

# A Navy scandal sheds light on the nature of bribery (Selections)

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Leonard Glenn Francis, known as 'Fat Leonard,' is the central figure in a major U.S. Navy bribery investigation.

## Trouble in the 7th Fleet

The so-called “Fat Leonard scandal” is the largest bribery and corruption case in U.S. Navy history.

The key player is Leonard Glenn Francis, a Malaysian-born businessman based in Singapore who was commonly referred to as “Fat Leonard” because of his 350-pound weight. He ran a company called Glenn Defense Marine Asia that had U.S. government contracts to provide various services to Navy ships in Asian ports – docking, refueling, sewage removal and shore transportation for both cargo and personnel.

In 2015, Francis pleaded guilty to plying Navy officers with cash and favors in exchange for their efforts to steer the Navy’s Pacific fleet to ports where his company could provide services. Then, the company would fabricate bids by

nonexistent companies to make its own charges look competitive, overbill the Navy for services and even draw up fake invoices to collect money for goods and services it never provided to the ships and crews.

The case is perhaps best known for the fact that one of the most common favors Francis provided were paid sexual partners: He even kept meticulous notes about the peccadilloes of different officers.

More significant for U.S. taxpayers is the fact that the decade-long scam ultimately bilked the Navy out of more than US\$35 million.

## **Whistleblowers and corruption**

In some ways the Fat Leonard scandal is a textbook bribery scheme, with clandestine meetings, envelopes full of cash, and explicit arrangements to perform clearly illegal acts. In fact, one of the biggest questions raised when Leonard was finally arrested in 2013 was how his company had been able to get away with the scheme for almost a decade.

There were, in fact, several whistleblowers along the way, but as is often the case when corruption is widespread, those in on the scheme were notified of the complaints before word got to those who would hold them responsible. So rather than being lauded, whistleblowers were instead widely vilified.

Nonetheless, the truth was eventually brought to light. To date, more than 20 people have pleaded guilty to federal crimes, including the first-ever conviction of an admiral for a felony.

Significantly, however, the scope of the scandal is even more far-reaching. Dozens of officers, including several admirals, have been reprimanded and removed from office for more minor related violations, without going to jail.

## Reciprocity and bribery



Capt. John Steinberger is one of many high-ranking Navy officers who has pleaded guilty to crimes associated with receiving gifts and bribes from a Singapore-based businessman.



Navy Rear Adm. Terry Kraft retired after being found to have violated Navy ethics standards by improperly accepting gifts from 'Fat Leonard' Glenn Francis

These last cases are particularly interesting, because they help demonstrate not only the high standards of military, but also the ways that bribery schemes often don't conform to common, stereotypical, preconceived notions.

Many of the officers charged didn't accept cash payments, but rather the kind of favors that they couldn't or wouldn't be able to obtain for themselves: travel, champagne, scotch, luxury hotel rooms, ornamental swords, handmade ship models, spa treatments, Cuban cigars, Kobe beef, Spanish suckling pigs, concert tickets and even a culinary internship.

Ultimately, it shouldn't be surprising that bribery often begins with small favors rather than thick envelopes of cash. Human beings are social creatures;

favours strengthen people's social bonds and make them more likely to reciprocate in turn.

That's why federal ethics rules regarding favours are generally so strict, prohibiting government employees from accepting all but the most minimal gifts (even modest meals) from contractors and foreign agents.

Those prohibitions have obvious exceptions, but the principle behind the general rules is all the more important in their exceptions: Official actions are meant to serve public, rather than private, interests. In the Fat Leonard cases, the evidence is clear: Even in the cases in which leaders have been merely reprimanded and removed from office, the kinds of favours the officers accepted demonstrate they were acting for their own benefits – not those of the nation.

Bribery laws for government officials have a powerful ethical principle at their core: If you work for the government, your actions in office are meant to serve the public interest – not your own.



Rear Adm. David Pimpo retired after being found to have violated Navy ethics standards by improperly accepting gifts from 'Fat Leonard' Glenn Francis.



Vice Adm. Michael H. Miller retired after being found to have violated Navy ethics standards by improperly accepting gifts from 'Fat Leonard' Glenn Francis.