



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I-14-03-0008

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This investigation was initiated based on allegations that the Subject,¹ a Principal Investigator (PI) on one SBIR award² with NSF and two SBIR awards³ with another federal agency,⁴ was using the award funds for personal use.

Our joint investigation with the OIG of the other federal agency revealed that the small business⁵ and its CEO (the Subject) incorporated misrepresentations regarding fictitious employees, facilities, and costs in the submitted SBIR proposals. Our investigation further revealed that the subject spent the vast majority of the NSF award funds on personal expenses unrelated to the award.

The Subject was criminally indicted on eight counts of Wire Fraud, 18 U.S.C. §1343; and three counts of False Claims, 18 U.S.C. §287. After a two week jury trial, the Court sentenced the Subject to four months in prison, followed by a one year term of supervised release, and a \$900 special assessment. In addition, the Court sentenced the small business to a \$3,600 special assessment, a \$5,000 fine, and five years of probation. The Court also ordered forfeiture of \$81,378 that was previously seized from the small business.

The other federal agency debarred the Subject and the small business for a period of six years at the recommendation of that agency's OIG.

Accordingly, this investigation is closed.

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