thailand, Cambodia, Vietnam, Australia, and elsewhere.

11 **B. The Defendants**

12 5. Defendant DAVID NEWLAND, aka "Newly," was a Captain in the U.S.  
13 Navy, who, from July 2005 to July 2007, served aboard the U.S.S. Blue  
14 Ridge as the Chief of Staff ("COS") to the Commander of the Seventh  
15 Fleet. As Chief of Staff, NEWLAND was the senior officer among the  
16 Seventh Fleet staff, and his responsibilities included the administration  
17 and oversight of all aspects of the Seventh Fleet, including de facto  
18 control when the Seventh Fleet Commander was out of the region.

19 6. Defendant ENRICO DEGUZMAN, aka "Rick," was a Colonel in the  
20 United States Marine Corps, who, from July 2004 to July 2007, served on  
21 the Seventh Fleet Staff as the Fleet Marine Officer. In this role,  
22 DEGUZMAN was responsible for coordinating the missions of the United  
23 States Marine Corps within the Seventh Fleet AOR. From July 2007 to  
24 January 1, 2011, DEGUZMAN served as the Assistant Chief of Staff ("ACOS")  
25 of Operations for U.S. Marine Corps Forces, Pacific, based at Camp H.M.  
26 Smith, Hawaii. Immediately subsequent to his active duty service,  
27 DEGUZMAN served as the civilian Deputy Chief of Staff of Operations for  
28 U.S. Marine Corps Forces, Pacific.

1           7. Defendant DONALD HORNBECK, aka "Bubbles," was a Captain in the  
2 U.S. Navy, who, from August 2005 to January 2007, served as the Assistant  
3 Chief of Staff for Operations at CTF70, aboard the U.S.S. Kitty Hawk.  
4 From February 2007 until January 2009, HORNBECK served as the N3, Deputy  
5 Chief of Staff for Operations for the Seventh Fleet. As the N3, HORNBECK  
6 was responsible for directing the operations of all combatant ships in  
7 the Seventh Fleet AOR.

8           8. Defendant JAMES DOLAN, aka "JD," was a Captain in the U.S. Navy  
9 who, from July 2007 through July 2009, served as the N4, Assistant Chief  
10 of Staff for Logistics for the Seventh Fleet. In this role, DOLAN was  
11 responsible for meeting the logistical needs of every ship within the  
12 Seventh Fleet's AOR.

13           9. Defendant BRUCE LOVELESS was a Captain in the U.S. Navy, who,  
14 from July 2007 through July 2008, served as the N2, Assistant Chief of  
15 Staff for Intelligence for the Seventh Fleet. As the N2, LOVELESS was  
16 responsible for assessing and counteracting foreign intelligence threats  
17 within the Seventh Fleet's AOR. From in or about April 2005 to July  
18 2007, LOVELESS was the N2 for CTF70, aboard the U.S.S. Kitty Hawk.  
19 LOVELESS's last known address was in San Diego, CA, within the Southern  
20 District of California.

21           10. Defendants HORNBECK, DOLAN, and LOVELESS were referred to by  
22 members of the conspiracy collectively as the "O-6 Ensigns."

23           11. Defendant DAVID LAUSMAN, aka "Too Tall," was a Captain in the  
24 U.S. Navy, who, from July 2004 through May 2006, was the Executive Officer  
25 of the U.S.S. Abraham Lincoln, an aircraft carrier that made multiple  
26 deployments to the Seventh Fleet's AOR. From May 2006 through January  
27 2007, LAUSMAN served as the Assistant Chief of Staff for Operations for  
28 the Commander of Naval Forces Japan. From approximately March 2007 to

1 July 2008, LAUSMAN served as Commanding Officer of the U.S.S. Blue Ridge.  
2 After receiving additional training on the operation of nuclear aircraft  
3 carriers, from April 2009 through September 2012, LAUSMAN served as the  
4 Commanding Officer of the U.S.S. George Washington, an aircraft carrier  
5 that was forward deployed to the Western Pacific. From September 2012  
6 through May 2013, LAUSMAN worked assessing strategic communications for  
7 the United States Pacific Command in Hawaii.

8 12. Defendant STEPHEN SHEDD was a Lieutenant Commander in the U.S.  
9 Navy, who, from November 2006 to October 2008, served as the Seventh  
10 Fleet's South Asia Policy and Planning Officer, in which position he was  
11 responsible for identifying ports that U.S. Navy ships would visit  
12 consistent with U.S. Navy engagement priorities. From November 2008 to  
13 May 2010, SHEDD served as a Personnel Distribution Officer for the U.S.  
14 Navy, stationed in Millington, TN, and thereafter, upon being promoted  
15 to Commander, from March 2011 until May 2014, SHEDD served as the  
16 Executive Officer and later the Commanding Officer of the U.S.S. Milius.

17 13. Defendant MARIO HERRERA, aka "Choke," aka "Choke OIC," was a  
18 Commander in the U.S. Navy, who, from March 2007 to November 2009, served  
19 as the Fleet Operations and Schedules Officer for the Seventh Fleet, and  
20 for a period of time reported to HORNBECK. In this role, HERRERA was  
21 responsible for scheduling the port visits for ships and submarines in  
22 the Seventh Fleet's AOR. HERRERA utilized the email address  
23 chachi09@cooltoad.com and in emails was referred to by Francis, and  
24 others, by the following nicknames: "Mario," "Chachi," "Choke," "Choke  
25 OIC ("Officer In Charge"), "Choker," "TA," "T.A. Anderson," and "Thomas  
26 Anderson."

27 14. Defendant ROBERT GORSUCH was a Chief Warrant Officer in the  
28 U.S. Navy, who, from January 2005 to March 2008, served as the Seventh

1 Fleet's Flag Administration Officer. In this role, GORSUCH provided  
2 administrative support to the Seventh Fleet Commander and other senior  
3 officers on the Seventh Fleet staff.

4 C. The U.S. Navy Conspirators

5 15. Edmond Aruffo, charged elsewhere, served for over 20 years in  
6 the U.S. Navy, retiring in July 2007 as a Lieutenant Commander. From  
7 January 2005 to July 2007, Aruffo served aboard the U.S.S. Blue Ridge,  
8 variously as the Seventh Fleet's Protocol Officer, the Executive  
9 Assistant to the Seventh Fleet Chief of Staff, and the Seventh Fleet's  
10 Force Protection Officer. In or about April 2009, Aruffo went to work  
11 for GDMA as the Country Manager for GDMA Japan, in which role he was  
12 responsible for managing the daily operations of the GDMA facility in  
13 Yokosuka, Japan.

14 16. Jose Sanchez, charged elsewhere, was a Commander in the U.S.  
15 Navy, who, from April 2008 to April 2010, served as the Seventh Fleet's  
16 Assistant N4, Deputy Logistics Officer. In this role, Sanchez, who  
17 reported to DOLAN, was responsible for assuring that all Seventh Fleet  
18 ships received the supplies and services needed to maintain readiness.  
19 From July 2010 to May 2012, Sanchez was the Director of Operations for  
20 FLC Yokosuka, where he was responsible for meeting the logistical needs  
21 of ships in the region. From May 2012 to April 2013, Sanchez served as  
22 the Executive Officer for FLC Yokosuka, where he oversaw operational and  
23 administrative matters within FLC Yokosuka and FLC Singapore. Sanchez  
24 utilized the email address, navy94@cooltoad.com and in emails was  
25 referred to by the following nicknames: "J," "Lion King, Jr.," and "Troy  
26 Smith."

27 17. Daniel Dusek, charged elsewhere, was a Commander in the U.S.  
28 Navy serving from on or about January 11, 2009 to on or about February 24,

1 2011, as the Deputy Director of Operations for the Seventh Fleet, aboard  
2 the U.S.S. Blue Ridge. From on or about May 12, 2011 to on or about  
3 March 15, 2012, Dusek was assigned as the Executive Officer of the U.S.S.  
4 Essex. From on or about April 23, 2012 to on or about June 29, 2012,  
5 Dusek served as the Executive Officer of the U.S.S. Bonhomme Richard, at  
6 which time, Dusek was promoted to Captain and the Commanding Officer,  
7 where he served until October 2, 2013, when he was relieved of command.

8 18. AG was a member of the Royal Australian Navy, who from November  
9 2007 to January 2010 was seconded to the U.S. Navy as the Royal Australian  
10 Navy Liaison Officer to the Seventh Fleet. As the Liaison Officer, AG  
11 served aboard the U.S.S. Blue Ridge alongside his U.S. Navy counterparts,  
12 planning joint operations and exercises between the United States and  
13 Australia.

14 19. Michael Brooks, charged elsewhere, was a Captain in the U.S.  
15 Navy, who, from June 2006 to July 2008, served as the United States Naval  
16 Attaché ("NATT") in Manila, Philippines. In this position, Brooks served  
17 as the U.S. Navy representative of the Secretary of Defense, the Chairman  
18 of the Joint Chiefs of Staff, and the United Forces of the United States  
19 in Manila, as well as the U.S. Navy military advisor to the United States  
20 Ambassador.

21 20. Defendants NEWLAND, DEGUZMAN, DOLAN, HORNBECK, LOVELESS,  
22 LAUSMAN, SHEDD, HERRERA, and GORSUCH, and conspirators Sanchez, Dusek  
23 and Brooks were "public officials" within the definition of Title 18,  
24 United States Code, Section 201(a)(1).

25 **D. Official Duties**

26 21. Defendants, as officers in the U.S. Navy, had and were assigned  
27 various official duties, including, but not limited to those found in  
28 the United States Navy Regulations; Department of Defense Directive

1 ("DoDD") 5500.07 (Standards of Conduct), DoDD 5500.07-R (Joint Ethics  
2 Regulations), and supplements thereto, including 5 C.F.R. Part 2625  
3 (Standards of Ethical Conduct for Employees of the Executive Branch),  
4 and 5 C.F.R. Part 3601 (Supplemental Standards of Ethical Conduct for  
5 Employees of the Department of Defense); and Executive Order 12674  
6 (Principles of Ethical Conduct).

7 22. Among many others, the official duties of Officers in the U.S.  
8 Navy include (1) acquainting themselves with, obeying and, so far as  
9 their authority extends, enforcing the laws, regulations, and orders  
10 relating to the Department of the Navy; (2) faithfully and truthfully  
11 discharging the duties of their offices to the best of their ability in  
12 conformance with existing orders and regulations and their solemn  
13 profession of the oath of office (Article 1130); (3) requiring themselves  
14 to show a good example of virtue, honor, patriotism, and subordination;  
15 to be vigilant in inspecting the conduct of all persons who are placed  
16 under their command; to guard against and suppress all dissolute and  
17 immoral practices, and to correct, according to the laws and regulations  
18 of the U.S. Navy, all persons who are guilty of them; and take all  
19 necessary and proper measures, under the laws, regulations and customs  
20 of the naval services, to promote and safeguard the morale, the physical  
21 well-being and the general welfare of the officers and enlisted persons  
22 under their command or charge (Article 1131); (4) reporting as soon as  
23 possible to superior authority all offenses under the Uniform Code of  
24 Military Justice ("UCMJ") which come under their observation (Article  
25 1137); (5) complying with all directives issued by the Secretary of  
26 Defense and Secretary of the Navy regarding the Standards of Conduct and  
27 Government Ethics (Article 1110); and (6) reporting in writing any

28



1 fraudulent, collusion, or improper conduct by a U.S. Navy contractor  
2 (Article 1115).

3 23. To perform their duties, the defendants all held "Secret" or  
4 "Top Secret" clearances as a prerequisite to handling various types of  
5 classified information. Additional regulations prescribe the official  
6 duties of U.S. Navy Officers in the handling of classified information,  
7 including DoDD 5200.02r, which requires among other duties that  
8 individuals having access to classified information must promptly report  
9 to their security office: any unauthorized disclosure to any person of  
10 classified information or of other information, disclosure of which is  
11 prohibited by Statute, Executive Order, or Regulation (C2.2.1.5); the  
12 disregard of public law, Statute, Executive Order, or Regulation  
13 (C2.2.1.7); any criminal or dishonest conduct (C2.2.1.8); any acts of  
14 omission or commission that indicate poor judgment, unreliability, or  
15 untrustworthiness (C2.2.1.9); any vulnerability to coercion, influence,  
16 or pressure that may cause conduct contrary to the national interest  
17 (C2.2.1.11); and any acts of sexual misconduct or perversion indicative  
18 of moral turpitude, poor judgment or lack of regard for the laws of  
19 society (C2.2.1.17). Co-workers shoulder an equal official duty to report  
20 when "they become aware of information with potentially serious security  
21 significance regarding someone with access to classified information" in  
22 a sensitive position (C9.1.5).

23 24. DoDD 5240.06 prescribes the official duties of Department of  
24 Defense personnel, including the defendants herein, related to  
25 counterintelligence awareness and reporting. In particular, DOD  
26 personnel must report certain enumerated contacts, activities,  
27 indicators, and behaviors as potential foreign intelligence entity  
28 threats against the DOD, its personnel, information, materiel,

1 facilities, and activities or against U.S. national security. Mandatory  
2 reporting obligations inure to the following activities, among others:  
3 any improper handling or disclosure of classified information; attempts  
4 to entice co-workers into criminal situations that could lead to  
5 blackmail or extortion; attempts to entice DOD personnel into situations  
6 that could place them in a compromising position; and attempts to place  
7 DOD personnel under obligation through special treatment, favors, gifts,  
8 or money.

9 **E. The Glenn Defense Marine Asia ("GDMA") Conspirators**

10 25. Glenn Defense Marine Asia ("GDMA") was a corporation  
11 headquartered in Singapore, with operating locations in Japan, Thailand,  
12 Malaysia, Korea, Hong Kong, Indonesia, Australia, Philippines, and the  
13 United States. GDMA's main business involved the "husbanding" of marine  
14 vessels, a service it had provided across the Seventh Fleet's AOR under  
15 various contracts with the U.S. Navy for over 25 years. "Ship husbanding"  
16 involves the coordinating, scheduling, and direct and indirect  
17 procurement of items and services required by ships and submarines when  
18 those vessels arrive at port. Examples of these items and services  
19 included, among others, tugboats; fenders; port authority or customs  
20 fees; security; food; fuel; water; trash removal; collection, holding,  
21 and transfer of liquid waste ("CHT"); and transportation.

22 26. Leonard Glenn Francis, charged elsewhere, a citizen of  
23 Malaysia, was the owner, President and CEO of GDMA. Francis utilized  
24 the email addresses Leonard.Glenn.Francis@gmail.com and  
25 Leonard@glenmarinegroup.com and in emails was referred to by the  
26 following nicknames: "Lion King," "LK," and "Boss." Francis's last known  
27 residence was within the Southern District of California.

1 27. Neil Peterson, charged elsewhere, a citizen of Malaysia, was  
2 the Vice President of Global Operations for GDMA.

3 28. Alex Wisidagama, charged elsewhere, a citizen of Singapore,  
4 was the General Manager for Global Government Contracts for GDMA.

5 29. Beginning at least as early as 2004 and continuing to in or  
6 about September 2013, Francis, Peterson, Wisidagama, Aruffo, and others  
7 participated in a scheme to defraud the U.S. Navy by over-billing on  
8 GDMA's husbanding contracts. The scheme caused the U.S. Navy to sustain  
9 losses of tens of millions of dollars.

10 30. Francis and Wisidagama, among others, were arrested on or about  
11 September 17, 2013, in San Diego, California.

12 COUNT 1 - Conspiracy (18 U.S.C. § 371)

13 31. Paragraphs 1 through 30 of this Indictment are re-alleged and  
14 incorporated by reference.

15 32. Beginning in or about February 2006 on the high seas and  
16 outside the jurisdiction of any particular district, and continuing  
17 through at least February 2014, defendants DAVID NEWLAND, aka "Newly,"  
18 ENRICO DEGUZMAN, aka "Rick," DONALD HORNBECK, aka "Bubbles," JAMES DOLAN,  
19 aka "JD," BRUCE LOVELESS, DAVID LAUSMAN, aka "Too Tall," STEVEN SHEDD,  
20 MARIO HERRERA, aka "Choke, aka Choke OIC," and ROBERT GORSUCH  
21 (collectively "the defendants") did knowingly and intentionally conspire  
22 and agree with each other and with others, including Francis, Aruffo,  
23 AG, Brooks, Sanchez, and Dusek, to commit an offense against the United  
24 States, namely bribery; that is, (1) the defendants and others knowingly  
25 agreed that, in return for the defendants being influenced in the  
26 performance of official acts and being induced to do and omit to do acts  
27 in violation of their official duties, and aiding and abetting other  
28 defendants to be so influenced and induced, (a) Francis and others would

1 directly and indirectly, corruptly give, offer, and promise things of  
2 value to the defendants, collectively and individually, including meals,  
3 entertainment, travel and hotel expenses, gifts, cash, and the services  
4 of prostitutes, and (b) the defendants, collectively and individually,  
5 would directly and indirectly, corruptly demand, seek, receive, accept,  
6 and agree to receive and accept these things of value personally and for  
7 other persons; and (2) the defendants and others took overt acts in  
8 furtherance of this conspiracy, in violation of Title 18, United States  
9 Code, Section 201(b)(2)(A) and (C), and Title 18, United States Code,  
10 Section 2.

11 OBJECTS OF THE CONSPIRACY

12 33. It was an object of the conspiracy for the defendants to use  
13 their official positions and individual and combined influence in the  
14 U.S. Navy to perform official acts; to exert pressure on other officials  
15 to perform official acts; and to advocate before and advise other  
16 officials, knowing and intending that such advocacy and advice would form  
17 the basis for their official acts; all to advance GDMA's interests, as  
18 questions, matters, and controversies regarding GDMA's ship husbanding  
19 business were brought to the defendants' attention. In return, Francis  
20 and others would offer and give a stream of benefits to or on behalf of  
21 the defendants, including, among other things of value, meals,  
22 entertainment, travel and hotel expenses, gifts, cash, and the services  
23 of prostitutes.

