



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I-11040020

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We initiated an investigation to determine whether the Subject,¹ the president and only director of a grantee Company² and a full time professor at a university³ had violated the primary employment eligibility criterion under the Small Business Technology Transfer program. Subject's company had received \$200,000 in NSF small business award funds, and applied for an additional \$500,000 in award funds that was ultimately declined by NSF.

During the investigation, NSF OIG identified evidence that the Subject had submitted false certifications regarding his primary employment eligibility criterion, made false representations that he had obtained a mandatory \$100,000 outside investment for a STTR Phase IB supplement, and failed to issue a mandatory STTR Phase IB subcontract. NSF OIG also identified a stipend kickback scheme through which the Subject required students to pay him a portion of their federally-funded stipends that he authorized. Moreover, the Subject falsified documents in response to the NSF OIG investigation.

We referred the matter to the U.S. Attorney's Office, where it was accepted for criminal prosecution. The Subject was ultimately indicted on seven counts of wire fraud, mail fraud, falsification of records, and theft from a program receiving federal funds.

After a two-week criminal trial, the Subject was convicted in the U.S. District Court of all seven criminal counts. The Subject was sentenced to three years in prison followed by three years of supervised probation, and over \$100,000 in restitution. The Subject filed an appeal and the U.S. Court of Appeals affirmed his conviction.

Following the sentencing, we recommended NSF debar the Subject and his company for a period of 10 years, with time deducted to account for his previous government-wide suspension. NSF debarred the Subject and his company for a period of five years, with no time deducted for his previous suspension.

Accordingly, this case is closed.

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