



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I-13010008

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We received an allegation that a company¹ was requesting payment of all of its STTR Phase II award funds, but had not filed the required interim reports. Further investigation found that the company had misrepresented the capabilities of its accounting and timekeeping systems prior to receiving its Phase II award, and not hired the PI as required. In addition, the Phase II award included a mandatory subaward to a university² that we found had spent NSF funds on equipment after equipment funds were specifically prohibited by NSF on the subaward budget.

At our recommendation, NSF terminated the Phase II award, to protect \$275,000 of grant funds not yet released to the company. The case was referred to a U.S. Attorney's Office³ and accepted for civil prosecution. The subaward university agreed to return \$54,076.35 as a part of a settlement agreement. The company repaid \$170,923.65 as a part of a settlement. The company's CEO personally repaid an additional \$25,000, and agreed to a 3 year voluntary exclusion.

This case is closed with no further action taken.

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[Redacted]