24 34. It was a further object of the conspiracy for the defendants  
25 to do and omit to do acts in violation of their individual and collective  
26 official duties, and in return, Francis and others offered and gave a  
27 stream of benefits to or on behalf of the defendants, including meals,  
28

1 entertainment, travel and hotel expenses, gifts, cash, and the services  
2 of prostitutes.

3 MANNERS AND MEANS OF THE CONSPIRACY

4 35. In furtherance of this conspiracy, and to accomplish its  
5 objects, various conspirators at various times used the following manners  
6 and means, among others:

7 a. Francis offered and gave a stream of benefits to and on  
8 behalf of the defendants, including meals, entertainment, travel and  
9 hotel expenses, gifts, cash, and the services of prostitutes.

10 b. Defendants sought, received, and accepted these things of  
11 value from Francis, including meals, entertainment, travel and hotel  
12 expenses, gifts, cash, and the services of prostitutes.

13 c. Defendants further sought from Francis employment with  
14 GDMA after their retirement from the U.S. Navy, though no defendant was  
15 ultimately hired by GDMA.

16 d. In return for this stream of benefits from Francis,  
17 defendants agreed to perform official acts; to exert pressure on other  
18 officials to perform official acts; and to advocate before and advise  
19 other officials, knowing and intending that such advocacy and advice  
20 would form the basis for their official acts; all to advance GDMA's  
21 interests as questions, matters, and controversies regarding its ship  
22 husbanding business were brought to defendants' attention.

23 e. Defendants informed Francis of planned U.S. Navy ship  
24 movements by providing Francis with classified U.S. Navy ship schedules  
25 and narrative summaries of those schedules.

26 f. Defendants provided Francis with internal, proprietary  
27 U.S. Navy information.

28

1 g. Defendants took official acts and exerted pressure on,  
2 advocated before, and provided advice to other U.S. Navy officials,  
3 knowing and intending that such advocacy and advice would form the basis  
4 for such other officials' decisions to direct ships to ports that were  
5 more lucrative for Francis and GDMA.

6 h. Defendants took official acts and exerted pressure on,  
7 advocated before, and provided advice to other U.S. Navy officials,  
8 knowing and intending that such advocacy and advice would form the basis  
9 for such other officials' decisions on which husbanding services and in  
10 what amounts to purchase from GDMA.

11 i. Defendants authored and signed and arranged for other U.S.  
12 Navy officers to author and sign letters and communications praising  
13 GDMA's performance of husbanding services.

14 j. Defendants took official acts and exerted pressure on,  
15 advocated before, and provided advice to other U.S. Navy officials,  
16 knowing and intending that such advocacy and advice would form the basis  
17 for such other officials' decisions to pay GDMA's claims, overlook  
18 inflated invoices, quash bid protests filed by GDMA's competitors,  
19 suppress competition in contract awards, and resolve in GDMA's favor  
20 other questions, matters, and controversies regarding GDMA's husbanding  
21 business.

22 k. In return for this stream of benefits from Francis,  
23 defendants were also induced to do and omit to do acts in violation of  
24 their official duties, including, among many others, receiving and  
25 failing to report others' receipt of things of value from a defense  
26 contractor, a prohibited source; failing to guard against and suppress  
27 and correct dissolute and immoral practices; failing to promote and  
28 safeguard the morale, physical well-being, and general welfare of other

1 U.S. Navy Officers; engaging in and failing to report violations of the  
2 UCMJ; and failing to report fraudulent and improper conduct by a U.S.  
3 Navy contractor.

4           l. In return for this stream of benefits from Francis,  
5 defendants were also induced to do and omit to do acts in violation of  
6 their official duties with respect to classified information, including,  
7 engaging in and failing to report acts of omission or commission that  
8 indicate poor judgment, unreliability, or untrustworthiness; failing to  
9 report vulnerability to coercion, influence, or pressure that may cause  
10 conduct contrary to the national interests, and engaging in and failing  
11 to report others' acts of sexual misconduct or perversion indicative of  
12 moral turpitude, poor judgment or lack of regard for the laws of society.

13           m. In return for this stream of benefits from Francis,  
14 defendants were also induced to do and omit to do acts in violation of  
15 their official duties with respect to foreign intelligence threats,  
16 including engaging in and failing to report others' improper handling  
17 and disclosure of classified information; engaging in and failing to  
18 report attempts to entice co-workers into criminal situations that could  
19 lead to blackmail or extortion; engaging in and failing to report  
20 attempts to entice DOD personnel into situations that could place them  
21 in a compromising position; and failing to report attempts to place DOD  
22 personnel under obligation through special treatment, favors, gifts, or  
23 money.

24           n. Defendants identified, vetted, and carefully recruited  
25 members to the conspiracy for their perceived discretion as well as their  
26 ability to perform official acts and exert pressure on, advocate before,  
27 and provide advice to other officials on questions, matters, and  
28 controversies regarding GDMA's ship husbanding business, knowing and

1 intending that such advocacy and advice would form the basis for such  
2 other officials' decisions.

3 o. Defendants referred to themselves collectively, at  
4 various times in the conspiracy, by terms such as "the Cool Kids," "the  
5 Band of Brothers," "the Brotherhood," "the Wolfpack," the "familia," and  
6 "the Lion King's Harem," among others.

7 p. Defendants sought to conceal their corrupt relationship  
8 with Francis by communicating with Francis using private email accounts,  
9 rather than their U.S. Navy accounts.

10 q. Defendants further sought to conceal their corrupt  
11 relationship with Francis by establishing email accounts with the  
12 foreign-based email service provider cooltoad.com, using fictitious  
13 names, such as Thomas A. Anderson and Troy Smith.

14 r. Defendants and their conspirators further sought to  
15 conceal and cover up their corrupt relationship by, at times, creating  
16 fraudulent "receipts" for things of value provided to defendants by  
17 Francis, though, in fact, defendants paid Francis nothing for the thing  
18 of value or paid a mere token amount known to be a small fraction of the  
19 worth of the thing of value.

20 s. Defendants and their conspirators sought to impede,  
21 obstruct and influence any inquiry or investigation into the nature and  
22 extent of their corrupt relationship by destroying evidence, including  
23 a computer hard drive taken from the U.S.S. George Washington, deleting  
24 email accounts, and making false statements to Special Agents from the  
25 Naval Criminal Investigative Service ("NCIS") and Defense Criminal  
26 Investigative Service ("DCIS").

27 //

28 //



OVERT ACTS

1  
2 36. In furtherance of the conspiracy and to effect its objects,  
3 the following overt acts, among others, were committed:

4 A1. On or about February 16, 2006, the Seventh Fleet Judge  
5 Advocate General ("JAG") circulated an ethics message to all senior  
6 officers of the Seventh Fleet advising them as to the ethics regulations  
7 pertinent to receiving gifts in foreign ports, including those  
8 regulations specific to receiving gifts from a defense contractor, like  
9 GDMA, which was a prohibited source. NEWLAND told Aruffo to forward this  
10 ethics message to Francis, so that Francis would know to keep their  
11 relationship a secret.

12 A2. The next day, on or about February 17, 2006, during the  
13 U.S.S. Blue Ridge's port visit to Hong Kong, NEWLAND, DEGUZMAN, GORSUCH,  
14 and others dined and drank at Francis's expense at the Petrus Restaurant  
15 in Hong Kong at a cost to Francis of \$20,435 USD. While in Hong Kong,  
16 NEWLAND and DEGUZMAN also stayed in accommodations at the Shangri-La  
17 Hotel paid for, in part, by Francis. To conceal and cover up their  
18 corrupt relationship, Francis created fraudulent receipts for the Petrus  
19 dinner in an amount that defendants knew was a small fraction of the  
20 actual cost of the dinner.

21 A3. On or about March 8, 2006, Francis sent Aruffo and NEWLAND  
22 an email asking NEWLAND to arrange for the Seventh Fleet's Commanding  
23 Vice Admiral to sign a "bravo zulu" letter praising GDMA. Francis  
24 included exemplar letters from other Admirals as attachments. NEWLAND  
25 responded on March 8, 2006: "[C]an do[,] easy!" On March 9, 2006, the  
26 Commanding Vice Admiral signed the letter for Francis.

27 A4. On or about March 9, 2006, during the U.S.S. Blue Ridge's  
28 port visit to Singapore, NEWLAND, DEGUZMAN, GORSUCH, and others dined

1 with Francis at the Jaan Restaurant in Singapore. Prior to dinner,  
2 defendants NEWLAND, DEGUZMAN, GORSUCH, and others enjoyed cocktails on  
3 the exclusive helipad on the roof. At dinner, defendants and others  
4 enjoyed foi gras terrine, duck leg confit, ox-tail soup, and roasted  
5 Chilean sea bass, paired with expensive wine and champagne, followed by  
6 digestifs and cigars, namely, Hennessy Private Reserve (approximately  
7 \$600 per bottle) and Paradis Extra (approximately \$2000 per bottle), and  
8 Cohiba Cigars (\$2000 per box).

9 A5. On or about April 4, 2006, Francis sent HORNBECK -- who  
10 could exert influence at CTF70 over ships, like the U.S.S. Abraham  
11 Lincoln, that were transiting through the Seventh Fleet AOR -- an email  
12 asking HORNBECK to exert pressure on and provide advice to other U.S.  
13 Navy officials to send the U.S.S. Abraham Lincoln to port in Laem Chabang,  
14 Thailand. HORNBECK responded by asking Francis if GDMA was hiring in  
15 San Diego and added: "[I]f there is anything I can do for you, please  
16 don't hesitate to ask."

17 A6. On or about April 6, 2006, Francis sent NEWLAND an email  
18 criticizing the U.S. Navy's decision to require several escort ships  
19 assigned to the Abraham Lincoln Carrier Strike Group ("ALSG") to dock at  
20 anchor at Sattahip, Thailand, rather than directing them to dock pierside  
21 in Laem Chabang: "I am in HKong with the ALSG, the [aircraft carrier]  
22 has told me that the [logistics request] will go out by Monday, to go  
23 pierside in [Laem Chabang]. That is great, however I was told that the  
24 escorts may be going to Sattahip? Why are we making life difficult to  
25 send them to anchor in Sattahip when we can berth the cruiser and  
26 destroyers all pier side in [Laem Chabang]? [C]ould you kindly check  
27 with your staff if we can make the right decision and have them in [Laem  
28 Chabang]."

1 A7. NEWLAND replied that he was exerting pressure on and  
2 providing advice to other U.S. Navy officials in an effort to grant  
3 Francis's request: "[W]e just heard that [the U.S.S. Abraham Lincoln]  
4 will be approved pierside. Country team is pushing to spread the rest  
5 of the escorts out [at anchor]. We're not done yet!"

6 A8. On or about April 10, 2006, NEWLAND wrote Francis to  
7 confirm that his efforts were successful and that the U.S. Navy was  
8 allowing all the ships in the ALSG to dock pierside: "[J]ust got official  
9 word, everybody is approved into Laem Chabang. Congrats." In fact, from  
10 April 19-26, 2006 the ALSG made a port visit to Laem Chabang, Thailand,  
11 serviced by GDMA, during which the U.S.S. Abraham Lincoln and all three  
12 escort ships docked pierside at Laem Chabang, at a total cost to the  
13 U.S. Navy of \$1,910,575.

14 A9. On April 29, 2006, Francis wrote to NEWLAND: "[L]et's  
15 start send[ing] more ships there [Laem Chabang] as we have all the pier  
16 space to accommodate 2 [strike groups]. . . Don't send ships to Phuket  
17 [Thailand]. . . [J]ust keep sending them over to Laem Chabang." In this  
18 email, Francis also asked NEWLAND to "put in a good word for me with  
19 [AB, a FISC official]" in Yokosuka, Japan.

20 A10. On or about May 2, 2006, NEWLAND emailed Francis to advise  
21 that an amphibious group would be docking in Laem Chabang, not Sattahip,  
22 Thailand, and commented: "[G]ood news."

23 A11. On or about May 3, 2006, NEWLAND sent Francis an email  
24 advising that the Ronald Reagan Carrier Strike Group would be docking at  
25 Laem Chabang, Thailand later that summer.

26 A12. In an email dated on or about July 4, 2006, HORNBECK asked  
27 Francis to throw a "wetting down" -- a raucous ceremony for newly promoted  
28 officers -- for HORNBECK, who had just been promoted to Captain, and

1 approximately 75 other people. (The wetting-down celebration is  
2 customarily paid for and hosted by the newly promoted officer, who  
3 invites his friends. It is usual for the officer to spend the difference  
4 between his pay at his old rank and his pay at the new rank on the bar  
5 tab for his guests.) In HORNBECK's case, Francis paid for the entire  
6 party, held on July 26, 2006 at the Long Bar, in the Raffles Hotel,  
7 Singapore.

8 A13. On or about August 12, 2006, Francis sent NEWLAND an email  
9 asking, "[A]ny plans for the [U.S.S. Blue Ridge] to visit Indonesia in  
10 the near future and a pierside visit to Phuket?"

11 NEWLAND responded on the same day: "I'm hoping for pierside in Phuket,  
12 still need to work some issues. . ." We are planning a [Blue Ridge]  
13 port call in Indonesia. I'll let you know the particulars later."

14 A14. In an email on August 16, 2006, Francis suggested to  
15 HORNBECK that the U.S. Navy re-route the U.S.S. Lassen from Phuket, to  
16 Laem Chabang, Thailand. HORNBECK responded later the same day that he  
17 "just pushed a request for [the U.S.S. Lassen] to also go to [Laem  
18 Chabang] with us [the U.S.S. Kitty Hawk]."

19 A15. On or about September 9, 2006, NEWLAND, DEGUZMAN, and  
20 others dined with Francis at Francis's expense at the New York Grill in  
21 Tokyo, Japan, and stayed at Francis's expense at the Park Hyatt Hotel,  
22 at total cost to Francis of approximately \$30,000.

23 A16. On or about October 20, 2006, LAUSMAN notified Francis  
24 that he would be on vacation at the Grand Hyatt, Hong Kong. The next  
25 day, Francis instructed a GDMA employee to upgrade LAUSMAN's room at  
26 GDMA's expense because LAUSMAN was "standing by to assist with" ensuring  
27 that the U.S.S. Kitty Hawk would dock pierside in Hong Kong.

28

1 A17. On or about October 27, 2006, Francis forwarded LAUSMAN  
2 additional information about the U.S.S. Kitty Hawk berthing pierside in  
3 Hong Kong. In the email, Francis also asked LAUSMAN if he wanted to  
4 stay in Kowloon (as opposed to Hong Kong) "because all the ships are  
5 going to be in Kowloon."

6 A18. On or about October 27, 2006, Francis forwarded NEWLAND  
7 confirmation that a pierside berthing was available for the U.S.S. Kitty  
8 Hawk in Hong Kong, but that Francis needed an official request from the  
9 U.S. Navy to berth the ship pierside. NEWLAND responded the same day:  
10 "Copy, will work from here." Ultimately the U.S.S. Kitty Hawk did not  
11 berth pierside in Hong Kong, though LAUSMAN did receive from GDMA a hotel  
12 room upgrade at the Grand Hyatt.

13 A19. On or about December 19, 2006, NEWLAND forwarded Francis  
14 an internal U.S. Navy email in which a supply officer for the U.S. Navy  
15 in Hong Kong was advocating against allowing the U.S.S. Blue Ridge to  
16 dock pierside in Hong Kong. NEWLAND observed: "[L]ooks like [the supply  
17 officer] is going to be difficult again." Later in the email string,  
18 NEWLAND expressly asked where to direct his advocacy: "Who do I need to  
19 talk to get pierside in Hong Kong?"

20 A20. On or about January 2, 2007, DEGUZMAN emailed Francis,  
21 noting that he "just spoke to [NEWLAND] re [Hong Kong]. I think that he  
22 will speak to the right people once he gets a few more info tidbits. I  
23 passed all the info you told me re the terminal."

24 A21. On or about January 4, 2007, NEWLAND wrote an email to  
25 Francis advising that he told the Naval Attaché in Hong Kong that a Vice  
26 Admiral preferred to have the U.S.S. Blue Ridge dock pierside in Hong  
27 Kong: "I've written [the Attaché], [and] told him [the Vice Admiral]  
28 wants to be pierside in HK somewhere..."

1           A22. The next day, Francis suggested to NEWLAND that the U.S.  
2 Navy dock the U.S.S. Rentz pierside in Hong Kong "as a test case before  
3 the Blue Ridge arrives." NEWLAND concurred, and invited Francis to "let  
4 me know if OLA [Naval Attaché Hong Kong] interferes." In the same email,  
5 NEWLAND sought a hotel room from Francis, noting that he and his wife  
6 "would love to stay at the [Shangri-La Hotel] closest to wherever the  
7 [U.S.S. Blue Ridge] winds up."

8           A23. On or about January 8 and 10, 2007, Francis emailed  
9 NEWLAND to ask for NEWLAND's help in resolving a bid protest lodged by  
10 a GDMA competitor regarding GDMA's husbanding contract in the  
11 Philippines. NEWLAND responded: "I'll ask [AB, a FISC official] what's  
12 up in [the Philippines]. We need you in charge for our visit. As you  
13 know [DEGUZMAN] has some ambitious plans that depend on you."

14           A24. On or about January 10, 2007, Francis instructed a GDMA  
15 employee: "Kindly make reservations for 3 Rooms at the Island Shangri-  
16 La for COS [Chief of Staff] and wife, David . . . Newland a Harbor [V]iew  
17 Suite," to which the employee responded: "HV [Harbor View] suites cost  
18 an arm and a neck!"

