NPS-AM-26-003

ACQUISITION RESEARCH PROGRAM
SPONSORED REPORT SERIES

Applying the Fraud Triangle to the Fat Leonard Scandal: A Role-Based Analysis of Coercion and Fraud in Defense Procurement

December 2025

TSgt Dwayne B. Simeon, USAF

Thesis Advisors: Dr. Juanita M. Rendon, Lecturer
Dr. Rene G. Rendon, Associate Professor

Department of Defense Management

Naval Postgraduate School

Prepared for the Naval Postgraduate School, Monterey, CA 93943

ACQUISITION RESEARCH PROGRAM
DEPARTMENT OF DEFENSE MANAGEMENT
NAVAL POSTGRADUATE SCHOOL

The research presented in this report was supported by the Acquisition Research Program of the Department of Defense Management at the Naval Postgraduate School.
To request defense acquisition research, to become a research sponsor, or to print additional copies of reports, please contact the Acquisition Research Program (ARP) via email, arp@nps.edu or at 831-656-3793.

Acquisition Research Program
Department of defense management
Naval Postgraduate School

ABSTRACT

Defense procurement, a fundamental part of national defense, is subject to various forms of misconduct that may damage the country's economic and national security. The U.S. Navy's Fat Leonard scandal, with widespread bribery and corruption, was a scandal detected through investigations conducted by the U.S. Navy, the media, and the judicial system. A traditional approach to understanding and analyzing such a case often entails applying the theory of the Fraud Triangle, which is comprised of pressure, opportunity, and rationalization. Given the specificities of the defense workforce, including the integration of various functional areas, such as operations, procurement, and investigations, the fraud model is utilized for a more in-depth understanding of the actors' roles, allowing for differences in functional backgrounds of those involved in the fraudulent activities. For example, the fraud triangle component of pressure would be applied differently to a member of the logistics workforce as opposed to a member of the procurement workforce. As members reacted differently under various pressures, the severity of their actions made them vulnerable to further demands within the scheme. As they became more complicit, their vulnerabilities simultaneously increased, and the benefit they provided was limited only to their access.

THIS PAGE INTENTIONALLY LEFT BLANK

ABOUT THE AUTHOR

TSgt Dwayne Simeon is a Special Agent with the Air Force Office of Special Investigations. Born on the island of St. Lucia, he later lived in Brooklyn, New York, where he enlisted in the United States Air Force in 2009. Since then, he has dedicated his career to protecting the Department of Defense through complex investigative work.

TSgt Simeon specializes in fraud investigations and is preparing to transition into major procurement fraud investigations within the Southeastern United States. He was recently selected for promotion to Master Sergeant, where he will assume expanded leadership responsibilities and continue supporting AFOSI's mission.

He earned a Bachelor's degree in Organizational Leadership from the University of Charleston, West Virginia, in 2019. Outside of duty, he enjoys working on software development projects and exploring innovative technology solutions.

THIS PAGE INTENTIONALLY LEFT BLANK

ACKNOWLEDGMENTS

I would like to extend my gratitude to Dr. Juanita Rendon and Dr. Rene Rendon for being my advisors during this process. Dr. Rendon, J. was my professor for many of my fraud classes at NPS. She refined my passion for fraud and brought greater meaning to the profession and why it was a necessity. Thank you.

THIS PAGE INTENTIONALLY LEFT BLANK

NPS-AM-26-003

ACQUISITION RESEARCH PROGRAM
SPONSORED REPORT SERIES

Applying the Fraud Triangle to the Fat Leonard Scandal: A Role-Based Analysis of Coercion and Fraud in Defense Procurement

December 2025

TSgt Dwayne B. Simeon, USAF

Thesis Advisors: Dr. Juanita M. Rendon, Lecturer
Dr. Rene G. Rendon, Associate Professor

Department of Defense Management

Naval Postgraduate School

Prepared for the Naval Postgraduate School, Monterey, CA 93943

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

THIS PAGE INTENTIONALLY LEFT BLANK

LIST OF FIGURES

THIS PAGE INTENTIONALLY LEFT BLANK

LIST OF TABLES

THIS PAGE INTENTIONALLY LEFT BLANK

LIST OF ACRONYMS AND ABBREVIATIONS

ACFE	Association of Certified Fraud Examiners
DoD	Department of Defense
DOJ	Department of Justice
GAO	Government Accountability Office
GDMA	Glenn Defense Marine Asia
LLP	Limited Liability Partnership
M.I.C.E.	Money Ideology Coercion Ego
NCIS	Naval Criminal Investigative Service
NPS	Naval Postgraduate School
USS	United States Ship

THIS PAGE INTENTIONALLY LEFT BLANK

I. INTRODUCTION

A. BACKGROUND

The Department of Defense (DoD) spends billions of dollars annually in defense of the United States and its allied nations. Consequently, with one of the largest annual budgets in the world, the DoD is a highly sought after business partner to almost any business (Omari et al., 2025). Among the businesses who operate within the defense sector, a handful of them become the subjects of major fraud investigations not just within the United States, but in areas where the DoD operates (Wilson, 2025).

Although fraud can be committed in many ways, it mainly revolves around actions against entities or individuals to achieve unjust advantages. Fraud remains a serious problem that threatens organizational integrity within all public and private organizations (Lin et al., 2022). The DoD remains susceptible to these vulnerabilities because of its intricate procurement systems and layered organizational structures. The Fat Leonard scandal, involving Leonard Glenn Francis and the U.S. Navy, is a significant procurement fraud case in U.S. defense history (Whitlock, 2024). Over the course of nearly 20 years, Francis developed extensive connections with Navy officials using bribery and gifts to manipulate ship schedules and obtain contracts with exaggerated dollar values (Whitlock, 2024). The extensive and complex nature of this scandal, along with the significant attention it has garnered both within and outside the Navy, provides a unique opportunity to study fraud in DoD settings and understand how rank and job responsibilities affect the components of opportunity, pressure, and rationalization that individuals encounter.

Over the last several decades, researchers have generated studies on fraud theory that provide useful frameworks to detect fraud and develop methods to prevent fraudulent activities (Mangala & Kumari, 2015; Murphy & Free, 2015; Rendon & Rendon, 2015). One of the most widely recognized and applied frameworks is the Fraud Triangle, which argues that opportunity, pressure, and rationalization are the three components necessary for fraud to occur (Roffia & Poffo, 2025).

The three components that are common with fraudsters were developed by American criminologist Donald Cressey in 1953 and stand as a foundational model in fraud research (Burlacu et al., 2025). Cressey (1953) determined that fraud is committed when an individual experiences pressure, perceives an opportunity, and rationalizes the dishonest behavior. Cressey (1953) defined *opportunity* as the ability to commit fraud without being detected, while *pressure* refers to the motivations, internal or external, that prompt individuals to commit fraud, and *rationalization* is how individuals justify their dishonest actions. *Pressure* can be broken down into subcomponents to include pressure (coercion), incentive, or motive. These three components are now commonly known as the Fraud Triangle. Examining a prominent defense procurement scandal, such as the Fat Leonard scandal, may offer valuable insights into understanding fraud within the DoD. This research study applies the Fraud Triangle framework to analyze the Fat Leonard scandal. The emphasis is on how its core elements of pressure, opportunity, and rationalization manifest within the unique context of defense procurement and hierarchical structures (Tickner & Button, 2021).

Using the Fat Leonard case study, this study aims to fill a theoretical gap by exploring how the components of the Fraud Triangle function uniquely across different actor categories in a defense hierarchy.

B. PROBLEM STATEMENT

Fraud theory literature spans a broad range of works and has proven valuable for understanding and preventing fraud within various public and private organizational settings (Reurink, 2018; Woolf, n.d.; Yanti et al., 2024). As previously noted, Cressey (1953) concluded that fraud arises when opportunity, pressure, and rationalization exist. The Fraud Triangle model also serves as a framework for corporate auditing processes alongside forensic accounting disciplines and fraud prevention educational programs. (Harding et al., 2024).

Defense procurement includes complex transactions with high monetary values that take place in settings where limited oversight is common because of operational requirements and the combination of geographic dispersion and hierarchical command structures. The distinct conditions presented in defense procurement produce specific

vulnerabilities to fraudulent activities and abuses (Government Accountability Office [GAO], 2021). The Fat Leonard scandal between U.S. Navy officials and Glenn Defense Marine Asia stands as an example among several high-profile cases, such as United States v. Lockheed Martin Corporation and United States v. Raytheon Technologies Corporation, which are discussed later, that reveal fundamental flaws in defense procurement. These high-profile cases demonstrate the necessity to investigate if existing fraud theory models from corporate environments properly represent the organizational and behavioral aspects of fraud in defense procurement. Understanding how rank, access to procurement authority, and institutional culture influence the manifestation of Fraud Triangle components can provide targeted insights for fraud detection and prevention in defense organizations.

C. PURPOSE OF THE RESEARCH

The purpose of this research is to apply the Fraud Triangle theory to a major U.S. Department of Defense procurement fraud case, the Fat Leonard scandal. This research study aims to analyze how the Fraud Triangle components of opportunity, pressure, and rationalization manifested differently among individuals based on their specific roles and responsibilities within the defense procurement sector. By focusing on rank, access, and procurement authority, this research contributes to fraud theory by exploring how organizational position influences the conditions under which fraud occurs in a defense procurement environment.

D. RESEARCH QUESTIONS

This study investigates the following research questions to achieve its stated purpose.

1. What are the role-based categories based on the actors' roles in the Fat Leonard scandal?
2. How can the Fraud Triangle be used to analyze role-based fraud behavior in the Fat Leonard scandal?
3. How did the components of opportunity, pressure, and rationalization differ among the actors based on their roles, authority, and responsibilities within defense procurement in the Fat Leonard scandal?

4. How can this role-based analysis enhance the application of fraud theory to defense procurement fraud and inform improved fraud prevention strategies?

E. IMPORTANCE OF THE RESEARCH

Systemic vulnerabilities combined with personal pressures and ethical failures can undermine institutional integrity as shown by the Fat Leonard scandal. This research examines the Fat Leonard case through the lens of the Fraud Triangle to help advance knowledge about organizational fraud dynamics, focusing on fraudsters' experiences linked to their specific roles. The findings of this research offer practical applications to create better fraud prevention measures while strengthening internal controls and upgrading ethics training for the DoD and other government organizations.

Moreover, this study addresses a critical gap in fraud literature by applying a well-established theoretical framework to a large-scale, real-world defense procurement fraud case, thereby enriching the understanding of fraud predictors within public sector organizations.

F. BENEFITS OF THE RESEARCH

This research offers both academic and practical benefits that can help shape future policy and organizational behavior in the defense procurement sector. On a practical level, the role-based coding system developed in this research study may help investigators, auditors, and compliance officers identify patterns of fraud across different ranks and departments within DoD. This research study may reveal how the pressures and opportunities faced by a junior contracting specialist differ significantly from those faced by a senior fleet officer or a logistics specialist. Understanding these distinctions is essential in order to design effective prevention strategies and tailored ethics training that go beyond one-size-fits-all approaches.

From an academic benefit, this research expands the traditional application of the Fraud Triangle with a role-based analysis lens. Instead of connecting actions to one of the three components of opportunity, pressure and rationalization, this study examines how combinations of these components show up differently depending on the actor's role,

status, and access within the defense procurement sector. This role-based interpretation may help deepen the Fraud Triangle's analysis for institutions like the DoD.

G. LIMITATIONS OF THE RESEARCH

The first limitation of this research is that this research focuses exclusively on the Fat Leonard scandal, analyzing only the procurement activities directly related to this specific case. The methodology relies on publicly available criminal indictments and court documents, and published documents and books, which may present limitations regarding the depth of qualitative data and applicability beyond the unique circumstances of this case.

The second limitation of this research relates to possible subjectivity. This research employs a role-based perspective. Within the role-based perspective, each individual's duties and their effects on the procurement processes are examined closely to determine how intended or unintended actions resulted in the commitment of fraud. This research avoids describing the scandal as a systemic problem and instead classifies implicated parties based on their ranks, responsibilities, and procurement authority. This role-based analysis approach enables distinction between organizational hierarchy positions and how opportunity, pressure, and rationalization emerge, yet requires subjective judgment when categorizing behavior. Without direct testimony from individuals involved or access to confidential internal correspondence, motivations and rationalizations must be inferred from official records instead of personal accounts.

The third limitation in this study is that this research confines its theoretical foundation to the conventional Fraud Triangle model without considering other models like the Fraud Diamond and M.I.C.E., which offer additional perspectives. This research method allows detailed analysis of the Fraud Triangle within defense procurement but does not claim to apply to all defense procurement systems or fraud cases. Every procurement environment contains distinct structural, cultural, and operational elements that shape its fraud risk profile. Analyzing corruption through exclusive use of Fraud Triangle theory creates a theoretical boundary. This research avoids analysis through other theoretical models such as the Fraud Pentagon or Fraud Diamond (Aphek & Cojocaru, 2024; Wolfe & Hermanson, 2004). This deliberate focus ensures a deep,

comprehensive application of the core Fraud Triangle elements to the specific actions of the Fat Leonard case, without diluting the analysis with additional theoretical constructs.

The fourth limitation is that this research depends exclusively on documents that are publicly accessible, including court records, Department of Justice (DOJ) publications, journalistic research, and peer-reviewed literature. Research access did not extend to classified documents, Navy internal communications, or sealed legal cases, which were unavailable for the purposes of this research. The publicly available data allows for complete theory-driven analysis of individual behavior within the fraud framework despite constraints on accessing comprehensive contextual details.

Finally, the fifth limitation is that this research study refrains from measuring how well the Navy's post-scandal policy changes. This research examines the fraud conditions and behavioral motivations that resulted in misconduct instead of analyzing institutional responses that followed the incident.

H. ORGANIZATION OF THE RESEARCH

This research organizes its contents into five chapters that develop sequentially to deliver an extensive theory-based examination of fraud in defense procurement. The study follows a structured path beginning with context and theory before moving to analysis and findings.

Chapter I: This chapter begins by introducing the research topic while offering background information about the study and clearly defines the problem statement together with the research purpose and the research questions and discusses the limitations as well as the importance of the research. This chapter establishes a basis for applying fraud theory to examine the Fat Leonard scandal while emphasizing the importance of a role-based analytical framework.

Chapter II: This chapter presents a comprehensive review of existing literature pertaining to fraud theory, defense procurement, and the specific application of the Fraud Triangle. It delves into the historical evolution of fraud models, from Cressey's (1953) foundational Fraud Triangle to subsequent extensions like the Fraud Diamond and Fraud Pentagon, while emphasizing the continued relevance of the core components of

opportunity, pressure, and rationalization. The actors in this thesis are then introduced, and some of their actions that led to their participation in the corruption in the U.S. Navy are briefly explained.

Chapter III: This chapter explains the methodology and how each actor and their actions are assigned a code, which results in a score. This score is then used to form an analysis on each role to present trends and patterns using the Fraud Triangle in this role-based analysis. This chapter discusses how the research was conducted.

Chapter IV: This chapter breaks down the findings and analysis of this research by utilizing the codes and scores derived from its methodology. This analysis and findings explore actors' roles and the components of the Fraud Triangle that influenced their actions.

Chapter V: This chapter summarizes and concludes this research and provides areas for future research. This chapter also addresses the research questions.

I. SUMMARY

This chapter discussed the background of DoD spending habits and its susceptibility to fraud. It framed the problem statement with the integration of the Fraud Triangle and its components and how they can be utilized to analyze fraud within DoD. Specifically, this chapter presented the purpose of this research which includes applying the Fraud Triangle to roles and responsibilities of actors involved in the Fat Leaonard scandal. In addition, the research questions for this study were presented. The importance and limitations of the research were explained, and a clear structure of the research concluded this chapter.

THIS PAGE INTENTIONALLY LEFT BLANK

II. LITERATURE REVIEW

This chapter uses prior research and other publicly available sources to present the evolution of fraud theory. This chapter presents an overview of occupational fraud and theoretical frameworks. This chapter discusses the critiques of the Fraud Triangle. Fraud defense procurement as well as roles within the Fat Leonard scandal are also presented. In addition, the overall timeline and Fat Leonard events by actors and the seventh fleet events are discussed. This chapter concludes with the gaps in literature. The following section discusses the overview of occupational fraud and theoretical frameworks.

A. OVERVIEW OF OCCUPATIONAL FRAUD AND THEORETICAL FRAMEWORKS

Occupational fraud represents one of the most persistent and costly challenges to current organizations, particularly in environments where individuals exploit their positions for personal gain (Chadwick, 1998). The Association of Certified Fraud Examiners (ACFE) defines *occupational fraud* as "when an employee, manager or executive of an organization deceives the organization itself" (ACFE, 2025). Such fraud is often concealed, complex, and rooted in institutional vulnerabilities that are exploited by trusted insiders.

Scholars have developed a number of frameworks to analyze the behavioral and structural dimensions of occupational fraud (Ziorklui et al., 2024; Wolfe & Hermanson, 2004). Among the earliest is Sutherland's (1939) presidential address on the theory of white-collar crime, which reframed crime as not only a lower-class phenomenon but as a deliberate act by individuals in positions of power and respectability. Sutherland's work was instrumental in drawing attention to crimes committed within the confines of legitimate organizational activity, such as embezzlement, procurement fraud, and insider trading (Gottschalk, 2023).

Building on Sutherland's foundation, Donald Cressey (1953) introduced what would later be known as the Fraud Triangle, arguing that most occupational fraudsters are "trusted persons" who violate that trust when faced with three key components: (1) pressure, often financial or personal; (2) opportunity, enabled by weak internal controls

or oversight; and (3) rationalization, which allows the fraudster to justify the unethical act. This framework has become the most widely used model in fraud examination and is the theoretical core of this research. Dorminey et al. (2012) reinforced Cressey's model as a cornerstone of forensic accounting and fraud investigation, underscoring its applicability across sectors.

In the decades since Cressey's work, alternative and expanded models have been proposed to address perceived limitations in the Fraud Triangle's simplicity. These extensions, such as the Fraud Diamond, incorporate a fourth element, capability, to account for the individual traits and skills necessary to execute complex frauds (Aphek & Cojocaru, 2024). Wolfe and Hermanson (2004) introduced the Fraud Diamond, adding the fourth element, capability, which explains the skills, position, and confidence required to carry out complex fraud schemes. More recently, Crowe LLP proposed the Fraud Pentagon, incorporating arrogance and competence as separate dimensions (Yanti et al., 2024). Meanwhile, Harding et al. (2024) advanced a sociological interpretation of ethical breakdown through the Liminality Theory, suggesting that fraudsters operate in morally ambiguous "in-between" zones where social and professional norms blur, particularly in high-pressure institutional environments, like the DoD. Despite these advancements, Cressey's original Fraud Triangle remains a robust and widely accepted framework for understanding the fundamental motivations and preconditions of occupational fraud (Ariyanto et al., 2021; Dorminey et al., 2012).

Each of these frameworks contributes to a richer understanding of occupational fraud and its varied manifestations. They underscore that fraud is not merely a function of individual ethics but is often shaped by institutional context, role-based access, and systemic control failures, key considerations in this research's application of fraud theory to the Fat Leonard scandal within the Department of Defense. The next section discusses the Fraud Triangle theory and evolution.

B. THE FRAUD TRIANGLE: THEORY AND EVOLUTION

The Fraud Triangle theory, foundational to current fraud examination, emerged from the pioneering work of sociologist Donald R. Cressey. In his book, *Other People's Money*, Cressey (1953) sought to understand the psychological and situational dynamics

behind the actions of individuals who embezzled from organizations that had placed them in positions of trust. This model, based on Cressey's study of embezzlers, emphasizes that the pressure is often an individual need, and the opportunity arises from a perceived ability to commit the fraud without detection, while rationalization allows the individual to justify their actions as acceptable under the circumstances (Tickner & Button, 2021). This foundational theory has been widely adopted in auditing and fraud examination due to its explanatory power and simplicity in identifying the key drivers of fraudulent behavior (Tickner & Button, 2021).

Some scholars argue that the original Fraud Triangle, while foundational, may not fully capture the complexity of current fraud schemes, such as those involving sophisticated actors or organizational collusion (Ngosa & Mwanza, 2021). This has also led to the development of enhanced models such as, for example, the Fraud Scale, which replaces rationalization with personal integrity, to provide a more holistic understanding of fraudulent behavior (Gepp et al., 2023). Regardless of these developed models, the core components of pressure, opportunity, and rationalization, as articulated by Cressey, remain central to most contemporary fraud models, including those that extend the framework to include additional components (Burlacu et al., 2025; Roffia & Poffo, 2025; Tickner & Button, 2021). As previously noted, the Fraud Diamond theory incorporates a fourth component, *capability*, suggesting that complex frauds often require specific skills, knowledge, and position (Wolfe & Hermanson, 2004). These expanded frameworks highlight that, while the Fraud Triangle provides a necessary foundation, a nuanced understanding of fraud often requires considering the individual's capacity to execute the fraudulent act effectively (Wolfe & Hermanson, 2004). The following section addresses critiques of the Fraud Triangle as well as other expansions of this fraud model.

