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Tom Wright ([00:00](#)):

Please note, the following episode contains mature language and descriptions of sexual situations.

David Schaus ([00:09](#)):

Leonard looked at me, was immediately enraged by my comment. And he stood up and he pounded on the table a few times with his fist. He told me, I think, "Was I calling him a liar?"

Tom Wright ([00:24](#)):

David Schouse, a 25 year old Navy Lieutenant from Portsmouth, New Hampshire, had just challenged Leonard Francis, the most powerful contractor to the Navy in the Pacific. And by this point, nobody questioned Leonard the Legend.

David Schaus ([00:38](#)):

He was in my office at the time. And he's a big guy, and he's a heavy guy. At the time, I think he weighed about 400 pounds. I can remember him standing up and like using his height, and I'm not a huge guy. I'm five foot nine. And I remember him like hovering over me. And we exchanged a few words. He was yelling. I was trying not to.

Speaker 1 ([01:02](#)):

Hong Kong 2004.

Tom Wright ([01:04](#)):

Was he there to railroad it through in some ways?

David Schaus ([01:07](#)):

Oh, yeah. You know, he was going to shove this through and show us how it's done.

Tom Wright ([01:13](#)):

And intimidate you or try to.

David Schaus ([01:16](#)):

Oh, yeah. His intention was certainly to intimidate me.

Tom Wright ([01:21](#)):

David, who is smart and doesn't suffer fools, had found something amiss, and he wasn't scared of pointing it out. The USS Abraham Lincoln Strike Group had just docked in Hong Kong. And David, who was an assistant officer in charge of an office in Hong Kong that helped supply U.S. Navy ships, suspected Leonard was overcharging for fresh water.

David Schaus ([01:40](#)):

Maybe there was five people sitting around a table. As they were going through everything I recall saying, "Hey, this quantity for fresh water for this destroyer doesn't make sense to me because a destroyer can't hold that much water."

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Tom Wright ([01:51](#)):

Leonard was furious. His company GDMA had just won the contract to supply U.S. Navy ships in Hong Kong, and he wasn't going to stand for a junior officer questioning his invoices.

David Schaus ([02:02](#)):

He said, "I don't take orders from Lieutenants." He said that for specifically to me. And I found this very strange, because I'm a junior officer, but I'm still a commissioned officer in the Navy. And in my mind, he's just a contractor. He provides us with water and water taxis, and we need those things. And I'll give him that respect, but he's not in a position to overrule and tell me that a destroyer can hold more water than the tanks can hold. I mean, that was kind of where I was coming from.

Tom Wright ([02:32](#)):

David is not the kind of person to back down. GDMA was clearly trying to push through fraudulent invoices and Leonard was facing an unusual situation. Someone from the Navy, however junior, had crossed him.

David Schaus ([02:45](#)):

When I told to leave, he wasn't leaving. He was just standing there, because he didn't want to obey an order for me, is kind of how I felt he was thinking about this. You know, because he would only listen to an Admiral, not a Lieutenant. I can remember thinking to myself, "Am I going to call the police and have the police come and take this guy away for trespassing?" But yeah, it was strange. It was negative. And nobody had told me beforehand that, "Well, you got to be careful of this guy," or gave me a heads up that this guy has a lot of powerful friends. I had no idea really who this person was. He was simply a contractor.

Tom Wright ([03:21](#)):

David couldn't have been more wrong. I'm Tom Wright, and this is Fat Leonard, a podcast from Project Brazen. We've been charting the rise of Leonard Francis, who corrupted the U.S. Navy in the worst military fraud scandal since the Vietnam war. The story is still playing out and we have exclusive access to Leonard, who's under house arrest in the U.S. awaiting his fate. In this episode, we're going to hear how some righteous Navy officers begin to question Leonard's corrupt practices. At first, they're ignored as Leonard's cozy relationship with Admirals gives him cover to carry on, but as defense budgets get squeezed and the fear of terrorism recedes, the spotlight finally falls on Leonard and cornered, he'll do anything to survive.