19           A25. As a result of the bid protest lodged by GDMA's  
20 competitor, in or about January 2007, the U.S. Navy suspended GDMA's  
21 contract to provide husbanding services to all U.S. Navy vessels in the  
22 Philippines and began the process to award contracts for husbanding  
23 services in the Philippines on an ad hoc basis. On or about January 12,  
24 2007, Francis emailed NEWLAND, with a copy to Aruffo, to request that  
25 NEWLAND attempt to advocate before and advise AB, a FISC official, to  
26 lift the contract suspension that resulted from the bid protest lodged  
27 by GDMA's competitor: "Additional pressure from 7th Fleet to FISC  
28

1 Yokosuka's [Commanding Officer] to vacate the suspension would be  
2 extremely helpful."

3 A26. On or about January 22, 2007, Francis emailed NEWLAND to  
4 advise that "FISC is considering to award the upcoming 3 [Philippine]  
5 port visits to [GDMA's competitor]." NEWLAND responded: "Leonard, This  
6 is AFU [all fucked up]. We need GDMA in the RP [Republic of the  
7 Philippines] and we all know it. We're doing all we can but it's up to  
8 FISC who we have no control over. We'll keep pushing but this stinks of  
9 internal politics." Later that day, NEWLAND emailed Francis to say:  
10 "Just got word that a decision has been made. GDMA will have the contract  
11 in [the Philippines]." In an email the same day, DEGUZMAN added:  
12 "Leonard, Aloha; just saw the GAO ruling re [the Philippines]; guess  
13 we'll continue to do business w/ you. I was all spun up until I saw the  
14 paper. Congratulations and TERIMAH KASIH for all your efforts. R/Rick".

15 A27. On or about February 2, 2007, the Seventh Fleet JAG again  
16 circulated an ethics message to all senior officers of the Seventh Fleet,  
17 including NEWLAND, DEGUZMAN, SHEDD, and others advising them as to the  
18 ethics regulations pertinent to receiving gifts in foreign ports,  
19 including those regulations forbidding receiving gifts from a defense  
20 contractor, like GDMA.

21 A28. Incident to a port visit by the U.S.S. Blue Ridge in Hong  
22 Kong on or about February 2-5, 2007, at NEWLAND's request, Francis  
23 arranged for a seven-course dinner at Gaddi's in The Peninsula Hotel for  
24 a small group of Seventh Fleet senior officers and their wives, for which  
25 Francis paid the bill and provided the wine, though neither Francis nor  
26 any other GDMA employee attended.

27 A29. In Hong Kong, Francis also provided NEWLAND and others  
28 with lavish hotel rooms and other things of value.

1 A30. Incident to a port visit by the U.S.S. Blue Ridge and to  
2 celebrate GDMA's award of the husbanding contract for the Philippines,  
3 on or about February 8-10, 2007, Francis hosted and paid for a lavish  
4 party and the services of prostitutes in the MacArthur Suite of the  
5 Manila Hotel, attended by NEWLAND, among others. During the party,  
6 historical memorabilia related to General Douglas MacArthur were used by  
7 the participants in sexual acts.

8 A31. During the port visit by the U.S.S. Blue Ridge in Cebu,  
9 Philippines on or about February 11-14, 2007, NEWLAND and others stayed  
10 at the Shangri-La Hotel Cebu at Francis's expense. Francis also paid  
11 for prostitutes for several U.S. Navy Officers, including a prostitute  
12 delivered by Aruffo to NEWLAND's hotel room. On February 14, 2007,  
13 NEWLAND sent Francis an email in which he acknowledged: "Thank you for  
14 your hospitality in Cebu."

15 A32. On or about February 14, 2007, referencing the U.S.S. Blue  
16 Ridge's upcoming port visit to Singapore, NEWLAND sent an email to Aruffo  
17 noting his proposed itinerary: "We want to do Sunday brunch at Raffles  
18 Hotel around 1000 or 1100. Some kind of show or tour on Friday would be  
19 great. Save Monday just for the two of us [NEWLAND and his wife]. Then  
20 shopping, shopping, shopping."

21 A33. During the U.S.S. Blue Ridge's port visit to Singapore  
22 from about February 22-27, 2007, Francis paid for the hotel expenses for  
23 NEWLAND, DEGUZMAN, GORSUCH, Aruffo, and others at the Shangri-La Hotel,  
24 Singapore at a total cost to Francis of approximately \$50,000.

25 A34. On or about February 23, 2007, during the U.S.S. Blue  
26 Ridge's port visit to Singapore, NEWLAND, DEGUZMAN, Aruffo, and others  
27 dined with Francis at Francis's expense at the Blu Restaurant within the  
28 Shangri-La Hotel, Singapore.



1 A35. On or about February 24, 2007 during the U.S.S. Blue  
2 Ridge's port visit to Singapore, NEWLAND, DEGUZMAN, HORNBECK, GORSUCH,  
3 Aruffo, and others attended a cocktail reception hosted by Francis on  
4 the helipad of the Jaan Restaurant atop the Shangri-La Hotel, followed  
5 by an extravagant dinner and live entertainment.

6 A36. On or about February 26, 2007, Francis hosted and paid  
7 for dinner at Nadaman's in Singapore for NEWLAND, Aruffo and others.

8 A37. On or about March 1, 2007, DEGUZMAN forwarded to Francis  
9 an internal U.S. Government email in which a State Department official  
10 complained about an incident involving GDMA personnel during the U.S.S.  
11 Blue Ridge port visit to General Santos City, Philippines. In the body  
12 of the email, DEGUZMAN advised Francis: "Recommend some quick damage  
13 control the Glenn Marine way to minimize." In a separate email of March 1,  
14 DEGUZMAN advocated to many U.S. officials in defense of GDMA, laying  
15 blame instead with local Filipino personnel.

16 A38. Starting the same day, from on or about March 1-5, 2007,  
17 incident to a port visit by the U.S.S. Blue Ridge to Kuala Lumpur,  
18 Malaysia, Francis paid for lavish hotel rooms at the Shangri-La Kuala  
19 Lumpur for NEWLAND, DEGUZMAN, GORSUCH, Aruffo, and others.

20 A39. On or about March 6, 2007, Francis sent DEGUZMAN an email  
21 complaining about the Military Sealift Command using a GDMA competitor  
22 as a husbanding agent. DEGUZMAN responded: "[C]opy. Like I said, [a  
23 Seventh Fleet Officer] is going to try to fix it later but for now we  
24 have to play nice w/[a competitor in the Philippines]."

25 A40. On or about March 13, 2007, NEWLAND advised Francis of  
26 the U.S.S. Dubuque's upcoming port visits to India. Later that same day,  
27 Aruffo emailed Francis to plan a dinner in Tokyo. Aruffo advised Francis  
28 that NEWLAND had requested fine wine.

1           A41. On or about March 24, 2007, NEWLAND, DEGUZMAN, HORNBECK,  
2 and Aruffo attended a multi-course dinner hosted by Francis at the Oak  
3 Door in Tokyo, Japan, during which was served, at Francis's expense, foie  
4 gras, Lobster Thermidor, and Sendai Tenderloin, and for dessert, "Liberte  
5 Sauvage," the winning cake of the 10<sup>th</sup> Coupe du Monde de la Patisserie  
6 2007, followed by cognac and cigars. Each course was paired with fine  
7 champagne or wine. During the event, the attendees posed for photographs  
8 wearing custom-made GDMA neckties that Francis had given them as gifts.

9           A42. On or about March 26, 2007, DEGUZMAN sent Francis an email  
10 thanking him for his "hospitality, kindness and the gifts" and advising  
11 that DEGUZMAN and his family would be traveling to the Philippines the  
12 next month. Francis responded: "I am looking forward to meeting up with  
13 you in [the Philippines]. As discussed I will be at the Shangri-La and  
14 would like you and [your wife] to join me. Please provide your arrival  
15 dates for Manila and Cebu and I will take care of the arrangements."  
16 Later in the email, Francis enlisted DEGUZMAN's help in ingratiating  
17 himself to a FISC official whose office was tasked with administering  
18 GDMA's husbanding contracts: "On another note I need to warm up to [AB,  
19 a FISC official] to move on and build a solid working relationship. . .  
20 ." Francis mused to DEGUZMAN: "I hope [your wife] can be my PR Manager  
21 and get us [Francis and AB] together during the next visit to Tokyo."

22           A43. DEGUZMAN responded via email the same day: "We have  
23 initially booked rooms [in the Philippines]; however, [my wife] really  
24 likes the Shangri La and if we could get a corporate rate, we would like  
25 to stay at the Shangri La in Manila and/or Cebu." ... "I think [my wife]  
26 could arrange something w/[AB's wife]. She's very good at 'arranging'  
27 things." (Emphasis in the original).

28

1           A44. In a further effort to recruit AB, the FISC official, into  
2 the conspiracy, DEGUZMAN, his wife, Aruffo, Francis and others developed  
3 and implemented a "shaping op[eration]." On March 30, 2007, DEGUZMAN  
4 wrote to Aruffo: "Ed san, Domo [thank you] for the tuna. Got the other  
5 tuna to [AB's wife] for 'shaping.'" Aruffo forwarded the message to  
6 Francis, adding, "Beginning our 'shaping' OP, dropped off a chunk of tuna  
7 that I bought in General Santos [City] for [DEGUZMAN's wife] to drop off  
8 with [AB's wife]."

9           A45. On April 5-7, 2007 DEGUZMAN and his wife stayed at the  
10 Makati Shangri-La, traveling from there to Cebu, Philippines, where they  
11 stayed from April 8-11, 2007 at the Shangri-La Mactan Resort and Spa,  
12 all ultimately at Francis's expense.

13           A46. On or about April 7, 2007, DEGUZMAN emailed Francis to  
14 advise that DEGUZMAN paid for his room: "FYI, I paid the Makati Shangri-  
15 La (P\$37,194) for the room here. I just wanted to make sure that Glenn  
16 Marine did not get charged for it." ... "The info you sent me re [a  
17 competitor in the Philippines] is very interesting. I'll make sure it  
18 gets to some interested folks." Francis responded, "[T]here was an  
19 oversight by the Staff of the Makati Shangri-La for charging your credit  
20 card. They have assured me that it will be reversed and credited back  
21 into your card account." The charges to DEGUZMAN's credit card were, in  
22 fact, reversed, and the hotel room at the Makati Shangri-La was  
23 subsequently paid for by Francis. Francis assured DEGUZMAN, "The room  
24 at the [M]actan Shangri-La is confirmed and you won't have any issues  
25 for payment there." Francis continued: "[A]nything you can do to bury  
26 [the GDMA competitor in the Philippines] with the [i]ntel I provided  
27 would be appreciated."

28

1 A47. On or about April 17, 2007, DEGUZMAN confirmed with  
2 Francis that he had passed the information about the GDMA competitor in  
3 the Philippines on to NCIS, noting, "they know about it as well as the  
4 alleged excessive charges against the Navy."

5 A48. On or about April 19, 2007, Francis emailed DEGUZMAN: "On  
6 another note it seems SUBGRU7 [Submarine Group 7] is considering sending  
7 one of their assets to Subic [Bay, Philippines]. [B]ad Idea. Send it  
8 somewhere but Subic please." DEGUZMAN responded, "I think if we come up  
9 w/an alternative, we can get SUBGRU to buy off on it."

10 A49. On or about April 22, 2007, DEGUZMAN again emailed Francis  
11 to assure him: "Copy all your past email re FISC and Subic. We'll find  
12 alternatives until 'Leonard's World' is fixed."

13 A50. In or about April 2007, at HORNBECK's request, Francis  
14 arranged for one of HORNBECK's relatives to receive a culinary internship  
15 at the Chalet Suisse Restaurant, within the Equatorial Hotel, Kuala  
16 Lumpur, Malaysia. During the internship, from August 28-October 23,  
17 2007, Francis paid the relative's living expenses at a total cost of at  
18 least \$13,000.

19 A51. On or about May 9, 2007, DEGUZMAN emailed Francis, copying  
20 SHEDD by way of introduction, and noting that SHEDD "wants to introduce  
21 other new team members to you. I know they will learn a lot from you."  
22 SHEDD replied all, referencing that Aruffo had also already informally  
23 acquainted Francis with SHEDD.

24 A52. On or about May 14, 2007, DEGUZMAN's wife spent the  
25 morning with AB's (the FISC official's) wife. DEGUZMAN emailed Francis,  
26 referencing the "shaping op": "How was the brief @FISC?" ... "Guess all  
27 of [my wife's] shaping is working." Also on or about May 14, 2007, NEWLAND  
28

1 emailed Francis: "We're all dieing [sic] to know how your meeting with  
2 [AB] went yesterday."

3 A53. On or about May 18, 2007, DEGUZMAN forwarded Francis an  
4 internal U.S. Navy email chain in which DEGUZMAN was advocating before  
5 and advising another Officer that he thought the U.S.S. Peleliu should  
6 dock pierside during a port visit in Manila: "I'll have to coordinate  
7 w/PEI and PN as well as our Husbanding Agent. I think it can be done at  
8 the Presidential Pier." In fact, the U.S.S. Peleliu docked pierside  
9 during its port visit to Manila.

10 A54. On or about May 24, 2007, Francis sent NEWLAND an email  
11 inquiring whether the U.S. Navy would be sending any ships to Thailand,  
12 to which NEWLAND responded: "I think I got the boss to buy off on letting  
13 ships go to Phuket, [Thailand]."

14 A55. On or about May 29, 2007, Francis forwarded to DEGUZMAN  
15 several "bravo zulu" letters prepared for the signature of senior U.S.  
16 Navy officers, including LAUSMAN. DEGUZMAN responded: "Got them and will  
17 start working on the right signatures." Francis replied, offering  
18 DEGUZMAN and others a hotel room during an upcoming port visit to Hong  
19 Kong: "Copy all on the letters. ... Can I propose the Shangri-La or the  
20 Peninsula [Hotel] [in Hong Kong]."

21 A56. On or about June 5, 2007, DEGUZMAN sent Francis internal  
22 U.S. Navy correspondence regarding the U.S.S. Peleliu, forwarding the  
23 communication from his official U.S. Navy email account to his personal  
24 email account and on to Francis.

25 A57. In reference to an upcoming port visit by the U.S.S. Blue  
26 Ridge in Sydney, Australia, Francis emailed LAUSMAN confirming hotel  
27 reservations at the Shangri-La Hotel, organized by Aruffo, who Francis  
28

1 referred to as the conspiracy's "MWR [Morale, Welfare, and Recreation]  
2 manager, Yokosuka, Det[achment]!"

3 A58. On or about June 12, 2007, in response to an email about  
4 GDMA's capacity to support a port visit by the U.S.S. Nimitz in India  
5 and at what cost, Francis wrote an email to various U.S. Navy contracting  
6 officers, blind copying NEWLAND and SHEDD.

7 A59. On or about June 14, 2007, Francis sent an email to  
8 Brooks, a U.S. Navy Captain serving as the U.S. Naval Attaché in Manila,  
9 Philippines, advising Brooks to direct his comments in support of GDMA  
10 related to the ongoing ship husbanding dispute in the Philippines to  
11 fellow conspirators NEWLAND and HORNBECK. Brooks sent his comments in  
12 support of GDMA's position, which had been ghost-written by GDMA  
13 personnel, as directed, on June 16, 2007, which Francis forwarded to  
14 Aruffo and DEGUZMAN later that same day.

15 A60. On or about June 14-18, 2007, during the U.S.S. Blue  
16 Ridge's port visit to Sydney, Australia, NEWLAND, DEGUZMAN, LAUSMAN,  
17 GORSUCH, and others stayed at the Shangri-La Hotel in Sydney, Australia  
18 at a total cost to Francis of over \$10,000 USD.

19 A61. On or about June 17, 2007, during the U.S.S. Blue Ridge's  
20 port visit to Sydney, Australia, Francis hosted and paid for a farewell  
21 and "changing of the guard" dinner event at the Altitude Restaurant  
22 within the Shangri-La Hotel. NEWLAND, DEGUZMAN, LAUSMAN, SHEDD, GORSUCH,  
23 Aruffo, and others dined on saute of scallops, foi gras, and beef loin,  
24 and signed an Altitude menu dated June 17, 2007 reflecting their  
25 attendance at this event. The total cost of this dinner at Altitude was  
26 approximately \$11,898 AUD. During dinner, GORSUCH handed Francis two  
27 disks containing classified port visit information for many U.S. Navy  
28 ships.

1           A62. On or about June 18, 2007, a GDMA employee sent Francis  
2 an email, attaching the classified U.S. Navy ship schedules, which  
3 GORSUCH had provided the previous evening.

4           A63. In or about June 2007, to further conceal his corrupt  
5 relationship with Francis, GORSUCH registered an account with the foreign  
6 email service provider "cooltoad.com," which he used to communicate with  
7 Francis using a fictitious name. On or about June 22, 2007, using the  
8 email account, lyinginthedark@cooltoad.com, GORSUCH sent an email to  
9 Francis: "Bob here. Just got turned on to this third party email website  
10 that the military folks can't block or track; and best of all it can be  
11 accessed from the ship. For your info - deliveries [of gifts] made with  
12 the exception of 1 box..." Referencing classified U.S. Navy ship schedules  
13 that GORSUCH had provided, Francis replied: "Copy all and thanks for the  
14 updates."

15           A64. On or about July 3, 2007, NEWLAND sent Francis an email  
16 stating, "[JC] just left for 2 weeks leave before he meets the ship in  
17 Yoko[suka] and turns over with Jim DOLAN. [DEGUZMAN] just left  
18 yesterday. I leave the morning of 9 July. Don HORNBECK is back, so use  
19 him as your main POC until we figure out how [the incoming Seventh Fleet  
20 Chief of Staff] will respond. Related to the recently completed port  
21 visit by the U.S.S. Nimitz in Chennai, India, NEWLAND further invited  
22 Francis: "Let me know if you get any pushback on [port visit] cost issues,  
23 [and] I'll do what I can."