C. CRITIQUES AND THE EXPANSIONS OF THE FRAUD TRIANGLE

While Cressey's original Fraud Triangle, which is comprised of pressure, opportunity, and rationalization, remains a cornerstone for analyzing occupational fraud, its perceived limitations in fully capturing additional factors of modern-day fraud schemes, have spurred numerous theoretical advancements (Fisher, 2015; Gepp et al., 2023; Yang & Chen, 2023). The addition of capability to the Fraud Diamond recognizes

that certain individuals possess unique skills, knowledge, and an elevated position that enables them to execute complex fraudulent activities (Wolfe & Hermanson, 2004). This refinement acknowledges that mere opportunity is insufficient for fraud execution; the fraudster must also possess the specific aptitude and authority to exploit vulnerabilities effectively (Gepp et al., 2023). Similarly, other extensions like the Fraud Pentagon and M.I.C.E. (Money, Ideology, Coercion, Ego/Entitlement) models have further broadened the analytical scope by incorporating factors such as arrogance, competence, and ideological motivations, providing a more detailed understanding of why individuals commit fraud (Saluja et al., 2021). The Fraud Pentagon includes arrogance and competence to reflect the egocentric motivations and specialized expertise often present in high-level financial misconduct (Ariyanto et al., 2021). These extended frameworks acknowledge that while pressure, opportunity, and rationalization are ever-present, modern-day fraud, along with its complexities, requires some level of consideration of the individual's capacity and psychological ability to commit such acts (Febriani et al., 2023). A significant amount of criticism of the Fraud Triangle is that it is based on studies by Cressey of convicted fraudsters, which may not fully represent the motivations and rationalizations of successful or ongoing fraudsters who have not been caught or prosecuted (Tickner & Button, 2021).

Some scholars argue that the Fraud Triangle may not adequately address the more complex cases of bribery and corruption, which often involve multiple parties and motivations beyond individual financial need (Dorminey et al., 2012). This limitation is particularly relevant in cases like the Fat Leonard scandal, where elaborate schemes involved multiple actors operating within a complex organizational structure, often blurring the lines between individual gain, systemic corruption, and power (Whiteley et al., 2017; Whitlock, 2024). Therefore, a comprehensive analysis of such a scandal requires an examination of how these individual motivations intersect with organizational culture and control deficiencies to create an environment conducive to widespread fraudulent activity.

This research gap highlights the need to consider how role-based factors, specifically rank and responsibilities, influence the manifestation and integration of pressure, opportunity, and rationalization within a hierarchical organization like the DoD.

The application of the Fraud Triangle to the Fat Leonard scandal requires an adaptive lens, capable of explaining how organizational structures and individual roles within defense procurement either increase or mitigate the possibility for fraud. The following section discusses fraud in defense procurement.

D. FRAUD IN DEFENSE PROCUREMENT

Government procurement, particularly in defense procurement, faces an increased risk for fraud due to complex contractual arrangements and often limited transparency due to its effects on national security (GAO, 2021). The high number of regulations, numerous middlemen, and classified nature of many defense projects create an environment ripe for exploitation, which makes it challenging to detect and prevent fraudulent activities. Unlike fraud in private sector environments, procurement fraud within the Department of Defense (DoD) often involves not just financial losses but serious implications for national security, operational readiness, and public trust (GAO, 2021). The scale and complexity of defense contracts often make it difficult to spot fraud, allowing corrupt individuals to exploit vulnerabilities within the procurement life cycle (GAO, 2021). Defense procurement fraud has been shown to result in significant financial losses for governments and can also compromise national security (Karpoff et al., 1999). This is particularly evident in large-scale government procurement fraud cases, such as the Fat Leonard scandal, which involved extensive bribery and fraudulent overbilling for husbanding services, costing the Navy tens of millions of dollars and compromising national security. This underscores the urgent need for robust oversight and internal controls (Whiteley et al., 2017). This scandal brought to light significant weaknesses in the Navy's internal controls and highlighted a lack of auditability within its procurement processes, enabling widespread fraudulent activities (Rendon & Rendon, 2015; Whiteley et al., 2017).

Another high-profile case involved Raytheon and their misconduct of bribery which sparked an investigation in which they paid $950 million to the Department of Justice for fraud schemes involving defective pricing on certain government contracts and being in violation of the Foreign Corruption Practices Act (FCPA; DOJ, 2024). The DoD's obligations for goods and services, which escalated from approximately $585.2

billion in fiscal year (FY) 2016, a $24.9 billion increase from FY 2015, to a request for funding of $842 billion for fiscal year 2024 (Austin III, 2023), underscores the inherent susceptibility of this sector to fraud due to its immense scope and scale. This growth amplifies the potential for procurement fraud, given the historical deficiencies in procurement planning, administration, and oversight consistently reported by the GAO and the DoD Inspector General (Rendon & Rendon, 2015).

Yet another high-profile case happened in fiscal year 2016 where Lockheed Martin agreed "to pay $5 million to settle alleged violations of the False Claims Act" (DOJ, 2016). "Principal Deputy Assistant Attorney General, Benjamin C. Mizer" relayed, "We depend on the private sector to provide services critical to the government's energy needs and to provide those services by means that are environmentally sound" (DOJ, 2016). This statement underscores the level of dependence placed upon contractors, thereby necessitating stringent oversight to prevent fraudulent activities that exploit this reliance. This dependency often creates an environment where internal controls are circumvented and ethical boundaries are blurred, enabling fraud to flourish within the defense procurement sector (Whiteley et al., 2017).

This section discussed a few cases where companies defrauded the U.S. government. The next section will explain some roles in the defense sector that are key to this research.

E. ROLES WITHIN THE FAT LEONARD SCANDAL

Procurement may be comprised of *Contracting Specialists*, *Financial Management Analysts,* and *Logistics Management Specialists* (Naval Sea Systems Command [NAVSEA], n.d.). They provide cost analysis of contracts and negotiate DoD interests.

Supply Officers are part of logistics management and play a critical behind-the-scenes role in ensuring that naval operations stay on track (America's Navy, n.d.). Whether it is to provide parts for a sonar system, delivering medical supplies for a humanitarian effort, or making sure every sailor is served dinner, these officers handle the logistics that make missions possible (America's Navy, n.d.). They are experts in

coordinating the movement of goods across long distances under tight timelines, often working in high-pressure environments where any delay could jeopardize a mission (America's Navy, n.d.). Their work is rarely in the spotlight, but without them, ships would stall, repairs would not happen, and crews would not be supported.

Procurement teams consisted of supply officers who paid inflated invoices, and contracting officers who rigged the bidding process (Whitlock, 2024). Procurement teams also included and contracting specialists who harassed competitors of GDMA (Whitlock, 2024).

Operators influenced the movement of ships and personnel (Whitlock, 2024). Within the sphere of influence were the commanding officers, skippers, operations officers, chief of staff, and other decision-making authorities who decided on the outcome of operations (Whitlock, 2024). Actors within Operations were privy to sensitive information like ship schedules months in advance and could transmit such information undetected (Whitlock, 2024).

Investigators were responsible for conducting investigations and gathering intelligence (Whitlock, 2024). Some utilized their positions as federal agents to access investigation files and disclosed the contents of those investigations to the subject of these investigations (Whitlock, 2024). Also in the investigators role are intelligence officers, who used their positions of authority to influence outcomes within foreign territories (Whitlock, 2024) Their access to U.S. Embassies in foreign countries provide exclusive influence with port authorities and assist GDMA in circumventing regulations (Whitlock, 2024). The following section provides a background of the Fat Leonard scandal.

F. CASE BACKGROUND: THE "FAT LEONARD" SCANDAL

Actions taken by individuals within the defense procurement sector will be cited from the book, *Fat Leonard: How one man bribed, bilked, and seduced the U.S. Navy* (Whitlock, 2024). The "Fat Leonard" scandal, a significant procurement fraud case, involved Glenn Defense Marine Asia overbilling the U.S. Navy for husbanding services in exchange for bribes and gifts (Whitlock, 2024). The case involved a number of U.S.

Navy officials who accepted gifts, lavish entertainment, and the services of prostitutes from Leonard Glenn Francis, the CEO of Glenn Defense Marine Asia (GDMA), in exchange for classified information and preferential treatment in contracting (Whitlock, 2024).

These illicit exchanges led to fraudulent overbilling for husbanding services, costing the Navy millions of dollars and compromising operational security (Whiteley et al., 2017). The extent of this scandal highlights the pressures faced by individuals within the procurement system to maintain operational readiness, often overlooking established protocols to expedite logistical support (Whitlock, 2024).

Whitlock (2024) highlighted actions taken by procurement officials that circumvented standard procurement procedures to route Navy ships to specific ports, such as Port Klang, Malaysia, where Glenn Defense Marine Asia (GDMA) held significant financial interests. The scandal included paid travel arrangements for family members of these Defense personnel, to include hotel accommodations, all paid for by GDMA (Whitlock, 2024).

This section discussed a general overview of the Fat Leonard scandal. The next section will present the origins of GDMA and Fat Leonard's Operations.

G. ORIGINS OF GDMA AND FAT LEONARD'S OPERATIONS

Glenn Defense Marine Asia (GDMA), a Singapore-based company, provided husbanding services, such as coordinating, scheduling, and supplying provisions for marine vessels, to the U.S. Navy's Seventh Fleet for over 25 years (Whitlock, 2024). Francis started off in security services for his father, Michael Francis, who ran Glenn Security Services. Spending hours at Swettenham Pier in Penang, he provided security services to incoming cruise ships and other vessels docked at that pier (Whitlock, 2024). This early exposure to port operations and logistical demands provided him with a greater understanding of the needs of docked vessels and their crews (Whitlock, 2024).

Francis drafted paperwork to start Glenn Marine Enterprise, the company that would later evolve into GDMA, which became the primary contractor for husbanding services for the U.S. Navy in the Pacific (Whitlock, 2024). Under his leadership, GDMA

expanded its operations across numerous countries, including Japan, Thailand, Malaysia, Korea, Hong Kong, Indonesia, Australia, and the Philippines, establishing a wide network crucial for managing the complex logistical demands of the Seventh Fleet (United States v. David Newland et al., 2016). The company's expansion was strategically aligned with the increased port visits by Navy ships throughout Asia following the closure of the U.S. Naval Base Subic Bay, Philippines, enabling GDMA to capitalize on the growing demand for husbanding services (Whiteley et al., 2017). This strategic positioning allowed Francis to cultivate relationships with key Navy personnel, leveraging these connections to secure lucrative contracts, and establish a near-monopoly on husbanding services in the region (Whiteley et al., 2017). This control enabled Francis to orchestrate elaborate schemes involving overbilling and fraudulent invoices, exploiting the Navy's reliance on GDMA for critical logistical support (Whitlock, 2024).

This section discussed the origins of GDMA and Fat Leonard Operations. The next section will introduce the overall timeline and scope of the Fat Leonard scandal, along with the actors and the roles they played to materialize these fraudulent schemes.

H. OVERALL TIMELINE AND SCOPE OF THE FAT LEONARD SCANDAL EVENTS BY ACTORS

Between 2006 and 2013, GDMA's influence grew rapidly as it secured lucrative husbanding contracts for port services in the Pacific (Whitlock, 2024). In exchange for classified schedules, inside information, and favorable contract terms, Francis provided Navy officers with cash bribes, luxury vacations, expensive hotel stays, lavish parties, and the services of prostitutes (Whitlock, 2024).

The scope of the scandal is best understood by examining key events:

2006–2009: Francis began cultivating relationships with defense officials which set in motion a series of events. Captain David Newland and Cmdr. Jose Luis Sanchez were among those who began accepting bribes in the form of luxury dinners and entertainment. By 2008, emails showed Francis requesting Navy officers to redirect ships to ports where he had control (Whitlock, 2024).

2010–2011: Bribery reached new levels while the requests by Francis became even more unbelievable. Francis paid more in travel expenses and hotel stays in exchange for directing ships to ports like Laem Chabang, Thailand. Parties included events at the Manila Hotel with group sex and alcohol. Cmdr. Michael Misiewicz became involved, sharing classified movement schedules and receiving personal benefits for himself and his family (Whitlock, 2024).

(1) Guess / Christopherson

In May 1992, Francis welcomed USS *Acadia* and its 1,300 sailors on Swettenham Pier (Whitlock, 2024). During the crew's four-day visit, Francis invited Commander Harry Guess and three other officers to dinner at Eden Seafood Village, a well-known Penang restaurant, where they had platters of food, drinks, and cigars (Whitlock, 2024). One of the officers was Lieutenant Commander Ruth Christopherson, who penned a thank you note to Francis for the best off-duty experience she had ever had during a deployment (Whitlock, 2024).

(2) Gilbeau

Francis began to forge new friendships with other U.S. Navy personnel. He met then-Lieutenant Commander Robert Gilbeau, a supply officer on USS *Boxer*. Lieutenant Commander Gilbeau later became an admiral in the U.S. Navy. These early engagements marked the inception of a sophisticated network of illicit relationships that would ultimately facilitate widespread corruption within Navy procurement processes, allowing Francis to deepen his influence and operational reach through personal connections and lavish entertainment (Whitlock, 2024).

(3) Ring of Steel

In October 2000, USS *Cole* arrived in Aden, an ancient Arabian Port near the Persian Gulf. During its stay, a suicide attack by al-Qaeda operatives killed 17 American sailors and injured 39, highlighting critical vulnerabilities in port security and intelligence (Whiteley et al., 2017). This incident, although distinct from Francis's operations, underscored the nature of naval operations in foreign ports and the critical importance of secure, reliable husbanding services, a need Francis would exploit through his fraudulent

schemes (Patterson & Bridgelall, 2020). Francis's solution was the "Ring of Steel," which was a fence crafted of heavy barges and pontoons connected by steel cables (Whitlock, 2024). This innovative structure became a crucial part of his pitch to Navy officials, further solidifying his perceived value for port security operations (Whitlock, 2024).

In April 2001, USS *Blue Ridge* made a visit to Port Klang, Malaysia. A group of Malaysians attempted an attack on the vessel using explosives, but the attack was quickly thwarted by the Ring of Steel (Whitlock, 2024). Some believe that either the attack never occurred or it was blown out of proportion by Francis himself. Regardless of the extent of the Port Klang incident, Francis leveraged such narratives, whether fabricated or exaggerated, to market his "Ring of Steel" as a necessary security solution to U.S. Navy officials (Whitlock, 2024).

(4) Dolan

Captain James Dolan, Logistics Supply Officer, indicated that the U.S. Navy paid any price for the Ring of Steel. This pay without asking attitude stemmed from the fear of having another USS *Cole*-like incident, especially after its commander, Kirk Lippold, was forced into retirement (Whitlock, 2024). This heightened security concern, coupled with a perceived need for expedited services, created an environment ripe for exploitation by a smooth operator like Francis, who understood how to capitalize on the Navy's vulnerabilities and anxieties. This strategic manipulation of fear and operational urgency allowed Francis to inflate costs and falsify invoices without rigorous scrutiny, transforming essential security measures into conduits for extensive fraud within defense procurement (Whitlock, 2024).

(5) Kapaun

In 2001, Francis sparked a friendship with David Kapaun, a decision-maker in the logistics office in Singapore (Whitlock, 2024). Kapaun provided Francis with all the information needed to give him the edge on his solicitation for the "Ring of Steel." In return, Kapaun accepted gifts in the form of sexual favors, expensive hotels, meals, and prostitutes, with a combined estimated value of $50,000 (Whitlock, 2024). This exchange

of confidential information for personal gain exemplifies the deep-seated corruption facilitated by Francis, underscoring how he exploited vulnerabilities in procurement processes through bribery and coercion to secure lucrative contracts.

(6) Conway / Regner / Thebaud

In September 2003, Francis held one of his most lavish dinners yet. In attendance were roughly 24 U.S. Navy and Marine Corps personnel. They puffed on Cohiba cigars and had the company of prostitutes while one was seen French-kissing a prostitute (Whitlock, 2024). Sitting in the position of honor was Rear Admiral Robert Conway Jr., the commanding officer of USS *Peleliu* expeditionary strike group (Whitlock, 2024). Enjoying the festivities was Colonel Michael Regner, a commander in the strike group. Even after the displeasure expressed by one commander in attendance, Captain Cynthia Thebaud, who was the commanding officer of USS *Decatur*, stated, "Conway dismissively told his staff to pass along the complaint to Glenn Defense" (Whitlock, 2024, p. 29).

(7) Gilbeau / Locklear

Later in September 2003, Francis hosted Rear Admiral Samuel Locklear III, *Nimitz* Strike Group Commander, to an eight-course meal, further extending his influence among high-ranking naval officers (Whitlock, 2024). According to Whitlock (2024, p. 30), the dinner included "caviar, freshly shucked oysters, three preparations of foie gras, lobster Thermidor, beef tenderloin, and baked Alaska." The floral bouquets, wooden plaques, cigars, and dinner totaled $300 per person (Whitlock, 2024). Francis was on his best behavior due to the presence of family members at this outing; however, on a separate occasion, newly promoted Commander Robert Gilbeau joined Francis at a nightclub called Brix. Francis paid prostitutes to spend the night with Gilbeau. After several days at sea, the *Nimitz*, which was scheduled for Hong Kong, made an unexpected return to Singapore. Francis got another opportunity to host his influential guests with another dinner at a price of $35,000 (Whitlock, 2024). Commander David Fravor recalled at least 15 girls coming into the private dinner room to mingle with the officers (Whitlock, 2024). "Francis's hospitality, as intended, left an unforgettable

impression on the admiral" (Whitlock, 2024, p. 30). Francis recouped his expenses by charging the *Nimitz* strike group $200,000 for flat screen televisions which were approved by Gilbeau. The two also agreed to pay an inflated bill for wastewater, which was approved by Gilbeau to facilitate a kickback made to Gilbeau in the amount of $40,000 and two prostitutes (Whitlock, 2024).

(8) Card / Crowder / Faller / Meyers / Thompson

In 2004, Francis invited Rear Admiral Doug Crowder and his crew officers to a "Christmas Cheer" (Whitlock, 2024). The admiral checked with his JAG officer, Lieutenant Commander Scott Thompson, prior to accepting the invitation. Thompson sought guidance from a senior JAG officer who stated that the party was okay as long as it was offered to everyone. Thompson advised Crowder that it was within regulation to attend as Thompson was also advised (Whitlock, 2024). Commander Davis Meyers urged his commanding officer, Captain Kendall Card, not to attend (Whitlock, 2024). Despite this counsel, Card, along with many other officers, attended the lavish Christmas party, demonstrating the pervasive influence Francis wielded over naval personnel through his elaborate hospitality (Whitlock, 2024). Captain Craig Faller, skipper of the *Shiloh*, was also in attendance and referred to the party as a world-class event (Whitlock, 2024). A total of $60,000 was spent on the dinner, which translated to $800 per person. This amount was forty times the federal $20 limit for gifts (Whitlock, 2024).

(9) Branch

Francis relayed to investigators, his encounters with Vice Admiral Ted Branch, who was the commanding officer of USS *Nimitz* (Whitlock, 2024). Branch attended 4 dinners and engaged with prostitutes on multiple occasions (Whitlock, 2024). Branch approved the use of the "Ring of Steel" which generated $400,000 for GDMA every time it was used (Whitlock, 2024).

(10) Statler

The next morning, there was a 9.1 magnitude earthquake off the coast of Sumatra, triggering a devastating tsunami that meant the crew had to leave immediately (Whitlock, 2024). Lieutenant Chris Statler, a stock control officer, received an inflated invoice from

Francis in the amount of $600,000 (Whitlock, 2024). Statler knew this was not right because he was familiar with the previous bills paid for wastewater (Whitlock, 2024). Francis laughed and knew the crew had to pay the bill because time was of the essence as they needed to make their way to the Indian Ocean to assist victims.

(11) Miller

In January 2006, as the newly commissioned USS *Ronald Reagan* made its way through the Gulf, its strike group commander, Rear Admiral Mike Miller, contacted Francis to arrange logistical support for some personal items the commander wanted (Whitlock, 2024). Francis, better known as Mr. Make it Happen, readily obliged, leveraging his extensive network and illicit arrangements to fulfill Miller's requests while simultaneously strengthening his ties within the Navy (Whitlock, 2024). Francis hosted one of his elaborate dinners for Miller and his crew but did not offer the standard added service, which came with prostitutes due to the family members who were present at that dinner (Whitlock, 2024). After the $28,375 dinner was over, Francis presented Miller with a custom ordered 350 to 1 scale model of USS *Ronald Reagan*, valued at $5,150 (Whitlock, 2024). By January 2006, complaints about Francis's elaborate parties were frequently communicated to procurement officials. However, these officials could not prevent high-ranking naval officers from participating in these unethical interactions (Whitlock, 2024). The next day Miller sent checks to Francis in the amounts of, $50 for the dinner, $500 for the ship model, $203 for a digital camera, and $1000 for stateroom chairs Francis gave Miller which cost Francis $1,700 (Whitlock, 2024, p. 37).