Hong Kong's Shangri-La hotel sits on a rises above the Harbor. The majestic outline of Victoria Peak soaring behind. On the 56th floor with sweeping views of the boats below, Leonard was hosting a lavish party. Dressed in a dark suit with a Christmas tree pin on his lapel and festive tie, Leonard was talking to the commanding officers of the USS Abraham Lincoln Strike Group. To spice things up, Leonard had paid for Western women dressed in revealing Santa outfits to mingle and flirt with the guests. He tried to put the argument with David Schouse out of his mind. The party was a celebration of the U.S. Navy's decision to give him the Hong Kong contract, and he wasn't going to let that upstart ruined this event.

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Leonard Francis ([05:02](#)):

Well, Shaws was just a young Lieutenant, you know, very ambitious, cocky. The way he approached people and talked was very rude.

Tom Wright ([05:10](#)):

He saw to it that David wasn't invited.

David Schaus ([05:14](#)):

This was Leonard's coming out party to show everyone he had made it in Hong Kong. And he had hired prostitutes in Santa helper's outfits to give out cigars and champagne. And it was lobster tails and steak.

Tom Wright ([05:28](#)):

A number of U.S government officials who attended realized that a contractor like Leonard paying for all of this amounted to bribery.

David Schaus ([05:36](#)):

Some of the State Department or military people not involved in the supply Corps went to this and immediately realized this was not appropriate. And that's kind of when it got on the State Department radar, but the State Department doesn't want to step on the Defense Department toes.

Tom Wright ([05:54](#)):

As always, Leonard had the cover of top Naval officers, many of whom he counted as friends. He chatted with Captain Craig Faller, the commander of the USS Shiloh who was 43, but looked older with prematurely graying hair and sparkling white teeth.

Leonard Francis ([06:10](#)):

Faller was the CEO of the Shiloh, and this was the event in Hong Kong for that Christmas get together for the Abraham Lincoln Strike Group.

Tom Wright ([06:21](#)):

What are the Santa Ninas?

Leonard Francis ([06:23](#)):

Oh, they're my little Santa girls that attended the party. So, when we had this Christmas party, I had like half a dozen or more girls that basically charaded as Santa Nina outfits. Little short mini skirts dressed up as little Santas. And they were like sitting on everybody's laps and snapping pictures and rubbing everybody down. And a couple of the important customers got laid. So, I set that up at my reception. That's what we always do, because these guys, they're never going to say no. So, Faller was one of them. And Admiral Faller went on to become a one star, later on, for a Strike Group.

Tom Wright ([07:10](#)):

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That was just the start of Captain Faller's rise to become a four star Admiral with one of the top jobs in the U.S. Navy, running the Navy's Southern command, including Central and Southern America. The Washington Post, in 2018 first, reported that Leonard told investigators he had organized a prostitute for Faller. The Navy found "insufficient evidence" that Faller had patronized a prostitute, The Post reported. In a statement to the newspaper a Pentagon spokeswoman said "Faller never solicited a gift, dinner, service or item from GDMMA and never attended an event without clearance from an ethics counselor." In October, as this podcast was airing, Faller retired from the Navy. He did not respond to requests for comment. As he hobnobbed with the top officers, Leonard didn't think he needed to worry about the likes of Lieutenant Schaus, but the events of that Christmas sewed seeds that marked the beginning of the downfall of Leonard Francis.

We've explored in this series of how Leonard's fraud worked. In his inner circle, he allegedly lent on officers like Lieutenant Commander Edmond Aruffo, who has pleaded guilty to conspiracy to defraud the U.S. and is awaiting sentencing. He counted on Commander Michael Misiewicz and others to direct ships into ports he controlled, where he could charge huge sums for protection and fuel, according to court records. And Leonard delivered, keeping ships safe and ensuring supplies were always available, not to mention getting sailors out of trouble. His parties with the Navy's top Admirals, who may not have dirtied their hands with the details, gave him a veneer of respectability. But those Admirals, they were never paid cash in envelopes or anything like that.

Leonard Francis ([08:59](#)):

No, but they all received gifts. When you are attending a thousand ...