24           A65. On or about July 4, 2007, Francis confirmed NEWLAND's  
25 flight information to Sydney and informed him that FISC wanted a discount  
26 for the services GDMA provided in Chennai. NEWLAND replied  
27 incredulously, and in a subsequent email attached the biography of his  
28 successor as Chief of Staff for the Seventh Fleet.

1 A66. On or about July 6, 2007, Francis verified that NEWLAND  
2 had received a hotel confirmation for his upcoming stay at the Shangri-  
3 La Hotel in Sydney, Australia. Francis advised NEWLAND that U.S. Navy  
4 officials were complaining about the service that GDMA provided in New  
5 Caledonia and Vanuatu. NEWLAND responded: "Thank you very much for your  
6 kindness. I heard about Vanuatu from N7. I understand. Will not let  
7 them make a big deal out of it."

8 A67. In reference to difficulties encountered during a port  
9 visit by the U.S.S. Stethem in Noumea, New Caledonia, SHEDD sent an email  
10 setting forth the problems and copying many parties, which Francis  
11 perceived as casting GDMA in an unfavorable light. Francis, in turn,  
12 emailed NEWLAND to cover for GDMA: "We should be putting out fires not  
13 copyingalcon [all concerned] to make us look bad." NEWLAND responded:  
14 "I'll take SHEDD to the wood shed for that."

15 A68. On or about July 7, 2007, DEGUZMAN emailed Francis: "I  
16 know FISC owes you for the liberty ferry and everything else especially  
17 in India. I told [NEWLAND] it was you who funded the party in Manila as  
18 well ... unfortunately, I don't think I'll be able to influence people like  
19 I did there at 7th Fleet."

20 A69. On or about July 7, 2007, Aruffo and Francis discussed  
21 the turnover in the Seventh Fleet staff and the imminent departure of  
22 several conspirators. Aruffo wrote: "I talked to [NEWLAND] yesterday;  
23 he'll spread the Glenn Gospel, hopefully we'll be up and running again  
24 in no time flat with the new crew. If you make it to Tokyo next month,  
25 think we should get the old COS [NEWLAND] to socialize dinner with the  
26 new COS. Let me know what you're thinking, I'll talk to COS [NEWLAND]/Bob  
27 [GORSUCH]/[Steve] SHEDD." On or about July 8-9, 2007, Francis and Aruffo  
28 continued to discuss and vet the new members of the Seventh Fleet staff



1 and how to effectively use the remaining members of the conspiracy to  
2 thwart GDMA's adversaries.

3           A70. On or about July 8, 2007, Francis sent an email to  
4 GORSUCH's cooltoad.com account asking for biographical information on  
5 the new Seventh Fleet Chief of Staff. GORSUCH responded, evaluating  
6 certain new members of the Seventh Fleet staff, including DEGUZMAN's  
7 replacement -- "believe he got a good turnover from [DEGUZMAN]" -- and  
8 Aruffo's replacement - "N34 is a good guy - already talked with him and  
9 he wants to meet you too." As for the new COS, GORSUCH explained he "is  
10 a great guy, easy going, but will need to be eased into fine dining,  
11 etc. according to [NEWLAND]."

12           A71. On or about July 9, 2007, Francis paid for the hotel  
13 expenses and airport transfers of NEWLAND at the Shangri-La Hotel,  
14 Sydney, Australia during NEWLAND's transition out of Seventh Fleet and  
15 to his next assignment with the U.S. Navy.

16           A72. On or about July 22, 2007, Francis wrote to HORNBECK,  
17 urging him to exert pressure and otherwise advocate that the U.S. Navy  
18 not cancel the U.S.S. Kitty Hawk's planned visit to Port Klang, Malaysia:  
19 "I respectfully solicit and would sincerely appreciate any support you  
20 can muster to make the [Kitty Hawk] visit a reality." HORNBECK responded,  
21 "All looks like it's coming together for the [Kitty Hawk] visit." On or  
22 about July 25, 2007, HORNBECK provided Francis his private email address  
23 hosted by msn.com. In fact, from August 28-September 1, 2007, the U.S.S.  
24 Kitty Hawk conducted a port visit to Port Klang, Malaysia, at a total  
25 cost of \$1,859,977.

26           A73. On or about August 20, 2007, GORSUCH sent Francis an email  
27 addressed to "Boss" again vetting members of the Seventh Fleet staff for  
28 membership in the conspiracy: "I am getting with [S]teve SHEDD later and

1 will work on personality profiles... We will come up with a plan and give  
2 you an update shortly. I have already spoken to Too Tall [LAUSMAN] and  
3 H[ORNBECK]."

4 A74. On or about August 26, 2007, GORSUCH emailed Francis to  
5 provide GORSUCH's and SHEDD's assessment of whether a particular U.S.  
6 Navy officer was corruptible: "[The U.S. Navy officer] is certainly  
7 someone you can reach out to and have a dialogue with, but [S]teve SHEDD  
8 isn't sure if he is someone who could keep his mouth shut about fine  
9 dining. . . . still working on it."

10 A75. On or about September 5 and 7, 2007, GORSUCH, using his  
11 cooltoad.com account, sent Francis emails trying to establish direct  
12 communication between Francis and HORNBECK and SHEDD in order that they  
13 might provide updated, classified ship schedules to Francis on a more  
14 timely basis than GORSUCH often could. GORSUCH promised: "Steve SHEDD  
15 will help you out with whatever you need."

16 A76. On or about September 16-17, 2007, Francis traveled to  
17 Yokosuka, Japan, where he met and dined with HORNBECK, DOLAN, LAUSMAN,  
18 LOVELESS, and others with the intent of vetting and incorporating certain  
19 additional members of the Seventh Fleet staff, including the new COS and  
20 DEGUZMAN's replacement into the conspiracy.

21 A77. On or about October 25, 2007, GORSUCH, using his  
22 cooltoad.com account, sent Francis an email recounting how, the previous  
23 day in Yokosuka, Japan, he had provided Francis with two disks containing  
24 the classified schedules of ships assigned to the U.S. Navy's Seventh  
25 Fleet: "By the way, the two disks. . . . the yellow one is the latest  
26 with current C7F [Seventh Fleet] sked as briefed to the boss. I will  
27 investigate on the dates for the ships you requested and get back to you  
28 shortly."

1 A78. On or about November 18, 2007, SHEDD, using a cooltoad.com  
2 account he had recently established, sent Francis an email describing in  
3 narrative form the classified planned movements of the U.S.S. Tarawa and  
4 U.S.S. Essex for December 2007. On or about November 21, 2007, SHEDD,  
5 using his cooltoad.com account, sent Francis an email describing in  
6 narrative form the classified planned movements of the U.S.S. Port Royal  
7 for December 2007.

8 A79. On or about November 29, 2007, Francis wrote an email to  
9 DOLAN and HORNBECK notifying them that GDMA was seeking from the U.S.  
10 Navy a "cancellation settlement" payment relating to expenses that GDMA  
11 purportedly sustained after the U.S.S. Kitty Hawk canceled a port visit  
12 to Hong Kong due to diplomatic issues with China. In the email, Francis  
13 asked DOLAN to exert influence over FISC to pay the settlement: "FISC is  
14 deferring resolution, and GDMA needs to settle with our [Hong Kong]  
15 subcontractors that are becoming increasingly impatient. . . Any  
16 assistance for your side would be appreciated." On or about November 30,  
17 2007, DOLAN responded: "I'll help as required.. BLUF [Bottom Line Up  
18 Front]: I understand contractual matters here, and will send FISC  
19 principals a note to 'do the right contractual and legal' things without  
20 delay."

21 A80. On or about December 1, 2007, Francis dined and partied  
22 with LOVELESS, SHEDD, and others in Singapore, at a cost to Francis of  
23 approximately \$5,000. On this occasion, Francis provided SHEDD and his  
24 wife with Ulysse Nardin watches, worth \$25,000.

25 A81. On or about December 16, 2007, Francis sent an email to  
26 DOLAN and HORNBECK seeking their assistance in a billing dispute between  
27 GDMA and the U.S.S. Chicago and the U.S.S. Connecticut as well as in  
28 resolving the U.S.S. Kitty Hawk cancellation settlement. DOLAN forwarded

1 Francis's email to several officers responsible for making those  
2 payments, including the N3 of Submarine Group Seven (CSG-7), with the  
3 admonishment: "If these are accurate, let's get them paid soonest."  
4 DOLAN forwarded his email to Francis, with the comment: "Late payment  
5 like this is unsat[isfactory]. If not resolved expeditiously, give me  
6 a shout." On or about December 18, 2007, DOLAN forwarded to Francis the  
7 internal, U.S. Navy communications about payment from CSG-7. DOLAN  
8 continued with respect to Francis's ongoing request that DOLAN exert  
9 pressure and advise other U.S. Navy personnel to close or reduce staffing  
10 at the Ship Support Office ("SSO") in Hong Kong, a traditional GDMA  
11 adversary: "Still working the [Hong Kong] piece with FISC."

12 A82. On or about January 1, 2008, SHEDD, using his  
13 cooltoad.com account, sent Francis a document marked classified.

14 A83. On or about January 11, 2008, SHEDD, using his  
15 cooltoad.com account, sent Francis the narrative schedules of various  
16 U.S. Navy ships for several months hence.

17 A84. On or about January 19-21, 2008, SHEDD, and others stayed  
18 for two nights at the Ritz Carlton in Tokyo. During the stay, Francis  
19 hosted and paid for a "boys night out" dinner at the Azure Forty-Five  
20 Restaurant, which SHEDD, GORSUCH, and others attended.

21 A85. On or about January 24, 2008, SHEDD advised Francis that,  
22 at Francis's behest, SHEDD had delivered cigars and fine wine to LAUSMAN  
23 and HORNBECK, and fine wine to LOVELESS and DOLAN.

24 A86. In the same email, SHEDD corresponded with Francis about  
25 hotel accommodations and dinner during the U.S.S. Blue Ridge's upcoming  
26 port visit to Hong Kong. As to AG, a new attendee, SHEDD wrote: "I want  
27 to bring AG into the loop if that is alright with you. He will be a  
28 good alternate for me, even if he is Australian." SHEDD added, "Also,

1 we'll need receipts for this one," and in closing, SHEDD pledged, "I have  
2 a number of port visit updates for you. I have to wait for the office  
3 to quiet down this evening." Francis replied: "More to follow on the  
4 rooms, no worries on the hotel vouchers from the travel agent[.] [G]ot  
5 it covered."

6 A87. On or about January 25, 2008 at 12:25 a.m., SHEDD, using  
7 his cooltoad.com account, emailed Francis multiple classified ship  
8 schedules. During this exchange, SHEDD confirmed a change to the  
9 schedule of the U.S.S. Fitzgerald to accommodate Francis.

10 A88. Later on or about January 25, 2008, SHEDD, using his  
11 cooltoad.com account, emailed Francis about Francis's providing hotel  
12 rooms at the JW Marriott in Hong Kong during the upcoming port visit by  
13 the U.S.S. Blue Ridge: "DOLAN is now in for a room. ... JW Marriott in  
14 Wanchai is a perfect hotel - not too opulent! [Y]ou are a true master!"  
15 Francis responded, confirming rooms for DOLAN, HORNBECK, SHEDD, AG, and  
16 LOVELESS, and commented: "Will worry about the payment later. . . I am  
17 at the Shangri-La to ensure that we are all not together at the same  
18 hotel. Keep this dinner on the low side, the HK SSO [Ship Support Office]  
19 are big time 'MF' ". SHEDD responded: "Copy all. ... Fully understand the  
20 need for max discretion."

21 A89. On or about January 28-February 1, 2008, DOLAN, HORNBECK,  
22 LOVELESS, SHEDD, and AG stayed in Harbor View Club Floor rooms at the JW  
23 Marriott in Hong Kong at a rate of about \$626 per room per night paid  
24 for by Francis. As requested by SHEDD, however, in order to conceal and  
25 cover up their corrupt relationship, Francis distributed to the U.S. Navy  
26 Officer-attendees fictitious receipts reflecting a cost of \$126 (tax  
27 inclusive) per room per night.

1           A90. On or about January 29, 2008, during the U.S.S. Blue  
2 Ridge's port visit to Hong Kong, Francis hosted and paid for a dinner  
3 event in the Alsace Room of the Petrus Restaurant, which DOLAN, HORNBECK,  
4 LOVELESS, LAUSMAN, SHEDD, and AG attended. Dinner that evening was an  
5 eight course meal, featuring black truffle soup, rock lobster salad,  
6 oscetra caviar, pan-seared duck liver with pear and sunchoke, Dover sole,  
7 grilled Wagyu beef tenderloin Rossini, a selection of fine cheeses, and  
8 baked Alaska for dessert. Each course was paired with Champagne or fine  
9 wine. The total cost of the event - venue, entertainment, dinner, and  
10 wine - was approximately \$18,371.

11           A91. On or about January 29, 2008, HORNBECK emailed Francis to  
12 thank him for a night of entertainment and to solicit a job: "Just wanted  
13 to send a quick note to say thank you for including me in the get-  
14 together last night. Really enjoyed talking to you - and the food,  
15 music, and wine were wonderful... As we briefly discussed, it looks like  
16 I'll be leaving the Navy around June 2009. Not sure whether I will stay  
17 in this job until retirement, or if I'll get orders back to the States  
18 later this year. In any event, if you are still considering opening an  
19 office in San Diego in the near-future, I would very much be interested  
20 in being a part of that."

21           A92. On or about February 12, 2008, SHEDD, using his  
22 cooltoad.com account, emailed Francis the classified planned movements  
23 for various U.S. Navy ships and submarines for up to six months hence,  
24 including the proposed port visit schedule of all aircraft carriers  
25 transiting through the Seventh Fleet AOR.

26           A93. On or about February 12, 2008, Francis requested that  
27 LAUSMAN author and send a bravo zulu letter touting GDMA's  
28 accomplishments: "May I humbly request an official BZ message that

1 includes a cc to the OLA [Hong Kong Naval Attaché], 7th [Fleet], CLWP  
2 [Commander of Logistics Western Pacific]/FISC Yoko[suka] and Singapore  
3 and other key players to ensure everyone knows of your satisfaction with  
4 my company's support." LAUSMAN complied, sending the requested bz letter  
5 on or about February 19, 2008.

6 A94. On or about February 12, 2008, SHEDD, using his  
7 cooltoad.com account, sent Francis an email describing five months of  
8 schedules for various U.S. Navy ships and submarines.

9 A95. On or about February 17, 2008, Francis asked SHEDD to  
10 provide him with proprietary invoice information for GDMA competitors  
11 "from Vietnam, Cambodia, Honiara and [p]ort visits, in Saipan, Palau,  
12 Tahiti, Comoros, Madagascar, Seychelles, Mauritius, Guam for years 06,  
13 07 and 08. I need data info to plan for upcoming solicitations." SHEDD  
14 replied: "I'll work on the cost reports once I return from Hawaii ... What  
15 are your thoughts about a get-together?"

16 A96. On or about February 29, 2008, SHEDD, using his  
17 cooltoad.com account, sent Francis an email to which was attached an  
18 internal U.S. Navy document marked "draft pre-decisional" that described  
19 the classified planned movements of U.S. Navy aircraft carriers  
20 throughout the Seventh Fleet AOR for the next year.

21 A97. On or about March 6, 2008, using his cooltoad.com account,  
22 SHEDD emailed Francis, attaching classified ship schedules for the U.S.S.  
23 Blue Ridge and the U.S.S. Abraham Lincoln.

24 A98. On or about March 26, 2008, SHEDD, using his cooltoad.com  
25 account, emailed Francis, attaching U.S. Navy transit maps that  
26 identified the classified planned movements of the U.S.S. Peleliu and  
27 the U.S.S. Patriot for the upcoming three months.

28

1           A99. On or about April 16, 2008, Francis emailed DOLAN and  
2 HORNBECK requesting that DOLAN take official acts and exert pressure on  
3 other U.S. Navy officials to remedy the problem that Seventh Fleet  
4 submarines were not paying GDMA's bills on time. These invoices were  
5 delayed due to suspected fraudulent charges by GDMA. DOLAN forwarded  
6 Francis's email to two U.S. Navy submarine officers, with the admonition:  
7 "The below is not flattering, and is similar to the non-responsive  
8 payment scenario laid out in an e-mail I sent you in December. I thought  
9 CSG-7 bill paying responsiveness had been fixed until I received the  
10 below. Please read below carefully, and fix the problem. If there's an  
11 issue, resolve it expeditiously." Upon reading DOLAN's response, Francis  
12 triumphantly emailed other employees of GDMA: "That was a quick blast.  
13 Ha ha."

14           A100. On or about April 16, 2008, LAUSMAN emailed Francis,  
15 asking that that Francis book a hotel room for him in Thailand from  
16 May 1-4, 2008: "I will be home by 2130 Tokyo time. ... Just need a hotel  
17 in [P]attaya 1-4 [M]ay." Francis agreed, "I will make arrangements ... at  
18 Pattaya at the Sheraton," and added, "I want to discuss some plans for  
19 the ports." On April 19, 2008, Francis emailed LAUSMAN to confirm that  
20 he had booked rooms at the Pattaya Sheraton in Thailand and also at the  
21 Shangri-La in Singapore.

22           A101. On or about April 19, 2008, Francis sent a GDMA employee  
23 an email referencing [LAUSMAN's wife's] upcoming trip to Thailand:  
24 "[F]ast track and VIP service. Best room at Sheraton. Arrange [m]arket  
25 trip and tour for shopping in Bangkok. She wants to make silk pants.  
26 Cheap price[.] [GDMA] pay ha ha."