(12) Pimpo

In February 2006, the *Reagan* departed Singapore and headed to the Persian Gulf (Whitlock, 2024). In March 2006, its supply officer, Captain David Pimpo, relayed a message to Francis reminiscing on the dinner (Whitlock, 2024). Upon the *Reagan*'s return in May 2006, Francis hosted another elaborate dinner, disguised as being hosted by the Royal Malaysian Navy on June 4, 2006 (Whitlock, 2024). This circumvented the unprecedented clause that was added in Francis's new contracts, which forbade "gratuities, upgrades, entertainment, food, parties, and any other prohibited items to navy

personnel" (Whitlock, 2024, p. 39). This strategic maneuver by Francis exemplifies his adaptability and determination to maintain influence despite attempts at stricter oversight, highlighting the systemic vulnerabilities in contract enforcement and ethical oversight within defense procurement (Whiteley et al., 2017). Francis collected $50 to $70 per person for attending the event. However, this was nowhere close to the actual cost of $1,000 per person.

(13) Kraft / Schaus

Seven days after this elaborate dinner, Francis hosted another event, which included the spouses of the officers which had a cover charge of $50 per person. However, with a bill of $23,061, which translated to $769 per person, Francis once again circumvented the explicit restrictions on his government contract (Whitlock, 2024). GDMA also paid $28,000 for some officers' wives "to go on a sightseeing and shopping tour" in a caravan of Rolls Royces (Whitlock, 2024, p. 41). By the *Reagan*'s last day, Francis submitted a fraudulent invoice to remove "1.2 million gallons of sewage from the aircraft carrier," well beyond its tank capacity (Whitlock, 2024, p. 41). Lieutenant David Schaus, who worked in the Navy Ship Support Office in Hong Kong, called out Francis for the bogus bill. After much confrontation and no support from Schaus's leadership, Schaus made a report to NCIS, but the report was later forwarded to the *Reagan*'s commanding officer, Captain Terry Kraft, a previous guest at one of Francis's lavish parties (Whitlock, 2024).

(14) Gilday / Pimpo

In March 2007, Francis hosted Pimpo and 17 others for an eight-course meal (Whitlock, 2024). This was another lavish dinner in which its attendees were already familiar with the $50 per person charge; however, the total cost paid by Francis was $20,962 (Whitlock, 2024). Francis was cementing his influence with officers who had bright futures in the Navy. Also in attendance was Captain Michael Gilday, who later ascended to the rank of chief of naval operations, the highest-ranking admiral in the Navy (Whitlock, 2024). "His attendance would remain a secret for the rest of his military

career" (Whitlock, 2024, p. 42). Gilday thought the dinner was ethical as he paid $30 or $50 for his meal (Whitlock, 2024).

(15) Simpkins

In January 2006, while simultaneously entertaining the *Reagan* crew, Francis became familiar with the senior civilian supervisor at the Naval Regional Contracting Center in Singapore, Paul Simpkins (Whitlock, 2024). Simpkins wasted no time when Francis alluded to speeding up the bidding processes and needed a way to oust the competition. Simpkins wanted to know what was in it for him if he used his influence to sway contracts in favor of Francis (Whitlock, 2024). Francis's initial payment of $50,000 to Simpkins was a clear indication of the corrupt quid pro quo that established their arrangement (Whitlock, 2024). Francis would later bribe Simpkins with an additional $350,000, which was wired to a Japanese bank in the name of Simpkins's wife. GDMA's competitors did not stand a chance with Simpkins actively undermining their bids (Whitlock, 2024). Under Simpkins's recommendation, GDMA won a contract of $7.1 million that had historically gone to another contractor who had consistently provided superior service and pricing (Whitlock, 2024). As a reward for interfering with inquiries by other contracting personnel about GDMA's billing tactics, Simpkins received business-class, round-trip plane tickets from Singapore to Bangkok (Whitlock, 2024). Francis referred to this trip as the "dirty weekend" trips to Bangkok, a place known for its sex tourism industry (Whitlock, 2024).

(16) Kaur

After Simpkins's departure for a job in Washington in 2007, Francis found a new contracting specialist by the name of Sharon Kaur (Whitlock, 2024). She gave him all the documents needed to crush his competitors, and to Francis' benefit, Kaur scrutinized invoices submitted to the Navy by GDMA's competitors. Kaur was awarded by her superiors for uncovering inaccuracies involved in invoices by two of GDMA's competitors. Kaur accepted more than $150,000 in bribes to help GDMA advance its business (Whitlock, 2024). These bribes consisted of smaller amounts accepted on

numerous occasions from Francis (Whitlock, 2024). The following section discusses the Seventh Fleet events.

I. THE SEVENTH FLEET EVENTS

This section discusses the actions of actors within the Seventh Fleet. The actors' names will appear above paragraphs that include their interactions within the Fat Leonard scandal.

(1) Giardina / Newland

USS *Blue Ridge*, the command flagship for the Seventh Fleet, directed other Navy warships and submarines in the Pacific (Whitlock, 2024). In the absence of the fleet's commanding officer, a three-star admiral, it was being led by the chief of staff, Captain Timothy Giardina. Francis's constant efforts did not influence Giardina's commitment to ethical conduct, which meant Francis could not leverage him to advance GDMA's interests. The same could not be said for Giardina's replacement, Captain David Newland (Whitlock, 2024).

In 2005, Newland ascended into the role of chief of staff on the *Blue Ridge*. Newland attended his first lavish party in 2006, around the same time Francis was entertaining his other guests from USS *Ronald Reagan*. Against the advisement of a JAG officer who informed Newland that he should not attend one of these parties, Newland accepted Francis's invitation to a celebratory event after making Francis aware of the skepticism raised by the JAG officer. The event came with a price tag of $20,435, which was estimated at $1,000 per person but disguised by the payment of $50 by those in attendance (Whitlock, 2024, p. 50).

(2) Greenert / Newland

Francis and Newland bonded after this dinner, and Francis began boarding the *Blue Ridge* unescorted on multiple occasions. After another lavish dinner with Newland, his boss, Vice Admiral Jonathan Greenert, and other junior officers, Francis took the junior officers out in his Hummer where they enjoyed a night of karaoke with prostitutes. As a way of returning the favor, the officers made a request to refuel the *Blue Ridge* and

paid $1 million, four times what it would have cost to refuel by a Navy vessel (Whitlock, 2024).

In April 2006, Francis sought a waiver for USS *Abraham Lincoln* to dock at the port in Laem Chabang, Thailand. This had never been done before, but Francis knew it would save on costs to ferry sailors to and from the port had the Lincoln anchored out in the water (Whitlock, 2024). The request for approval went to Francis's new contact, Newland, who later informed Francis that "all four ships in the carrier strike group had received clearance to dock pierside" (Whitlock, 2024). Francis received $1.9 million in revenue and an additional $500,000 for the "Ring of Steel" (Whitlock, 2024).

(3) Aruffo

By September 2006, Francis had cultivated a network with the Seventh Fleet with the help of Lieutenant Commander Edmond Aruffo, assistant to the chief of staff on the *Blue Ridge*. Aruffo acted as Francis's internal liaison, facilitating communication and coordination for port visits and logistical arrangements for corrupt activities between Francis and high-ranking naval officers (Whitlock, 2024). Aruffo passed classified information on a disk to Francis (Whitlock, 2024). Aruffo became the enforcer who guarded access to Francis and the lavish dinners. He blocked favors from Francis to any officers who bypassed him as a way of asserting his influence and control over the illicit network (Whitlock, 2024).

(4) Aruffo / Newland

In February 2007, Aruffo planned a dinner for Newland and other staff officers and their spouses while Francis was away. Aruffo, too, was away in the Philippines but was responsible for planning these dinners that would be hosted by GDMA. Aruffo emailed the chief of staff to request his preference for the menu and drinks to which Newland requested, "Champagne to start. Rather than one type, I'd like to compare. Dom Perignon, Cristal and Bollinger's" (Whitlock, 2024, p. 62). The dinner carried a fee of $850 per person, including alcohol, which was paid in full by GDMA.

(5) Aruffo / Cantu / Newland

On February 8, 2007, the *Blue Ridge* arrived in Manila where GDMA had just won the husbanding contract (Whitlock, 2024). Francis invited Newland and other officers to a gathering at the five-star Manila Hotel where he booked the MacArthur suite (Whitlock, 2024). Aruffo was directed by Francis to get prostitutes for the officers. He carried out Francis's orders and brought back some women (Whitlock, 2024). In attendance were Newland, Aruffo, Captain Jesus Cantu, and a few other officers (Whitlock, 2024). The attendees started an orgy with prostitutes and ended just in time to meet the officers' scheduled departure to the Philippines.

Francis reserved rooms for the officers at the Shangri-La hotel in the Philippines and reserved the penthouse suite for Newland (Whitlock, 2024). Francis hosted another party with prostitutes present; this prompted Francis to refer to the *Blue Ridge* as "The Love Boat" (Whitlock, 2024). Similar events with prostitutes ensued prior to the crew's scheduled departure.

On February 16, 2007, in the city of General Santos, Philippines, Francis hosted another party for the crew (Whitlock, 2024). This time the party was onboard Francis's boat, the *Brave Heart* (Whitlock, 2024).

(6) Aruffo / Gonzales

On February 24, 2007, Francis hosted a party for his new prospect, Commander Robert Gonzales. Francis instructed Aruffo to invite Gonzales to a dinner he was hosting and that many other senior officers would be there. Gonzales arrived with his wife and quickly noticed many ethics rules were being broken (Whitlock, 2024). Gonzales made it clear that he did not want to be invited to any more events with Francis.

(7) Aruffo / Gorsuch

A few months had gone by, and it was time for crew turnover or retirement of Aruffo, who was now being referred to as Francis's wedding planner (Whitlock, 2024). Like the changing of the guard, Francis hosted a final dinner at the Shangri-La Hotel in Sydney on June 17, 2007 (Whitlock, 2024). "In Newland's honor, they ordered seven bottles of Cristal, two bottles of Dom Perignon, and eleven bottles of wine" (Whitlock,

2024, p. 64). It was not obvious to most of the Seventh Fleet staff that they were placing themselves at risk (Whitlock, 2024). Francis was known to collect memorabilia and other mementos such as pictures from every event (Whitlock, 2024). The officers also signed the dinner menu as a gift to Francis. Aruffo thought the menu could resurface as evidence in an investigation but went ahead and signed it anyway (Whitlock, 2024). The $10,000 dinner ended on a good note for Francis when Chief Warrant Officer Robert Gorsuch handed him an envelope with two computer disks containing military secrets (Whitlock, 2024). The disks contained classified ship schedules and proprietary information regarding naval movements in Asia for the next 18 months (Whitlock, 2024). The two would later pass information to each other using other means to bypass official email accounts as they knew those were under surveillance (Whitlock, 2024). In October 2007, Gorsuch gave Francis an envelope marked, SECRET, which contained two computer disks of updated ship schedules (Whitlock, 2024).

(8) Aruffo / Shedd

Around November 2007, Francis met Lieutenant Commander Steve Shedd, who was Aruffo's replacement, Shedd began transmitting classified information to Francis who gained an illicit advantage to boost profits with the husbanding contracts (Whitlock, 2024). Shedd took over these responsibilities as Gorsuch became too busy to provide ship schedules to Francis as frequently as Francis demanded (Whitlock, 2024). Aruffo informed Shedd of the way things were done and Francis' close relationship with the admirals. Shedd felt like his career was on the line and knew that a decline of such an invitation could be detrimental to his career (Whitlock, 2024).

(9) Dolan / Hornbeck / Loveless / Shedd

In May of 2008, the *Blue Ridge* arrived in Laem Chabang, Thailand, where Francis invited Shedd, Captain Donald Hornbeck, the deputy chief of staff on the *Blue Ridge*, Captain Bruce Loveless, the intelligence director on the *Blue Ridge*, and Captain James Dolan, the logistics chief, for a night of fun (Whitlock, 2024). They checked in at the Conrad Hotel, where their rooms were already paid for by Francis (Whitlock, 2024). The group got into Francis's limo and headed to Pegasus, a members-only sex club,

where a private room was reserved for them (Whitlock, 2024). Soon after arriving in the room, 20 prostitutes came to them wearing cocktail dresses and to socialize (Whitlock, 2024). They took the women back to their hotel and thanked Francis on their way out (Whitlock, 2024).

The *Blue Ridge* departed and headed to Singapore a few days later. Francis's "moles" met with him for another lavish dinner, which cost $20,000, and completed the evening with prostitutes (Whitlock, 2024). It was believed that Loveless fell so far into his lustful desire with the Mongolian prostitute; he tried impressing her by handing her one of his business cards, which revealed he was an intelligence officer (Whitlock, 2024). Prior to departing Singapore, Francis received more classified information from Shedd.

Heading to Southeast Asia that spring, the *Blue Ridge* pulled into the port of Jakarta, Indonesia, where Francis again provided hotel accommodations and the services of prostitutes for Dolan, Hornbeck, Loveless, and Shedd (Whitlock, 2024). Crowder, the Seventh Fleet commander, imposed a restriction on the port visit to Jakarta due to heightened security concerns (Whitlock, 2024). The group used a different entrance to avoid being noticed by Crowder, who was there for an official event at the Shangri-La. Francis acquired additional classified information from Shedd 2 days later (Whitlock, 2024).

(10) Dolan / Lausman / Shedd

Around May 22, 2008, the festivities continued when the *Blue Ridge* arrived in Manila (Whitlock, 2024). GDMA won an extension on its husbanding contract, and Francis was eager to celebrate. Francis rented the presidential suite along with other rooms at the Shangri-La Hotel. The event lasted 3 days where the officers went in and out drinking and smoking cigars in the company of prostitutes. Also in attendance at this lasting event was the *Blue Ridge*'s skipper, Captain David Lausman, who would later receive expensive gifts and multiple dinners with Francis (Whitlock, 2024). Francis alleged that he paid for prostitutes for Lausman but the prostitute, when questioned, relayed, she could not recall the name of the individual she was with and also indicated that the individual refused her advances.

Five days later Shedd messaged Francis to let him know he was well recovered from the 36 hours of drinking. Francis's elaborate schemes extended to Tokyo, where Dolan acted out of character by knocking on Francis's hotel room door asking to come in to have sex (Whitlock, 2024). Shedd informed Dolan that the lady in the company of Francis was not a prostitute and was off limits (Whitlock, 2024). Shedd physically attempted to restrain Dolan which caused a scuffle between the two (Whitlock, 2024). Dolan threatened Shedd about being court-martialed for assaulting a senior officer, but Shedd informed Dolan that a court-martial can wait until the morning, but Dolan needed to return to his room (Whitlock, 2024).

Upon Shedd's departure from the *Blue Ridge*, his evaluation ranked him second among his peers and he noticed how his time as the "wedding planner" saved his career (Whitlock, 2024). He later commanded a guided missile destroyer and knew he owed his success to Francis.

(11) Gillett / Herrera / Sanchez

Francis recruited three new moles to replace Shedd as his provider of classified information. These individuals were Lieutenant Commander Alexander Gillett, Commander Mario Herrera, and Lieutenant Commander Jose Sanchez. These officers formed what they self-anointed as the "The Wolfpack," inspired by the movie, *The Hangover* (Whitlock, 2024). Gillett was a Royal Australian Navy officer who engaged in prostitution, Herrera was the deputy operations officer on the Seventh Fleet staff, and Sanchez was the deputy logistics officer in the Seventh Fleet.

In November 2008, Gillett sent an email confirming whether the classified information that was leaked to Francis was to his liking (Whitlock, 2024). However, Francis did not approve and wanted to change the itinerary for the USS *Boxer* expeditionary strike group (Whitlock, 2024). Francis requested that the ships be diverted to his Pearl Ports (Whitlock, 2024). The officers adhered to Francis's request and rerouted ships away from Singapore and instead to Penang or Phuket. Francis rewarded the Wolfpack when they visited Hong Kong with prostitutes from the Philippines and Indonesia. It cost a total of $55,000 for meals, alcohol and lodging (Whitlock, 2024).

(12) Maus / Sanchez

By late 2009, GDMA was under a microscope by Pacific Fleet (Whitlock, 2024). Maus, once an officer who paid Navy invoices as a supply officer and later became an executive at GDMA, was now looking into GDMA's pricing tactics since leaving GDMA (Whitlock, 2024). Sanchez, who became one of Francis's reliable operatives, informed Francis that Maus was investigating the company's husbanding contracts (Whitlock, 2024). Francis was not concerned because Maus was never made aware of GDMA's secrets and common practices. He was essentially there to boost GDMA's connections to the Navy while he was employed at GDMA (Whitlock, 2024).

(13) Giardina / Maus

From 2009 to 2011, Francis would experience difficulties in preventing the cost cutting initiative set in motion by Maus (Whitlock, 2024). This is when he decided to reach out to call in an old favor from a previous contact who attended two dinners. Now the deputy commander of the pacific fleet, Rear Admiral Timothy Giardina, was in a position to influence procurement decisions, offering Francis another avenue to exploit weaknesses in internal controls for personal gain (Whiteley et al., 2017). However, Giardina thought Maus was doing a great job in cutting costs and did not push for an ethics review into Maus being a disgruntled ex-employee of GDMA (Whitlock, 2024). Instead, Giardina asked Francis to file a complaint with the Pacific Fleet's legal staff (Whitlock, 2024).

(14) Aruffo / Dusek / Misiewicz

In February 2011, the Seventh Fleet welcomed its new deputy operations officer, Commander Michael Misiewicz, who quickly became one of Francis's allies within the U.S. Navy. Misiewicz was replacing a previous ally to Francis who passed classified information on ship schedules to Francis in exchange for prostitutes (Whitlock, 2024). They were saying goodbye to Commander Daniel Dusek, and hello to Misiewicz. At a hail and farewell party organized by Aruffo, now a part of GDMA staff, there were prostitutes for the officers in the MacArthur suite. Misiewicz capped his night off at another event where he laid on his back where a "gaggle of female fighters downed body

shots off his torso" (Whitlock, 2024, p. 85). Aruffo captured the moment with a picture that was later transmitted to Francis for blackmail purposes. This incident exemplified the coercive tactics employed by Francis, leveraging compromising situations to maintain control over key military personnel and further his fraudulent enterprise. Francis's relationship with Misiewicz would later become something of benefit for both parties, as Misiewicz routinely provided Francis with classified ship schedules in exchange for lavish gifts and entertainment. One day after classified information was leaked to Francis, a whistleblower exposed him as partaking in espionage after thinking he leaked information in Cambodia. This incident, though ultimately mistaken in its details, did reach Naval Criminal Investigative Service (NCIS), where it was not a priority on the investigator's list of things (Whitlock, 2024).

In late August 2011, Misiewicz actions facilitated the extension of a visit by USS *John C. Stennis* carrier strike group to Port Klang, a move that generated $1.3 million in revenue for GDMA (Whitlock, 2024). Misiewicz's role as the deputy director of operations proved more valuable to Francis than any of his other well-placed allies (Whitlock, 2024). NCIS later closed the investigation into Misiewicz believing it was an unhappy marriage and an innocent visit by an officer to his sick family member in Cambodia (Whitlock, 2024).

In October 2011, Misiewicz flew to Singapore with another former classmate from the Naval Academy where Francis treated them to a lavish dinner and prostitutes. The same happened in November with Misiewicz and another officer in the city of Tokyo, and in December, Francis bought Misiewicz plane tickets for another visit to Cambodia (Whitlock, 2024).

This section discussed Seventh Fleet events. The next section discusses the events related to infiltrating the U.S. Embassy.

J. EVENTS RELATED TO INFILTRATING THE U.S. EMBASSY

(1) Brooks / Gorsuch

In 2006, 6 months prior to receiving classified disks with ship schedules from Gorsuch, Francis had plans to recruit Captain Michael Brooks, an intelligence officer at

the U.S. Embassy in Manila, to do his bidding. Brooks was also cultivated by Francis and utilized his position within the U.S. Embassy in Manila to further GDMA's illicit operations, particularly concerning the facilitation of port visit logistics and circumvention of standard procedures (DOJ, 2017). Francis provided Brooks with prostitutes and other inducements, which enabled the bypassing of official channels for GDMA's benefit (Whitlock, 2024). Brooks also accepted cash allowances from Francis, which enabled Brooks to pay for prostitutes when Francis was not around (Whitlock, 2024). Upon discovery of the bribery and other related matters, Brooks confessed he knew it was foolish of him; however, Francis had high-level connections and Brooks just wanted to be treated in the same manner that Francis treated his admiral friends (Whitlock, 2024). When GDMA had competition on the husbanding contracts with Global Terminals & Development, another husbanding contractor, Francis fed Brooks information to slander the competitor (Whitlock, 2024). Brooks spread the unfounded rumors to U.S. officials who were handling a dispute that Global filed against one of the contracts GDMA won. After several weeks, the U.S. government dismissed Global's protest (Whitlock, 2024).

By 2007, Brooks, as the naval attaché, influenced the authorities in the Philippines, which essentially resulted in GDMA undermining processes like providing crew lists or inventories to Philippine authorities (Whitlock, 2024). Francis thought this level of influence was unbelievable, as GDMA had "unfettered access to foreign waters and given the same legal status as the U.S. Navy" (Whitlock, 2024). By granting the ships diplomatic immunity, Brooks ensured GDMA's ships did not have to pay taxes and were not inspected as these vessels were termed allied vessels of the U.S. Navy (Whitlock, 2024).

