



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I12070046

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We initiated this case from a proactive review that focused on the primary employment requirement for principal investigators (PIs) under SBIR Phase II awards. We investigated a PI¹ who held positions at both a university² and a small business,³ and who was granted an SBIR Phase II award⁴ at the small business concurrent with two awards⁵ at the university. We obtained and reviewed award documentation from the university, and determined that the PI had not charged any time to one of the awards, and that the time charged to the other award appeared to constitute 50% or less of total effort. We then obtained and reviewed award documentation from the small business. While the documentation appeared to substantiate the PI's primary employment at the small business, we determined that the PI and other employees working on the grant did not maintain complete timekeeping records per the grant requirements. We concluded that the small business could not support approximately \$266,000 of grant expenditures for labor. We referred the matter to the U.S. Attorney's Office for the District of Massachusetts in Boston, which entered into negotiations with the small business and its counsel. A settlement agreement was finalized, the terms of which required the small business to return \$120,000 to NSF and forfeit the final payment of \$75,000 under the award.

Accordingly, this case is closed.

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