27           A102. From April 30-May 4, 2008, LAUSMAN and his wife stayed  
28 at the Pattaya Sheraton, with the costs borne by Francis.



1 A103. On or about April 30, 2008, SHEDD sent Francis an email  
2 asking Francis to provide hotel rooms in Thailand for SHEDD, DOLAN,  
3 HORNBECK, and LOVELESS during the U.S.S. Blue Ridge's upcoming port visit  
4 to Laem Chabang, Thailand. On or about May 2, 2008, DOLAN, HORNBECK,  
5 LOVELESS, and SHEDD stayed at Francis's expense for one night at the  
6 Conrad Hotel in Bangkok, Thailand, during which they were entertained by  
7 numerous prostitutes paid for by Francis.

8 A104. On May 4, 2008, SHEDD emailed Francis to notify him that  
9 DOLAN, HORNBECK, and LOVELESS "were all smiles on the drive home over  
10 their 'one night in Bangkok.'"

11 A105. On or about May 5, 2008, Francis sent an email to DOLAN  
12 and HORNBECK asking again for DOLAN's support in a billing dispute  
13 between GDMA and FISC Singapore.

14 A106. Incident to the U.S.S. Blue Ridge's port visit to  
15 Singapore from May 6-9, 2008, DOLAN, HORNBECK, LAUSMAN, and LOVELESS  
16 stayed at Francis's expense at the Shangri-La Hotel in Singapore. On or  
17 about May 6, 2008, Francis hosted dinner at Mezza9, after which, Francis  
18 arranged for several prostitutes to entertain DOLAN, HORNBECK, and  
19 LOVELESS.

20 A107. On or about May 7, 2008, HORNBECK emailed Francis to say  
21 "thank you for a fantastic dinner last night. Also really enjoyed My  
22 new Mongolian Friend," a reference to a prostitute, to which Francis  
23 responded: "Hot Mongolian [B]arbeque Ribs!"

24 A108. Incident to this port visit, on or about May 8, 2008,  
25 Francis also hosted dinner at Nadaman's Restaurant, which was attended  
26 by the new Seventh Fleet COS and several others, at a total cost to  
27 Francis of over approximately \$8,000. On or about May 10, 2008, SHEDD  
28 wrote to Francis, "The 3 [E]nsigns [DOLAN, HORNBECK, and LOVELESS] were

1 all grins this morning as we got underway! Hornbeck said he couldn't  
2 have survived another night in Singapore with you!"

3 A109. Incident to this port visit, from May 6-14, 2008, Francis  
4 paid for two hotel rooms at the Shangri-La Hotel, Singapore and all  
5 incidental charges for SHEDD and his family, as well as a room for LAUSMAN  
6 and his wife from May 4-10, 2008.

7 A110. On or about May 9, 2008, SHEDD emailed Francis to ask  
8 that Francis pay for his family's travel (four passengers) from Singapore  
9 to Malaysia and back to Japan. SHEDD invited Francis to "spank me hard  
10 if I'm out of line." On or about May 11, 2008, Francis responded that  
11 he would provide the travel arrangements, and did so, including booking  
12 reservations at the Magellan Sutera Harbor for SHEDD's family from  
13 May 14-20, 2008. After SHEDD's wife departed Singapore, SHEDD emailed  
14 Francis to confirm that she had "arrived in [Malaysia] and everything is  
15 terrific. She's at the Magellan Sutera Harbor which is perfect for  
16 optics. The Shangri-La would look bad for me." Inclusive of hotels in  
17 Singapore and Malaysia, airfare, change fees, and incidental expenses,  
18 the total cost of this SHEDD family vacation was approximately \$30,000.

19 A111. On or about May 10, 2008, SHEDD, using his cooltoad.com  
20 account, sent Francis an email to which was attached classified schedules  
21 for U.S. Navy ships through June 2008.

22 A112. On or about May 10, 2008, SHEDD emailed Francis about  
23 SHEDD's and HORNBECK's assessment of whether the new Seventh Fleet COS  
24 was corruptible and hence a potential recruit to the conspiracy: "I had  
25 a good talk with HORNBECK regarding [COS]. We still need to be cautious  
26 with his participation in events. [COS] was completely comfortable with  
27 you the other night at Nadamans and felt safe."

28

1 A113. On or about May 12-14, 2008, during a port visit by the  
2 U.S.S. Blue Ridge in Jakarta, Indonesia, Francis paid for hotel  
3 accommodations at the Shangri-La Hotel and the services of prostitutes  
4 for DOLAN, HORNBECK, and LOVELESS, among others.

5 A114. On about May 15, 2008, Francis emailed HORNBECK using  
6 U.S. Navy terminology appropriated to reference their escapades with  
7 prostitutes: "The PASSEX and DIVEX [E]x will continue today, I am  
8 returning to Singapore. We will meet up in Kota [Kinabalu, Malaysia]  
9 for more Minex Ex. The Menu was great!"

10 A115. On or about May 15, 2008, Francis emailed SHEDD to  
11 complain that another officer "was very cautious around me last night."  
12 SHEDD responded: "[That officer] is definitely poisoned. ... Now you can  
13 see why I haven't attempted to bring him in."

14 A116. Also on or about May 15, 2008, SHEDD, using his  
15 cooltoad.com account, emailed Francis the classified ship exercise  
16 schedules for various U.S. Navy ships.

17 A117. On or about various dates between May 14-21, 2008, during  
18 a port visit by the U.S.S Blue Ridge in Malaysia, DOLAN, HORNBECK,  
19 LOVELESS, and AG, stayed at the Shangri-La Hotel in Kota Kinabalu,  
20 Malaysia at Francis's expense. SHEDD stayed at Francis's expense at the  
21 Magellan Sutera Harbor with his wife and children. The port visit to  
22 Kota Kinabalu, including a fuel purchase authorized by LAUSMAN, cost the  
23 U.S. Navy approximately \$2,218,037.

24 A118. On or about May 22-25, 2008, during a port visit by the  
25 U.S.S. Blue Ridge to Manila, Philippines, HORNBECK, DOLAN, LOVELESS,  
26 LAUSMAN, SHEDD, and Sanchez stayed at Francis's expense at the Makati  
27 Shangri-La in Manila, Philippines, where for himself and the U.S. Navy  
28 attendees, Francis booked the Presidential Suite. In this venue, Francis

1 hosted a raging multi-day party, with a rotating carousel of prostitutes  
2 in attendance, during which the conspirators drank all of the Dom  
3 Perignon available at the Shangri-La. Room and alcohol charges born by  
4 Francis exceeded \$50,000 USD. On or about May 25, 2008, HORNBECK emailed  
5 Francis to say "just wanted to say thanks - was great seeing you again.  
6 Always a pleasure spending time with you." On May 30, 2008, SHEDD emailed  
7 Francis "I finally detoxed myself from Manila. That was a crazy couple  
8 of days. It's been a while since I've done 36 hours of straight  
9 drinking!!!"

10 A119. On or about June 7, 2008, LAUSMAN criticized a U.S. Navy  
11 FISC official for retaining one of GDMA's competitors to render services  
12 to the U.S.S. Blue Ridge during an upcoming port visit to Vladivostok,  
13 Russia and threatened to hold FISC "responsible/accountable for any  
14 shortfalls in support." In the following days, LAUSMAN and DOLAN exerted  
15 pressure on other officials within the U.S. Navy with the intent to  
16 influence their decision to award the Vladivostok ship husbanding  
17 contract to GDMA. On or about June 21, 2008, GDMA was notified of a  
18 'one-time' contract to support the U.S.S. Blue Ridge port visit to  
19 Vladivostok from July 2-5, 2008. Upon being informed of the contract  
20 award, Francis forwarded the award email to LAUSMAN, HORNBECK, and DOLAN.

21 A120. On or about July 21 and 23, 2008, Francis emailed SHEDD  
22 and HORNBECK a naked picture of one of the prostitutes from Manila, with  
23 the notation to SHEDD, "I thought this photo will bring memories of the  
24 Ens[igns] in Manila. Especially Don." In his email to HORNBECK, Francis  
25 simply wrote: "She misses you." SHEDD replied: WOW!!!!!! Is this Don's  
26 pet? Georgous! [sic] Great memories!"

27 A121. On or about August 6, 2008, SHEDD sent Francis an email  
28 using his cooltoad.com account providing updated classified ship

1 schedules and transit plans for various U.S. Navy ships. In closing  
2 SHEDD wrote: "Brother HORNBECK has joined me as a resident aboard the  
3 good ship BLUE RIDGE. Late August or early September would be a good  
4 time to come up to Tokyo for some 'guys' time."

5 A122. On or about August 20, 2008, AG sent Francis an email  
6 from his account, dingo11@cooltoad.com, using the name [AG] Australia,  
7 containing classified U.S. Navy ship schedules. After having been  
8 recruited to the conspiracy by SHEDD, AG had initiated a cooltoad.com  
9 account at SHEDD's direction.

10 A123. On or about September 18, 2008, SHEDD, using his  
11 cooltoad.com account, sent Francis an email to which was attached an  
12 internal U.S. Navy Judge Advocate General memorandum concerning the U.S.  
13 Navy's improper payment of excessive port fees. SHEDD added that he had  
14 spoken with DOLAN and Sanchez about the matter and that they advised  
15 Francis to "send a reply letter to [AB's replacement at FISC] and invite  
16 him to your office for an 'informal tour.'" Having passed internal,  
17 proprietary information to Francis, SHEDD also inquired: "Boys night out  
18 on Saturday or Friday? What suits you?"

19 A124. On or about September 23, 2008, having been recruited  
20 into the conspiracy by SHEDD and AG, Sanchez sent Francis an email from  
21 his newly-minted cooltoad.com account, using the name 'Troy Smith,' a  
22 name created as an amalgamation of Troy Aikman and Emmitt Smith, former  
23 football players for the Dallas Cowboys, in which he wrote: "Wanted to  
24 discuss the operations for next week when you['re] in the area. The  
25 senior bubbas are chomping at the bit."

26 A125. In advance of a trip to Tokyo, Japan from October 3-7,  
27 2008, Francis sent to SHEDD's cooltoad.com account promotional materials  
28 from VIP Tokyo Escort, a high-end call girl service.

1 A126. On or about October 7, 2008, Francis forwarded GDMA's  
2 response to a controversy regarding ship husbanding services for MSC  
3 ships in the Philippines to DOLAN and Sanchez.

4 A127. On or about October 9, 2008, Francis emailed other  
5 employees at GDMA, stating: "During my discussion with Jim [DOLAN] and  
6 Jose [Sanchez], they had offered to resolve any outstanding issues for  
7 payments with Subgru 7 [CSG-7], KHK [U.S.S. Kitty Hawk], Mercy PI, PNG,  
8 ABE, FFV Canx. May I have a summary of all pending invoices for the  
9 above to consolidate and present to Jim DOLAN."

10 A128. On or about October 15, 2008, following up on a topic  
11 discussed previously in Tokyo, SHEDD sent Francis an email, using his  
12 cooltoad.com account, from his new position in Tennessee: "I've got about  
13 10 days before I'm in big trouble and I really, really appreciate your  
14 assistance. I've attached the electronic copy of the same report [of  
15 personal debt] I gave you in Yokosuka. If you prefer wire transfer  
16 directly, my account is: [account details] ... Or, let me know if you  
17 would like to handle this in another manner. I'll get you whatever  
18 information you need." Attached to the email was an Excel spreadsheet  
19 entitled: "2008-10 Debt Report".

20 A129. In response, Francis wrote: "I require [AG] or HERRERA  
21 to advi[s]e what is the plan for ship visit to the Pacific Islands 09  
22 including Mercy or Pel[eliu]. The info is required by tomorrow." SHEDD  
23 replied: "I just spoke to [AG] over the phone. He's on it and should  
24 have details for you in the next 3 to 4 hours. He's got the weekly C7F-  
25 CTF Synchronization VTC at 1230 Japan Time. I've cc'ed [h]is  
26 [coolt]oad[.com] account above." As promised, AG forwarded the requested  
27 ship schedules eight hours later from his cooltoad.com account, cc'ing  
28 SHEDD and Sanchez.

1 A130. On or about October 19, 2008, DEGUZMAN emailed Francis  
2 about a job with GDMA, "I would like to know more about GDMA if you think  
3 I can be part of the team. I have to talk to [U.S. Marine Corps  
4 Headquarters] re my future[,] but next summer is a target if job prospects  
5 are good."

6 A131. On or about October 20, 2008, SHEDD sent Francis an email  
7 which asked, "I was wondering if you have reached a decision on my SHEDD  
8 Bailout/Rescue Loan proposal."

9 A132. Following his email from October 19, 2008, on or about  
10 November 2, 2008, DEGUZMAN used his personal email account to send  
11 Francis his resume and ask Francis for a job: "Pls find in the attachment  
12 my CV; I think you know what I can do for GMDA. I believe that I can be  
13 of value to the company as a Strategic Planner and Ops Director. I've  
14 respected and admired how you grew your company and would love to assist  
15 you in keeping GMDA's leads."

16 A133. On or about November 2, 2008, Francis emailed Sanchez:  
17 "I require sceds ... from HERRERA or [AG]. Since Steve [SHEDD] chopped  
18 out I have been kept blind on sceds and comms." Sanchez replied: "Will  
19 talk to [AG] and Mario [HERRERA] this morning."

20 A134. On or about November 16, 2008, DEGUZMAN used his personal  
21 email account to ask Francis, "What would you think if I joined GDMA in  
22 2010 vice 2009? In the meantime, I can continue to try to open up more  
23 venues for Marine and GDMA business."

24 A135. In or about mid-November 2008, Francis and Sanchez  
25 communicated frequently about arrangements for an upcoming port visit by  
26 the U.S.S. Blue Ridge in Hong Kong. In preparation, Sanchez wrote of  
27 prostitutes that Francis planned to bring in from Manila: "By the way,  
28 my bosses want to know how your scouting trip went to Manila and if you

1 could share some pictures of the talent we expect to see." Francis  
2 subsequently reserved rooms from November 25-30, 2008 at the Shangri-La  
3 Kowloon Hotel for DOLAN, HORNBECK, Sanchez, and AG. In anticipation of  
4 their upcoming exploits, Sanchez commented: "JD [DOLAN] sa[w] the  
5 pictures of [a prostitute] and is ready to go ☺."

6 A136. On or about November 20, 2008, Sanchez emailed Francis  
7 to say that HORNBECK had rejected HERRERA's participation in the upcoming  
8 festivities in Hong Kong. Sanchez continued: "By the way, is the battle  
9 rhythm going to be similar to [the Philippines][,] meeting in your suite  
10 or different type of set up. [DOLAN] is very excited and wanted to know  
11 if you had additional photos." Francis inquired of Sanchez, on  
12 November 20, 2008, about a U.S. Navy Captain: "What is yours and JD's  
13 [DOLAN's] opinion on [the Captain]? Shall we bring him in the brotherhood  
14 in the future?" Sanchez replied, "Spoke to JD [DOLAN] and he is not  
15 sure about [the Captain] and wants to f[ee]l out some of the new folks  
16 perhaps in Tokyo ... not HK."

17 A137. On or about November 21, 2008, Sanchez emailed Francis  
18 using his personal email account: "I spoke to [DOLAN] about the contracts  
19 and since I gave them a push last week, we are giving them til the end  
20 of this month before we push it to the next level." In another email  
21 that day, Francis urged Sanchez to "turn the heat on and have [DOLAN]  
22 engage" the U.S. Navy on several contract awards, to which Sanchez  
23 responded: "JD [DOLAN] is locked and ready to fire."

24 A138. On or about November 25, 2008, DEGUZMAN used his personal  
25 email account to advise Francis that he would be staying in the Marine  
26 Corps until at least 2010, but that he is "willing to try [to secure a  
27 job with GDMA] again next year. Meanwhile I can continue to see if the  
28



1 USMC and GDMA can have a relationship for BK [Balikatan] and CG [Cobra  
2 Gold], [Marine Corps exercises in the Philippines]."

3 A139. On or about November 25-29, 2008, Francis, DOLAN,  
4 HERRERA, Sanchez, AG, and others stayed at the Kowloon Shangri-La, dined  
5 at the Petrus Restaurant, and were entertained by prostitutes  
6 specifically flown in from Manila for this event, all at a total cost to  
7 Francis of over approximately \$55,000. On or about November 29, 2008,  
8 Sanchez wrote to Francis: "Lion King, once again, the brotherhood is very  
9 thankful for everything you provided during this port visit ... Please pass  
10 my best to 'Lynn' [a prostitute] ... perhaps a short visit to Japan is  
11 needed. I have already drafted my email to FISC about the status of  
12 contracts and I will release tomorrow."

13 A140. On or about November 29-30, 2008, Sanchez, over several  
14 emails using his cooltoad.com account, emailed Francis to recount the  
15 exploits in Hong Kong. He described variously, "BT [a prostitute] was  
16 perfect and the Indo[nesian] Det[achment] [other prostitutes] as well.  
17 JD [DOLAN] could not be any happier and this made his last trip to Hong  
18 Kong one for the ages." Francis replied: "Let's keep the Brothers tight  
19 and req[ui]re the Choke OIC [HERRERA] to provide weekly updates and the  
20 project list of [U.S. Coast Guard], NATO, and Canadian names and dates  
21 ports."

22 A141. During the festivities in Hong Kong, Francis again asked  
23 DOLAN and Sanchez, among others, to exert pressure on and to advise other  
24 U.S. Navy officials to close or realign the duties of the Ship Support  
25 Office in Hong Kong. In furtherance of that objective, on or about  
26 December 1, 2008, DOLAN wrote a lengthy email to the Rear Admiral Supply  
27 Officer (N4) of the Pacific Fleet recommending that the U.S. Navy reduce  
28 staffing in the Ship Support Office in Hong Kong. DOLAN forwarded a

1 separate copy of the email to Francis with the rhetorical flourish: "Who  
2 loves you, Brother?" When the Admiral responded to DOLAN's original  
3 email, DOLAN forwarded the Admiral's response to Francis, noting, "It's  
4 now on his radar."