(2) Moss

Francis met A. W. Moss, a military intelligence officer, in Indonesia (Whitlock, 2024). Moss was assigned at the U.S. Embassy in Jakarta when he met Francis. As an intelligence officer, Moss thought it was necessary to attend dinners while smoking cigars over a few alcoholic drinks with Francis (Whitlock, 2024). Looking back on the

encounters, Moss thought it was not very smart of him to meet with Francis the way he did (Whitlock, 2024).

(3) Jansen

Also assigned to the U.S. Embassy in Indonesia, Captain Adrian Jansen met with Francis after an invitation that led Jansen to develop a relation with a retired admiral from the Indonesian navy, Stanny Fofied (Whitlock, 2024). Jansen's attendance to four events came at a cost of $737 per person, $1,055, $1,147 and a lunch for $108 to Francis (Whitlock, 2024, p. 69). Photos of Jansen and Francis at these events would later surface when Jansen becomes an admiral in the U.S. Navy (Whitlock, 2024).

(4) Grindle

Francis met with intelligence officer, Captain Clayton Grindle, who was assigned to the U.S. Embassy in Malaysia, and later, Hong Kong. Grindle knew Leonard was not one to be trusted, but he used the dinners and coffee meetings as a way to leverage Francis for intelligence gathering. The following section discusses the special agents and investigations in the Fat Leonard scandal.

K. THE SPECIAL AGENTS AND INVESTIGATIONS

Francis was known by special agents within the Navy's Criminal Investigations Service (NCIS) for his long-standing involvement in questionable contracting practices (Whitlock, 2024). Yet, the NCIS special agents weighed Francis' ability to provide them with counterintelligence initiatives and sort of relaxed their vigilance, which allowed Francis to operate with reduced scrutiny (Whitlock, 2024). The following events discuss the personnel involved.

(1) Michell

In 2004, Francis met Mike Michell, an NCIS counterintelligence officer on the Seventh Fleet. Michell gave Francis classified information such as ship movements in exchange for cash and prostitutes (Whitlock, 2024). By 2006, Michell was relieved from his counterintelligence post, and this created a void of Francis' influence within NCIS.

(2) Beliveau

In 2006, Francis arrived on the deck of the *Blue Ridge* where an agent by the name of John Beliveau laid eyes on Francis as Francis exchanged pleasantries with the *Blue Ridge*'s leadership (Whitlock, 2024). However, the two did not become acquainted until 2008, when Beliveau moved to Singapore to join an NCIS counterterrorism field office (Whitlock, 2024). Francis found Beliveau was in need of a companion and not the traditional lobster dinners Francis was used to offering (Whitlock, 2024). He paid for trips, hotel stays, and expenses for prostitutes to accompany Beliveau on these excursions (Whitlock, 2024).

In 2011, Francis arranged a getaway for Beliveau to spend some time in Bangkok with a prostitute named Joyce (Whitlock, 2024). Joyce expressed the terrible experience and begged Francis not to send her to meet with Beliveau again, which Francis agreed to (Whitlock, 2024). Upon Beliveau's return to Singapore, Francis showered him with gifts and more prostitutes to nurture their relationship, solidifying his leverage over the NCIS agent (Whitlock, 2024). After giving a good ear to Beliveau's problems, Francis began verbally expressing his disapproval of NCIS investigations into GDMA's activities and thought they were baseless (Whitlock, 2024). Beliveau believed every word Francis said and rationalized his motive to help Francis as a way to help the Navy and GDMA by trying to resolve these conflicts (Whitlock, 2024).

Beliveau then accessed sensitive NCIS investigative reports from the internal K-NET network concerning Francis and GDMA, subsequently disseminating this classified information to Francis without authorization (United States v. Leonard Glenn Francis & Glenn Defense Marine, 2015). K-NET is the case management network NCIS uses to process their investigations (Whitlock, 2024). Beliveau disclosed the information provided to NCIS by Misiewicz's wife, who informed NCIS agents of her husband's dealings with Francis. This unauthorized disclosure severely compromised ongoing investigations into Francis's illicit enterprise. Beliveau requested paid vacations and more dates with prostitutes in exchange for further intelligence and strategic advice regarding NCIS investigations (Whitlock, 2024).

(3) Sanchez

By May 2012, Jose Sanchez, once a member of the Wolfpack, was the second-ranking officer at the Navy's Fleet Logistics Center in Yokosuka (Whitlock, 2024). Sanchez alerted Francis of additional complaints and investigations that were levied against his company as Sanchez was privy to these internal communications (Whitlock, 2024). These warnings allowed Francis to avoid these allegations and thwart any investigations before they started (Whitlock, 2024).

(4) Choi

A joint investigation by NCIS and South Korean authorities into allegations of illegal dumping of wastewater by GDMA was quickly squashed after Captain Heedong Choi, whose marriage proposal party was paid for by Francis, offered to reach out to a South Korean admiral and made it all go away. Choi's proposal party cost $18,000 (Whitlock, 2024).

This section discussed some of the unethical interactions amongst the actors. The next section will discuss the gaps in the literature.

L. GAPS IN LITERATURE

While the Fat Leonard scandal has attracted considerable attention from investigative journalists, watchdog agencies, and academic circles, there are still noticeable gaps in the scholarly literature, particularly in how the scandal is analyzed through the lens of individual roles and responsibilities. Much of the existing work focuses on the broader implications of corruption within defense procurement, but relatively few studies take the next step: examining how the rank and duties of each actor shaped their pathway into fraud.

Some sources do highlight weaknesses in internal controls and oversight structures that allowed the fraud to grow unchecked (Rendon & Rendon, 2015; Whiteley et al., 2017), but there are still areas for exploring how those structural flaws impacted people differently depending on their position. There is a lack of focused analysis on how senior officers, mid-level commanders, and defense procurement personnel may have

experienced different forms of pressure, had different opportunities to commit fraud, and used different rationalizations to justify their actions.

This research addresses that gap by applying the Fraud Triangle model not just in a general sense, but in a way that is specific to the roles played by various individuals in the Fat Leonard scandal. It asks in its own way: How did a supply officer's environment differ from that of a rear admiral? Did their motivations reflect their authority and access, or were they driven by different cultural or personal pressures? In doing so, this research aims to offer a more nuanced understanding of fraud in defense procurement, one that may help shape more tailored prevention and accountability strategies going forward. The following section provides a summary.

M. SUMMARY

This chapter discussed Fraud Theory along with its evolution. It delved into the various frameworks of fraud and their varying components. This chapter discussed the origins of GDMA and how Francis used his influence to infiltrate the U.S. Navy. Actors were introduced and their unethical interactions with GDMA were identified. This chapter concluded with gaps in literature. The next chapter introduces the methodology used to codify these unethical interactions between the actors and Francis.

THIS PAGE INTENTIONALLY LEFT BLANK

III. METHODOLOGY

This chapter explains the methodology used to quantify the actions by the actors. The research design and approach used to acquire the data and the reason why this case study is centered around the Fat Leonard scandal is discussed. This chapter outlines the data collection methods and the justification for the source selection as well as any limitations in the data collection method. The data structure and the coding criteria as well as the code structure are introduced along with the grading and scoring criteria. In addition, the purpose and use of the final score is explained as well as coding limitations. Finally, the analytical framework and the role- based analysis in addition to the pattern recognition and analytical integrity are discussed. The next section will discuss the research design and approach.

A. RESEARCH DESIGN AND APPROACH

This research adopts a case study design grounded by interpretation, which is appropriate given the exploratory nature of the inquiry and the complex behavioral lenses of fraud. The Fat Leonard scandal serves as the single embedded case through which the Fraud Triangle theory is applied. A case study design enables a focused yet in-depth analysis of real-world events, and the ability to trace interactions within organizational roles, power structures, and personal decision-making that fueled the fraud. The qualitative approach, drawing from publicly available documents, legal proceedings, and journalistic investigations, allows for a comprehensive reconstruction of events and an in-depth exploration of the individual and systemic factors at play.

This study does not seek to generalize in the statistical sense but rather aims for general analysis, that is, the ability to extend theoretical insights from the data to broader constructs such as fraud theory and organizational vulnerability in defense procurement. By applying the Fraud Triangle's three components, pressure, opportunity, and rationalization, to individual participants based on their roles, access, and responsibilities, the research aims to expose meaningful patterns than traditional analyses.

This research takes a role-based analytical lens to dissect how organizational position shaped not only access to fraudulent opportunities but also the psychological and

cultural contexts that facilitated unethical behavior. This approach aligns with the broader goal of expanding the Fraud Triangle's application by showing how these fraud components manifested differently across hierarchical structures, from high-ranking officers wielding strategic authority to low and mid-level personnel embedded in procurement logistics.

Methodologically, this research synthesizes data from multiple sources, including court indictments, Department of Justice press releases, media investigations (notably Craig Whitlock's extensive reporting), and existing scholarly analyses. These sources collectively ensure that the portrayal of each actor and the alignment of their actions to the associated fraud components are not derived from a single perspective or biased narrative. The resulting analysis is both descriptive and interpretive.

Additionally, this research utilizes coding and structured analysis to classify and evaluate the behaviors of the scandal's participants. A scoring schema was developed by the researcher to assess the presence and intensity of each Fraud Triangle component per individual actor, enabling a somewhat quantitative interpretation within the qualitative case study structure. This hybrid model enhances the analysis while still preserving the narrative integrity of each actor's conduct and context.

This design supports the research's dual objectives: (1) to critically apply and refine fraud theory in a defense procurement setting and (2) to provide recommendations based on the analysis and findings of the research. The following section discusses the case study selection of the Fat Leonard scandal.

B. CASE STUDY SELECTION: THE FAT LEONARD SCANDAL

The selection of the Fat Leonard scandal, formally centered on Glenn Defense Marine Asia (GDMA), as the focal case for this study is rooted in its significance as a procurement fraud event. Among all documented cases of corruption within U.S. defense procurement, the Fat Leonard scandal stands out not only for its financial magnitude and operational duration, but for its unprecedented penetration into the upper echelons of Navy leadership. With over 30 high-ranking officers implicated (Whitlock, 2024), including admirals, captains, NCIS special agents, and contracting personnel, the scandal

offers a unique opportunity to observe how fraud manifests across a spectrum of roles and responsibilities within a rigid hierarchical institution.

More than just a historical episode, the Fat Leonard scandal provides a multi-layered dataset that is well-suited for role-based inquiry. Leonard Glenn Francis, the central figure of the scandal, built a corrupt enterprise over nearly two decades by exploiting procedural gaps in the U.S. Navy's procurement system (Whitlock, 2024). He leveraged personal relationships, bribes, and manipulation to secure inflated contracts and favorable port calls, often at the expense of taxpayer funds and operational security (Whitlock, 2024).

The consistent engagement of the U.S. Navy with Glenn Defense Marine Asia (GDMA) for over two decades for husbanding services highlights the systemic nature of the vulnerabilities exploited in this case (Whiteley et al., 2017). The Fat Leonard scandal enables this research to move beyond just theory and into perhaps policy reshaping. The scandal exposed systemic weaknesses in military oversight, control mechanisms, and culture; issues still under reform years after initial investigations began (Whitley et al., 2017). By examining this case through a role-based lens using the Fraud Triangle, this research not only contributes to the academic understanding of fraud mechanics but also supports practical guidance for designing better fraud prevention structures in DoD.

C. DATA COLLECTION METHODS

This research study was conducted using a qualitative content analysis approach, centered primarily on secondary sources. The core of the dataset is derived from Whitlock's (2024) investigative book, *Fat Leonard: How One Man Bribed, Bilked, and Seduced the U.S. Navy*, which is highly referenced and which provides the most detailed, chronological, and personal account of the Fat Leonard scandal to date. Whitlock's work, built from years of investigative journalism, offers rare insight into both the overt and subtle dynamics of the fraud, including internal Navy correspondence, firsthand interviews, and summaries of judicial proceedings. Its vivid narrative and systematic coverage of the events made it ideal for understanding the motivations, pressures, and opportunities that different individuals faced, important to applying the Fraud Triangle.

In addition to the book, this research draws from publicly available Department of Justice press releases and court filings. These documents were critical for verifying specific facts, such as charges and official government responses. Where Whitlock's book provided the human story, DOJ materials lent legal clarity and precision which was useful in identifying patterns of misconduct and corroborating timelines.

Other data was pulled from Inspector General findings but those were used more selectively. Many of these documents, while important, often framed the events from a policy or institutional perspective, and lacked the behavioral detail necessary for the study's role-based analysis. Nonetheless, they provided necessary context on structural weaknesses within defense procurement systems, internal control failures, and subsequent reforms which was useful in aligning the data with the broader literature on procurement fraud.

D. JUSTIFICATION FOR SOURCE SELECTION

The choice to prioritize Whitlock's book as the foundation for data collection was deliberate. Unlike many academic case studies or government-issued reports that tend to isolate individual defendants or focus solely on legal violations, *Fat Leonard* (Whitlock, 2024) presents a relational narrative, allowing the reader to observe how the actions of one participant influenced another, whether through coercion, complicity, or complacency. This interactivity is essential when attempting to analyze fraud through the lens of authority, role, and relational dynamics.

The book's comprehensive timeline includes specific dates, locations, social events, and communications, which made it possible for the researcher to construct a database for this study. These entries were then coded against the Fraud Triangle components, which include Pressure, Opportunity, and Rationalization, as well as the individual's organizational position. The following section discusses the limitations in data collection.

E. LIMITATIONS IN DATA COLLECTION

One acknowledged limitation of this approach is that the analysis is based primarily on secondary, retrospective accounts. No original interviews or classified data

were accessed for this research. This naturally limits the ability to confirm intent, which, according to Dr. Juanita Rendon, is essential to proving fraud, or gather unfiltered perspectives from the implicated actors. However, through Whitlock's work with DOJ documents and formal Navy reports and this research's validation of open-sourced DOJ documentation, these publicly available documents aided to mitigate this constraint by offering cross-source validation.

The data collection strategy for this study was built on the depth and credibility of Whitlock's investigative work, strengthened by legal documents and institutional reporting. Together, these sources provided a layered view of the scandal which was sufficient to support the role-based application of the Fraud Triangle and to explore the deeper organizational culture that enabled sustained fraud within one of the world's most powerful defense institutions. The following section discusses the database structure and the coding criteria. The following section discusses the database structure and the coding criteria.

F. DATABASE STRUCTURE AND CODING CRITERIA

To support the analysis presented in this research, a database was developed by the researcher to capture, organize, and interpret the events, behaviors, and relationships involved in the Fat Leonard scandal. This database was not just a collection of facts; it was built to trace the web of interactions and decisions through the lens of the Fraud Triangle, with added attention to organizational roles and contextual pressures. By structuring the data this way, this study sought to connect actions with motivations, enabling a role-based comparison across different actors. The following section discusses the database construction for this research study

G. DATABASE CONSTRUCTION

The foundation of the database was built from the detailed accounts found in Craig Whitlock's *Fat Leonard* book. Each chapter of the book was reviewed to extract relevant events such as bribe exchanges, contract awards, procurement irregularities, social events, and internal communications. These entries were then logged in an Excel spreadsheet database, with each row representing an actor along with their involvement

or actions. An excerpt of the spreadsheet is provided in Appendix A. The following section explains the coding structure.

H. CODING STRUCTURE

In the Master Database the actors were identified by their Name, Job Title, Roles & Responsibilities, their Actions Taken, the Alleged Fraudulent Act, and Expected Reason for the Fraudulent Act (when available).

Fraud Triangle Component(s): Each entry was assessed and tagged as reflecting Pressure (P), Opportunity (O), or Rationalization (R) with explanations. In cases where multiple components applied, multiple codes were used (e.g., "P2, I1, M2, O3"). Each code represents the action which is followed by a number to indicate the severity of action (Table 1).

Table 1. Severity of Action

Code	Level	Description
1	Low	Soft perks, e.g., meal, ride, basic gift
2	Mild	High-end dinner, frequent perks
3	Medium	Prostitution, repeat favors
4	High	Cash, influence over contracts
5	Critical	Facilitated large scale fraud or made critical decisions

Pressure was broken down into three subcomponents which align with specific actions based on Craig Whitlock's *Fat Leonard*. The three subcomponents under Pressure are pressure (coercion), incentive, and motivation as shown in Table 2. Common actions or behaviors were then coded (Table 3) to ensure the right codes could be applied to the severity of action. The actions or behaviors were mapped to the Fraud Triangle Pressure subcomponents (Table 3).

Table 2. Fraud Triangle Structure: Pressure Component

Pressure Subcomponent	Influence
P	Pressure (Coercion) – (e.g., chain of command pressures)
I	Incentive – (e.g., dinners, gifts, social status)
M	Motivation – (e.g., desire for prostitutes, thrill seeking)

Note: These codes can be used cumulatively, e.g. P1, I2, M3 for an officer who was ordered by a superior, accepted gifts, and enjoyed prostitutes.

Table 3. Actions Mapped to Fraud Triangle Pressure Subcomponents

Action/Behavior	Subcomponent	Rationale
Attending lavish dinners	I1	Incentive: Soft inducement or reward
Accepting alcohol, cigars, and entertainment	I2	Incentive: gifts given to facilitate favors or reward post-action
Desire to fit in with peers	I3	Incentive: Social pressure, status-seeking
Cash bribes	I4	Incentive: High-severity tangible reward
Direct order or expectation from superior	P1	Pressure (Coercion): Hierarchical pressure or chain of command
Implicit career advantage for cooperation	P2	Pressure (Coercion): Covert expectation of advancement
Fear of ostracization or retaliation	P3	Pressure (Coercion): Groupthink or avoidance of non-conformity

Action/Behavior	Subcomponent	Rationale
Leaking confidential information for perks	P4 or I4	Pressure (Coercion) or Incentive
Acceptance of Prostitutes	M1(in company of) or M3(sex)	Motivation: Reflects indulgence/personal gratification rather than pressure
Patterned participation in GDMA parties	M2	Motivation: Enjoyment-seeking, habit-forming indulgence

1. Pressure Coding Structure

Using the information gathered, a component legend (Table 4) was created to account for the actions along with the various scenarios that could be applied to the actor. It serves as a reference guide and coding reference for the Master Database.

Table 4. Fraud Triangle Pressure Subcomponent Legend

Code	Subcomponent	Description	Context
P1 – Pressure (Coercion; Direct)	Pressure	Situations where a superior officer explicitly directs or pressures a subordinate to engage in misconduct or ignore regulations	Admiral instructs logistics officer to approve GDMA port visit or ignore irregularities
P2 – Pressure (Coercion; Indirect)	Pressure	Implicit or informal expectations tied to advancement, loyalty, or maintaining good relationships within the chain of command	Officer cooperates with GDMA to remain "in good standing" for promotion
P3 – Pressure (Social or Peer Pressure)	Pressure	Pressure from peers, shipmates, or organizational culture to conform, attend events, or participate in unethical conduct	Officer attends parties or accepts perks because "everyone does it"
P4 – Pressure (Personal, Career or Financial Stress)	Pressure	Personal or professional stressors such as debt, divorce, or fear of reassignment that heighten vulnerability to unethical decisions	Officer struggling with personal finances accepts travel perks or gifts

Code	Subcomponent	Description	Context
I1 – Incentive (Soft Reward)	Incentive	Minor inducements used to build rapport or create dependency	Free meals, cigars, or small gifts from GDMA
I2 – Incentive (Moderate Reward)	Incentive	Non-cash benefits meant to influence goodwill or decisions	Lavish dinners, entertainment, frequent event invitations
I3 – Incentive (Social/Status Based)	Incentive	The desire to fit in with peers, senior officers, or elite circles within the command structure	Officer joins extravagant parties to maintain social standing
I4 – Incentive (Material Reward)	Incentive	Tangible or monetary benefits exchanged for favorable influence or decisions	Cash bribes, expensive gifts, paid travel or hotel stays
M1 – Motivation (Personal Gratification)	Motivation	Behavior driven by personal desire, indulgence, or thrill-seeking	Participation in GDMA organized parties or accepting the company of prostitutes
M2 – Motivation (Repeated Indulgence)	Motivation	Habitual or sustained pattern of misconduct stemming from repeated gratification	Officer regularly engages in GDMA-sponsored luxury experiences
M3 – Motivation (Addiction or Dependency)	Motivation	Continued unethical activity tied to addiction or dependency (e.g., sex, alcohol, status)	Officer continually seeks GDMA's attention or rewards for personal satisfaction
M4 – Motivation (Greed or Entitlement)	Motivation	Behavior rooted in arrogance or belief of being untouchable due to rank or influence	Senior officer views perks as "earned" or justified for their position

Note: Actors with more than one pressure component will experience a multiplier (x1 – x3) for scoring.

2. Opportunity Coding Structure

Opportunity was coded based on an actor's role and responsibilities within their organization. In *Table 5, Fraud Triangle Opportunity Component Legend*, opportunity levels are linked to rank and role-based access.

