



NATIONAL SCIENCE FOUNDATION  
OFFICE OF INSPECTOR GENERAL  
OFFICE OF INVESTIGATIONS

## CLOSEOUT MEMORANDUM

Case Number: I13030017

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This case arose as a result of the Subject's<sup>1</sup> inability to comply with an OIG subpoena for financial documentation related to two Small Business Innovation Research Phase II awards<sup>2</sup>, valued at approximately \$500,000 each.

In connection with receipt of the awards, the Subject had represented to NSF that it maintained an accounting system compliant with NSF requirements, including the maintenance of a general ledger, and that its accounting system provided for the recording of government costs according to approved budget category. Further, the Subject had represented to NSF that its accounting system accounted for the receipt and expenditure of NSF funds by award, and that it used a timesheet with a certain format, approved by NSF. These representations were material to the receipt of the NSF awards. Thereafter, the Subject certified to a variety of matters in connection with the submission of interim and financial progress reports to NSF, including that required milestone charts accurately depicted the expenditure of award funds, that the statements contained in the reports were true and complete and that the NSF award funds were expended in accordance with the budget.

Upon receipt of the subpoena, the Subject was unable to provide any documentation of the expenditure of NSF funds, including a chart of accounts, a general ledger or timesheets. It also stated that it had never kept timesheets in the approved format. On OIG's recommendation, NSF suspended the one active award and thereafter, OIG referred this matter to the Department of Justice for possible violation of the civil False Claims Act. Subsequently, NSF terminated the one remaining award, putting approximately \$75,000 of federal funds to better use. The Subject and the Department of Justice agreed to settle this matter for an additional \$625,000, without an admission of liability on the part of the Subject, or its principals.

This case is closed with no further action taken.

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<sup>1</sup> [redacted]

<sup>2</sup> [redacted]