5 A142. On or about December 2, 2008, Sanchez, using his  
6 cooltoad.com account, emailed Francis classified ship schedules obtained  
7 from HERRERA: "Lion King, here's the information you requested from Choke  
8 OIC [HERRERA] attached." Upon receipt of the schedule, Francis wrote to  
9 Sanchez: "Thanks for the updates. Outstanding. Choke has secured 3 hrs  
10 of Lap Dancing in [Tokyo]."

11 A143. On or about December 11, 2008, Sanchez emailed Francis,  
12 vetting a potential member of the conspiracy: "Don't think it would be  
13 a good idea to include [Officer]... we would place too much risk out there.  
14 Think our group is the right mix and right influence. I like the line  
15 about the Lion King[']s empire and harem expands with passion and lust  
16 ... yes indeed!"

17 A144. On or about December 17, 2008, SHEDD, from Tennessee,  
18 using his cooltoad.com account, sent Francis the monthly roster of Flag  
19 Officers in the U.S. Navy, noting, "I'm on distro for the monthly [f]lag  
20 rosters and I'll shoot it to you." SHEDD inquired of the escapades in  
21 Hong Kong: "How was the brotherhood during that visit?"

22 A145. On or about Christmas Eve, 2008, HORNBECK emailed Francis  
23 with Christmas wishes, explaining, "Sorry I missed you in Hong Kong and  
24 Tokyo - [G]ot pulled in a couple of trips at the last minute," to which  
25 Francis replied: "Don, Great to hear from you. I was missing my other  
26 brother from the Lion Kings Harem."

27 A146. On or about December 29, 2008, Sanchez sent an email to  
28 Aruffo and Francis confirming that he provided DOLAN with two boxes of

1 beef, fine wine, a box of cigars, and a large fruit basket and HERRERA  
2 with two boxes of beef.

3 A147. On or about January 7-8, 2009, Sanchez emailed Francis  
4 about a proposal to award a separate ship husbanding contract for the  
5 Cooperation Afloat Readiness and Training ("CARAT") exercise, thereby  
6 unseating GDMA as the contractor for this event. Sanchez forwarded the  
7 proprietary, internal U.S. Navy proposal on this topic, and separately  
8 assured Francis: "I will be talking to [DOLAN] about this topic tomorrow  
9 since I believe someone is smoking something..." Sanchez continued  
10 several hours later, "[DOLAN] won't be back until Monday... however we  
11 spoke about the CARAT contract and are going to put the full press with  
12 [Pacific Fleet] on why we are doing this."

13 A148. On or about January 12, 2009, DEGUZMAN, using his private  
14 email account, provided Francis with advice and counsel on how to respond  
15 to the U.S. Navy's proposal to separately contract ship husbanding  
16 services for CARAT. On or about January 16, 2009, DEGUZMAN, using his  
17 personal email account, provided Francis with additional suggested  
18 talking points. Specifically, DEGUZMAN suggested Francis argue that:  
19 "As we take care of your sailors, marines, ships and aircraft, I would  
20 like to bring to your attention that there continue to be detractors  
21 among certain staffs in the Navy that have made it difficult to bring  
22 our quality service to you. There is currently an effort to save money  
23 to support CARAT 09. I believe that this may be a case of 'penny wise  
24 and pound foolish' since their main purpose is to exclude GDMA from  
25 getting the contract without looking into the second and third effects  
26 of their action. I understand saving money in these tough economic times  
27 but I would like to stress the flawless performance of GDMA in supporting  
28 the Fleet as it conducts operations in this AOR."

1 A149. On or about January 15, 2009, Sanchez sent Francis three  
2 separate emails containing comprehensive classified ship schedules for  
3 various ships in and transiting the Seventh Fleet AOR.

4 A150. On or about January 18, 2009, DEGUZMAN used his personal  
5 email account to ask Francis for a job at GDMA: "[I]f you still want me  
6 to work for you next year (summer 2010), where do you think you want me  
7 located? At corporate HQ? ... Meanwhile, I am at your service when you  
8 need support. It's best to give me a heads up since I don't open this  
9 account when I am at work. Pls send a note to [DEGUZMAN'S wife] at her  
10 address (on the 'cc' line)."

11 A151. On or about February 2, 2009, in response to an inquiry  
12 by Francis, Sanchez used his cooltoad.com account to advise Francis: "JD  
13 [DOLAN] does not know about any ongoing investigation..."

14 A152. Throughout January-February 2009, Sanchez, HERRERA and  
15 others provided Francis with classified ship schedule information,  
16 including on February 13, 2009, when Sanchez provided Francis with the  
17 schedules of all aircraft carriers in or projected to transit the Seventh  
18 Fleet AOR in 2009.

19 A153. On or about February 4, 2009, in preparation for the  
20 U.S.S. Blue Ridge's upcoming visit to Manila, Philippines, Sanchez, using  
21 his cooltoad.com email account, emailed Francis asking, "For the port  
22 visit how does the new det[achment] [of prostitutes] look? Any pictures  
23 I can share with JD [DOLAN] :)" Again referencing the prospect of  
24 prostitutes provided by Francis during the upcoming port visit, on  
25 February 11, 2009, Sanchez asked Francis, "How's the talent search going..  
26 photos (JD's [DOLAN's] getting excited)." On February 15, 2009, in an  
27 email attaching classified ship schedules of many types of U.S. Navy  
28 ships, Sanchez asked Francis, "For the cabins [accommodations], is it

1 the same location as last time? How's the new talent? Is [name of  
2 prostitute], [name of prostitute], or [name of prostitute] gonna be  
3 there. I'm fine with [name of prostitute] for the entire time, JD [DOLAN]  
4 is fine with it as well :)!"

5 A154. On or about February 16, 2009, DOLAN emailed Francis,  
6 amid a discussion about how a U.S. Navy ship could rent an island in the  
7 Maldives for three days for crew liberty. DOLAN, anticipating the  
8 upcoming activities in Manila, Philippines the following week, wrote:  
9 "Look forward to seeing you, Brother."

10 A155. From on or about February 19-22, 2009, DOLAN, Sanchez,  
11 HERRERA, and others stayed at Francis's expense at the Makati Shangri-  
12 La at a cost to Francis of approximately \$30,000 USD. During their stay  
13 in Manila, Francis paid for meals, alcohol, and prostitutes to entertain  
14 these Officer-attendees. On about February 23, 2009, Sanchez, from his  
15 cooltoad.com email account, sent Francis an email stating, "A warm thank  
16 you from the brotherhood...we thoroughly enjoyed ourselves and had a  
17 great time..."

18 A156. On or about March 24, 2009, Sanchez, using his  
19 cooltoad.com account, sent an email to Francis that provided a narrative  
20 description of the planned movements of numerous U.S. Navy ships through  
21 August 2009, with the comment: "The following info is provided from CHOKE  
22 [HERRERA]."

23 A157. On or about April 6, 2009, DEGUZMAN, in one of many  
24 emails assisting Francis -- either personally or through his advice to  
25 or advocacy before others -- with issues and controversies related to  
26 GDMA's business in the Philippines, wrote: "[W]ho should I talk to re  
27 comp package if you have a place in GDMA for me in 2010?" On or about  
28

1 April 10, 2009, DEGUZMAN used his personal email account to ask Francis:  
2 "When can we talk about compensation?"

3 A158. On or about April 28, 2009, Sanchez, using his  
4 cooltoad.com account, sent an email to Francis which stated: "Received  
5 the following update from CHOKE [HERRERA] ... ☺." Sanchez included  
6 therewith a classified narrative description of the planned schedules of  
7 several U.S. Navy ships through Summer 2009.

8 A159. On or about May 27, 2009, DEGUZMAN, using his personal  
9 email account, sent Francis a document describing, "[W]hat I think I can  
10 do for GDMA" as Francis's "Chief of Staff."

11 A160. Throughout March-June 2009, Sanchez, using his email  
12 account at cooltoad.com, continued to frequently provide Francis with  
13 classified ship schedule information for all U.S. Navy ships in or  
14 transiting the Seventh Fleet AOR.

15 A161. On or about June 8, 2009, Sanchez sent Francis an email  
16 attaching the ship schedules of numerous U.S. Navy ships in the Seventh  
17 Fleet AOR, while noting: "Would like to get together for 3-4 days ... in  
18 Bangkok with the BOYZ (JD [DOLAN], myself, and [another Officer]. ...  
19 Regarding JD's [DOLAN's] detachment plans, he want[s] to come to visit  
20 you in Singapore ... Should I tell him he will be staying in the Shangrala  
21 [sic]?"

22 A162. Over the next several days, Francis and Sanchez  
23 corresponded about the dates and particulars of the events planned for  
24 Bangkok and for DOLAN's farewell tour. In one instance, Francis wrote:  
25 "I will lock down hotel rooms for JD [DOLAN] in Singapore and T[he] Gang  
26 for BANGKOK." In return, Francis requested from Sanchez "some guidance  
27 sent to NCIS regionally ... to [b]utt out of [force protection] decisions  
28 in port for visiting ships."

1 A163. On or about June 20, 2009, Sanchez confirmed that only  
2 DOLAN and he would be attending the events in Bangkok. "Will need only  
3 rooms for JD and myself... [N]o one else in the brotherhood was able to  
4 come, however we should have a blast with you, my last month as a LCDR  
5 and JD's [DOLAN's] last blast in the land of smiles." Francis replied:  
6 "Limo will be waiting for you on arrival."

7 A164. On or about June 29, 2009, DEGUZMAN sent Francis an email  
8 requesting "any info you have on your nemesis [a competitor in the  
9 Philippines] to determine what kind of fraud, waste, and abuse we can  
10 use." On or about July 1, 2009, Francis sent DEGUZMAN a mug shot and  
11 rap sheet of the CEO of this competitor.

12 A165. From July 1-4, 2009, DOLAN and Sanchez stayed at  
13 Francis's expense at the Shangri-La Hotel in Bangkok, during which time,  
14 Francis gave Sanchez a wad of cash to pay for meals, alcohol, and  
15 prostitutes, at a total cost of at least \$8,500. On July 5, 2009, DOLAN  
16 emailed Francis, amid a discussion about a controversy surrounding a port  
17 visit in Reunion, stating simply: "The reflash watch is set." "P.S.  
18 Thanks for Everything, Brother!"

19 A166. On or about July 7, 2009, Sanchez sent Francis "JD's  
20 upcoming itinerary for your planning purposes." On July 9-10, 2009,  
21 DOLAN emailed Francis to alert him that he had or would perform official  
22 acts or exert pressure on others on GDMA's behalf. Related to complaints  
23 about untimely transportation provided by GDMA during the CARAT Thailand  
24 exercise, DOLAN wrote of his efforts to intercede: "Jose [Sanchez] and  
25 I will try to deflash this."

26 A167. On or about July 21, 2009, DEGUZMAN, using his personal  
27 email account, emailed Francis, inquiring: "Will you be in Singapore next  
28

1 week? I wanted to discuss something with you that may cement GDMA's  
2 position as the USN's husbanding agent."

3 A168. On or about July 26, 2009, LAUSMAN, now the Commanding  
4 Officer of the aircraft carrier U.S.S. George Washington, asked Francis  
5 to provide additional water taxis to ferry sailors off of the U.S.S.  
6 George Washington during its upcoming visit to Manila. Francis forwarded  
7 LAUSMAN's request to a GDMA employee: "CO's concern for both Singapore  
8 and Manila. We have to make this happen for him!... If the [Commanding  
9 Officer] buys our [w]ater taxies, [the Supply Officer] has to accept the  
10 entire package. We will be good to go, Capt Too Tall [LAUSMAN] is our  
11 NO 1 Fan."

12 A169. On or about July 29, 2009, Sanchez sent Francis an email  
13 advising that HERRERA was exerting pressure on and advocating before  
14 other U.S. Navy officials to route the U.S.S. Abraham Lincoln to  
15 Thailand: "Choke [HERRERA] is pushing for REAGAN to go to Phuket (looks  
16 like this is going to happen)." On or about September 22-26, 2009, the  
17 U.S.S. Ronald Reagan, in fact, conducted a port visit to Phuket,  
18 Thailand, at a cost to the U.S. Navy of over \$1.5 million.

19 A170. On or about August 10, 2009, LAUSMAN sent Francis an  
20 email regarding a variety of topics about the upcoming port visit of the  
21 U.S.S. George Washington to Manila, Philippines. LAUSMAN signed his  
22 email: "Your obedient and humble servant."

23 A171. On or about August 19, 2009, SHEDD sent Francis the  
24 roster of U.S. Navy Flag Officers for August 2009.

25 A172. On or about August 21, 2009, HERRERA sent Francis an  
26 email confirming, "I've just sent a good update to J[ose Sanchez], plus  
27 you can now contact me at chachi09@cooltoad.com." On August 21, 2009,  
28 Sanchez emailed Francis, copying HERRERA: "Forwarded updates per your



1 request. Mr. 'Choke' Anderson was very helpful." Sanchez's email  
2 contained excerpts of other email from "Mr. T.A. Anderson" - a moniker  
3 from the cult classic, The Matrix, adopted by HERRERA - to Mr. Smith  
4 [SANCHEZ] and listed future port visits for numerous U.S. Navy ships from  
5 September to November 2009.

6 A173. On or about August 21, 2009, HERRERA emailed Francis  
7 stating, "Leonard, Current sked.. Hoping Lumut visit goes away for  
8 something in Thailand, but not likely, Vr, Choke." The email listed port  
9 visits for the U.S.S. Blue Ridge for through November 10, 2009. Sanchez's  
10 email account, navy94@cooltoad.com, was copied thereon.

11 A174. On or about August 25, 2009, Francis sent Sanchez and  
12 HERRERA an email thanking them for the updated ship schedules and  
13 instructing them to send ships to Phuket, Thailand: "Thanks Thomas Choke,  
14 Jose [Sanchez] educate the BEAN counters [at FISC], it's a priceless  
15 familia here ☺ [S]end the BHR ESG [U.S.S. Bonhomme Richard Expeditionary  
16 Strike Group] ships to Phuket, Christmas is approaching and Santa LK  
17 [Lion King] [Francis] needs a party. Too many ships to Singapore more  
18 to Thailand please." On or about October 29-November 3, 2009, the BHR  
19 ESG, in fact, conducted a port visit to Phuket, Thailand, at a total  
20 cost to the U.S. Navy of over \$500,000.

21 A175. On or about August 28, 2009, Francis purchased the Port  
22 Klang Star Cruise Port and Terminal, which he began to aggressively  
23 market to the U.S. Navy as an option for port visits.

24 A176. In early September 2009, Francis sent Sanchez an email  
25 commenting on the conspiracy and assessing several members of the U.S.  
26 Navy: "Jose, We are familia, [JM, a U.S. Navy civilian in the Pacific  
27 Fleet] is stirring shit now that he has moved back across the fence. He  
28 will self-destruct in due time. Let's study [a U.S. Navy Captain] during

1 the swing? Every sailor has a weakness somewhere?" On or about  
2 September 2, 2009, Sanchez in response wrote: "Thank you sir...you['re]  
3 correct about familia, and I think your spot on concerning [JM], but  
4 don't think he has a clue, but he is stirring things up and [the U.S.  
5 Navy Captain] is eating it up. Will pull out the magnifying glass on  
6 [the U.S. Navy Captain] and find out... Will pulse Choke [HERRERA] about  
7 the AOR ship lists, our boy from down under [AG] should be taking this  
8 on. Choke is definitely stepping up with updates, and will still be able  
9 to be engaged from CNFJ [Command Naval Forces Japan, HERRERA's subsequent  
10 assignment]."

11 Unable, ultimately, to tempt the U.S. Navy Captain, Francis and his  
12 conspirators began to refer to him as Captain "Pubic Hair."

13           A177. On or about September 8, 2009, Sanchez alerted Francis  
14 and HERRERA that the cooltoad.com network was temporarily inaccessible  
15 aboard the U.S.S. Blue Ridge. To remedy the ongoing communications  
16 interruption, on or about September 13, 2009, Sanchez advised Francis  
17 and HERRERA that he would establish a Facebook account to transmit  
18 updated classified ship schedules to Francis, which he did on  
19 September 14, 2009, among other dates.

20           A178. On or about September 19, 2009, Sanchez wrote to Francis  
21 from his Facebook account: "By the way, Port Klang seed has been laid  
22 and is an option in case Lumut, [Malaysia] falls off, your talk with the  
23 boss might push it over the top ☺ ... [M]ore to follow."

24           A179. Beginning on or about October 16, 2009 and continuing  
25 until the port visit, Sanchez used his Facebook account to communicate  
26 with Francis about the upcoming port visit by the U.S.S. Blue Ridge in  
27 Kuala Lumpur, stating: "Sir, for KL [Kuala Lumpur] and Singapore, the  
28 following group are part of the Wolf Pack, Choke [HERRERA], myself,

1 [officer], [officer], [and officer]. As we get near, wouldn't mind to  
2 see some pictures for a bit of motivation." Francis replied: "[W]ill  
3 arrange a nest for you guys and some birds." Sanchez greedily confirmed,  
4 using a favorite tagline coined by DOLAN: "Yummy ... daddy like. Only 7  
5 days left ☺."

6 A180. On or about October 25, 2009, HORNBECK, using his  
7 personal email address hosted by hotmail.com, advised Francis that he  
8 had been assigned aboard the U.S.S. Carl Vinson, and expected to return  
9 to the Seventh Fleet AOR the following year.