Table 5. Fraud Triangle Opportunity Component Legend

Code	Rank/Position	Influence	E.g. Roles	Description
O1 – Junior/Entry Level	Enlisted personnel (E1 – E6), junior staff	Minimal access to procurement or classified systems	Logistics assistant, admin clerk	Low opportunity to engage in or influence procurement fraud directly
O2 – Mid-Level Supervisor	Petty Officers, Chief Warrant Officers, O1 to O3	Some involvement in administrative and operational processes	Assistant contract specialist, junior officers	Limited access to sensitive information or decisions, often under supervision
O3 – Department Leads / Functional Managers	O4 to O5, GS-13 equivalents	Moderate access to contracts, vendor dealings, logistics coordination	Supply Officers, Contracting Officers	Have direct interaction with vendors or decision-makers; can influence contract execution
O4 – Senior Operational Leaders	O6 (Captains), GS-14/15	High-level influence over regional operations, contract approvals	Port commanders, Fleet logistics chiefs	Direct oversight of contract fulfillment, logistics budgets, and supplier coordination
O5 – Flag Officers and Senior Executives	O7 and above, SES-level civilians	Strategic authority over broad procurement decisions, oversight policy, or diplomatic arrangements	Admirals, regional fleet commanders	Can sway or override systems of checks and balances due to hierarchical power
O6 – Investigators and Oversight Actors	NCIS, JAG, IG, Auditors	Uniquely positioned to detect or suppress fraud through investigative or legal means	NCIS agents, legal advisors, inspectors	Possess the opportunity to either expose or protect corrupt actors based on findings

Note: In instances where an actor appears to cover multiple categories (e.g., a Captain who is also a contracting lead), the higher opportunity code will be applied.

3. Rationalization Coding Structure

Rationalization was coded based on the internal justification an actor may have used to excuse or legitimize their fraudulent behavior. *Table 6, Fraud Triangle Rationalization Component Legend,* links the justifications where these were evident. The section after this table discusses the grading and scoring criteria.

Table 6. Fraud Triangle Rationalization Component Legend

Code	Rationalization Theme	Description	E.g. Justification / Evidence
R1 – Loyalty Rationalization	"It's for the good of the mission' or loyalty to colleagues/superiors	Individuals may justify misconduct as a way to support leadership or advance the unit's operational goals	"I didn't want to let my CO down," or "We needed that port access for readiness"
R2 – Normalization of Corruption	"Everyone was doing it" mindset	Misconduct is seen as standard or tolerated behavior within the organizational culture	Multiple officers regularly accepting lavish gifts without consequences
R3 – Minimization or Denial of Harm	"No one's getting hurt" or "This doesn't really matter"	Downplaying the severity or consequences of fraud to rationalize behavior	"It's just a dinner," "the Navy has plenty of money"
R4 – Entitlement Mentality	Belief that rank, sacrifices, or workload justify extra benefits	Fraud seen as a form of compensation or reward for service	"I earned it after all those deployments," "We deserve some perks"
R5 – Displacement of Responsibility	Blaming superiors, culture, or systemic failures	Rationalizing actions by claiming they were just following orders or norms	"They told me to go," "It wasn't my call," "The system failed, not me"
R6 – Strategic Silence	Withholding truth or failing to report due to fear or career protection	Justifying non-action as necessary for survival or self-preservation	"If I spoke up, I'd lose my career," "That's above my pay grade"

Note: When no explicit rationalization is found, it is left blank.

I. GRADING AND SCORING CRITERIA

To enable a structured comparison of fraudulent behavior across individuals and roles, a cumulative scoring and weighting system was developed. This system assigns numeric values to each actor's involvement based on their coded entries within the Fraud Triangle (**Pressure**, **Opportunity**, and **Rationalization**).

The Pressure component is first **deconstructed into sub-components**, such as pressure (P), incentive (I), or motivation (M). The Opportunity (O) component addresses the authority the actor had. The Rationalization (R) component addresses the reasons the actors had for their fraudulent behavior. Each component and subcomponent is accompanied by a number designator for the severity of action. These sub-components are not arbitrary but represent distinct behavioral drivers observed in the data and are grounded in the qualitative coding structure described earlier.

1. Component Weighting

Each code assigned to an individual (e.g., P1, I2, M3) carries a numeric value, which is the numerical value shown next to the letter. For example, P1 has a numerical value of 1, I2 has a numerical value of 2, and M3 has a numerical value of 3. These are then calculated using a formula to determine the total Pressure score which for this research was termed the Complicity score. For example, an actor was:

- Ordered by a superior (P1)
- Offered valuable gifts as an incentive (I2)
- Enjoys continuous engagement in prostitution (M3)

2. Pressure Component Formula

To reflect the complexity and layering of influence, a multiplier of 2 is applied to reflect the compounding effects of subcomponents *motivation* and *incentive*. When a multiplier of 3 was introduced for the subcomponent, *pressure,* actors who were coerced by a superior had scores that did not accurately reflect their vulnerability to Francis. To minimize this effect that the subcomponent, *pressure*, had on the equation, it was added and disregarded as a force multiplier. Therefore, the subcomponent, *pressure*, is added to the result of an actor's *motivations* and *incentives* which were combined and multiplied by 2. In the previous example, the actor had three distinct pressures (P, I, and M) and, utilizing a formula for vulnerability which was created by the researcher, an actor's level of vulnerability was derived.

Formula: V represents an actor's vulnerability which translates to the amount of influence Francis possessed over these individuals.

$V = P + [(I + M) \times 2]$

Thus, the final Vulnerability score for this actor would be:

$V = 1 + [(2 + 3) \times 2]$

$V = 1 + [5 \times 2]$

$V = 1 + 10$

$V = 11$

This approach helps distinguish between individuals who were able to resist coercion and those who were less likely or able to resist.

3. Opportunity

Opportunity is quantified primarily by the rank or role-based access, so a Navy Captain would receive an O4. This simplifies scoring while acknowledging how structural access facilitates fraud.

4. Rationalization

Rationalization, which is often less explicitly stated, is scored based on available evidence or inferred logic (e.g., R1 for loyalty to a senior officer or actions for furtherment of the mission)

5. Final Composite Score

An actor's total fraud score is the sum of all three weighted components. From the examples above, the total Fraud Score is as follows:

- Pressure 11
- Opportunity 4
- Rationalization 1

Total Fraud Score: 11 + 4 + 1 = 16

Given Scenario: Captain X was ordered by an admiral to support GDMA in their endeavors. Captain X attended several parties hosted by GDMA, had sex with prostitutes on many occasions and later signed off on a GDMA husbanding port call which GDMA billed at an inflated rate. When confronted, Captain X stated he was just following orders and was expected to partake in these engagements.

Captain X's final codes would consist of P1, I2, M3, O4, R5 *(Ref. Tables 4, 5, 6)*

Scoring: P1 + [(I2 + M3) x 2] + O4 + R5

Scoring: 1 + [(2+3) x 2] + 4 + 5 = 20, Captain X's fraud score is 20

This numerical approach allows for comparative analysis across actors while preserving the qualitative differences of their roles and behaviors. It also supports pattern recognition when exploiting systemic weaknesses, ran-based trends, or organizational blind spots. The next section discusses the purpose and use of the final score.

J. PURPOSE AND USE OF FINAL SCORE

The final score is not a moral judgement, but rather a tool to compare relative exposure, vulnerability, or complicity among actors. These scores help drive the role-based analysis in Chapter IV and provide a clear, traceable link between narrative evidence and analytical findings. The following section discusses the coding limitations.

K. CODING LIMITATIONS

While the coding framework provided a robust structure, it did require subjective judgment especially when assessing Rationalization, which is rarely explicit. To mitigate bias, ambiguous entries were cross-verified with at least one corroborating source or left uncoded if insufficient data existed. Additionally, in some cases, the actor's motivation had to be inferred through circumstantial evidence (e.g., emails, plea language, or patterns of behavior).

In future iterations, a more advanced approach using qualitative data analysis software could enhance reliability, but for the scope and scale of this research, the spreadsheet format proved sufficient and allowed for traceable, replicable coding decisions. The following section discusses the analytical framework and the role-based analysis.

L. ANALYTICAL FRAMEWORK AND ROLE-BASED ANALYSIS

The Fraud Triangle which is comprised of Pressure, Opportunity, and Rationalization served as the primary behavioral model through which actors' actions were interpreted. Rather than treating fraud as a single uninfluenced event, the Fraud Triangle helps break down the distinct circumstances that could motivate law-abiding

individuals to engage in unethical conduct. For this research, the Fraud Triangle was applied through coded database entries that reflected real-world examples from the Fat Leonard scandal.

Each actor was examined to determine which component(s) of the Fraud Triangle were most applicable in their behavior. In some cases, pressure manifested through career stagnation, peer dynamics, or financial strain. In others, opportunity arose from weak internal controls, lax oversight, or deliberately obscured processes. Rationalization proved to be the most difficult to assess but was often inferred from plea deals, recurring justifications (e.g., "everyone was doing it"), or circumstantial evidence such as repeated attendance at bribe-funded events. The following section discusses the role-based categorization.

M. ROLE-BASED CATEGORIZATION: CONTEXTUALIZING BEHAVIOR

To deepen the analysis, each actor was assigned to a role category based on their function within the procurement or operational ecosystem. The actor's role was classified into one of several categories such as Operations Officers, Procurement Officers, or Criminal Investigators. This coding structure allowed for later grouping and comparison of how fraudulent behavior manifested differently depending on both organizational role and the actor's relative authority. These role and identifier categories are shown in Table 7.

Table 7. Role Identifier Categories

Role Category	Descriptions
Procurement (PRO)	Those directly involved in contract approvals or supply chain decisions and those who were support personnel with access to invoices, reimbursements, and budget.
Operator (OPR)	Those involved in ship scheduling, port visits, or routine operations who were susceptible to being co-opted. These also included high-ranking individuals whose influence shaped the broader culture and enabled systemic misconduct.
Investigator (INV)	Individuals whose job was to enforce rules, but in some cases, failed to do so or were actively compromised

This classification allowed for comparisons between the positions of the actors. For instance, senior officers and junior logisticians may have engaged in similar behaviors (e.g., accepting gifts), but their motivations and potential institutional impact differed significantly. This layered approach provided clarity on whether misconduct was the result of isolated ethical lapses or symptoms of systemic vulnerabilities. The following section discusses pattern recognition and cross-comparison.

N. PATTERN RECOGNITION AND CROSS-COMPARISON

Once coded and categorized, the data was examined for frequency and severity. For example, were procurement officers more likely to demonstrate high levels of opportunity due to process access? Did individuals in the Procurement category exhibit more rationalization language due to their administrative proximity from operator type leaders? How did the components of opportunity, pressure, and rationalization differ among actors based on their authority and responsibilities within defense procurement? These questions guided the analysis and were complemented by the grading system introduced in the previous section. The following section discusses the analytical integrity and limits in this research study.

O. ANALYTICAL INTEGRITY AND LIMITS

Throughout the process, analytical integrity was maintained by ensuring that each interpretation could be traced back to documented evidence, whether in Whitlock's reporting, Department of Justice records, or public court filings. In cases where motivation or rationalization could not be reasonably inferred, the entry was left blank.

While the framework supports structured analysis, it does not claim to deliver absolute conclusions about individual guilt or moral intent. Instead, it provides an evidence-informed structure based on Whitlock's book, for interpreting how fraud emerged and spread across different functional areas and levels of authority in defense procurement.

This framework forms the backbone of Chapter IV, where findings are presented in alignment with both the Fraud Triangle and role-based influences to reveal patterns of

misconduct, coercion, and institutional failure in the Fat Leonard scandal. The following section provides a summary.

P. SUMMARY

This chapter explained the methodology used to quantify the actions by the actors. The research design and approach used to acquire the data and the reason why this case study is centered around the Fat Leonard scandal were discussed. This chapter presented the source selection and reviewed any limitations in the data collection method. This chapter explored pattern recognition and cross-comparison as well as analytical integrity and limits. The next chapter discusses the analysis, findings and recommendations based on the findings.

THIS PAGE INTENTIONALLY LEFT BLANK

IV. ANALYSIS, FINDINGS, AND RECOMMENDATIONS BASED ON FINDINGS

This chapter discusses the analysis and findings of this research. This research identified forty-one (41) actors who were involved in the Fat Leonard scandal. This chapter shows the results of the scores derived from the methodology based on the findings. This chapter quantifies the Fraud Triangle components and derives relationships from the overview of data and scoring system. The emergence of the relationship between the actors' vulnerability and their opportunity scores are explained. This chapter reframes Vulnerability as Complicity and discusses how Complicity is paired with Opportunity to produce the Benefit Score. This chapter illustrates Complicity and Opportunity within this role-based analysis and analyzed actors who scored high in Complicity. This chapter provides discussions based on the findings then introduces the implications based on these findings. This chapter makes recommendations based on findings and discusses this research's limitations in analyzing Rationalization. The following section discusses the overview of data and the scoring system used in this research study.

A. OVERVIEW OF DATA AND SCORING SYSTEM

To conduct a detailed role-based fraud analysis of the identified actors involved in the Fat Leonard scandal, this research employed a structured scoring system grounded in the Fraud Triangle model: Pressure, Opportunity, and Rationalization. Each component was quantified to better understand individual vulnerabilities and the extent to which various actors may have contributed to the overall fraud scheme.

1. Pressure

The Pressure component was subdivided into three measurable subcomponents:

P (Pressure): financial, career-related, or personal stressors.
M (Motivation): factors driving personal gain or ambition.
I (Incentive): observable benefits or inducements, including travel, gifts, etc.

These three values were calculated using this research's formula to produce a Vulnerability Score (V) for each actor. The rationale behind this score is that Pressure,

Motivation, and Incentive interacted in ways to increase susceptibility to unethical or criminal behavior. V = P + [(I + M) x 2].

2. Opportunity

In addition to complicity, each actor was also assessed for opportunity. This was derived primarily from their rank, access to decision-making, and proximity to sensitive procurement functions.

3. Rationalization

While the rationalization score was included for transparency, it was excluded from the analysis due to the inconsistent and subjective nature of rationalization indicators. A discussion of the limitations of rationalization is presented later.

The data used in the analysis *(Table 8)* includes:

- Each actor's individual scores for Pressure (P), Motivation (M), and Incentive (I)
- The total V score (Vulnerability) shown as V for Vulnerability uses the formula V = P + [(I + M) x 2]
- The separate Opportunity (O) and Rationalization (R) Scores
- A cumulative total of V + O + R, originally used to examine overall engagement but later refined into a V + O composite for target analysis.
- The Benefit Score represents the actor's perceived value to GDMA. It is a combination of the Vulnerability (V) Score and the Opportunity (O) Score.

Table 8. Foundation of this Analysis: Actors and Scores

	Name	Role	P	M	I	V/C	O	R	Total	Benefit
1	Dusek, Daniel (O5)	Operations Officer	4	4	3	18	3	2	23	21
2	Guess, Harry (O5)	Supply Officer	0	0	2	4	3	0	7	7
3	Christopherson, Ruth (O3)	Asst. Supply Officer	0	0	2	4	2	0	6	6
4	Gilbeau, Robert (O4)	Asst. Supply Officer	0	3	4	14	3	0	17	17
5	Dolan, James (O6)	Logistics Chief	1	3	3	13	4	1	18	17
6	Kapaun, David (O5)	Operations Officer	0	3	4	14	3	0	17	17
7	Regner, Michael (O6)	Operations Officer	0	0	2	4	4	0	8	8
8	Thebaud, Cynthia (O6)	Commanding Officer	0	0	2	4	4	0	8	8
9	Locklear III, Samuel (Admiral)	Commanding Officer	0	2	4	12	5	0	17	17
10	Fravor, David (O5)	Pilot on USS *Nimitz*	0	1	2	6	3	0	9	9
11	Thompson, Scott (O4)	Legal Advisor	0	1	2	6	3	0	9	9
12	Crowder, Doug (Admiral)	Commanding Officer	0	1	2	6	5	0	11	11
13	Faller, Craig (O6)	Skipper of USS *Shiloh*	0	1	2	6	4	0	10	10
14	Miller, Mike (Admiral)	Commanding Officer	0	2	2	8	5	2	15	13
15	Pimpo, David (O6)	Supply Officer	0	2	2	8	4	0	12	12
16	Kraft, Terry (O6)	Commanding Officer USS *Reagan*	1	2	2	9	4	5	18	13
17	Gilday, Michael (O6)	Operations Officer	0	0	2	4	4	0	8	8
18	Simpkins, Paul (Civ)	Contracting Officer	0	3	4	14	4	0	18	18
19	Kaur, Sharon (Civ)	Contracting Specialist	0	2	4	12	3	0	15	15
20	Giardina, Timothy (O6)	Operations Officer / Chief of Staff	0	0	2	4	4	0	8	8
21	Newland, David (O6)	Operations Officer / Chief of Staff	0	2	4	12	4	0	16	16
22	Cantu, Jesus (O6)	Logistics Chief	1	3	4	15	4	1	20	19
23	Aruffo, Edmond (O4)	Asst to Chief of Staff / Protocol	0	3	4	14	3	0	17	17
24	Greenert, Jonathan (Admiral)	Commanding Officer	0	0	2	4	5	0	9	9
25	Gorsuch, Robert (CWO)	Operations Officer / Ship Schedules	0	2	4	12	2	0	14	14
26	Brooks, Michael (O6)	Intelligence Officer	0	3	4	14	4	0	18	18
27	Grindle, Clayton (O6)	Intelligence Officer	0	0	2	4	4	0	8	8
28	Moss, A. W.	Intelligence Officer	0	0	2	4	4	0	8	8
29	Jansen, Adrien (O6)	Intelligence Officer	0	0	2	4	4	0	8	8

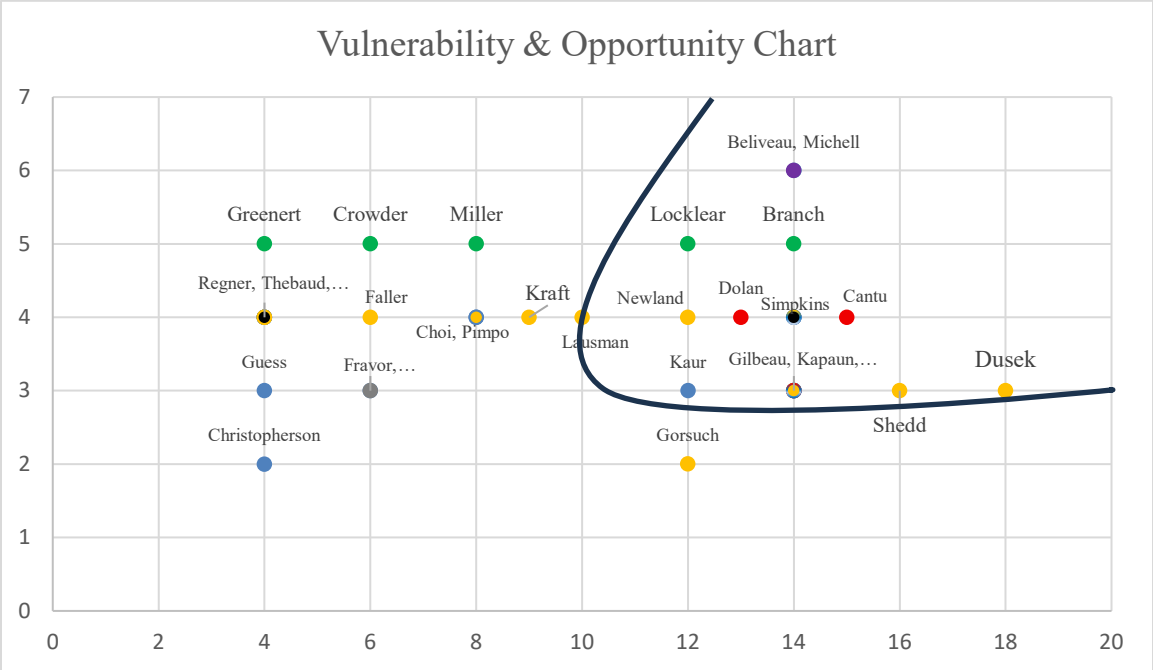
	Name	Role	P	M	I	V/C	O	R	Total	Benefit
30	Shedd, Steve (O4)	Planning Officer / Ship Schedules	2	3	4	16	3	1	20	19
31	Loveless, Bruce (O6)	Intelligence Director	0	3	4	14	4	0	18	18
32	Hornbeck, Donald (O6)	Deputy Chief of Staff	0	3	4	14	4	0	18	18
33	Lausman, David (O6)	Skipper of *Blue Ridge*	0	1	4	10	4	0	14	14
34	Gillett, Alexander (O4)	Operations Officer	0	3	4	14	3	0	17	17
35	Herrera, Mario (O5)	Deputy Operations Officer	0	3	4	14	3	0	17	17
36	Sanchez, Jose (O4)	Deputy Logistics Officer	0	3	4	14	3	0	17	17
37	Misiewicz, Michael (O5)	Deputy Operations Officer	0	3	4	14	3	0	17	17
38	Michell, Mike (Special Agent)	NCIS Agent	0	3	4	14	6	0	20	20
39	Beliveau, John (Special Agent)	NCIS Agent	0	3	4	14	6	1	21	20
40	Choi, Heedong (O6)	Skipper of USS *Chafee*	0	0	4	8	4	0	12	12
41	Branch, Ted (Admiral)	Commanding Officer	0	3	4	14	5	0	19	19

The Benefit column is populated and will be explained later.