PART 1 OF 4 ENDS [00:09:04]

Leonard Francis ([09:00](#)):

... Received gifts. When you are attending a \$1,000 plate dinner, that is a bribe. Is not a \$10 McDonald's here. Everyone's looking down, "Well, if the Admiral's all doing it with his staff, why can't we party too?" We all want to have a good time.

Tom Wright ([09:21](#)):

We've heard about many parties in this series, but this next one perhaps marks Leonard's high watermark.

Speaker 2 ([09:29](#)):

Singapore, 2003.

Tom Wright ([09:33](#)):

From the helipad of the Swiss hotel, the Stamford, a semicircular 741 foot tower designed by I.M. Pei. The 35 officers of the Nimitz Strike Group, drinks in hand, could see hundreds of oil tankers and container ships waiting to unload at Singapore's port. Beyond them, Leonard pointed out the islands of Indonesia. Then in the other direction, he gestured towards the glistening lights of Singapore's business district, and further still the faint glow from a far off Malaysian city.

Leonard Francis ([10:06](#)):

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It's a fabulous view. So you can see three countries in one spot, and it's a very impressive venue for cocktails. At the hotel, they don't allow this. Only very special guests are allowed to host this, because that's the Helo pad up there.

Tom Wright ([10:26](#)):

Suddenly a Singapore F-16 fighter jet came barreling overhead on a training flight drowning out the sound of the Filipino band.

Leonard Francis ([10:36](#)):

So for the aviators, for them it's like, "Wow."

Tom Wright ([10:40](#)):

So you go downstairs to dinner, you have a very expensive, what kind of food was it?

Leonard Francis ([10:45](#)):

Oh, it's a French Michelin star dinner, a foie gras. We'll have appetizers. What I remember is foie gras and then We'll have the different pairing wines. You start off with champagne, then you have white wine, then you pair it off with red wine, it's top notch, the bottles are like \$500,000 bottles of wine.

Tom Wright ([11:17](#)):

The Nimitz, the largest nuclear powered war in the world, a symbol of us military might, had just anchored and Singapore on the way back from supporting operation Iraqi Freedom. Robert Gilbeau in his early forties, Salt and pepper hair and jowls was the supply officer on the ship. Leonard had known Gilbeau for a number of years since he was a junior supply officer or SUPPO on an amphibious landing ship.

Leonard Francis ([11:43](#)):

I met him when the ship pulled into Bali. You can always feel out a [inaudible 00:11:51] whether he's a player, most of them are. It's in their DNA. They all want to get laid. That's part of the parcel of the business.

Tom Wright ([12:00](#)):

Gilbeau was gregarious. He liked to take the microphone at Navy events, acting the host. He was married with children, but like most Navy officers was absent from home for months at a time. In Bali Leonard had applied him with meals, hotel rooms, and prostitutes. According to court papers filed by prosecutors, Gilbeau presented himself to women as a fighter pilot. Leonard nicknamed him Casanova. Servicing the Nimitz with over 5,000 crew and 90 aircraft and helicopters is a prestigious and lucrative job for a husbanding agent. So Leonard was putting on a celebration and making the point that his company was now playing in the big leagues.

Tom Wright ([12:41](#)):

You're having a good time, you get drunk, and then everyone's got a room in the hotel. Is that right? Or are they going back to the ship?

Leonard Francis ([12:47](#)):

No, no, no, no, not everyone. So what I do is I would always have available two, three rooms.

Tom Wright ([12:55](#)):

Leonard says he'd arranged for Chinese prostitutes to be waiting in the rooms for select guests. Gilbeau, who was responsible for signing off on the Nimitz's bills, allegedly was among them. Another woman was waiting for Admiral Samuel J Locklear, III, Commander of the Nimitz Strike Group, and one of the most powerful men in the Navy, Leonard says. In a gap between courses, Leonard claims he handed them both a room key.

Leonard Francis ([13:19](#)):

So What happens is after the dinner starts, the different courses, then everybody starts standing up drinking, singing, dancing, all kinds of things start going on. And that evening I had two rooms. So I sent Gilbeau into one because he was [inaudible 00:13:42] paying the bill and then the Admiral and I gave him the key and he went off to his room, but that was not at the same time and nobody knows what's going on because you just go in for a quickie and take off. Everything's ready to go. What you need is there.

