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United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

BRUCE A. COHEN, *Chief Counsel and Staff Director*
KOLAN L. DAVIS, *Republican Chief Counsel and Staff Director*

September 27, 2012

Via Electronic Transmission

The Honorable Robert S. Mueller, III
Director
Federal Bureau of Investigation
U.S. Department of Justice
J. Edgar Hoover Building
935 Pennsylvania Avenue, NW
Washington, DC 20535

Dear Director Mueller:

Recently, I became aware of disturbing allegations regarding an undercover Federal Bureau of Investigation (FBI) agent in the Philippines. A motion filed in the United States District Court for the Central District of California last week alleges that the undercover FBI agent spent thousands of taxpayer dollars on prostitutes in the Philippines for himself and three other individuals cooperating with the FBI.¹ If true, this story raises serious questions about the behavior of this agent and the FBI's knowledge of this matter.

The motion alleges that the undercover agent and another FBI agent, both based out of West Covina, California, were in the Philippines as part of a weapons-trafficking investigation. The undercover agent was reportedly posing as a weapons broker for Mexican drug cartels.² According to the motion: "On several occasions, the undercover agent invited [the cooperating individuals] to . . . brothels in and around Manila in order to reward them for their efforts and encourage them to continue looking for weapons. [The undercover agent] ordered prostitutes, and paid for himself and others to have sex with the prostitutes."³ It is unclear whether the second FBI agent was ever also present.

The motion attaches a declaration from a federal public defender investigator, who traveled to the Philippines in May 2012 to interview witnesses.⁴ The motion also provides correspondence from Justice Department trial attorneys dated August 23, 2012, which confirms that the undercover FBI agent did indeed make "several requests

¹ Motion to Dismiss Indictment Because of Outrageous Government Conduct, *United States v. Syjuco*, Case No. CR 12-37-RGK (C.D. Cal., Sept. 17, 2012).

² *Id.* at 4.

³ *Id.* at 10-11.

⁴ *Id.* at 50-55 (Declaration of Richard Goff (Sept. 14, 2012)).

for reimbursement . . . for the time period November 15, 2010 to September 27, 2011 that may relate to expenses incurred by the undercover agent at clubs in the Philippines” when the three individuals cooperating with the FBI were present.⁵ The requested reimbursements total \$14,500. The Justice Department’s correspondence is attached to this letter.

The motion claims that many of the prostitutes at one of the brothels the FBI agent frequented were likely minors. It attaches documentation that on May 5, 2012, the Philippine government raided the brothel and rescued 60 victims of human trafficking, 20 of whom were minors.⁶ The aforementioned letter from Justice Department trial attorneys acknowledges that the undercover FBI agent submitted a request for reimbursement based on expenses at the brothel on September 26 and 27, 2011.⁷ The motion also identifies at least four other dates on which discovery produced by the government indicates the FBI agent visited the brothel.⁸

In light of this information, I ask that you provide a briefing to my staff on this issue as soon as possible. I also request that you come prepared to answer the following questions:

- 1) Of the \$14,500 requested by the undercover agent for reimbursement, how much was the agent actually reimbursed by the FBI?
- 2) Was the undercover FBI agent the case agent for this weapons-trafficking investigation? If not, did the case agent authorize the expenses at the brothels in this undercover operation?
- 3) Did any other U.S. law enforcement or embassy personnel visit these brothels with the undercover FBI agent? Please list each agency, the number of employees involved, each individual’s role, and whether they were a recipient of the services for which reimbursement was requested of the FBI.
- 4) Was any of the activity for which reimbursement was requested recorded by wire or video surveillance? If so, which activity? Please provide all recordings.
- 5) What other U.S. law enforcement or embassy personnel participated in the Philippines in the overall weapons-trafficking investigation? Please list each agency, the number of employees involved, and their role.

⁵ *Id.* at 114-115 (Letter on behalf of Assistant Attorney General Lanny Breuer to John Littrell, et al. (Aug. 23, 2012), at 1) (Attachment 1).

⁶ *Id.* at 116-127, Exhibit F (Recommendation for Prosecution, National Bureau of Investigation, Republic of the Philippines (May 7, 2012)).

⁷ *Id.* at 113-115, Exhibit E (Letter on behalf of Assistant Attorney General Lanny Breuer to John Littrell, et al. (Aug. 23, 2012), at 1).

⁸ *Id.* at 11. The dates are October 5, 2010; November 16, 2010; February 22, 2011; and September 23, 2011.

