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U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA
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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

September 2013 Grand Jury

15CR0530 JLS

UNITED STATES OF AMERICA,

Plaintiff,

v.

PAUL SIMPKINS,

Defendant.

Case No.

I N D I C T M E N T

Title 18, U.S.C., Sec. 371 -
Conspiracy; Title 18, U.S.C.,
Sec. 981(a)(1)(c), and Title 28,
U.S.C., Sec. 2461(c) - Criminal
Forfeiture

The grand jury charges:

INTRODUCTORY ALLEGATIONS

1. From in or around April 2005 through in or around June 2007, defendant PAUL SIMPKINS served as a Supervisory Contract Specialist at the U.S. Navy Regional Contracting Center in Singapore. As a Supervisory Contract Specialist, SIMPKINS supervised a staff of contracting officers and specialists who awarded and administered U.S. Navy contracts. In this role, SIMPKINS sat on Contract Review Boards, which were bodies that had the authority to recommend and approve bidders to receive the award of U.S. Navy contracts. During his tenure as a Supervisory Contract Specialist at the U.S. Navy Regional Contracting Center, SIMPKINS resided in Singapore and was married to

1 NH, a Japanese citizen. NH had a bank account at Mizuho Bank, Ltd.
2 ("Mizuho Bank"), in Japan.

3 2. From in or about June 2007 to in or about December 2007,
4 SIMPKINS served as a Contracting Officer (Assistant Director of
5 Acquisitions Staff), a GS-15 grade position, with the U.S. Department
6 of Justice, Executive Office of United States Attorneys, in
7 Washington, D.C.

8 3. From in or about December 2007 through at least in or about
9 August 2012, SIMPKINS served as an Assistant Director in the
10 Department of Defense Office of Small Business Programs, located in
11 Northern Virginia. SIMPKINS's responsibilities as an Assistant
12 Director, which was a Senior Executive Service ("SES") position,
13 included overseeing the award and administration of contracts let by
14 the Department of Defense's ("DoD") Office of Small Business Programs.

15 4. At all times material herein, SIMPKINS was a "public
16 official" within the definition of Title 18, United States Code,
17 Section 201(a)(1).

18 5. It was a violation of SIMPKINS'S official and lawful duties
19 to enrich himself by using his position and influence within the U.S.
20 Navy to promote the interests of a company under contract with the
21 U.S. Navy.

22 6. At least as early as 2005, while he was working for the U.S.
23 Navy in Singapore, SIMPKINS first met representatives of Glenn Defense
24 Marine (Asia) ("GDMA"), a multi-national corporation headquartered in
25 Singapore, with operating locations in several other countries,
26 including Japan, Thailand, Malaysia, Korea, Hong Kong, Indonesia,
27 Australia, the Philippines, and the United States. Leonard Glenn
28

1 Francis ("Francis"), a citizen of Malaysia who resided in Singapore,
2 was the owner, president, and Chief Executive Officer of GDMA.

3 7. GDMA's main business involved the "husbanding" of marine
4 vessels, a service it had provided to the U.S. Navy across Asia under
5 various contracts for over 25 years. "Ship husbanding" involved the
6 coordinating, scheduling, and direct and indirect procurement of items
7 and services required by ships and submarines when those vessels
8 arrive at port. Examples of these items and services included
9 tugboats; fenders; port authority or customs fees; security; food;
10 fuel; water; trash removal; collection, holding, and transfer of
11 liquid waste ("CHT"); and transportation.

12 8. As of late 2005, GDMA held contracts with the U.S. Navy to
13 provide husbanding services in Singapore and other Southeast Asian
14 countries. At this time, however, the U.S. Navy had proposed awarding
15 long-term, potentially extendable contracts to provide ship husbanding
16 services in Thailand ("the Thailand Contract") and the Philippines
17 ("the Philippines Contract"). Francis and GDMA were poised to bid on
18 any such contracts tendered by the U.S. Navy.

19 9. At all times material herein, the U.S. Navy Fleet and
20 Industrial Supply Center ("FISC"), was a U.S. Navy command tasked with
21 providing logistical support to U.S. Navy vessels.

