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RECEIVED
TELETYPE UNIT

17 JUL 91 22 14z

FEDERAL BUREAU
OF INVESTIGATION

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DE FBIJK #0002 1981842

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FM FBI JACKSONVILLE (206A-JK-35443) (P)

TO DIRECTOR FBI/PRIORITY/

FBI TAMPA/PRIORITY/

BT

UNCLAS

CITE: //3330//

PASS: GOVERNMENTAL FRAUD UNIT, WHITE COLLAR CRIME SECTION, ROOM 3865, TL NUMBER 231.

b6 per FBI
b7C

SUBJECT: GEORGE STEINBRENNER; [redacted] U.S. NAVY; [redacted] U.S. NAVY; [redacted] FAG-DOD (U.S. NAVY); BRIBERY; MAIL FRAUD; OO: JACKSONVILLE.

b6 per NCIS
b7C

See Me
pls- A8AF

REFERENCE JACKSONVILLE TELCAL OF SSA [redacted] TO UNIT CHIEF [redacted] GOVERNMENTAL FRAUD UNIT, FBIHQ, ON JULY 15, 1991, AND TELCALL OF SSA [redacted] JACKSONVILLE, TO SSA

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b7C

206-4925-1

7-3865
(JKFOF)

[redacted] TAMPA DIVISION, ON JULY 17, 1991. b6 per FBI b7C

REQUEST OF THE BUREAU:

FBIHQ IS REQUESTED TO PROVIDE THE JACKSONVILLE DIVISION WITH A POLICY DETERMINATION AS TO DISCLOSURE WITHIN THE U.S. NAVY AND DEPARTMENT OF DEFENSE (DOD) OF INVESTIGATION CONDUCTED IN CAPTIONED MATTER.

ON JULY 12, 1991, SUPERVISORY SPECIAL AGENT (SSA) [redacted] JACKSONVILLE DIVISION, MET WITH SSA [redacted] AND SA [redacted] FRAUD UNIT, NAVAL INVESTIGATIVE SERVICE (NIS), JACKSONVILLE, FLORIDA. DURING THIS MEETING, SSA [redacted] PROVIDED SSA [redacted] WITH A COPY OF AN ANONYMOUS LETTER WHICH WAS RECEIVED BY NIS HEADQUARTERS (NISHQ) IN WASHINGTON, D.C. THE POSTMARK ON THE ENVELOPE INDICATED THAT THIS LETTER WAS MAILED FROM SOUTHERN BALTIMORE, MARYLAND. ALLEGATIONS CONTAINED IN THIS LETTER ARE SUMMARIZED AS FOLLOWS:

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1. GEORGE STEINBRENNER, OWNER OF AMERICAN SHIP BUILDING COMPANY (ASC), TAMPA, FLORIDA, PAID A $100,000 BRIBE TO THE U.S. NAVY (USN) COMMANDER FOR CONTRACTS DIRECTORATE, [redacted] IN EXCHANGE FOR ASC RECEIVING A $58 MILLION CONTRACT TO BUILD SIX NAVY TRANSPORT VESSELS KNOWN AS T-AGOS-23'S. EVENTUAL VALUE OF THIS CONTRACT COULD EXCEED $100

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MILLION.

2. THE $100,000 PAID TO [redacted] WAS TO BE DIVIDED EQUALLY BETWEEN [redacted] AND USN [redacted] [redacted] COMMANDER OF NAVAL SEA SYSTEMS COMMAND, WHICH IS RESPONSIBLE FOR THE AWARDING OF ALL USN CONTRACTS.

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3. FORMER USN [redacted] (RETIRED), A CLOSE PERSONAL FRIEND AND FORMER CLASSMATE OF [redacted] WAS ALSO OFFERED THE POSITION OF CHIEF EXECUTIVE OFFICER (CEO) OF ASC IN TAMPA, FLORIDA, IN EXCHANGE FOR ASC RECEIVING THE CONTRACT.

4. [redacted] PROGRAM MANAGER, NAVAL SEA SYSTEMS COMMAND, OPPOSED THE AWARDING OF THE CONTRACT TO ASC DUE TO THEIR LACK OF FINANCIAL CAPABILITY, PRIOR POOR PERFORMANCE AND LACK OF QUALITY ASSURANCE CONTROL TO PERFORM THE CONTRACT. ALLEGEDLY, [redacted] WAS RECENTLY FORCED TO RETIRE AS A RESULT OF THIS SITUATION.