Tom Wright ([14:00](#)):

And then they can come back?

Leonard Francis ([14:02](#)):

They come right back like nothing happened.

Tom Wright ([14:04](#)):

As the evening wound down a group of Chinese prostitutes arrived at the hotel for the more junior officers, the party Leonard said, cost \$50,000, a clear breach of Navy rules, which limits sailors to accepting gifts of no more than \$20. Gilbeau later pleaded guilty to lying to investigators about never receiving gifts from Leonard, and he acknowledged destroying documents. In emails entered into the court record he discussed arrangements for prostitutes with Leonard during the trip to Singapore. Attempts to reach him were not successful. Admiral Locklear did not respond to requests for comment. The Washington Post first reported these allegations about Locklear in 2018. He denied sleeping with prostitutes and said he had ethical clearance to attend the dinner. A fighter pilot on the Nimitz was quoted in the Post as saying Locklear left when the Chinese prostitutes arrived at the end of the evening. Leonard says this is untrue.

Leonard Francis ([15:02](#)):

And then he claims that, oh, when the hookers came, the busload of PRC hookers came, he walked out of the room. What BS. He had all the [inaudible 00:15:11] first. He had the [inaudible 00:15:13], then the busload of women showed up later, and of course he had to leave. He was trying to have that politically correct, I can't go. I mean, come on. I know how to set things up. I know how to take care of the bosses, the decision makers, the guy that writes you the check. You got take care of these guys privately. You

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don't kind of just spread the women out there. They have their own time. They don't share. They're important, so we do that. That's how it is.

Tom Wright ([15:44](#)):

Leonard says he more than recouped his costs thanks to Robert Gilbeau, whom he claims signed faked invoices and took \$40,000 in cash in return. Gilbeau's counsel said prosecutors found no evidence he ever got this money from Leonard, and he took a polygraph test, which found his denial, "Not indicative of deception."

At this juncture, you may be asking why out of 20,000 sailors in the seventh fleet, no one called out the blatant fraud and overcharging before now. The fate of David Schaus answers the question.

David Schaus ([16:22](#)):

Leonard was very good at influencing people. So what I mean by influencing people is, if you were a guy that the most effective way to get you on his side was to buy a hooker and booze, then he'd buy you a hooker and booze. If you needed cash, then some people like my commanding officer are just very lazy. So every time I did something that inconvenienced fat Leonard, he would write a letter to the chief of contracting.

Tom Wright ([16:56](#)):

David says he was told by his boss to stop asking questions about Leonard, including the overcharging for water.

David Schaus ([17:04](#)):

Lieutenant Schaus get back in your box, do not investigate Glenn Defense. Lieutenant Schaus it is not your job to investigate Leonard Francis. Lieutenant Schaus, I'm ordering you to stop this. I pushed back against him and I said, why? I was like, I was always taught that it was everybody's job to call up fraud, waste and abuse.

Tom Wright ([17:29](#)):

David's complaints went nowhere.

Speaker 2 ([17:35](#)):

Hong Kong, 2006.

Tom Wright ([17:39](#)):

Two years later, we in the USS Ronald Reagan Aircraft Carrier sailed into Hong Kong, a supply officer on board trying to get David to sign off on some inflated invoices for sewage removal. This time he was at his breaking point. He decided to contact NCIS. You may know of the Naval Criminal Investigative Service or NCIS from the beloved TV show on CBS. NCIS...

PART 2 OF 4 ENDS [00:18:04]

Tom Wright ([18:00](#)):

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From the beloved TV show on CBS, NCIS, now on its 19th season, is the second longest running scripted TV show after Law and Order, Special Victims Unit. The NCIS's primary role is to investigate criminal activities involving the Navy and Marines. It was set up in 1992 under civilian leadership after the failure of the Navy to prosecute anyone for their role in a tale of sexual assaults, the year before, which we explored in episode three. Not surprisingly, the real NCIS bears little resemblance to the TV version, where Mark Harmon plays a former Marine sharp shooter who holds corrupt officers to account.

