



NATIONAL SCIENCE FOUNDATION  
OFFICE OF INSPECTOR GENERAL  
OFFICE OF INVESTIGATIONS

## CLOSEOUT MEMORANDUM

Case Number: I14120051

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Through a request for information from another federal agency's OIG<sup>1</sup> seeking documents related to a company's NSF award, we determined that the company (Company 1)<sup>2</sup> website suggested it was part of a team that had received an NSF award. We could find no record in NSF's databases that Company 1 had received an NSF award. However we were able to verify that company 1 had made such a claim on its website. We contacted Company 1, which indicated that one of its employees had worked for another company (Company 2)<sup>3</sup> on an NSF award. In order to determine the financial relationship between the companies, we submitted subpoenas for records to the two companies and Company 2's bank.

We subsequently determined that an employee of Company 1 *had* worked on the NSF award, but that the Company 1 itself had nothing to do with the NSF award. Company 1 agreed to take the language off its website. During the course of our review, we discovered that Company 2 was planning to use a specific consultant/scientist in a pending award and that that scientist had been given a small amount of stock in the company (thus making him an owner). Generally, owners cannot work as consultants for their own company, without explicit NSF permission. No such permission was provided to Company 2. We brought the matter to the attention of Company 2 and the program office.

At the program office's suggestion, Company 2 and the scientist agreed to enter into an employer/employee relationship, thus removing the issue of an owner paid as a consultant. Company 2 provided copies of the agreement memorializing the changed relationship to us. We determine that the documents remove the problem and resolved the outstanding issues in the case.

This case is closed with no further action taken.

