



CLOSEOUT MEMORANDUM

Case Number: I-11040017

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We initiated an investigation into a Subject Company¹ and its Subject Owner², who was also a researcher at a university³. The investigation was opened following contact from another agency⁴, who had identified the company under a proactive review. The other agency had initial concerns that the Subject Owner and other Subject Company employees may have received duplicate funding for the same research at the Subject Company and a university, and may have improperly used university facilities for company work. The Subject Owner, through his positions with the Subject Company and the university, had received over \$13 million of federal funding since 2001. \$5.5 million came from NSF, of which \$3.1 million went to the Subject Company and the remainder to the university.

During the investigation, we issued multiple subpoenas and document requests, reviewed bank records, NSF and other agency grant records, employment records, university and Subject Company records, and interviewed multiple witnesses. We identified evidence that the Subject Owner had submitted false certifications regarding his primary employment eligibility criterion to other agencies in SBIR proposals, and made false representations regarding his current and pending support in proposals to NSF. The Subject Owner omitted active and pending awards from his current and pending support disclosures, giving the impression that he had the necessary time available to devote to new projects when in some instances, he had over 19 months of active support between his university and company funding in a given year.

We recommended that NSF suspend the Subject Company and Subject Owner government-wide during the investigation, which NSF did. We also recommended that NSF suspend 6 awards to the Subject Company and to the Subject Owner through his university position. One of the suspended awards was subsequently transferred to a different PI at a different institution. The remaining 5 suspended awards were terminated, one at our recommendation and the others when they expired under suspension, resulting in over \$300,000 in funds put to better use.

We referred the matter to the U.S. Attorney's Office for the relevant district⁵, where it was accepted for criminal prosecution. Ultimately, the Subject Owner and Subject Company both waived indictment and were arraigned on an information charging them with felony wire fraud and criminal forfeiture. The Subject Company and Subject Owner jointly agreed to forfeit over \$150,000, and the Subject Owner agreed to a fine of over \$150,000 and received probation.

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

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Following the sentencing, we recommended NSF debar the Subject Owner and Subject Company for a period of 5 years. NSF debarred them for five years, with credit for the previous suspension period.

No further action was taken.

Accordingly, this case is *closed*.