David Schaus ([18:38](#)):

I immediately picked up the phone and called NCIS and called NCIS and said, "Look, Ronald Reagan just told me that they had falsified all the invoices, or some invoices in Port Plain, and that they intend on falsifying the invoices in Hong Kong." I said, "I'm asking you to do an investigative on this."

Tom Wright ([19:04](#)):

NCIS officers interviewed David and the commanders on the Ronald Reagan and prepared a report. But unlike the TV show, the real NCIS lacks the power to prosecute cases. Instead, it handed the report to the commanding officer of the ship. The Ronald Reagan's commanding officer was Captain Terry Kraft who would later become an Admiral. On that visit, Kraft attended a dinner in Hong Kong, organized by Leonard that cost almost \$800 per attendee, according to a later censure letter issued by the Navy secretary. He issued a Bravo Zulu commendation letter for GDMA, calling it the best contractor in the world. A copy of the NCIS report laying out David's claims says the commanding officer of the Reagan, that is, Kraft, he apprised of its contents. The NCI S closed its investigation without any action.

In an email, Kraft said that Bravo Zulu was a proforma document issued by the supply department. He said he had ethics approval from the Navy to attend the dinners, for which he paid over \$100. And Kraft said that he was not made aware of the NCIS report.

And if you think about it, that's the core of the problem. What David experienced played over again and again. A number of Navy supply officers who ordered provisions for ships from the husbanding agents began to make complaints about Leonard's high costs. In fact, the NCIS opened 27 files around this time, according to law enforcement records obtained by the Washington Post, but the agency closed them all without action.

David Schaus ([20:41](#)):

Let's remember that NCIS has so much egg on their face over this. This was just more egg on NCIS's face, because I'm sorry, what else could I have done that would've been a stronger action?

Tom Wright ([20:54](#)):

Leonard had the ships in his pocket, and he used his Bravo ZUS to block anyone questioning him and to make these inconvenient NCIS investigations go away.

Leonard Francis ([21:04](#)):

So if they would shut me down, who else did they ask? And then there was all this investigation and complaints from people like Schaus, but 99 times I was doing a great job. Everybody gives me Bravo Zulus. So all this investigation is unsubstantiated. "Yeah, everybody knows the [inaudible 00:21:25]'s overcharging." I said, "Okay, where's the proof?" There was no proof.

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Tom Wright ([21:30](#)):

David was often alone in the small supply office in Hong Kong. So when the USS Blue Ridge came into port, he looked forward to the socializing.

David Schaus ([21:38](#)):

The only time I really saw what I would say is colleagues was when the ships came in. And I'd like to go out and have a beer with some of the junior officers. It was just a different kind of socialization than I got in Hong Kong, where I didn't have my colleagues like this.

Tom Wright ([21:52](#)):

But many of the officers on the Blue Ridge stayed away from him, David says.

David Schaus ([21:56](#)):

And that made me feel bad. I didn't want to be the snitch, but I simply wanted to do my job and be able to socialize with my colleagues.

Tom Wright ([22:07](#)):

Soon after, David left the Navy, disillusioned. Leonard claims he saw to it that the Hong Kong ship supply office was shut down, further reducing any scrutiny.

Leonard Francis ([22:18](#)):

His position went away. We shut them down. And then basically the liaison office, that position was actually taken out. That was part of my way of getting rid of troublemakers in the Navy.

Tom Wright ([22:38](#)):

Leonard was so influential that he could get a Navy position eliminated. But David wasn't finished yet. Out of the Navy, David took a job in Hong Kong, working for a contractor that competed with Leonard. He was bent on revenge. There had always been rumors about Leonard's criminal past, his jail time for armed robbery in the 1980s. And David had a friend who worked in security for an investment pull up the court records. He set up an anonymous email account, fraudjohn23@yahoo.com, and sent the documents to the state department and NCIS.

David Schaus ([23:14](#)):

I faxed and emailed that to every defense attache and military person I could find an address for in Southeast Asia.

Tom Wright ([23:23](#)):

Under US Navy laws, a contractor can't have a criminal record. The NCIS somehow worked out that David, considered a troublemaker, was behind the anonymous email.