B. EMERGENCE OF THE V & O RELATIONSHIP

As the data was examined, an unanticipated but meaningful relationship emerged between the Vulnerability and Opportunity scores. See Figure 1.

Figure 1. V & O Chart



All actors are included in the graph. However, not all the names of the actors are displayed in this chart.

* Flag Officers 5
* Operations Officers 18
* Intelligence Officers 5
* Logistics Officers 3
* Criminal Investigators 2
* Supply Officers 4
* Contracting Officers 2
* Pilots & Legal Officers 2

On the vertical (y) axis is the Opportunity (O) Score of the actors which represents the level of access, rank, authority, or ability to influence. On the horizontal (x) axis is the Vulnerability (V) Score which correlates to the Complicity (C) Score of the actor (V/C). While the original intent of the scoring framework was to assess each Fraud Triangle component independently, the observed overlap between these two components revealed a behavioral insight. Actors who scored high in both V and O were consistently positioned in roles that made them the most advantageous targets for Francis' manipulation. The following section discusses reframing vulnerability as complicity.

C. REFRAMING VULNERABILITY AS COMPLICITY

This section explains the correlation between Vulnerability and Complicity and quantifies how actors' actions increased their complicity which in turn made them more vulnerable. During the data analysis phase, what was initially defined as a "Vulnerability Score" which was derived from the *Pressure* subcomponents, *pressure* (coercion)*, motivation, and incentive*, began to reveal another behavioral pattern. The data suggested that this score was not just about personal susceptibility or weakness, but rather a measure of an actor's active complicity in enabling or participating in Francis' fraudulent schemes.

As a result, the term was revised to Complicity Score, which better captures the observable behaviors and decisions made by the actors under pressure. These behaviors such as granting ship access, influencing contract awards, leaking information, or manipulating schedules, went beyond vulnerability. They reflected willing participation, sometimes motivated by gifts or future career incentives, and sometimes enabled an environment where these actions were normalized. The following section discusses the formula, complicity plus opportunity equals benefit.

D. THE COMPLICITY + OPPORTUNITY = BENEFIT

This shift also led to a new analytical framework:

Complicity Score + Opportunity Score = Benefit (B)
If Vulnerability equals Complicity, then C = P + [(I + M) x 2]
C + O = B (value)

This formula represents a key conceptual advancement in this research. The *Complicity Score (C)* captures how willing or deeply involved the actor was in Francis' operations, based on their behavior under pressure. The *Opportunity Score* reflects the actor's rank, position, authority, or access, which translates to their capacity to influence outcomes. When combined, these two variables directly correspond to the *Benefit* received by Francis. The higher the *Benefit Score,* the higher the actors' strategic value to Francis to help him accomplish his fraudulent activities.

In simpler terms, actors who were both highly complicit and held positions of authority (high opportunity) created the greatest strategic advantage for Francis. Their actions allowed Francis to manipulate ship movements, port visits, contract awards, and official inspections, which all translated into financial gain and protection for his operations. The following section illustrates complicity and opportunity in this role-based analysis.

E. ILLUSTRATING COMPLICITY AND OPPORTUNITY IN THIS ROLE-BASED ANALYSIS

This framework was visualized using bar graphs comparing Complicity and Opportunity scores for all 41 actors. This shift from vulnerability to complicity marks a crucial analytical step. It reinforces that, while external pressure can explain initial susceptibility or vulnerability, it is active complicity that sustains and empowers fraud, especially when combined with access and influence.

To understand how GDMA leveraged its relationship with the actors, a stacked bar column was developed for each actor and displayed in separate figures by type of actors. The base of each column represents the Complicity Score which is a measure derived from actions taken by the actor that advanced Francis' agenda. Stacked above the Complicity Score is the Opportunity Score, which primarily reflects the actor's position of authority or rank.

A red horizontal line is drawn at the score of 10, which is the threshold observed from a key pattern in the dataset. Of all the actors who were indicted by a Grand Jury, the lowest Complicity Score within the dataset was 10. Actors whose Complicity Scores were lower than 10 were not considered for prosecution and depending on how low the score was, did not receive any administrative action. This observation suggests a Complicity threshold for legal accountability.

Based on each actor's role, role-based categories were identified. The following Figures 2–8 illustrate the 7 role-based categories that emerged in this research study.

Figure 2. Supply Officers and Contracting Officers

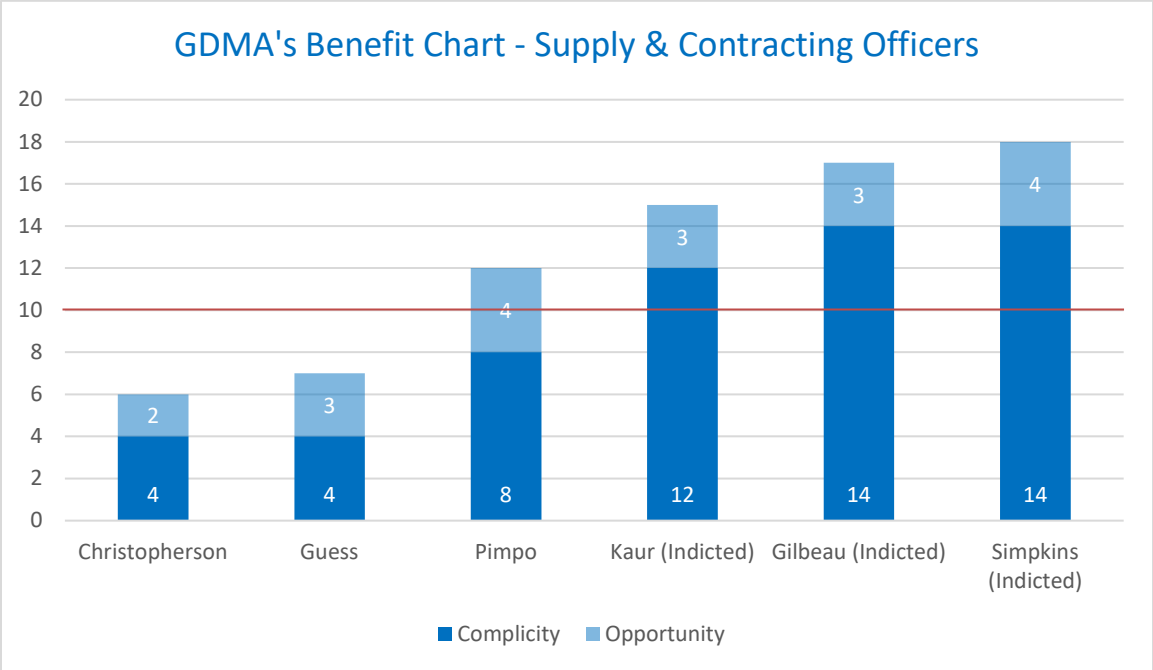
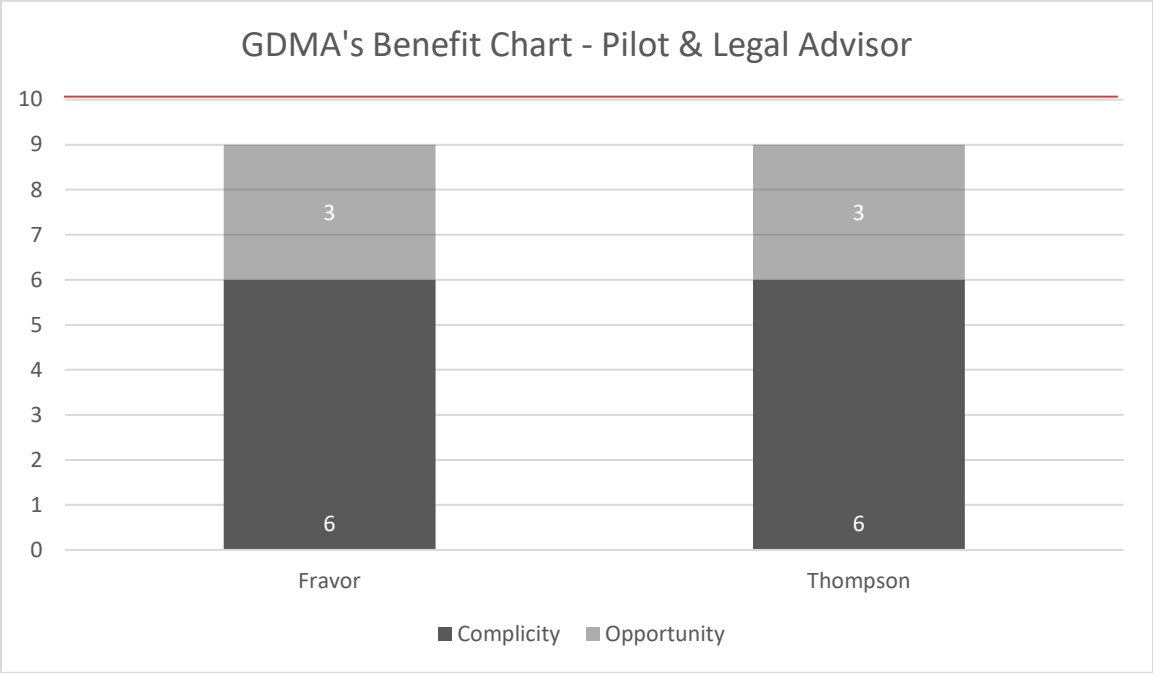


Figure 2 suggests that Christopherson was well below the Complicity Score threshold and had low involvement and authority. Guess had a similar profile with scores reflecting minor complicity and mid-level opportunity. Pimpo's Complicity Score got close to the threshold but not quite reaching it. As a Captain, his rank increased the potential benefit to GDMA, but actions were not sufficient to prompt charges. Gilbeau's Complicity Score of 14 was above the threshold of 10 *(See Figure 2)*. His high Complicity Score despite lower rank was sufficient for prosecution.

Kaur was a contracting specialist. Though her formal authority may have been limited, the actions she took placed her well above the Complicity Score threshold. Simpkins, who had the highest combined score in this group, provided the most benefit to GDMA. Simpkins' strong involvement paired with position in contract approvals made him a valuable asset to Francis. Kaur, Gilbeau and Simpkins all had a Complicity Score above the threshold of 10 and were all indicted. Additionally, they all has the highest Benefit Scores in this role category. Kaur had a Benefit Score of 15; Gilbeau had a Benefit Score of 17, and Simpkins had a Benefit Score of 18 (see Figure 2).

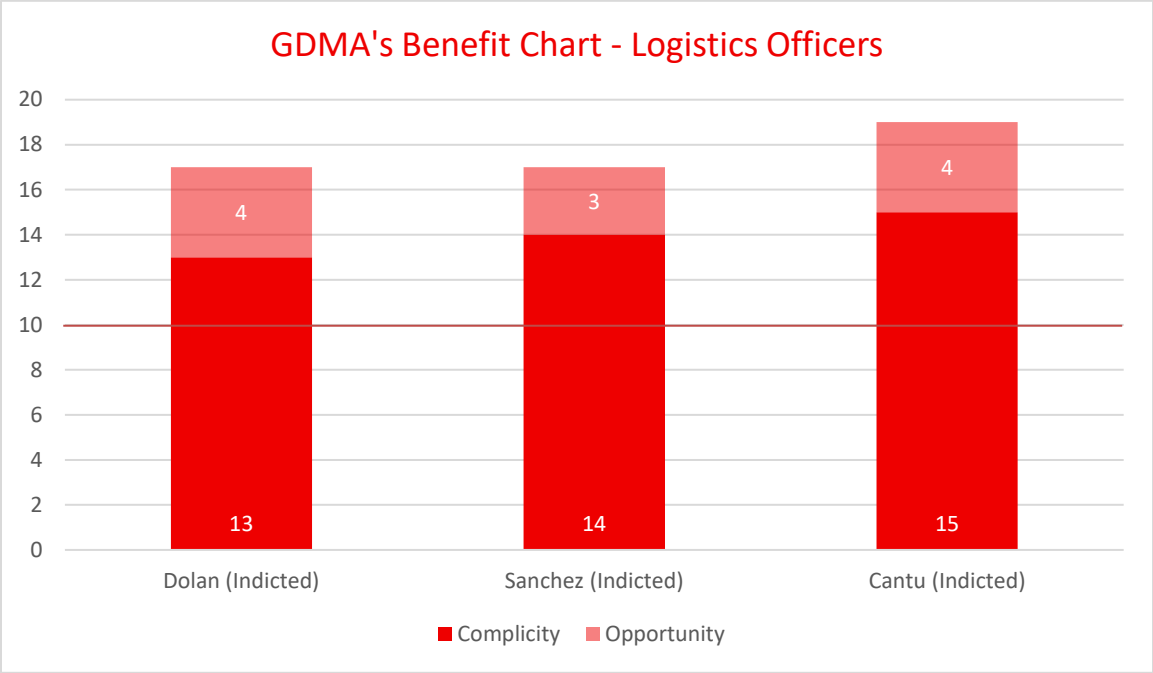
Figure 3. Pilot and Legal Advisor



The pilot (Fravor) and the legal advisor (Thompson) each had a Complicity Score of 6, placing them well below the indictment threshold of 10 that emerged across the dataset. Although both individuals participated in some form of misconduct, their levels of involvement were relatively limited when compared to the actors who were more aligned with advancing GDMA's agenda.

Their Opportunity Scores of 3 (see Figure 3) reflect roles that, while connected to their operational and administrative functions, did not provide the type of influence over contracting or ship movements that Francis sought to exploit. The combination of the Complicity Score and the Opportunity Scores resulted in a Benefit Score of 9 (see Figure 3) which suggests that GDMA gained some advantage but not to the extent that placed them among Francis' most valuable associates. Francis considered his interactions with high-ranking officials a gain for his company, especially if they were flag officers. This is why just being at one GDMA event created some form of benefit to Francis, regardless of whether the actor that was involved realized it or not.

Figure 4. Logistics Officers



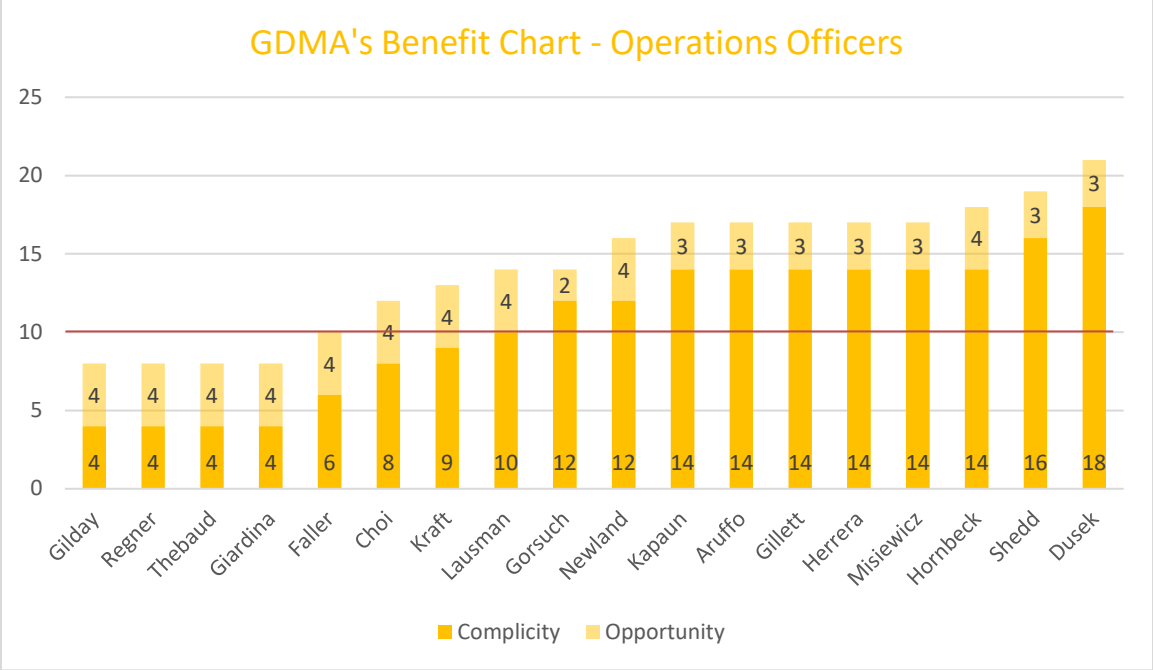
The logistics officers stand out as the most consequential group within this research. All three individuals, Dolan, Sanchez, and Cantu, were indicted. Each recorded a Complicity Score well above the threshold of 10, which has consistently aligned with criminal proceedings throughout this research. Their roles placed them close to the movement of ship, supplies, and operational decisions that Francis needed, and their scores reflect their involvement in those activities. Sanchez had a Complicity Score of 14 with an Opportunity Score 3, while Dolan had a Complicity Score of 13 with an Opportunity Score of 4 *(See Figure 4)*. Both landed squarely in the zone where GDMA received substantial benefit from their involvement.

Cantu's data reveals a more compelling story. In the early days of this scandal, Cantu's absence at a dinner was recognized by a superior, and he was directed to attend an event being hosted by Francis (Whitlock, 2024). Had Cantu's actions stopped after attending the dinner he was directed to participate in, his scores would have been P1 (directive), I2 (dinner), O4 (Captain Rank). This would have resulted in a Complicity Score of 5 and an overall Benefit Score of 9 *(5 + 4 Opportunity Score).* The rise in his Complicity Score reflects a gradual deepening of his involvement, rather than a structural

change in position or authority. As access, familiarity, and trust between Cantu and GDMA increased, so did the severity of his actions.

Across all three logistics officers, the pattern reflects high complicity combined with mid-to-high opportunity consistently produced high benefit for GDMA. All the Logistics Officers had high Benefit Scores. Dolan had a Benefit Score of 17, Sanchez had a Benefit Score of 17, and Cantu had a Benefit Score of 19 (see Figure 4). This group provided Francis with exactly what he needed; control over ship movements, inside information, and the ability to influence or bypass oversight (Whitlock, 2024).

Figure 5. Operations Officers



The Operations Officer group represents the largest segment of actors in this research (see Figure 5), and their distribution of scores reveals patterns of Vulnerability/ Complicity and Opportunity within the Fat Leonard scandal. Their day-to-day responsibilities placed them directly in the planning of port visits, ship movements, and operational scheduling. This proximity to decision-making created a consistent baseline for Opportunity. Their roles, authority, and access positioned them close to the levers that Francis sought to manipulate.

What differentiated actors in this group was not Opportunity, but Complicity, which varied widely. At the lower end, officers such as Gilday, Regner, Thebaud, and

Giardina carried a Complicity score of 4 which indicates limited participation in GDMA's illicit hospitality. Their overall benefit contribution to GDMA remained low, as the combination of modest Complicity and standard Opportunity did not yield substantial benefit to GDMA (see Figure 5).

Moving into the mid-range where Complicity Scores ranged from 6 – 9, officers such as Faller (6), Choi (8), and Kraft (9) demonstrate higher levels of involvement. These actors engaged in multiple or more severe forms of misconduct such as accepting gifts, repeated entertainment or other incentives. Their Benefit Scores did not grow because their authority changed, but because their actions increasingly aligned with GDMA's agenda.

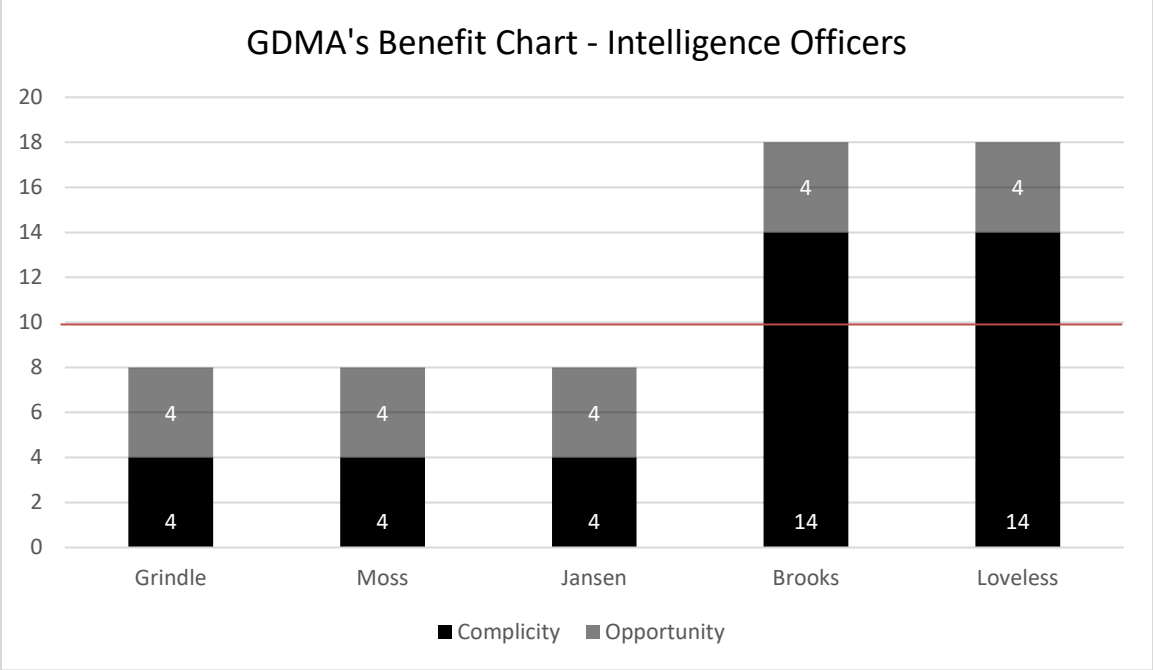
Also included are actors who displayed high Complicity Scores of 10 – 14. Actors such as Lausman (10), Gorsuch (12), Newland (12), Kapaun (14), Aruffo (14), Gillett (14), Herrera (14), Misiewicz (14), and Hornbeck (14) fell into this pattern. For most of these officers, complicity escalated over time, which included repeated outings, acceptance of prostitution services, sensitive information sharing, or direct operational favors. Several officers at this level possessed moderate opportunity (O3) and still produced substantial benefit for GDMA. This supports a core observation in this research that complicity, not rank, is the primary driver of GDMA's operational gain within this group.