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ON JULY 12, 1991, A COPY OF THIS ANONYMOUS LETTER WAS FAXED TO THE MANAGING ASSISTANT UNITED STATES ATTORNEY (MAUSA) [redacted] MIDDLE DISTRICT OF FLORIDA (MDF), JACKSONVILLE, FLORIDA, AND A CONFERENCE CALL WAS HELD

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CONCERNING THE ABOVE. AFTER A REVIEW OF THE ANONYMOUS LETTER AND DISCUSSIONS WITH SSA [redacted] AND SSA [redacted] MAUSA [redacted] ADVISED THAT AN INVESTIGATION SHOULD BE INITIATED CONCERNING THE ALLEGATIONS, AND IF THE ABOVE ALLEGATIONS ARE SUBSTANTIATED, PROSECUTION UNDER THE FOLLOWING STATUTES WOULD BE PURSUED:

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1. HOBBS ACT-EXTORTION OF GOVERNMENT OFFICIALS;
2. MC NALLY AMENDMENTS TO THE MAIL FRAUD STATUTE, 18 U.S. CODE, SECTION 1341;
3. CONSPIRACY, 18 U.S. CODE, SECTION 371;
4. FRAUD BY WIRE, 18 U.S. CODE, SECTION 1343;
5. BRIBERY, 18 U.S. CODE, SECTION 201; AND
6. CONFLICT OF INTEREST, 18 U.S. CODE, SECTION 208.

MAUSA [redacted] ADVISED THAT PROSECUTIVE VENUE COULD LIE IN JACKSONVILLE, FLORIDA, FOR SOME, IF NOT ALL, OF THE ABOVE VIOLATIONS, INASMUCH AS ALL NAVY CONTRACTS IN THIS REGION (INCLUDES TAMPA, ORLANDO AND JACKSONVILLE, FLORIDA) ARE ADMINISTERED BY THE USN IN JACKSONVILLE, FLORIDA.

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MAUSA [redacted] ADVISED THAT THERE MAY POSSIBLY BE A PROBLEM CONCERNING PROSECUTION IN THE MIDDLE DISTRICT OF FLORIDA (MDF) DUE TO A PERSONAL FRIENDSHIP THAT EXISTS BETWEEN

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THE UNITED STATES ATTORNEY, ROBERT GENZMAN, AND GEORGE STEINBRENNER. MAUSA [redacted] ADVISED THAT HE WOULD CONTACT GENZMAN, ADVISE HIM OF THE ABOVE INFORMATION AND RECONTACT SSA [redacted] WITH GENZMAN'S DECISION.

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ON JULY 15, 1991, MAUSA [redacted] ADVISED SSA [redacted] THAT U.S. ATTORNEY GENZMAN WILL RECUSE HIS OFFICE IN THE MDF (INCLUDES JACKSONVILLE) FROM PROSECUTION IN THIS MATTER, AND HAD INSTRUCTED MAUSA [redacted] TO FORWARD A LETTER TO THE DEPARTMENT OF JUSTICE, WASHINGTON, D.C., REQUESTING THEIR ASSISTANCE. GENZMAN'S DECISION WAS DUE TO THE FACT THAT STEINBRENNER WAS RECENTLY A VICTIM/WITNESS IN AN EXTORTION TRIAL PROSECUTED BY GENZMAN'S OFFICE, AND THERE WERE UNFOUNDED ALLEGATIONS IN THE MEDIA THAT THE FBI AND U.S. ATTORNEY'S OFFICE HAD PURSUED INVESTIGATION AND PROSECUTION IN THIS MATTER BASED SOLELY ON PERSONAL RELATIONSHIPS WHICH EXISTED BETWEEN STEINBRENNER AND MEMBERS OF THE U.S. ATTORNEY'S OFFICE AND FBI IN TAMPA, FLORIDA. MAUSA [redacted] EMPHASIZED THAT NOTWITHSTANDING THE TOTAL FALSITY OF THESE ALLEGATIONS, U.S. ATTORNEY GENZMAN DID NOT DESIRE ANY APPEARANCE OF IMPROPRIETY OR CONFLICT OF INTEREST ON THE PART OF HIS OFFICE.

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DUE TO THE HIGH LEVEL OF NAVY OFFICIALS INVOLVED IN THE ALLEGATIONS, AS WELL AS THE NUMEROUS PERSONAL AND POLITICAL CONTACTS OF GEORGE STEINBRENNER, SSA [redacted] NIS, HAS REQUESTED THAT THE FBI PROVIDE NIS WITH INSTRUCTIONS NOT TO RELEASE ANY INFORMATION OUTSIDE OF NIS CONCERNING THE INVESTIGATION. SSA [redacted] SAID THAT HE WAS, IN EFFECT, REQUESTING THAT THE FBI PUT A "MUZZLE" ON NIS, TO PREVENT INFORMATION BEING PASSED WITHIN THE USN AND DOD CONCERNING THE INVESTIGATION.

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