David Schaus ([23:33](#)):

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And then I get a call from NCIS asking if they can come interview me. Special Agent Albert Wong came to Hong Kong, came to my work, interviewed me. And no, I agreed to be interviewed. And all he wanted to know if I sent this, and I would never admit to sending it. Yes, I sent it, but at the time I wasn't going to admit it, because I didn't have to. I was not in the Navy anymore. But what really struck me about this is that Special Agent Albert Wong never asked me a single question about the veracity of any of the complaints that were in this letter. All he wanted me to say is that I had done it so that he could somehow warn me about doing this again.

Tom Wright ([24:12](#)):

And they continued to use Fat Leonard as a contractor.

David Schaus ([24:15](#)):

Oh yeah, they continued, oh yeah, until 2013. So it was quite amazing to me that somehow that didn't even stop him.

Tom Wright ([24:23](#)):

No.

David Schaus ([24:24](#)):

It was just clearly he was in violation. He was not eligible to have that contract, so clear. Yet not even that could pierce his shell of defense.

Tom Wright ([24:34](#)):

Agent Wong referred questions to the Navy, which declined to comment. Today, David still lives in Hong Kong with his American wife, a lawyer, and children. Like most whistle blowers, his experience of being ignored has left its mark. Not long ago he gave up his us passport for a Hong Kong one. That possibly am the first ever us Navy officer to become a Chinese citizen.

David Schaus ([25:02](#)):

I left the Navy with a bad taste in my mouth. Overall I still love the Navy. My time in the fleet, operational on ships, if you did your best, if you followed the rules, you were right, period. Easy to understand.

When I got out here to Hong Kong with the supply corps community, there was all this shades of gray that didn't have to be gray. Things were pretty black and white in my mind throughout this whole thing. But people would frequently tell me I didn't know what I was talking about. Okay, well, I think it's been proven that I did know what I was talking about, and these were not shades of gray, this was just black.

Tom Wright ([25:42](#)):

I asked him what most stood out about what Leonard was able to do.

David Schaus ([25:46](#)):

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When I look back and say, this is crazy, what is the craziest element? Well, this guy was directing where US Navy ships were going. A battle group with 10,000 sailors was being basically directed to Port Klang instead of say Hong Kong or another port, because Leonard wanted to make more money.

Tom Wright ([26:13](#)):

Well, David's right, that's pretty remarkable. But it's not the craziest part of this story. Leonard was about to corrupt the investigators.

Speaker 3 ([26:26](#)):

Singapore, 2010.

Tom Wright ([26:29](#)):

David felt like he'd failed. But just after he left the Navy, another official picked up the baton, a Navy civilian called Teresa Kelly. She recently had joined the supply office in Singapore. Blonde, in her forties, Teresa had quickly built a network in the office, and drank with the senior offices at the Terra Club, a bar and pool at the US Navy base. She was well liked, open and friendly, but also tough. After Barack Obama became president and the war on terror slid down the agenda, the Navy was reining in its budgets.

PART 3 OF 4 ENDS [00:27:04]

Tom Wright ([27:00](#)):

... agenda. The Navy was reining in its budgets. Teresa's job was to negotiate the contracts with Leonard's company. And she paid extreme attention to detail.

Why did all of these investigations gain traction at this time and not before? What was the big difference?

Leonard Francis ([27:17](#)):

Well, there were too many haters there. You know? And the Navy was basically broke the new administration of President Obama. The military budget was cut and there was a couple of haters there like Teresa Kelly.

Tom Wright ([27:35](#)):

Teresa was principled and determined. She knew Leonard was overcharging. And crucially, for this story, she was not susceptible to Leonard's bribes of cash or prostitutes. And she wouldn't be swayed by other Navy officers just to let it drop.

Leonard Francis ([27:50](#)):

Teresa Kelly just had a personal vendetta to go after with this.

Tom Wright ([27:54](#)):

Why was it personal for her?

Leonard Francis ([27:57](#)):

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She was just a hater. She was just like a hound dog. You know? She'll bite and she won't let go. She'll just keep bugging you and bugging you and bugging you and bugging you. That's what she is.