- 6) Was the first-line supervisor of the undercover FBI agent and/or case agent aware of the undercover agent's visits to brothels? What other supervisors were informed?
- 7) When and how did FBI headquarters become aware of these allegations against this FBI agent working in the Philippines?
- 8) What actions were taken by FBI headquarters to investigate these allegations?
- 9) Has discipline been proposed for any FBI employees (agents or other personnel) in connection with this? If so, please describe the circumstances and procedural standing of the proposed discipline.
- 10) When did FBI supervisors become aware that minors may have been involved at these brothels?
- 11) Did the U.S. Attorney's Office (USAO) running the undercover operation receive notification of and/or authorize the undercover activity at the brothels?
- 12) Was the USAO running the undercover operation provided notes or other materials (e.g. 302's) regarding the events in question? If so, please provide these documents.
- 13) Is the FBI aware of any other instances of similar behavior occurring by other agents stationed around the world? If so, please describe them.
- 14) How many FBI employees (agents or other personnel) have been disciplined in the last eight years, including those terminated or voluntarily separated from the FBI, for soliciting, hiring, procuring the services of, or other inappropriate behavior involving prostitutes? Include all instances in which the FBI's Office of Professional Responsibility (OPR) reviewed allegations that FBI agents were involved with prostitutes, including a detailed summary of the allegations, the findings of investigation, the pay grade and rank of the employee, the proposed punishment (administrative or otherwise), the location where the incident(s) occurred, and whether the employee is still employed by the FBI.
- 15) How many FBI employees (agents or other personnel) have been terminated by the FBI following an investigation or allegations of inappropriate involvement with prostitutes?
- 16) How many FBI employees (agents or other personnel) remain employed by the FBI following an investigation or allegations of inappropriate involvement with prostitutes?

Finally, please also provide the following documents:

- 17) Any case notes or briefing plan regarding the undercover activity, including how the undercover activity was monitored or details on surveillance by agents in the brothels.
- 18) All emails pertaining to FBI becoming aware of any of the above allegations.
- 19) All emails demonstrating the FBI's response to the above allegations.

Thank you in advance for your prompt attention to this matter. I would appreciate receiving your response to this matter by October 10, 2012. Should you have any questions regarding this matter, please do not hesitate to contact Brian Downey or Tristan Leavitt of my staff at (202) 224-5225.

Sincerely,



Charles E. Grassley
Ranking Member

Attachment

cc: The Honorable Eric H. Holder, Jr.
Attorney General of the United States
U.S. Department of Justice

The Honorable Michael E. Horowitz
Inspector General
U.S. Department of Justice

Attachment



U.S. Department of Justice

Criminal Division
Organized Crime and Gang Section

1301 New York Avenue, Suite 700
Washington, D.C. 20530
202-514-3594

August 23, 2012

BY EMAIL

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Re: *United States v. Sergio De Leon Syjuco, et al.* Case No. 12-CR-37

Dear Counsel,

This letter is in follow-up to the government's letter of June 28, 2012 (page 2) wherein the government informed you that it "does not have any bills or receipts from these clubs," but the government was "attempting to ascertain whether any purchases by the undercover at such clubs when defendants were present are nonetheless recorded in a different form." The government, while not conceding production is required, elects to supplement its prior response.

The following are excerpts taken from several requests for reimbursement made for the time period November 15, 2010 to September 27, 2011 that may relate to expenses incurred by the undercover agent at clubs in the Philippines when one or all of your clients were present, among others. All expenses incurred are approximate.

Dinner and Entertainment (tips included) For 11/15-16/2010:	\$1600.00
Lunch, Dinner & Entertainment (tips included) on 02/22/11, 02/23/11, 02/25/11:	\$2,200.00
Entertainment & Cocktail (tips included) on 05/09-10/11 with 18 people:	\$3,400.00
Entertainment & Cocktail (tips included) on 05/13/11 with 8 people:	\$1,400.00
Entertainment & Cocktail (tips included) on 05/17-18/11 with 14 people:	\$2,200.00

Entertainment & Cocktail (tips included) on 09/24-25/2011 with 8 people @
Area 51 Night Club in Manila: \$1,600.00

Entertainment & Cocktail (tips included) on 09/26-27/2011 with 12 people @
Air Force One Night Club in Manila: \$1,800.00

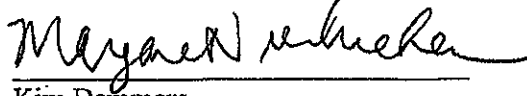
Entertainment & Cocktail (tips included) on 09/26-27/2011 with 6 people @
Opus Lounge/Bar in Manila: \$ 300.00

As previously stated, the government does not have any bills or receipts from these clubs.

Very truly yours,

LANNY A. BREUER
Assistant Attorney General

By:



Kim Dammers
Margaret Vierbuchen
Trial Attorneys