10 A181. On or about October 26-28, 2009, during a port visit of  
11 the U.S.S. Blue Ridge to Kuala Lumpur, Malaysia, Francis paid for hotel  
12 accommodations and the services of prostitutes for HERRERA, Sanchez, and  
13 other U.S. Navy Officers.

14 A182. On or about October 29-November 3, 2009, during a port  
15 visit of the U.S.S. Blue Ridge to Singapore, Francis again paid for hotel  
16 accommodations and the services of prostitutes for HERRERA, Sanchez and  
17 other U.S. Navy Officers.

18 A183. On or about December 7, 2009, SHEDD sent Francis via  
19 email the updated December 2009 Flag Roster.

20 A184. On or about December 9, 2009, NEWLAND emailed Francis  
21 soliciting a job: "Would you know of any job opportunities in  
22 Singapore/Asia for a guy with my background?"

23 A185. On or about December 13, 2009, Aruffo sent Francis an  
24 email confirming that he delivered various lavish Christmas gifts to  
25 LAUSMAN and others and recounting a conversation that he had with LAUSMAN  
26 regarding sending U.S. Navy ships to the port that GDMA owned in Port  
27 Klang, Malaysia: "I chatted with [LAUSMAN] for about an hour, he had lots  
28 of questions about the GDMA Star Cruise Terminal, I happened to have a

1 brochure in the car. He's a big supporter, mentioned that he was thankful  
2 for your generosity as a friend, and that we can manage to keep our  
3 friendship discrete."

4 A186. Following an email that Francis sent to SHEDD's  
5 cooltoad.com account requesting insights on the personalities of several  
6 officers nominated for high level positions in the U.S. Navy, on or about  
7 January 15, 2010, SHEDD responded that, because he did not check his  
8 cooltoad.com account frequently, Francis should alert SHEDD of any emails  
9 sent to SHEDD's cooltoad.com account. Specifically, SHEDD wrote: "Sorry  
10 for the delay - I haven't been checking toad as frequently as I should.  
11 If something comes up, you can shoot me a 'check toad' message to  
12 steve.shedd@navy.mil."

13 A187. On or about February 24, 2010, HERRERA, from Command  
14 Naval Forces Japan, alerted Francis that FISC was recommending a local  
15 husbanding agent, not GDMA, to provide services to transiting Royal Thai  
16 Navy ships visiting Japan. Aruffo joined the email string, noting,  
17 "Mario HERRERA over at CNFJ has been [the] point of contact, I already  
18 talked to [HERRERA], he will help lean them our way..."

19 A188. In a bravo zulu letter dated April 7, 2010, LAUSMAN  
20 lauded the ship husbanding services rendered to the U.S.S. George  
21 Washington by GDMA and Francis: "As we begin the planning for our second  
22 deployment cycle, your wide range of advanced planning, support services,  
23 force protection, logistics expediting, and emergent service requests,  
24 set your organization, and most importantly, your employees far above  
25 and beyond any other contract service providers in the Pacific... I cannot  
26 overstate my sincere appreciation for the quality customer support your  
27 team of professionals have provided to my ship. The statement 'I trust  
28 you' is the ultimate compliment. You have earned this trust..."

1 A189. On or about May 23, 2009, Sanchez sent Francis an email  
2 with pictures of himself in Russia. Sanchez mused: "Just like [DOLAN]  
3 & Frank Sinatra said...life is about wine, woman and song. ☺!" Francis  
4 responded: I need the GW and Pel[eliu] ARG Sced."

5 A190. On or about June 3, 2010, LAUSMAN sent Francis an email  
6 which telegraphed that the U.S.S. George Washington would be making a  
7 port visit to Francis's port in Port Klang, Malaysia: "Looking forward  
8 to seeing you again welcoming us into port. ☺" Francis forwarded this  
9 email to several GDMA employees with the comment: "From the CO of [the  
10 U.S.S. George Washington] informing me that he is on the way to our  
11 Terminal next month."

12 A191. On or about June 18, 2010, Aruffo sent Francis an email  
13 describing a party that he was planning for LAUSMAN's wife, and  
14 indicating to Francis that he would attempt to ascertain whether the  
15 U.S.S. George Washington was scheduled to travel to Kuala Lumpur,  
16 Malaysia: "I will ask LAUSMAN's wife if she is heading to [KL] ☺."

17 A192. On or about June 19, 2010, LAUSMAN emailed Francis, "I  
18 would like to quietly explore the possibility of new ports for GW [the  
19 U.S.S. George Washington] [;] of course at the top of the list is Kota  
20 Kinabalu[,] maybe for next summer."

21 A193. On or about June 21, 2010, LAUSMAN emailed Francis about  
22 an upcoming port visit for the U.S.S. George Washington to Francis's port  
23 at the Port Klang Cruise Center, Malaysia. Francis replied, "Right now  
24 I can confirm an 'RMN' [Royal Malaysian Navy] hosted dinner arranged at  
25 the Swiss Chalet restaurant... [Aruffo] has the details and options for  
26 the Shang[ri-La] ... and if you'd like I can have him pop over to discuss  
27 room options with [LAUSMAN's wife]." Francis asked LAUSMAN if there was  
28 a potential for the U.S.S. George Washington to visit Singapore. LAUSMAN

1 replied, "I am trying to get [the U.S.S. George Washington] to  
2 [Singapore] later in [the] year." Ultimately, the port visit to PKCC  
3 was cancelled, about which LAUSMAN wrote, "Sorry for the false start with  
4 PK[CC]... [H]ope the uncertainties will clear soon...looking forward to  
5 opening up new ports with GW and revisiting old ones as well."

6 A194. On or about June 26, 2010, Francis sent Aruffo an email:  
7 "We need more business at our terminal [Port Klang Cruise Center, PKCC,  
8 Malaysia], keep hitting on Dusek. Too Tall [LAUSMAN] dropped me a note  
9 on the changes for his sced."

10 A195. Beginning in or around July 2010, when Dusek was serving  
11 as Deputy Director of Operations for the Seventh Fleet, Dusek joined the  
12 ongoing conspiracy, whereby GDMA would give Dusek things of value,  
13 including meals, alcohol, entertainment, dozens of nights and incidentals  
14 at luxury hotels, gifts, and the services of prostitutes, in return for  
15 Dusek's providing to GDMA, classified U.S. Navy ship schedules and other  
16 proprietary, internal U.S. Navy information, and as opportunities arose,  
17 using his position and influence within the U.S. Navy to benefit GDMA.

18 A196. On or about July 6, 2010, Aruffo sent Francis an email  
19 advising, "Just chatted with LAUSMAN, he would like to start socializing  
20 his upcoming schedule," to which Francis responded to Aruffo, "In 1 hour  
21 pass him [LAUSMAN] the Cigars."

22 A197. On or about July 11, 2010, Aruffo sent Francis an email  
23 recounting a conversation in which LAUSMAN revealed the schedule of the  
24 U.S.S. George Washington: "GW [U.S.S. George Washington] is still in the  
25 air, but their current plan is Singapore on 16 Aug and Manila on 2 Sep.  
26 . . Looks like PKCC [Port Klang, Malaysia] is a non starter this time,  
27 but [LAUSMAN] is still working."

28

1           A198. On or about July 19, 2010, GDMA paid for a hotel room  
2 for Dusek and his family at the Marriott Waikiki, and less than a month  
3 later, on or about August 5, 2010, GDMA provided Dusek with a hotel room  
4 at the Shangri-La Hotel in Makati, Philippines and while there, GDMA  
5 provided Dusek with the services of a prostitute. Thereafter, GDMA,  
6 Francis, and Aruffo asked Dusek to exercise his influence on GDMA's  
7 behalf in bringing the aircraft carrier, the U.S.S. Abraham Lincoln, and  
8 its associated strike group, to Port Klang, Malaysia, a lucrative port  
9 owned by Francis. In furtherance of GDMA's interests in this regard,  
10 Dusek emailed Aruffo on August 21, 2010, reporting a "good discussion  
11 with N00 [Admiral] today and convinced him that PKCC is the better  
12 choice." On or about August 24, 2010, Dusek reported to Francis that he  
13 had "everyone in agreement that the next [Carrier Strike Group] through  
14 the AOR will stop at PKCC. Dates will be 08-12 Oct." In a follow up  
15 conversation with Aruffo on or about September 17, 2010, Dusek reported  
16 "a lot of push back on PKCC" but that "he will be able to overcome and  
17 get the carrier [U.S.S. Abraham Lincoln] in port." The U.S.S. Abraham  
18 Lincoln Carrier Strike Group did, in fact, make a port visit at Port  
19 Klang Cruise Center on or about October 8-12, 2010.

20           A199. On or about October 6, 2010, a GDMA employee sent an  
21 email to Francis confirming that LAUSMAN received a pair of elephant  
22 bowls for which GDMA paid 26,680 Thai baht (\$834 USD).

23           A200. On or about December 9, 2010, Aruffo sent Francis an  
24 email boasting, "Here is your Christmas iPad for [LAUSMAN's wife], will  
25 see who she brings along to the party on 17 Dec[ember]." Aruffo attached  
26 a picture of a wrapped iPad to this email. On December 13, 2010, Aruffo  
27 wrote to Francis: "Met [LAUSMAN's wife] today, she got the flowers and  
28 the iPad, she is happy." For Christmas 2010, Francis also provided an

1 iPad to Dusek, among others, and boxes of ten-count steaks valued at \$900  
2 per box to LAUSMAN, Dusek, and others.

3 A201. On or about December 28, 2010, HORNBECK sent an email to  
4 Francis advising him that the U.S.S. Kitty Hawk Carrier Strike Group  
5 would be visiting Port Klang in January 2011.

6 A202. On or about February 12, 2011, HORNBECK sent Francis an  
7 email asking for a job with GDMA. In the email, HORNBECK wrote, "Quick  
8 question for you. Am within a few months of needing to make a decision  
9 on whether I remain in the Navy for one more tour after this or whether  
10 I wrap it up. Wanted to see if you have room within your organization  
11 in about a year. Have attached a copy of my bio - would appreciate your  
12 thoughts." Francis responded to HORNBECK in an email stating, "It would  
13 be an honor to have you aboard but presently the USN has been taking, in  
14 my opinion, extreme measures to cut cost with their focus being port  
15 visits and husbanding. This has affected our naval support arm, which we  
16 have been actively downsizing over the last year as a result. However  
17 I do believe that things may improve in the next few years when an offer  
18 could be considered. I will keep this in mind and when things start  
19 picking up again it would be my privilege to discuss a career  
20 opportunity."

21 A203. On or about April 1, 2011, HORNBECK and Francis exchanged  
22 emails regarding HORNBECK's efforts to exert pressure on and advocate  
23 before other U.S. Navy Officers with the intent that the U.S.S. Carl  
24 Vinson make a port visit in Thailand in May 2011. Francis: "My [i]ntel  
25 informs me that we will meet up in the land of smiles next month."  
26 HORNBECK responded, "Look forward to seeing you. Need the Country Team  
27 to push that through 7<sup>TH</sup> FLEET to make it happen, though. We aren't  
28 hearing anything through CTF70 yet." Francis replied, "I have the dates



1 from the Country [T]eam after I planted the plan with 7FL at PKCC with  
2 [the VADM] and Staff. I am in Bangkok on Monday and will ensure it pulls  
3 true. 2nd to 6th May."

4 A204. On or about July 30, 2011, Francis wrote LAUSMAN in the  
5 context of an upcoming port visit, pierside, by the U.S.S. George  
6 Washington in Laem Chabang, Thailand. In the email string, Francis urged  
7 LAUSMAN to advocate within the U.S. Navy to send ships to the Port Klang  
8 Cruise Center and Kota Kinabalu: "I hope you have not forgotten Port  
9 Klang C[ruise Center] or Kota Kinabalu." LAUSMAN responded: "Have not  
10 forgotten the former since we did all of the advance work with you and  
11 had it canceled...still trying to encourage the latter...love to talk about  
12 the potential when I see you[.]"

13 A205. On or about August 24, 2011, Aruffo emailed Francis  
14 advising: "[LAUSMAN'S wife] mentioned that you were talking to her about  
15 this trip [to Japan], she said you may be taking [the LAUSMANS] with  
16 you... [LAUSMAN] will be taking the week off, so he is available, think he  
17 is looking for you to fund another family vacation."

18 A206. On or about October 13-15 and 11-17, 2011, respectively,  
19 incident to a port visit of the U.S.S. George Washington to Singapore,  
20 Francis arranged and subsidized the LAUSMANS's and another U.S. Navy  
21 couple's stay at the Shangri-La Hotel, Singapore, at a cost to Francis  
22 of over \$3,000.

23 A207. On or about October 18, 2011, LAUSMAN emailed Francis,  
24 disclosing that the U.S.S. Mustin was deploying to Thailand to render  
25 assistance to flood victims: "Keep this between us only. Late breaking  
26 very short fused. [U]nofficial from me. MUSTIN is looking to go into port  
27 within 24 hours...possibly [Laem Chabang] to provide COMSERV for  
28 flooding...don't know who knows this yet."

1           A208. On or about November 11, 2011, Francis purchased a  
2 designer purse from a Versace store in Hong Kong for \$11,345.83 SGD,  
3 which he gave to LAUSMAN'S wife on or about November 12, 2011. On or  
4 about November 13, 2011, LAUSMAN's wife sent Aruffo an email which  
5 referenced the Versace purse: "Leonard gave me a lovely gift. When I  
6 got back to the room I opened it up and it was a Versace purse. When I  
7 looked at the bag more closely I noticed one of the letters which was in  
8 gold was broken off and in the bag. When I touched one of the other  
9 letters it too cracked off. [W]e went over to the Versace store and  
10 they had the same purse, and they said they would send it in to get it  
11 repaired." Aruffo replied: "Best to hand it to [another GDMA employee]  
12 if you still have it," to which LAUSMAN'S wife agreed, confirming, "Dave  
13 [LAUSMAN] ... will give the bag to [the GDMA employee] when she comes on  
14 board to pay bills with the [U.S.S. George Washington Supply Officer] in  
15 the morning."

16           A209. On or about November 14, 2011, the GDMA employee wrote  
17 to Francis, "I have the Versace bag with me," and confirmed, "[Versace]  
18 replaced it with a new one. ... They sent their apologies."

19           A210. Francis subsequently arranged for the replacement  
20 Versace bag to be mailed to LAUSMAN's wife.

21           A211. On or about January 18, 2012, Francis and a GDMA employee  
22 exchanged emails discussing a golf outing in October 2011 that GDMA  
23 provided for the LAUSMANS at a cost of \$550 SGD.

24           A212. On or about January 31, 2012, SHEDD, using a new  
25 cooltoad.com account, [cigar11@cooltoad.com](mailto:cigar11@cooltoad.com), with the handle John Smith,  
26 alerted Francis: "I'm back up on 'toad'" and advised Francis that the  
27 U.S.S. Milius, of which SHEDD was the Executive Officer, "would pull into  
28 Port Klang, Malaysia in a week." SHEDD continued, "If you don't happen

1 to be in Kuala Lumpur next week, I hope we can link up on our return  
2 trip in the July timeframe. Not sure of port visits, but we are talking  
3 with Seventh Fleet to hit two ports out of Phuket, Singapore, Kota  
4 Kinabalu, Hong Kong, or Manila. I've got a good [supply officer] for  
5 you to meet - he's our kind of guy. Let me know if you need anything  
6 from me!" Francis responded: "May I suggest that you visit Bali,  
7 Indonesia and of course Phuket. Singapore and Hong Kong are just too  
8 expensive for the sailors and so are the hotels."

9 A213. On or about June 12, 2012, LAUSMAN transmitted a cable  
10 from the U.S.S. George Washington to several U.S. Navy commands,  
11 including the FLC in Yokosuka, Japan, praising GDMA's performance in  
12 Busan, Korea: "As husbanding service provider, [GDMA] provided flexible  
13 and cost effective services critical to the success of our port visit.  
14 The fact that GW was the first CVN [aircraft carrier] to visit Busan  
15 with [GDMA] as the [husbanding service provider] was transparent [sic],  
16 their professionalism was evident in the exceptional support provided."

17 A214. On or about July 6, 2012, Francis, having received a  
18 laudatory personal email from LAUSMAN regarding the port visit in Busan,  
19 sent LAUSMAN an email asking for the "favor for an official letter and  
20 AAR [after action report] message to include NAVSUP FLC Site Singapore  
21 and C7F. Such documentation would help solidify GDMA's performance file  
22 as we expand our service into Korea." Having received Francis's request,  
23 on or about August 2, 2012, LAUSMAN wrote an after action report addressed  
24 to the Fleet Logistics Center in Yokosuka, Japan which effused about  
25 GDMA's performance supporting the U.S.S. George Washington's visit to  
26 Busan, Korea: "Compared to the previous eight [port visits], this was  
27 undoubtedly the smoothest execution of service and support I have  
28 witnessed. What is especially noteworthy is that this was the first US

1 Navy visit to Busan under your newly contracted Husbanding Service  
2 Provider (HSP). I would like to tell you the transition of providers was  
3 absolutely flawless ... I was extremely pleased at the performance,  
4 professionalism, and service provided by the newly contracted HSP."  
5 LAUSMAN concluded with a request to provide additional insights on his  
6 views on GDMA's acumen: "I would like to offer up my team's operational  
7 expertise throughout the [Seventh Fleet's Area of Responsibility] to you  
8 and your contract managers. We are standing by to give our perspective  
9 on what works and what does not work and to help shape the services that  
10 are provided at ports throughout the Seventh Fleet."