At the extreme end of this distribution group is Dusek, whose Complicity Score of 18 is the highest in the dataset (see Figure 5). Paired with an Opportunity Score of O3, his Benefit Score of 21 places him among the most valuable assets GDMA cultivated. Dusek was not the highest ranking but his deep involvement, driven by sustained personal benefit and repeated misconduct, made him disproportionately useful to Francis.

The Operations Officer data reveals Opportunity was built into the role, but GDMA's actual benefit depended on the actor's behavior rather than rank alone. Complicity revealed that those with higher complicity, not necessarily higher authority, provided GDMA with the most operational leverage and benefited GDMA the most. This reinforces the argument that every illicit action by an actor increased their complicity, which in turn increased Francis' leverage over that actor. It is a compounding effect that

as Francis' leverage grew, his demands increased which resulted in the actor carrying out those favors. Every actor in this group with a Complicity score of 10 or more was indicted.

Figure 6. Intelligence Officers

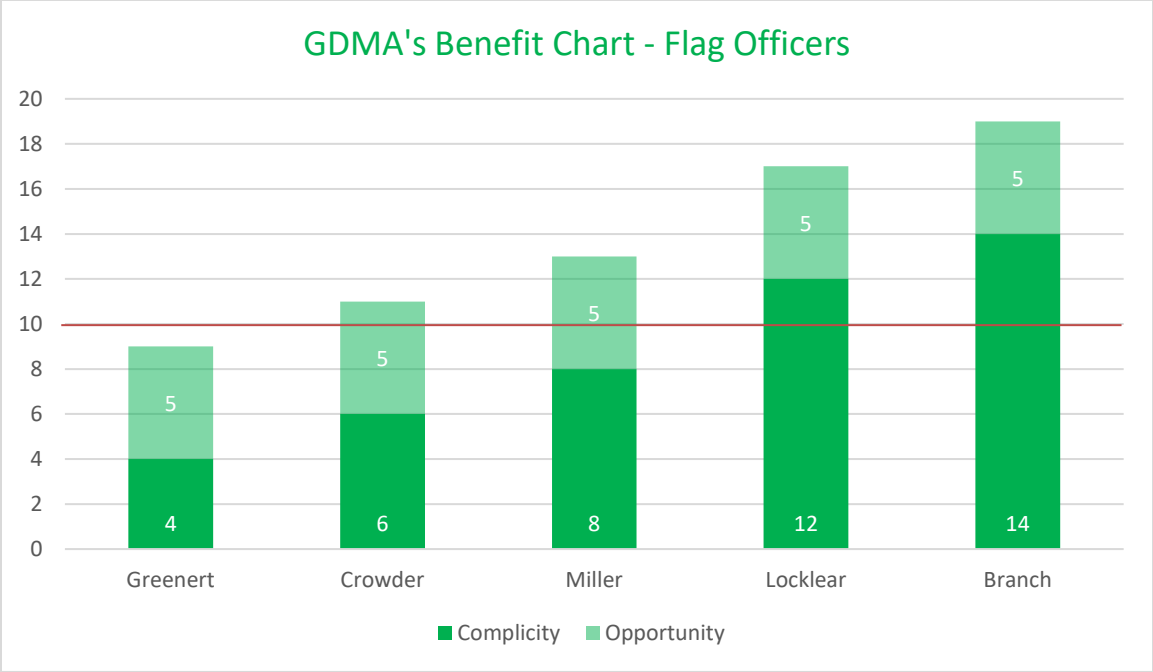


The intelligence community within Seventh Fleet played a critical supporting role in ship movements, threat assessments, and regional situational awareness. Intelligence Officers are not part of the procurement sector but they provide indirect and meaningful influence over port decisions, especially those officers located in U.S. Embassies in their respective regions. As shown in *Figure 6*, their Opportunity Scores are uniform across the category, with every officer scoring O4.

There is a clear divide between individuals who engaged minimally in GDMA's misconduct and those who became vulnerable to Francis' manipulation. Officers such as Grindle, Moss, and Jansen all carried a Complicity Score of 4, signaling limited involvement (See Figure 6). Their actions reflected low-severity behaviors such as attending dinners or accepting minor gratuities. These actions did not escalate into more serious forms of misconduct. Their Benefits Scores remained modest, consistent with actors whose roles provided opportunity, but whose behavior did not significantly enhance GDMA's influence.

On the other end of the Intelligence Officers grouping are Brooks and Loveless. They stand apart with Complicity Scores of 14, representing some of the highest values across the dataset within this research (See Figure 6). Both officers engaged in repeated misconduct and accepted valuable incentives over time, which included lavish entertainment and interactions with prostitutes. Combined with their Opportunity Score of O4, these actors became highly advantageous to GDMA. Brooks and Loveless had the highest Benefit Score in this role category. Brooks had a Benefit Score of 18 and Loveless had a Benefit Score of 18 (See Figure 6). They made significant operational contributions to GDMA even though they were not senior commanders. This echoes the broader trend observed across the dataset that complicity, rather than rank, is the primary determinant of GDMA's operational gain from individual actors.

Figure 7. Flag Officers



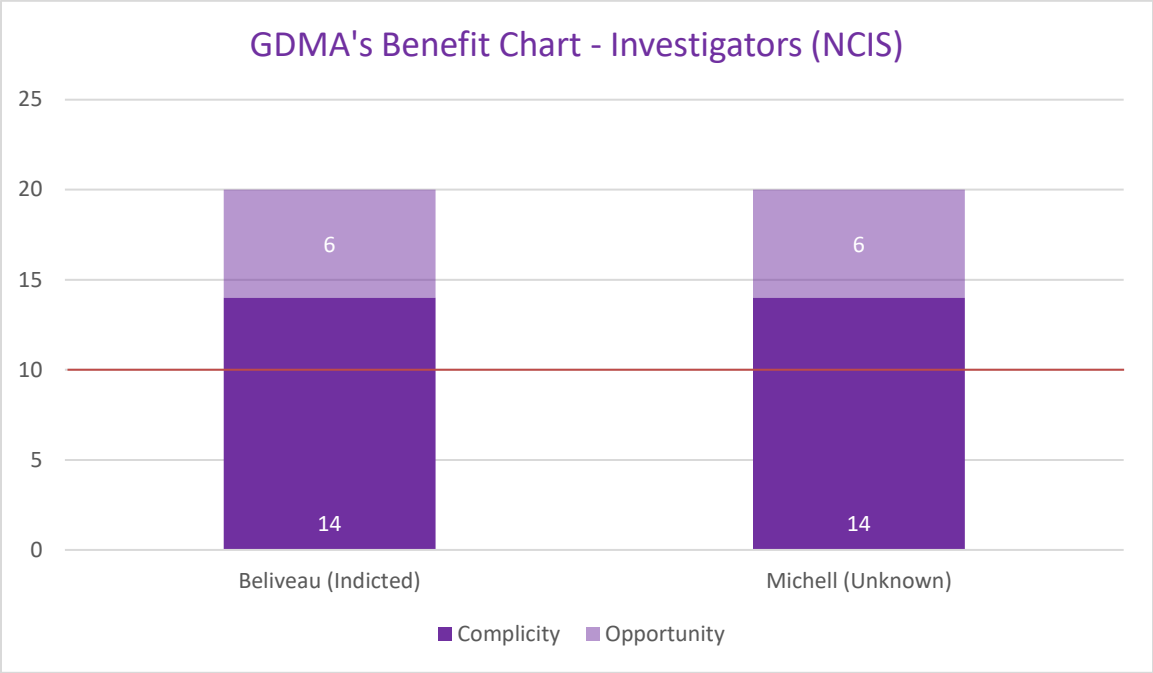
As shown in Figure 7, the Flag Officers displayed a distinct pattern in how Complicity and Opportunity combined to produce benefit within the fraud environment. Their Opportunity Scores were uniform at 5, which reflects the inherent access tied to their senior positions and their ability to influence ship movements and procurement decisions.

At the lower end of the group, Greenert's Complicity Score of 4 and Crowder's Complicity Score of 6 indicate more restrained engagement. Their interactions with Francis show that while they operated in a space of elevated opportunity, their actions produced a modest Benefit Score. Their roles placed them in positions where even minimal engagement created conditions that could be exploited by others in the scheme.

In the mid-range of this group is Miller whose Complicity Score of 8 reflects a more developed level of involvement than Greenert and Crowder. His interactions with Francis show that while he operated with the same Opportunity Score of 5 as the other Flag Officers, his actions produced a moderate Benefit Score of 13. The benefit that emerged from his decisions stemmed from his positional authority rather than a sustained pattern of misconduct. Miller's placement in this range shows how benefit can increase as complicity rises even when the individual has not fully crossed into the level of conduct seen in the highest scoring actors.

The highest range in this group consists of Locklear and Branch whose Complicity Scores of 12 and 14 respectively, place them at the top of this group. Their scores reflect more direct engagement which translated into substantially higher Benefit Scores. Locklear's Benefit Score is 17 and Branch's Benefit Score is 19. Together, they illustrate how the combination of high rank, elevated opportunity, and higher complicity produces the greatest benefit within this role-based category.

Figure 8. Investigators



As shown in Figure 8, the Investigators in this group held a unique position in the scheme because their Opportunity Scores of 6 reflected access that exceeded what was available to most other actors. As criminal investigators they possessed the ability to view sensitive case files, ongoing inquiries, and internal reports, which gave them insight into how close the fraud activities were to detection. Both Beliveau and Michell had Complicity Scores of 14 which shows that they operated at the highest end of involvement for this role category. Their actions provided Francis with information that protected him from investigative scrutiny and allowed him to adjust his operations to avoid exposure.

Their combined Complicity Scores of 14 and Opportunity Scores of 6, produced a high Benefit Score of 20 because the information they shared directly affected the survivability of the scheme. Unlike other roles where benefit emerged through procurement decisions or operational movements, the investigators offered protection through knowledge of law enforcement activity. Their behavior demonstrates how the Fraud Triangle components function differently when an actor's role gives them visibility into investigative processes.

Indicted Threshold: The Complicity Score of 10 emerged as a meaningful indicator of indictment. The only individuals who were not indicted with Complicity greater or equal to 10 were Locklear and Branch who were Flag Officers (see Figure 7), and one NCIS agent, Michell (see Figure 8), suggesting a potential immunity pattern linked to rank or institutional shielding.

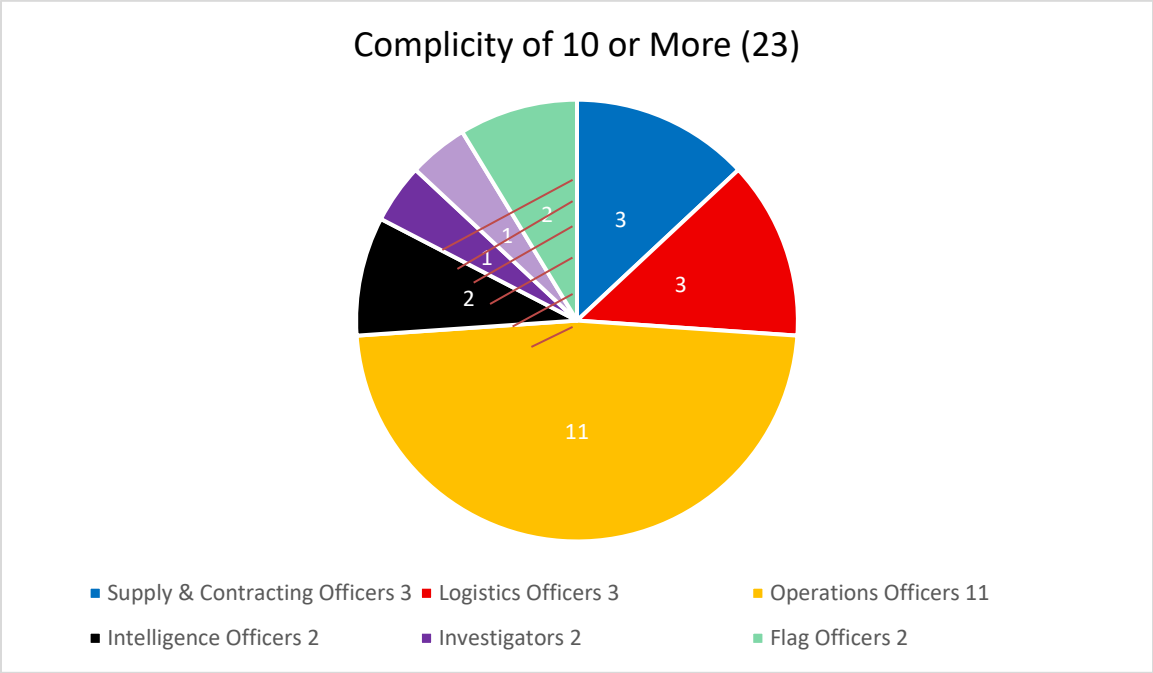
Administrative Action vs. Legal Indictment: While civilians and mid-grade officers were indicted when the Complicity Score was equal to or greater than 10, flag officers appear to have been protected through non-criminal channels despite comparable or greater involvement.

Even though Gilbeau, from the Supply Officers group, was a flag officer at the time of the indictment and sentencing, the actions for which he was convicted were committed while holding the rank of Commander. Therefore, his Opportunity Score reflects his rank and level of authority during the offense period, aligning him closely with the group of Supply Officers, rather than with Flag Officers. This distinction is crucial in preserving the integrity of the Opportunity metric and avoiding skewed analysis due to post-offense promotions. The following section discusses the analysis of high-complicity actors.

F. ANALYSIS OF HIGH-COMPLICITY ACTORS

Across the entire dataset within this research, 23 of the 41 actors had a Complicity Score of 10 or higher *(See Figure 9)*. Based on the structure of the scoring system within this research, it signals sustained involvement in GDMA's misconduct. These actors were not merely present at isolated events but demonstrated repeated patterns of accepting favors, engaging in prohibited conduct, or providing operational advantages to GDMA over an extended period. Their scores reflect behaviors such as persistent participation in lavish entertainment, repeated acceptance of gifts or benefits, compromised decision making, or deliberate misuse of their authority.

Figure 9. Composition of Complicity Score of 10 or More



When the legal outcomes of these 23 actors are compared to their Complicity Scores, a pattern emerges. Almost every person who attained or crossed the Complicity Score of 10 was formally indicted; reinforcing the validity of the scores as a meaningful indicator of criminal liability. Only three exceptions appear in the dataset:

- Locklear's and Branch's situations were handled administratively rather than through criminal indictment.
- Michell's case remains unclear based on publicly available sources.

In Figure 9, these three actors are represented by the segments marked with red lines, visually distinguishing them from the broader group of indicted actors. Their unique treatment is not a statistical anomaly but rather a reflection of institutional dynamics where senior leaders and federal agents may face administrative consequences, classification barriers, or internal disciplinary pathways not captured in standard criminal dockets.

Twenty (20) out of 23 high-complicity actors were indicted. This alignment supports the argument that the Complicity Score captures meaningful behavior risk. It shows that high complicity was a more reliable predictor of indictment than rank alone. The following section provides a discussion of the findings.

G. DISCUSSION OF FINDINGS

This study set out to understand how the Fraud Triangle played out across different roles within the Navy during the Fat Leonard scandal. By developing a scoring system and examining 41 actors tied to the scandal, this research identified clear patterns that help explain why some officers became deeply involved in the scandal while others did not. The findings illustrate that the scandal was not the result of a single failure point, but rather a combination of personal vulnerabilities, role-based authority, and a permissive environment that allowed misconduct to flourish.

Throughout the roles of actors, one pattern stood out immediately; Opportunity was driven primarily by rank, role, and authority, while Complicity was driven by individual behavior. Most officers in positions tied to operations, intelligence, logistics, or supply roles possessed comparable access, which created consistent baseline opportunities for influence. Yet their levels of misconduct varied dramatically. This suggested that Opportunity alone was not what drew individuals into GDMA's orbit. It was the combination of Opportunity with personal Vulnerability, captured through each individual's Complicity Score.

The Complicity Score, made from a formula consisting of pressure, motivation and incentive factors, emerged as the strongest indicator of actual involvement in the fraud. Officers with low Complicity Scores typically engaged in isolated or minor unethical acts, such as attending a single dinner. Their participation did not progress much beyond that. However, officers with high Complicity Scores were repeatedly involved in actions such as receiving expensive gifts, accepting prostitution services, leaking sensitive information, or manipulating ship movements to benefit GDMA. These actors consistently had high Benefit Scores which generated the highest benefit for Francis, regardless of whether their official roles granted them high or moderate institutional authority.

An emerged consistent finding was that every individual with a Complicity Score of 10 or higher faced criminal charges or significant administrative penalties, with only three exceptions: two admirals and one NCIS agent. These outliers also had elevated Opportunity Scores, suggesting that institutional concerns, political considerations, or

internal adjudication processes may have influenced their outcomes. Regardless of this, their Complicity Scores placed them in the same behavioral range as others who were indicted. This reinforces the usefulness of the scoring model in identifying high-risk behavior patterns, even when legal outcomes varied.

This research study identified 7 role-based categories based on the 41 actors' roles and positions. These 7 categories included Flag Officers, Pilot and Legal Advisor, Operations Officers, Logistics Officers, Supply and Contracting Officers, Investigators, and Intelligence Officers. Across the role-based categories were patterns that were immediately apparent. Logistics Officers, who controlled key contracting and replenishing decisions, exhibited some of the highest Benefit Scores and were universally indicted. Operations Officers, the largest group, showed the widest range of Complicity Scores as many had low involvement and a subset became deeply involved in GDMA's activities. These Operations Officers with high Complicity Scores produced some of the highest Benefit Scores which benefited Francis with the scandal. Intelligence Officers showed a divided pattern. Several were barely involved while a few were among the most highly compromised individuals. Supply Officers and contracting personnel mirrored the broader trend. Lower ranking supply personnel often showed lower complicity, whereas those with contracting authority tended to appear at the high end of the spectrum with higher Complicity Scores. Finally, the presence of a pilot and a legal advisor in the dataset demonstrated how individuals outside core logistics and procurement roles could still become involved when personal pressures or incentives aligned with opportunity.

The findings show that fraud in the Fat Leonard scandal aligned closely with existing fraud theory, but with meaningful role-based distinctions. Opportunity alone did not predict who would engage in misconduct. Instead, the decisive factor was how personal vulnerabilities interacted with the authority within each role. When complicity/ vulnerability and opportunity combined among officers in operations, contracting, intelligence and logistics, the outcome was highly favorable to GDMA. The scoring model developed in this research study illustrates how the Fraud Triangle can be utilized to examine individual behavior within hierarchical, complex institutions like the DoD. The following section discusses the implications based on the findings.

H. IMPLICATIONS BASED ON FINDINGS

The findings from this role-based analysis offer several practical implications for how fraud emerges and spreads within a defense procurement environment. While the Fraud Triangle remains an effective way to understand individual behavior, the patterns in this dataset show that fraud in the Fat Leonard scandal did not happen in isolation or by accident. Instead, it developed through a mix of structural weaknesses, cultural blind spots, and interpersonal dynamics that allowed unethical behavior to become normalized over time.

One clear implication is that *opportunity* consistently outweighed the other components of the Fraud Triangle, regardless of an individual's rank or background. Officers with access to ship schedules, port approval authorities, or contracting processes were repeatedly placed in positions where oversight was either weak or easily bypassed. This consistency of high Opportunity Scores across nearly all actor categories highlights a systemic problem rather than a series of isolated lapses. Where internal controls were absent or unenforced, actors became more willing to exploit their access, sometimes with very little pressure or rationalization needed.

