



NATIONAL SCIENCE FOUNDATION  
OFFICE OF INSPECTOR GENERAL  
OFFICE OF INVESTIGATIONS

## CLOSEOUT MEMORANDUM

Case Number: I-11030007

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We initiated an investigation to determine whether the Subject,<sup>1</sup> the president of two grantee Companies<sup>2</sup> had submitted duplicate proposals and obtained overlapping awards from NASA and NSF, and submitted associated false certifications to both agencies.

During the investigation, NSF OIG and NASA OIG, working together with IRS CID, determined that the subject and his companies engaged in multiple fraud schemes, to include submitting undisclosed duplicate proposals under the Small Business Innovation Research (SBIR) program, accepting overlapping awards, and reporting out duplicate results. In addition, the Principal Investigator (PI)<sup>3</sup> on the NSF award was not primarily employed by the company at all relevant times, and her position with a university was not disclosed to NSF. We also learned that the Subject had caused timesheets to be falsified and backdated in response to an OIG subpoena.

We referred the matter to the U.S. Attorney's Office, where it was accepted for criminal prosecution. The Subject and PI were ultimately indicted on six felony counts, to include one count of 18 U.S.C. § 1349 (conspiracy to commit wire fraud), four counts of 18 U.S.C. § 1343 (wire fraud), and one count of 18 U.S.C. § 1957(a) (money laundering). Both defendants ultimately entered into pretrial diversion agreements with the government, under which the subject returned \$60,000 to NSF.

Subsequent to the conclusion of the criminal case, we referred the matter to the U.S. Attorney's Office for civil action. The subject and his companies subsequently entered into a settlement agreement with the United States under the Civil False Claims Act in which he returned an additional \$250,000.

During the criminal and civil proceedings, NSF OIG requested that NSF suspend and ultimately terminate the NSF Phase II award that overlapped with NASA's award, protecting approximately \$80,000 in award funds. In addition, the Subject and his companies were suspended government-wide during the pendency of the criminal investigation. At the conclusion of the criminal proceedings, the Subject and his companies entered into an administrative agreement with NASA.

Accordingly, this case is closed.

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[Redacted]