22 Count 1 - Conspiracy (18 U.S.C. § 371)

23 10. From in or about May 2006 through at least September 2012,
24 on the high seas and outside the jurisdiction of any particular
25 district, defendant PAUL SIMPKINS, a public official, Leonard Glenn
26 Francis, charged elsewhere, and others (1) knowingly and unlawfully
27 combined, conspired, and agreed to commit bribery, that is, SIMPKINS,
28 Francis, and others, knowingly agreed that, in return for SIMPKINS

1 being influenced in the performance of official acts and being induced
2 to do and omit to do acts in violation of his official and lawful
3 duties, all as opportunities arose, (a) Francis would directly and
4 indirectly, corruptly give, offer, and promise things of value to
5 SIMPKINS, including cash, travel expenses, entertainment, and the
6 services of prostitutes, and (b) SIMPKINS would directly and
7 indirectly, corruptly demand, seek, receive, accept, and agree to
8 receive and accept these things of value; and (2) SIMPKINS and Francis
9 took overt acts in furtherance of this conspiracy and to effect its
10 unlawful object, in violation of Title 18, United States Code,
11 Sections 201(b)(1)(A) and (C) and 201(b)(2)(A) and (C).

12 OBJECT OF THE CONSPIRACY

13 11. It was the object of the conspiracy for SIMPKINS to use his
14 position and influence in the U.S. Navy to advocate for and advance
15 GDMA's interests, as opportunities arose, by, among other things,
16 advocating for and acting in furtherance of GDMA's award of U.S. Navy
17 contracts and extensions of those contracts; providing Francis with
18 internal U.S. Navy information; and advocating for and acting on
19 behalf of GDMA as questions, matters, and controversies regarding
20 GDMA's ship husbanding business were brought to his attention. In
21 return, Francis and others would offer things of value to or on behalf
22 of SIMPKINS, including cash, travel expenses, entertainment, and the
23 services of prostitutes.

24 METHODS AND MEANS OF THE CONSPIRACY

25 12. In furtherance of this conspiracy, and to accomplish its
26 object, the following methods and means were used, among others:

27 a. SIMPKINS would demand, seek, receive, and accept things
28 of value from Francis.

1 for an initial amount of \$929,649.20 and which went into effect on
2 March 1, 2006.

3 b. In or about early 2006, Francis provided SIMPKINS with
4 an initial bribe payment of \$50,000 in cash, placed in an envelope,
5 during a meeting at a hotel in Singapore. Throughout the course of
6 SIMPKINS and Francis's bribery relationship, Francis provided SIMPKINS
7 with at least \$150,000 in cash payments.

8 c. On or about May 15, 2006, SIMPKINS, impersonating his
9 mistress, YH, sent a sham email to Francis describing a real estate
10 investment and instructing Francis to deposit money in NH's bank
11 account at Mizuho Bank and providing the account number.

12 d. On or about May 16, 2006, Francis directed that 100,000
13 be wired to NH's account at Mizuho Bank.

14 e. On or about May 18, 2006, SIMPKINS forwarded an email
15 to Francis which documented SIMPKINS's efforts to suspend a husbanding
16 contractor that competed with GDMA for U.S. Navy contracts. This was
17 proprietary U.S. Navy information which should not have been
18 disclosed. In this email, SIMPKINS boasted, "I did the research
19 myself."

20 f. On or about May 23, 2006, Francis provided SIMPKINS
21 with \$99,983 by causing the funds to be wired to NH's account at
22 Mizuho Bank.

23 g. On or about June 16, 2006, Francis sent SIMPKINS an
24 email advising that a FISC official aboard the USS Decatur had asked
25 GDMA to provide copies of all invoices that GDMA had submitted in
26 connection with the ship's recent port visit in Hong Kong. Later that
27 day, SIMPKINS prevented the FISC official from reviewing the invoices,
28 which may have revealed over-billing and fraud by GDMA, by sending an

1 email to the FISC official, which instructed "do not request any
2 invoices from the ship. . . Do not violate this instruction. Contact
3 the ship and rescind your request."

4 h. On or about June 16, 2006, Francis paid for SIMPKINS'S
5 first class, roundtrip airfare from Singapore to Bangkok, Thailand.

6 i. On or about July 2, 2006, SIMPKINS sent an email to
7 Francis in which he provided the account details for NH's account at
8 Mizuho Bank and wrote, "here is my wife's info again to use next week.
9 My wife will monitor account to ensure its [sic] dispersed and
10 invested immediately."

11 j. On or about July 8, 2006, Francis instructed a GDMA
12 employee to transmit \$50,000 to NH's account at Mizuho Bank. On or
13 about July 22, 2006, NH's account at Mizuho Bank received a wire
14 transfer in the amount of \$50,000.

15 k. On or about October 16 2006, Francis provided SIMPKINS
16 with \$50,000 by causing the funds to be wired to NH's account at
17 Mizuho Bank.