Tom Wright ([28:08](#)):

Teresa sent an email to a male colleague in a contracting office in Singapore outlining her suspicions that Leonard was bloating his costs to protect Navy ships in Thailand. Rather than help, the colleague, a middle-aged man called Bobby Pitts, who enjoyed entertainment provided by Leonard, immediately forwarded the email to a representative of Leonard's company, according to court documents.

Leonard Francis ([28:29](#)):

Oh, I had inside information of course. I had too many informers. Everybody was my informer.

Tom Wright ([28:36](#)):

Pitts used a personal AOL account to avoid detection. But the Thai navy told to Teresa that Leonard had a copy of her email. She was furious and immediately suspected Pitts. She confronted him in her office. Taken aback by anyone bothering to question the relationship with Leonard, Pitts claimed that he'd been hacked, court documents show. Pitts pleaded guilty to conspiracy to defraud the US. Attempts to reach him were unsuccessful. Teresa wouldn't be deterred. She forwarded her complaint to the NCIS and pushed the agency to open yet another investigation into Leonard. It's no surprise that it would take a woman to take on Leonard. Faced with a strong female, he didn't know how to act.

Why would she not have been enjoyed the largesse of GDMA?

Leonard Francis ([29:28](#)):

Because she just wanted to do things right and she just didn't want to have a monopoly. And there are people with vendettas who have agendas.

Tom Wright ([29:37](#)):

Did you try to bring her into the fold?

Leonard Francis ([29:39](#)):

No, she's not... I know when people are capable of coming in and those who are not. There was a lot of bad blood. She's already been poisoned from the beginning. You know? She was poisoned.

Tom Wright ([29:51](#)):

But it's very unusual.

Leonard Francis ([29:53](#)):

Yeah. You know? Kelly's the kind of woman is once it's ingrained in her head, she's not going to change her mind.

Tom Wright ([30:01](#)):

Leonard was starting to get worried. He'd swatted back complaints by David Schaus and others. But with a strong opponent in Teresa, this investigation didn't look like it was going away.

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One night drinking in a bar in Singapore, Leonard sent a chilling message to a US Navy official in the Philippines who was also questioning his costs. He got a young lieutenant commander drunk and sent him out from the bar to buy a burner mobile phone and a prepaid SIM card. Leonard had provided the officer with the employee's phone number and told him to send threatening, anonymous text messages. "Back off," one of them read. He was getting desperate.

When I challenged Leonard on these threats, he was uncomfortable. They don't fit with his narrative of being a loyal servant of the Navy. At no point in our story is the mafia aspect of the fraud more apparent than in these texts. He tried to make it sound like the young lieutenant commander, not Leonard himself, was behind threats.

Leonard Francis ([31:10](#)):

Look. In my business. I didn't have to cause any harm. I kind of used more of the chain of command. I didn't have to use it. What do you call it? Heavy handed cases.

Tom Wright ([31:22](#)):

Threat. Threats. Why did he do that?

Leonard Francis ([31:23](#)):

Oh, just to impress me. Honestly, there were many opportunities if I was really in that, wanted to do something there. But I got a conscience. I don't do such things. I was more of like using the Navy against the Navy.

Tom Wright ([31:40](#)):

This is bluster. Leonard was destabilized by Teresa's doggedness and the questioning of other Navy officials. And he feared he was losing his grip. The threats didn't work. Teresa continued to press. And the NCIS investigations rolled forward. Leonard needed to stay one step ahead. He needed a mole in the NCIS and he found one in John Beliveau II, a rising star at the agency.

Were you aware that the NCIS was investigating? Was that one of the reasons you wanted to get to know him?

Leonard Francis ([32:13](#)):

No. Beliveau came to me with information. I didn't even have to ask him. He'll come tell you.

Tom Wright ([32:20](#)):

The information Beliveau had to impart was most unwelcome. After years of failure, the NCIS was finally taking matters seriously this time around. Fat Leonard is a production of Project Brazen in partnership with PRX. For Audiation, the executive producer is Sandy Smallens. Mark Lotto is the co-producer and story editor. The producer is Ireland Meacham. Mixing and sound design is by Matt Noble.

PART 4 OF 4 ENDS [00:32:57]