11           A215. Around the time of LAUSMAN's change of command ceremony,  
12 marking his departure from the U.S.S. George Washington, which occurred  
13 in Yokosuka, Japan on or about August 11, 2012, Francis gave LAUSMAN a  
14 John Paul Jones fountain pen, worth over \$2,000. On or about August 12,  
15 2012, LAUSMAN wrote to Francis: "Thank you for a very special and relaxing  
16 evening. The simple elegance of the evening was the perfect end to a  
17 perfect day. I will write you a letter when we get to Hawaii and I get  
18 a bottle of ink...:)"

19           A216. In an effort to conceal the nature and extent of his  
20 corrupt relationship with Francis and obstruct the investigation into  
21 his conduct, LAUSMAN destroyed evidence, made false statements to  
22 investigators, and otherwise obstructed justice, as follows:

23           i. On or about September 16, 2013, in an interview with  
24 Special Agents from the NCIS and DCIS, LAUSMAN denied that GDMA had ever  
25 paid for or subsidized a hotel room for him. When then asked whether  
26 GDMA had ever booked or reserved a hotel room for him, LAUSMAN responded:  
27 "Not for me. I've always called ahead of time and gotten rooms under my  
28 name."

1           ii. On or about September 16-17, 2013, after being  
2 contacted by NCIS and DCIS Special Agents, LAUSMAN destroyed a hard  
3 drive that he had removed from the U.S.S. George Washington which  
4 contained classified information, including documents and emails he sent  
5 and received while acting as the Commanding Officer of the U.S.S. George  
6 Washington.

7           iii. On or about February 19, 2014, during an interview  
8 conducted at the Office of the United States Attorney for the Southern  
9 District of California, LAUSMAN made the following false statements: (1)  
10 LAUSMAN denied ever attending a reception hosted by GDMA or Francis; and  
11 (2) LAUSMAN denied that Francis ever booked or paid for hotels for him.

12           A217. In an effort to conceal the nature and extent of his  
13 corrupt relationship with Francis and obstruct the investigation into  
14 his conduct, LOVELESS made false statements to investigators, and  
15 otherwise obstructed justice, as follows:

16           i. On or about November 5, 2013, during an interview  
17 with an NCIS Special Agent, LOVELESS, when asked if he had ever received  
18 "anything" of value from Francis, replied: "Never."

19           ii. On or about November 5, 2013, during an interview  
20 with an NCIS Special Agent, Loveless, when asked if had ever stayed in  
21 a hotel room during his time in the Navy for which he did not pay,  
22 replied: "No. I don't think so."

23           A218. Continuing throughout the duration of this conspiracy,  
24 pursuant to their corrupt relationship, Dusek provided GDMA, Francis,  
25 and Aruffo with classified schedules of projected port visits by U.S.  
26 Navy vessels approximately dozens of times and whenever specifically  
27 requested to do so by Francis and Aruffo. Dusek delivered these schedules  
28 in person to Aruffo at the GDMA office in Japan or emailed them directly

1 to Aruffo and Francis, taking steps to avoid detection by law enforcement  
2 and U.S. Navy personnel.

3 A219. On or about September 17, 2013, upon learning that  
4 Francis, and others had been arrested, Dusek deleted the contents of his  
5 email account in an effort to avoid detection by law enforcement.

6 All in violation of Title 18, United States Code, Section 371.

7 COUNT 2 - Bribery (DAVID NEWLAND)  
8 (18 U.S.C. § 201(b) (2) (A) and (C))

9 37. Paragraphs 1 through 30, and 36 of this Indictment are re-  
10 alleged and incorporated by reference.

11 38. Beginning in or about February 2006 on the high seas and out  
12 of the jurisdiction of any particular district, and continuing through  
13 at least in or about September 2013, defendant DAVID NEWLAND,  
14 aka "Newly," a public official, engaged in a course of conduct whereby  
15 he directly and indirectly, corruptly demanded, sought, received,  
16 accepted, and agreed to receive and accept things of value, personally  
17 and for other persons, including entertainment, hotel stays, and the  
18 services of prostitutes, in return for being influenced in the  
19 performance of official acts and in return for being induced to do and  
20 omit to do acts in violation of his official duties, as opportunities  
21 arose.

22 All in violation of Title 18, United States Code, Section 201(b) (2) (A)  
23 and (C).

24 COUNT 3 - Bribery (ENRICO DEGUZMAN)  
25 (18 U.S.C. § 201(b) (2) (A) and (C))

26 39. Paragraphs 1 through 30, and 36 of this Indictment are re-  
27 alleged and incorporated by reference.

1 40. Beginning in or about February 2006 on the high seas and out  
2 of the jurisdiction of any particular district and continuing through at  
3 least in or about September 2013, defendant ENRICO DEGUZMAN, aka "Rick,"  
4 a public official, engaged in a course of conduct whereby he directly  
5 and indirectly, corruptly demanded, sought, received, accepted, and  
6 agreed to receive and accept things of value, personally and for other  
7 persons, including entertainment, hotel stays, gifts, and the services  
8 of prostitutes, in return for being influenced in the performance of  
9 official acts and in return for being induced to do and omit to do acts  
10 in violation of his official duties, as opportunities arose.  
11 All in violation of Title 18, United States Code, Section 201(b) (2) (A)  
12 and (C).

13 COUNT 4 - Bribery (DONALD HORNBECK)  
14 (18 U.S.C. § 201(b) (2) (A) and (C))  
15

16 41. Paragraphs 1 through 30, and 36 of this Indictment are re-  
17 alleged and incorporated by reference.

18 42. Beginning in or about February 2006 on the high seas and out  
19 of the jurisdiction of any particular district and continuing through at  
20 least in or about September 2013, defendant DONALD HORNBECK,  
21 aka "Bubbles," a public official, engaged in a course of conduct whereby  
22 he directly and indirectly, corruptly demanded, sought, received,  
23 accepted, and agreed to receive and accept things of value, personally  
24 and for other persons, including entertainment, hotel stays, and the  
25 services of prostitutes, in return for being influenced in the  
26 performance of official acts and in return for being induced to do and  
27 omit to do acts in violation of his official duties, as opportunities  
28 arose.

1 All in violation of Title 18, United States Code, Section 201(b) (2) (A)  
2 and (C).

3 COUNT 5 - Bribery (JAMES DOLAN)  
4 (18 U.S.C. § 201(b) (2) (A) and (C))

5 43. Paragraphs 1 through 30, and 36 of this Indictment are re-  
6 alleged and incorporated by reference.

7 44. Beginning in or about January 2008 on the high seas and out of  
8 the jurisdiction of any particular district and continuing through at  
9 least in or about September 2013, defendant JAMES DOLAN, aka "JD," a  
10 public official, engaged in a course of conduct whereby he directly and  
11 indirectly, corruptly demanded, sought, received, accepted, and agreed  
12 to receive and accept things of value, personally and for other persons,  
13 including entertainment, hotel stays, and the services of prostitutes,  
14 in return for being influenced in the performance of official acts and  
15 in return for being induced to do and omit to do acts in violation of  
16 his official duties, as opportunities arose.

17 All in violation of Title 18, United States Code, Section 201(b) (2) (A)  
18 and (C).

19 COUNT 6 - Bribery (BRUCE LOVELESS)  
20 (18 U.S.C. § 201(b) (2) (C))

21 45. Paragraphs 1 through 30, and 36 of this Indictment are re-  
22 alleged and incorporated by reference.

23 46. Beginning in or about July 2007 on the high seas and out of  
24 the jurisdiction of any particular district and continuing through at  
25 least in or about September 2013, defendant BRUCE LOVELESS, a public  
26 official, engaged in a course of conduct whereby he directly and  
27 indirectly, corruptly demanded, sought, received, accepted, and agreed  
28 to receive and accept things of value, personally and for other persons,



1 including entertainment, hotel stays, and the services of prostitutes,  
2 in return for being induced to do and omit to do acts in violation of  
3 his official duties, as opportunities arose.

4 All in violation of Title 18, United States Code, Section 201(b)(2)(C).

5 COUNT 7 - Bribery (DAVID LAUSMAN)  
6 (18 U.S.C. § 201(b)(2)(A) and (C))

7 47. Paragraphs 1 through 30, and 36 of this Indictment are re-  
8 alleged and incorporated by reference.

9 48. From in or about February 2006 on the high seas and out of the  
10 jurisdiction of any particular district and continuing through at least  
11 in or about September 2013, defendant DAVID LAUSMAN, aka "Too Tall," a  
12 public official, engaged in a course of conduct whereby he directly and  
13 indirectly, corruptly demanded, sought, received, accepted, and agreed  
14 to receive and accept things of value, personally and for other persons,  
15 including entertainment, hotel stays, and gifts, in return for being  
16 influenced in the performance of official acts and in return for being  
17 induced to do and omit to do acts in violation of his official duties,  
18 as opportunities arose.

19 All in violation of Title 18, United States Code, Section 201(b)(2)(A)  
20 and (C).

21 COUNT 8 - Bribery (STEPHEN SHEDD)  
22 (18 U.S.C. § 201(b)(2)(A) and (C))

23 49. Paragraphs 1 through 30, and 36 of this Indictment are re-  
24 alleged and incorporated by reference.

25 50. Beginning in or about May 2007 on the high seas and out of the  
26 jurisdiction of any particular district and continuing through at least  
27 in or about September 2013, defendant STEPHEN SHEDD, a public official,  
28 engaged in a course of conduct whereby he directly and indirectly,  
corruptly demanded, sought, received, accepted, and agreed to receive

1 and accept things of value, personally and for other persons, including  
2 cash, entertainment, hotel stays, gifts, and the services of prostitutes,  
3 in return for being influenced in the performance of official acts and  
4 in return for being induced to do and omit to do acts in violation of  
5 his official duties, as opportunities arose.

6 All in violation of Title 18, United States Code, Section 201(b) (2) (A)  
7 and (C).

8 COUNT 9 - Bribery (MARIO HERRERA)  
9 (18 U.S.C. § 201(b) (2) (A) and (C))

10 51. Paragraphs 1 through 30, and 36 of this Indictment are re-  
11 alleged and incorporated by reference.

12 52. Beginning in or about May 2008 on the high seas and out of the  
13 jurisdiction of any particular district and continuing through at least  
14 in or about September 2013, defendant MARIO HERRERA, aka "Choke,"  
15 aka "Choke OIC," a public official, engaged in a course of conduct  
16 whereby he directly and indirectly, corruptly demanded, sought, received,  
17 accepted, and agreed to receive and accept things of value, personally  
18 and for other persons, including entertainment, hotel stays, gifts, and  
19 the services of prostitutes, in return for being influenced in the  
20 performance of official acts and in return for being induced to do and  
21 omit to do acts in violation of his official duties, as opportunities  
22 arose.

23 All in violation of Title 18, United States Code, Section 201(b) (2) (A)  
24 and (C).

25 COUNT 10 - Bribery (ROBERT GORSUCH)  
26 (18 U.S.C. § 201(b) (2) (A) and (C))

27 53. Paragraphs 1 through 30, and 36 of this Indictment are re-alleged  
28 and incorporated by reference.

1 54. Beginning in or about February 2006 on the high seas and out of  
2 the jurisdiction of any particular district and continuing through at  
3 least in or about September 2013, defendant ROBERT GORSUCH, a public  
4 official, engaged in a course of conduct whereby he directly and  
5 indirectly, corruptly demanded, sought, received, accepted, and agreed  
6 to receive and accept things of value, personally and for other persons,  
7 including entertainment, hotel stays, gifts, and the services of  
8 prostitutes, in return for being influenced in the performance of  
9 official acts and in return for being induced to do and omit to do acts  
10 in violation of his official duties, as opportunities arose.

11 All in violation of Title 18, United States, Code, Section 201(b) (2) (A)  
12 and (C).

13 COUNT 11 - False Statements (DAVID LAUSMAN)  
14 (18 U.S.C. § 1001(a) (2))

15 55. Paragraphs 1 through 30 of this Indictment are re-alleged and  
16 incorporated by reference.

17 56. On or about February 19, 2014, within the Southern District of  
18 California, defendant DAVID LAUSMAN, aka "Too Tall," knowingly and  
19 willfully made materially false and fraudulent statements and  
20 representations in a matter within the jurisdiction of the Executive  
21 Branch of the United States, to wit: in an interview with Special Agents  
22 of NCIS and DCIS, LAUSMAN said: a) he did not attend receptions hosted  
23 by Francis; and b) Francis never booked or paid for a hotel room for  
24 LAUSMAN.

25 57. These statements and representations were false because, as  
26 defendant DAVID LAUSMAN then and there well knew: a) LAUSMAN attended,  
27 and was photographed at, receptions hosted by Francis; and b) on numerous  
28 occasions, including, among others, on April 30-May 4, 2008, May 4-10,

1 2008, and August 1-7, 2009, Francis booked and paid for hotel rooms for  
2 LAUSMAN.

3 All in violation of Title 18, United States Code, Section 1001(a)(2).

4 COUNT 12 - Obstruction of Justice (DAVID LAUSMAN)  
5 (18 U.S.C. § 1519)

6 58. Paragraphs 1 through 30 of this Indictment are re-alleged and  
7 incorporated by reference.

8 59. On or about September 16-17, 2013, within the Southern District  
9 of California, and elsewhere, defendant DAVID LAUSMAN, aka "Too Tall,"  
10 knowingly mutilated and destroyed a tangible object, to wit, a hard drive  
11 containing documents and emails sent and received by LAUSMAN while he  
12 was the Commanding Officer of the U.S.S. George Washington, with the  
13 intent to impede, obstruct, and influence the investigation and proper  
14 administration of justice regarding a matter that the defendant knew was  
15 within the jurisdiction of NCIS, DCIS, and the Department of Justice,  
16 agencies of the United States.

17 All in violation of Title 18, United States Code, Section 1519.

18 COUNT 13 - Conspiracy To Commit Honest Service Fraud  
19 (All Defendants)  
20 (18 U.S.C. § 1349, 1346 & 1343)

21 60. Paragraphs 1 through 30, and 33 through 36 of this Indictment  
22 are re-alleged and incorporated by reference.

23 61. Beginning in or about February 2006 on the high seas and outside  
24 the jurisdiction of any particular district and continuing through at  
25 least February 2014, defendants DAVID NEWLAND, aka "Newly," ENRICO  
26 DEGUZMAN, aka "Rick," DONALD HORNBECK, aka "Bubbles," JAMES DOLAN,  
27 "aka JD," BRUCE LOVELESS, DAVID LAUSMAN, aka "Too Tall," STEPHEN SHEDD,  
28 MARIO HERRERA, aka "Choke," aka Choke OIC," and ROBERT GORSUCH

1 (collectively "the defendants") did knowingly and intentionally conspire  
2 and agree with each other and with others, including Francis, Aruffo,  
3 AG, Brooks, Sanchez, and Dusek, to devise a material scheme and artifice  
4 to defraud the citizens of the United States and the U.S. Navy of their  
5 rights to the honest, loyal, and faithful, services, decisions, actions,  
6 and performance, through bribery and kickbacks and the concealment of  
7 material information; and for the purpose of executing this scheme,  
8 defendants and their conspirators transmitted and caused to be  
9 transmitted writings, signs, and signals by means of wire communication  
10 in interstate and foreign commerce, including many emails among the  
11 conspirators.

12 All in violation of Title 18, United States Code, Sections 1349, 1346,  
13 and 1343.

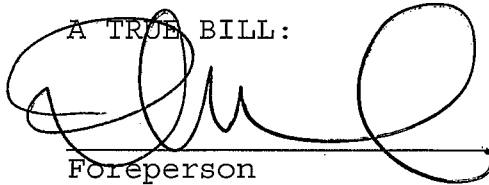
14 **FORFEITURE ALLEGATIONS**

15 62. The allegations set forth in Counts 1 through 10 and Count 13  
16 of this Indictment are incorporated by reference for the purpose of  
17 alleging forfeiture to the United States pursuant to Title 18, United  
18 States Code, Section 981(a)(1)(c), and Title 28, United States Code,  
19 Section 2461(c).

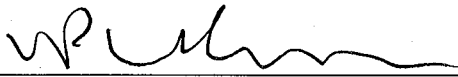
20 63. Pursuant to Federal Rule of Criminal Procedure 32.2, notice is  
21 hereby given to the above-named defendants that upon conviction of the  
22 offenses set forth in Counts 1 through 10 and Count 13, the United States  
23 will seek forfeiture as part of any sentence in accordance with Title 18,  
24 United States Code, Section 981(a)(1)(c), and Title 28, United States  
25 Code, Section 2461(c), including but not limited to all property, real  
26 and personal, which constitutes or is derived from proceeds traceable to  
27 the offenses of conspiracy, bribery, and conspiracy to commit honest  
28 services wire fraud, as alleged in this Indictment.

1 64. If any of the above-described forfeitable property, as a result  
2 of any act or omission of the defendants - (a) cannot be located  
3 upon the exercise of due diligence; (b) has been transferred or sold to,  
4 or deposited with, a third party; (c) has been placed beyond the  
5 jurisdiction of the Court; (d) has been substantially diminished in  
6 value; or (e) has been commingled with other property which cannot be  
7 subdivided without difficulty; it is the intent of the United States,  
8 pursuant to Title 18, United States Code, Section 2461(c) which  
9 incorporates the provisions of Title 21, United States Code,  
10 Section 853(p), to seek forfeiture of any other property of the  
11 defendants up to the value of the property described above as being  
12 subject to forfeiture.

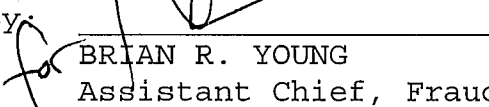
13 DATED: March 9, 2017.

14 A TRUE BILL:  
  
15  
16 Foreperson

17 ALANA W. ROBINSON  
18 Acting United States Attorney

19 By:   
20 MARK W. PLETCHER  
21 PATRICK HOVAKIMIAN  
22 Assistant U.S. Attorneys

23 ANDREW WEISSMANN  
24 Chief, Fraud Section, Criminal Division

25 By:   
26 BRIAN R. YOUNG  
27 Assistant Chief, Fraud Section, Criminal Division  
28