18 l. On or about December 6, 2006, a U.S. Navy Lieutenant
19 assigned to the FISC issued a Contractor Performance Rating, in which
20 he recommended against exercising GDMA's first option to extend the
21 Thailand Contract, an outcome that would have opened the contract up
22 to competitive bidding. In the rating, the Lieutenant wrote: "I
23 recommend against exercising the first option year at this time. . .
24 There are far too many exceedingly high cost, non-CLIN [Contract Line
25 Item] items (particularly [Force Protection] items) that ships
26 routinely use/need. I recommend recompeting this contract at this
27 time . . . to draw competition from other contractors and drive prices
28 down in the best interest of the U.S. Government." In a Memorandum

1 dated December 13, 2006, SIMPKINS overruled the Lieutenant's decision
2 and exercised a one-year option on GDMA's contract without re-opening
3 the contract to competitive bidding. Francis and GDMA continued to
4 overcharge the U.S. Navy on non-contract line items (i.e. Incidentals)
5 related to GDMA's ship husbanding contracts.

6 m. On or about December 11, 2006, the U.S. Navy awarded
7 GDMA a contract to provide ship husbanding services in the Philippines
8 (Contract N40345-07-D-0001) (the "Philippines Contract"). The
9 Philippines Contract was awarded for an initial amount of \$523,994.
10 The Philippines Contract was administered by a Contracting Specialist
11 supervised by SIMPKINS.

12 n. On or about January 29, 2007, SIMPKINS issued an
13 instruction to the FISC in Hong Kong requiring it to discontinue the
14 use of flow meters that monitored the volume of CHT that GDMA removed
15 from U.S. Navy ships. The use of these meters would have ensured
16 proper accounting of the actual amount of CHT removed, while
17 prohibiting the use of these meters allowed GDMA to continue to
18 fraudulently inflate the amount of CHT removed, and thereby over-bill
19 the U.S. Navy for its services.

20 o. On or about March 19, 2007, Francis provided SIMPKINS
21 with \$50,000 by causing the funds to be wired to NH's account at
22 Mizuho Bank.

23 p. On or about May 10, 2007, SIMPKINS forwarded Francis an
24 electronic copy of a letter documenting that he had been offered a
25 position as a Contracting Officer and Assistant Director with the U.S.
26 Department of Justice, Executive Office of United States Attorneys.
27 In the email, SIMPKINS wrote "I wanted to inform you of the attached
28 offer and that I want to accept it. . . Of course, I will keep in

1 touch and do whatever I can as a friend to promote our relationship."
2 In another email dated May 10, 2007, SIMPKINS wrote to Francis that
3 "the job is at the Justice Department where all the pentagon Lawyers
4 work at. I could be beneficial from there as well in terms of law and
5 litigation when the right time comes."

6 q. On or about December 27, 2007, the U.S. Navy and GDMA
7 executed a modification which extended the period of performance for
8 the Philippines contract from January 1, 2008 through February 29,
9 2008.

10 r. On or about May 8, 2008, SIMPKINS sent Francis an email
11 in which he used the occasion of his wife's death to seek additional
12 payments from Francis. SIMPKINS attached to the email a copy of his
13 late wife's death certificate and medical bills. In the body of the
14 email, SIMPKINS wrote "[t]hank you for your friendship and welfare of
15 me and my wife."

16 s. On or about December 10, 2008, Francis sent SIMPKINS an
17 email advising that GDMA had received additional U.S. Navy ship
18 husbanding contracts: "[w]e took the entire [area of responsibility]
19 including Viet n Cambodia. All th[at] is left is Aust, Korea and
20 VLAD." In a response on or about December 11, 2008, SIMPKINS wrote "I
21 am retiring this year; let me know if I can provide any support on
22 your end; especially in Japan." In another email later that day,
23 SIMPKINS encouraged Francis to obtain additional U.S. Navy contracts:
24 "How abou[t] Guam and Korea? Might as well complete the course; add
25 on Okinawa, Japan for more profit. Keep in touch I want to retire in
26 the [area of responsibility] and will accept any good offer you
27 present to me."
28

1 t. On or about February 8, 2010, the U.S. Navy and GDMA
2 modified the Thailand contract by extending performance for an
3 additional year. This modification increased the contract value by
4 approximately \$962,499.20.