A second implication emerging from the analysis and findings is that complicity tended to grow gradually, often beginning with small favors or social interactions that later escalated into full participation in corruption. For many officers, their early interactions with Francis did not initially trigger alarm bells. Lavish dinners, cigars, or paid hotel rooms blurred into routine social engagements, especially when senior leaders participated openly. This slippery slope was visible in logistics and operations categories, where officers with medium Complicity Scores early in their careers later became key facilitators of major fraudulent acts. The findings suggest that fraud prevention cannot focus only on large acts of misconduct, it must also address the subtle early steps that make later violations feel acceptable.

The findings also carry important implications for leadership culture and peer influence. Multiple actors indicated, through their actions rather their statements, that rejecting Francis's invitations felt professionally risky or socially isolating. When senior officers displayed unethical behavior, or even casually tolerated it, they created an

environment where junior officers learned that participating in misconduct was part of how things were done. This explains why some actors with lower personal pressures or weaker rationalization still engaged in fraudulent activity. They were responding from cues from the environment rather than to internal motivations.

The findings imply that fraud detection mechanisms need to account for the interplay of coercion and complicity. In several actor role-based categories, coercive elements, like blackmail, implied career consequences, or fear of being excluded from the inner circle, blended with willing participation. This undermines the assumption that fraudsters operate solely out of personal gain. Some felt trapped by the very relationships they helped create. This is an important departure from conventional Fraud Triangle analysis and shows how power dynamics and threat-based pressure shape decision-making inside defense organizations. The following section discusses the recommendations based on the findings of this research study.

I. RECOMMENDATIONS BASED ON FINDINGS

The results of this analysis point to several areas where the DoD can strengthen safeguards against procurement fraud. While many failures from the Fat Leonard scandal stemmed from individual choices, the broader patterns show that cultural habits within the organization played a large role.

1. Strengthen Oversight in High-Access Roles

One of the clearest findings from this research is that opportunity presented the highest fraud risk across nearly every actor role-based category. Officers with access to ship scheduled, port approval processes, or contracting authority could operate with minimal scrutiny. Strengthening oversight for these high-access roles through mandatory reviews, better separation of duties, and frequent audits, would help reduce the kind of unchecked authority that Francis exploited.

2. Address the Social Influences

Many actors in the scandal did not start with corrupt intent. Instead, small social gatherings gradually turned into serious ethical violations. Leadership should consider

implementing training that focuses on early boundaries and the dangers of incremental ethical deviations. Instead of relying on annual ethics "click-through" slides, training should include real examples, case discussions, and guided conversations about peer pressure and other social influences.

3. Establish Clear Expectations for Senior Leaders

The findings show that junior personnel often followed the behavior being displayed by their leadership. When commanding officers or senior staff participated in lavish dinners, it signaled to others that such conduct was acceptable or expected. Clear guidance needs to be readily available to senior leaders to avoid the need for them to seek clarification or legal interpretation on their participation in certain events. Holding senior leaders publicly accountable also helps rebuild trust and sends a message that this type of behavior is unacceptable at all levels of the organization.

4. Improve Whistleblower Protections and Confidential Reporting

Several actors in this research recognized wrongdoing but were discouraged, ignored, or placed in uncomfortable situations for speaking up. Ensuring that reporting channels are independent, confidential, and credible is essential for early detection.

J. LIMITATIONS IN RATIONALIZATION

The rationalization component, as defined within the Fraud Triangle framework, captures the internal justification used by individuals to legitimize unethical or illegal actions (Tickner & Button, 2021). In this research, rationalization scores were assigned based on the presence of explanations, excuses, or minimizing language cited during interviews, investigations, or documented correspondence. These included common defenses such as loyalty to superiors, belief in the normalcy of small gifts, or downplaying the severity of unethical behavior.

An analysis of this component revealed a critical limitation in which *rationalization* was inconsistently documented and unevenly distributed across the actor pool. It was particularly concentrated among higher ranking officials. Senior leaders, often with greater media attention and investigative scrutiny, tended to offer more

explicit rationalizations for their conduct. Whether to protect their legacy, influence perception, or formally justify decisions during legal proceedings, their rationalizations leaned towards a defense for their actions. In contrast, lower-level actors and civilians had less documentation available or were less likely to have their reasoning recorded in detail. This could also be a result of advice from legal counsel.

Due to this disparity, *rationalization* could not be objectively or consistently quantified across all roles. To preserve the integrity and neutrality of the data, *rationalization* was excluded from the final scoring model used to evaluate susceptibility and involvement. The following section provides a summary.

K. SUMMARY

This chapter discussed the analysis and findings of this research. This chapter showed the results of the scores derived from the methodology based on the findings. This chapter quantified the fraud Triangle components and derived relationships from the overview of the data and scoring system. This chapter reframed Vulnerability as Complicity and discussed how complicity was paired with opportunity to produce the Benefit Score. The seven role-based categories were also discussed. This chapter illustrated Complicity and Opportunity within this role-based analysis and analyzed actors who scored high in Complicity. This chapter provided discussions based on the findings then introduced the implications based on these findings. This chapter made recommendations based on findings and discussed this research's limitations in analyzing Rationalization. The following chapter concludes this research and presents areas for further research.

V. SUMMARY, CONCLUSIONS, AND AREAS FOR FURTHER RESEARCH

This chapter summarizes this research's findings by answering its research questions. This chapter highlights contributions to fraud theory and prevention for defense procurement and makes suggestions for future research.

A. SUMMARY

This research contributes to the understanding of defense procurement fraud by showing that organizational position shapes the form opportunity takes, while personal behavior drives how fully that opportunity is exploited. These findings extend the application of the Fraud Triangle and also highlight the importance of role-specific oversight, early intervention for behavior risk indicators, and targeted ethics training for personnel in high-opportunity roles. The patterns uncovered here can help inform more effective fraud prevention strategies across DoD.

B. CONCLUSIONS: ANSWERING THE RESEARCH QUESTIONS

1. What are the role-based categories based on the actors' roles in the Fat Leonard scandal?

The role-based categories in the Fat Leonard scandal reflect the distinct functions and authorities held by the actors involved. These categories include Supply Officers, Contracting Officers, Logistics Officers, Operations Officers, Intelligence Officers, Investigators, Flag Officers, a Pilot and a Legal Advisor. Each group contributed differently to the progression of the scheme based on their responsibilities, access, and influence within their respective roles. By organizing the actors into these categories, the analysis captured how opportunity, pressure, and rationalization emerged uniquely across roles and how those differences shaped each actor's involvement in the scandal.

2. How can the Fraud Triangle be used to analyze role-based fraud behavior in the Fat Leonard scandal?

The Fraud Triangle proved to be useful for understanding how individuals across the Navy became entangled in the Fat Leonard scandal. By applying the model to a role-based perspective, this research showed that the three components, pressure, opportunity,

and rationalization, did not operate uniformly across the organization. Each component emerged differently depending on the individual's responsibilities, level of authority, and access to procurement processes.

Pressure was not as evenly distributed. When combined with *opportunity* in this role-based analysis, it showed how the environment interacted with individual behavior to sustain a long-running corruption scheme. The environment presented the initial pressure through social influence on mostly all actors.

Opportunity stood out as the most consistent and powerful driver of misconduct across nearly all categories. Officers in logistics, operations, contracting, and intelligence category roles had varying forms of access which created open doors for fraudulent activity.

Rationalization also showed up in ways that were shaped by the organization's culture. Some officers justified their behavior by pointing to peer participation or leadership involvement.

3. How did the components of opportunity, pressure, and rationalization differ among the actors based on their roles, authority, and responsibilities within defense procurement in the Fat Leonard scandal?

The findings revealed that opportunity differed the most clearly across roles, and its influence was closely tied to the level of authority and access actors held. Operations officers possessed the ability to alter ship schedules and port visits, making them invaluable to Francis's scheme. Logistics officers and Supply Officers controlled invoices and approvals, giving them direct influence over inflated billing practices. Contracting officers, such as Kaur and Simpkins, wielded power over competitive contracting processes, allowing them to manipulate contract outcomes. Intelligence officers and investigators possessed sensitive information or privileged access to embassy networks. Each of these forms of authority based on roles of actors created unique opportunities for fraud specific to that role. The authority associated with the Flag Officers role-based category meant that any decision they made had the potential to generate benefit for GDMA regardless of their personal level of involvement.

The legal advisor showed that even individuals with limited procurement authority can influence fraud outcomes when their positions provide access to operational decisions or ethical guidance that shapes how others act. The investigators demonstrated how elevated access to sensitive information can amplify the impact of fraud by allowing actors to shield the scheme from detection and undermine investigative oversight.

A small group of actors showed career insecurity, or a desire for status, but this desire was not widespread. Some officers appeared to act without meaningful pressure, suggesting that environmental cues and peer participation substituted for traditional pressure-based motivations.

Some actors justified their actions through a belief that "everyone was doing it," while others framed the events as harmless social interactions, especially when they paid a small contribution to the dinner bill. For others, rationalization became unnecessary because their behavior gradually evolved to severe unethical misconduct. What began as mild social engagements eventually shifted into normalized corruption.

4. How can this role-based analysis enhance the application of fraud theory to defense procurement fraud and inform improved fraud prevention strategies?

This role-based analysis demonstrated that examining fraud through the lens of individual position and authority generates insights that traditional Fraud Triangle applications often overlook. By evaluating fraud at the role level rather than strictly at the individual level, it becomes easier to identify patterns that stem from structural vulnerabilities rather than personal failings. The findings show that certain roles carry higher opportunity risk, and these risks cannot be mitigated through ethics training alone.

This approach also highlights how organizational culture, peer dynamics, and leadership behavior shape fraud risks in ways not captured by standard fraud models. When leaders attend lavish dinners or accept inappropriate benefits, their inadvertently signal permissiveness to subordinates, blur ethical boundaries, and weaken internal controls.

From a prevention standpoint, this role-based analysis points toward targeted strategies for strengthening oversight in high-access roles, enhancing whistleblower

protections, increasing rotation frequency in procurement-related positions, and training officers to recognize early warning signs in team-based environments. These insights move fraud prevention beyond a one-size-fits-all approach and toward tailored interventions that acknowledge the unique vulnerabilities of each position.

C. AREAS FOR FUTURE RESEARCH

While rationalization is a core component of the Fraud Triangle, it proved to be difficult to measure consistently in this dataset. Many rationalizations were subjective or undocumented, and assigning scores risked creating artificial information. As a result, rationalization was not incorporated into the final scoring model, but its limitations and occasional presence were documented for future research. The limited rationalization data available suggested that senior officers were more likely to justify or minimize their misconduct, an observation that may warrant further study.

While this study focused deliberately on the Fraud Triangle, the findings suggest that coercion, group influence, and hierarchical culture played a meaningful role in the Fat Leonard scandal. Future research could extend this work by applying alternative frameworks such as the Fraud Diamond, the Fraud Pentagon, or the MICE model. These expanded models may offer a deeper understanding of how power dynamics, personal capability, and psychological factors interact in large, hierarchical defense organizations.

Another suggestion for future research involves exploring the cultural and leadership factors that shape ethical behavior within the defense procurement sector. The findings of this research show that group norms and senior officer conduct played a significant role in normalizing misconduct across the Seventh Fleet. Future studies could investigate how leadership behaviors, command climate, and informal social networks influence fraud vulnerability within defense units or look at how ethical drift develops over time and how early-stage cultural cues contribute to systemic corruption.

LIST OF REFERENCES

America's Navy. (n.d.). *Supply Corps Officer*. Retrieved October 28, 2025, fromhttps://www.navy.com/careers-benefits/careers/business-logistics-administration/supply-corps-officer

Aphek, M., & Cojocaru, D. (2024). Why do they do it? A comprehensive review of the Fraud Triangle and the fraud diamond among fraud offenders. *Educatia*, *21*(28), 392. https://doi.org/10.24193/ed21.2024.28.43

Ariyanto, D., Jhuniantara, I. M. G., Ratnadi, N. M. D., Putri, I. G. A. M. A. D., & Dewi, A. A. (2021). Detecting fraudulent financial statements in pharmaceutical companies: Fraud pentagon theory perspective. *Accounting*, *7*(7), 1611. https://doi.org/10.5267/j.ac.2021.5.009

Association of Certified Fraud Examiners. (2025). *Fraud 101: What is fraud?* https://www.acfe.com/fraud-resources/fraud-101-what-is-fraud

Austin III, L. J. (2023). *Defense budget overview*. https://comptroller.war.gov/Portals/45/Documents/defbudget/FY2024/FY2024_Budget_Request_Overview_Book.pdf

Burlacu, G., Robu, I.-B., Anghel, I., Rogoz, M. E., & Munteanu, I. (2025). The use of the fraud pentagon model in assessing the risk of fraudulent financial reporting. *Risks*, *13*(6), 102. https://doi.org/10.3390/risks13060102

Chadwick, W. E. (1998). *Special collections library security: An internal audit perspective*. Journal of Library Administration. https://doi.org/10.1300/J111v25n01_03

Cressey, D. (1953). *Other people's money: A study in the social psychology of embezzlement*. The Free Press. https://www.ojp.gov/ncjrs/virtual-library/abstracts/other-peoples-money-study-social-psychology-embezzlement

Department of Justice. (2016, February 29). *Lockheed Martin agrees to pay $5 million to settle alleged violations of the False Claims Act and the Resource Conservation and Recovery Act*. https://www.justice.gov/archives/opa/pr/lockheed-martin-agrees-pay-5-million-settle-alleged-violations-false-claims-act-and-resource

Department of Justice. (2024, October 14). *Raytheon company to pay over $950M in connection with defective pricing, foreign bribery, and export control schemes*. https://www.justice.gov/archives/opa/pr/raytheon-company-pay-over-950m-connection-defective-pricing-foreign-bribery-and-export

Dorminey, J. W., Fleming, A. S., Kranacher, M.-J., & Riley, R. A. (2012). The evolution of fraud theory. *Issues in Accounting Education*, *27*(2), 555. https://doi.org/10.2308/iace-50131

Febriani, D., Cahyati, A. D., Putri, A., & Susanti, N. L. (2023). Determinants of financial statement fraud in perspective hexagon fraud theory. *Basic and Applied Accounting Research Journal*, *2*(2), 62. https://doi.org/10.11594/baarj.02.02.04

Fisher, K. (2015). The psychology of fraud: What motivates fraudsters to commit crime? *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.2596825

Gepp, A., Kumar, K., & Bhattacharya, S. (2023). Taking the hunch out of the crunch: A framework to improve variable selection in models to detect financial statement fraud. *Accounting and Finance*, *64*(2), 1569. https://doi.org/10.1111/acfi.13192

Gottschalk, P. (2023). The extent of perceived exposure to economic crime in public and private business: Survey research in Norway. *Journal of Economic Criminology*, *2*, 100037. https://doi.org/10.1016/j.jeconc.2023.100037

Government Accountability Office. (2021). *DoD fraud risk management: Actions needed to enhance department-wide approach, focusing on procurement fraud risks* (GAO-21-309). https://www.gao.gov/assets/720/716255.pdf

Harding, N., Cooper, E., Sales, T., McDonald, A. N., & Kingston, S. (2024). The liminality of fraud: Reimagining fraud theory to inform financial crime prevention. *The British Journal of Criminology*. https://doi.org/10.1093/bjc/azae069

Karpoff, J. M., Lee, D., & Vendrzyk, V. P. (1999). Defense procurement fraud, penalties, and contractor influence. *Journal of Political Economy*, *107*(4), 809. https://doi.org/10.1086/250080

Lin, B., Huang, J., Liao, Y., Liu, S., & Zhou, H. (2022). Why do employees commit fraud? Theory, measurement, and validation. *Frontiers in Psychology*, *13*. https://doi.org/10.3389/fpsyg.2022.1026519

Mangala, D., & Kumari, P. (2015). Corporate fraud prevention and detection: Revisiting the literature. *Journal of Commerce and Accounting Research*, *4*(1). https://doi.org/10.21863/jcar/2015.4.1.006

Murphy, P. R., & Free, C. (2015). Broadening the Fraud Triangle: Instrumental climate and fraud. *Behavioral Research in Accounting*, *28*(1), 41. https://doi.org/10.2308/bria-51083

Naval Sea Systems Command. (n.d.). *Jobs in Acquisition and Contracting*. Retrieved on October 28, 2025, from https://www.navsea.navy.mil/Home/Shipyards/PSNS-IMF/Careers/Career-Fields/Acquisition-Contracts/

Ngosa, P. B., & Mwanza, J. (2021). Integration of accountability and fraud diamond theories as a framework to predict fraud in the general education sector: A case study of Zambia. *International Journal of Advances in Scientific Research and Engineering*, *7*(8), 127. https://doi.org/10.31695/ijasre.2021.34065

Omari, A., Alansari, N., Libgober, B., & Kaufman, A. (2025). A comprehensive dataset of United States federal procurement from 1979 to 2023. *Scientific Data*, *12*(1). https://doi.org/10.1038/s41597-025-05714-1

Patterson, D. A., & Bridgelall, R. (2020). Attack risk modelling for the San Diego maritime facilities. *Marine Policy*, *121*, 104210. https://doi.org/10.1016/j.marpol.2020.104210

Rendon, R. G., & Rendon, J. M. (2015). Auditability in public procurement: An analysis of internal controls and fraud vulnerability. *International Journal of Procurement Management*, *8*(6), 710. https://doi.org/10.1504/ijpm.2015.072388

Reurink, A. (2018). Financial fraud: A literature review. *Journal of Economic Surveys*, *32*, 1292. https://doi.org/10.1111/j.1467-6419.2007.00527.x

Roffia, P., & Poffo, M. (2025). *Revisiting the Fraud Triangle in corporate frauds: Towards a polygon of elements*. Preprints. https://doi.org/10.20944/preprints202502.0112.v1

Rustiarini et al. (2019). Fraud triangle in public procurement: evidence from Indonesia. *Journal of Financial Crime*, *26*(4), 951–968. https://doi-org.nps.idm.oclc.org/10.1108/JFC-11-2018-0121

Saluja, S., Aggarwal, A., & Mittal, A. (2021). Understanding the fraud theories and advancing with integrity model. *Journal of Financial Crime*, *29*(4), 1318. https://doi.org/10.1108/jfc-07-2021-0163

Sutherland. (1939). White-collar criminality. *American Sociological Review*. https://www.asanet.org/wp-content/uploads/1939_presidential_address_edwin_sutherland.pdf

Tickner, P., & Button, M. (2021). Deconstructing the origins of Cressey's Fraud Triangle. *Journal of Financial Crime*, *28*(3), 722. https://doi.org/10.1108/jfc-10-2020-0204

United States v. David Newland et al., (S.D. Ca. 2016). *Grand Jury Indictment*. https://www.justice.gov/criminal/criminal-fraud/file/948321/dl?inline

United States v. Leonard Glenn Francis & Glenn Defense Marine (S.D. Ca. 2015). https://www.justice.gov/sites/default/files/criminal-fraud/legacy/2015/05/22/02-15-15leonard-glenn-francis-information.pdf

Villaescusa, N., & Salas, J. O. A. (2021). When collusion meets the Fraud Triangle: A case study approach. *Journal of Financial Crime*, *29*(3), 805. https://doi.org/10.1108/jfc-05-2021-0111

Whiteley, J. T., Foster, J. A., & Johnson, K. A. (2017). *Contracting for Navy husbanding services: An analysis of the Fat Leonard Case*. https://apps.dtic.mil/dtic/tr/fulltext/u2/1053505.pdf

Whitlock, C. (2024). *Fat Leonard: How one man bribed, bilked, and seduced the U.S. Navy*. Simon & Schuster.

Wilson, H. (2025). *Fraud in Afghanistan: Analysis of internal control failures*. https://dair.nps.edu/handle/123456789/531

Wolfe, D. T., & Hermanson, D. R. (2004). *The fraud diamond: Considering the four elements of fraud*. https://digitalcommons.kennesaw.edu/cgi/viewcontent.cgi?article=2546&context=facpubs

Woolf, J. (2023). *Game theory optimized fraud: How the Unlawful Internet Gambling Enforcement Act created a virtually risk-free environment for white collar crime in online poker*. https://research-ebsco-com.nps.idm.oclc.org/c/vsq674/viewer/pdf/i2dlsq2lzf

Yang, M., & Chen, Y. (2023). Cognitive rationalization in occupational fraud: Structure exploration and scale development. *Frontiers in Psychology*, *14*. https://doi.org/10.3389/fpsyg.2023.1112127

Yanti, J. S., Diantimala, Y., & A, N. (2024). *Testing the Crowes pentagon theory of fraud on financial statement fraud*. https://doi-org.nps.idm.oclc.org/10.5281/zenodo.10969194

Ziorklui, J. E. K., Ampofo, F. O., Nyonyoh, N., & Antwi, B. O. (2024). Effectiveness of internal controls mechanisms in preventing and detecting fraud. *Finance & Accounting Research Journal*, *6*(7), 1259. https://doi.org/10.51594/farj.v6i7.1322

Acquisition Research Program
Naval Postgraduate School
555 Dyer Road, Ingersoll Hall
Monterey, CA 93943

www.acquisitionresearch.net