5 u. On or about November 22, 2011, SIMPKINS wrote an email
6 to Francis in which he requested a job at GDMA: "[y]ou know I want to
7 work in Philippines, Malaysia, Japan with Singapore being last. Do
8 you have any vacancies in any of those countries. [sic]. Legally, I
9 can work for your company because the 3 years have expired and I have
10 been working with Small Businesses. In the interim, I will [sic]
11 looking for a retired [contracting officer] for you. I think I know
12 what type you are looking knowing your business saavy [sic] and
13 portfolio. Please review my application for consideration for
14 employment in the countries I mentioned." During the months that
15 followed, SIMPKINS sent Francis several emails inquiring about the
16 status of his application. On February 6, 2012, SIMPKINS asked "does
17 my friendship warrant any opportunities in your company upon
18 retirement?"

19 v. In or about August 2012, Francis encouraged SIMPKINS to
20 apply for the job as the Director of Contracting at the FISC in
21 Yokosuka, Japan, a position that would have provided SIMPKINS with
22 renewed opportunities to use his influence on GDMA's behalf, including
23 by trying to steer additional husbanding contracts to GDMA. On or
24 about August 12, 2012, SIMPKINS sent an email to Francis regarding
25 "Vacancy at Yokosuka" in which SIMPKINS asked Francis, "Can U provide
26 me the Commander in charge their [sic] and LtCdr in charge of
27 contracting names and email addresses? I will send Letters of
28 Recommendations." Later that day, Francis forwarded this email to

1 Jose Sanchez, a Commander in the U.S. Navy and Executive Officer of
2 the FISC in Yokosuka, whom Francis also bribed with cash, travel
3 expenses, and the services of prostitutes. In this email, Francis
4 wrote, "Bro, we have to influence the hire of Paul Simpkins to take
5 the GS15 position. He is a bud of mine. Who will decide with the
6 hire and please provide the POC. [sic]."

7 w. On or about August 10, 2012, SIMPKINS asked Francis to
8 get him a hotel room in Singapore. On or about August 13, 2012,
9 Francis forwarded SIMPKINS a confirmation for the Hilton Hotel on
10 Orchard Road in Singapore, at a cost of 2,530.55 Singapore Dollars.

11 x. On or about August 29, 2012, as SIMPKINS's departure
12 for the trip described in the preceding paragraph neared, SIMPKINS
13 sent an email to Francis regarding "September 11" in which SIMPKINS
14 asked, "[c]an u set up some clean, disease free wome[n] when I am
15 there?" In a second email sent on or about September 6, 2012,
16 SIMPKINS wrote to Francis: "I will arrive in Singapore on 11
17 September. Whats [sic] the plan to meet up and maybe do some honey's
18 [sic]?" That day, Francis confirmed, writing: "Honeys and bunnys."
19 In fact, Francis provided SIMPKINS with the services of prostitutes on
20 this occasion.

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

22 **FORFEITURE ALLEGATIONS**

23 14. The allegations set forth in Counts 1 and 2 of this
24 Indictment are incorporated by reference for the purpose of alleging
25 forfeiture pursuant to Title 18, United States Code,
26 Section 981(a)(1)(c), and Title 28, United States Code,
27 Section 2461(c).

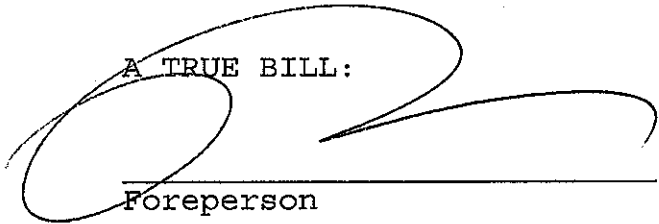
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1 15. Pursuant to Federal Rule of Criminal Procedure 32.2, notice
2 is hereby given to the above-named defendant that the United States
3 will seek forfeiture as part of any sentence in accordance with
4 Title 18, United States Code, Section 981(a)(1)(c), and Title 28,
5 United States Code, Section 2461(c), including but not limited to all
6 property, real or personal, which constitutes or is derived from
7 proceeds traceable to any bribery conspiracy, as alleged in this
8 Indictment.

9 All pursuant to Title 18, United States Code, Section 981(a)(1)(c),
10 and Title 28, United States Code, Section 2461(c).

11 DATED: March 3, 2015.

12 A TRUE BILL:

13 
14 _____
Foreperson

15 LAURA E. DUFFY
16 United States Attorney

17 By: Robert Huie for
18 MARK W. PLETCHER
Assistant U.S. Attorney

19 By: Robert Huie
20 ROBERT S. HUIE
Assistant U.S. Attorney

21
22 WILLIAM J. STELLMACH
Acting Chief, Fraud Section
23 Criminal Division

24
25 By: B. R. Young
CATHERINE VOTAW
26 BRIAN R. YOUNG
Trial Attorneys
27 Fraud Section, Criminal Division
28