

Investigations

Civil and Criminal Investigations

Two Indicted in Separate Cases of Purchase Card Abuse at Same Georgia University

In two unrelated cases at the same university, an accountant and a program coordinator were each indicted for using purchase cards (P cards) to pay for personal purchases. Combined, the two are alleged to have improperly charged \$489,000, most of it to NSF awards.

Accountant Charges NSF for \$316,000 in Personal Items. A former accountant at an NSF-funded research center at a Georgia university purchased over 3,800 personal items over 5 years at a total cost of more than \$316,000. The accountant used state-issued P cards to buy personal items, primarily from internet vendors which she directed to ship the items to her home or to relatives in Alabama, Florida, and California. In order to conceal her personal purchases, she submitted forged receipts to her supervisor for approval and used the research center accounting system to move her P card charges to several different accounts so they would be difficult to track.

The accountant resigned after the university's internal auditors requested information about her P card purchases. The university referred the matter to OIG for investigation after they identified thousands of purchases from online vendors. We subpoenaed documents related to these transactions, which indicated that she routinely purchased groceries, clothing, and electronics for herself and her family. The accountant also purchased college football season tickets and supplies for tailgating parties at football games. The internal auditors assisted us in tracking the purchases through the university's accounting system to the NSF center account as well as six other state and private research accounts.

After the accountant refused to be interviewed for our investigation, the Federal Bureau of Investigation (FBI) joined our investigation and served a search warrant at her home. Over 50 items the accountant purchased with her P card were seized, including several digital cameras, a lawn tractor, a personal water craft, a 32" flatscreen HDTV, and a frozen drink machine. Many other items were photographed, including a double wall oven, a dishwasher and two RV air conditioners.

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On March 5, 2008, the accountant was indicted in the U.S. District Court for the Northern District of Georgia on 17 counts of mail fraud, and five counts of theft from an organization receiving federal funds.

Program Coordinator Charged with Theft. A former program coordinator under an NSF grant to the same Georgia university was indicted on state charges of theft, also involving the personal use of a state-issued P card. The P card misuse was first identified by a state-wide audit of the P card program. The program coordinator resigned from the university after admitting to the state auditor and a state investigator that she used the P Card for personal purchases.

Since the initial audit only looked at a limited number of transactions, we worked with the university's internal audit department to review all possible personal purchases and financial transactions submitted by the program coordinator from 2003 through 2007, the period she was employed. We identified \$173,000 in personal charges by the program coordinator with her P card, and also determined that she received \$5,000 when she submitted a false request for reimbursement.

The program coordinator falsely charged \$120,000 to an NSF grant and \$58,000 to state and private research accounts. Her personal purchases included automobile insurance and repairs, groceries, and jewelry. In order to conceal her personal purchases, the program coordinator altered receipts and used the university accounting system to move her P card charges to several different accounts so they would be difficult to track. When we interviewed the program coordinator, she admitted using the P-card to make personal purchases, and admitted that the \$5,000 reimbursement was false and used to pay personal debts.

On March 21, 2008, the program coordinator was indicted in the Superior Court of Fulton County, Georgia, for Theft By Taking.

Award Obtained Through False Statements Is Terminated, PI Debarred, and \$1.25 Million Put to Better Use

NSF terminated an education award and debarred the PI for making false statements in his proposal. As discussed in a previous Semiannual Report,¹⁴ the executive director of an education-oriented research firm received an award for over \$2 million, based in part on the participation of a particular collaborator. However, the collaborator had previously told him, in writing, that it could not participate in the project. The executive director submitted an altered letter of support as evidence of the nonexistent collaboration.

We referred the matter with our recommendations to NSF, which concurred, terminated the award, and debarred the executive director for a period of 5 years. The termination of the award enabled NSF to put \$1.25 million to better use.

¹⁴ September 2007 Semiannual Report, p.27.

PI Who Obtained SBIR Grant Under False Pretenses Is Recommended for Debarment

As reported in a previous Semiannual Report,¹⁵ OIG determined that a small business wrongfully received a Phase II grant from the Small Business Innovation Research (SBIR) Program because its owner, who was also the PI, falsely told NSF that her company was a “spin-off” of the Phase I awardee company. The PI was an officer and shareholder at the original company, and led the other officers to believe that she submitted the Phase II proposal on behalf of the original company. However, without their knowledge, she then negotiated the change of grant entity with NSF. We informed NSF that the PI’s new company was not a “spin-off” or affiliated in any way with the original company, and NSF terminated the Phase II grant. After the U.S. Attorney’s Office declined prosecution, we recommended that NSF debar both the PI and her company for 3 years.

Debarment Recommended for Two Who Abused Purchase Cards at DC Institution

OIG recommended that NSF debar two accounting managers at a grantee institution in the District of Columbia who engaged in a scheme to use two organizational purchase cards to pay for unauthorized personal expenditures exceeding \$100,000 each. The two colluded to cover up each other’s fraudulent charges, by abusing their responsibilities for reviewing, reconciling, and accounting for certain purchase card transactions. Their conspiracy was uncovered by an internal audit conducted by the grantee institution initiated as a result of a previous unrelated instance of employee embezzlement. The employees each pled guilty to mail fraud. The employee who served in a supervisory position was sentenced to 15 months incarceration, restitution, and 2 years of supervised release. The other employee, who was the first to plead guilty and provide details of the criminal conduct to the Department of Justice, was sentenced to 5 years of probation, restitution, and 200 hours of community service.

We recommended that NSF debar both of the individuals for 3 years because, even though they did not embezzle federal funds, they were both responsible for management and oversight of federal and non-federal funds. Moreover, their job histories made it reasonable to expect that they will seek similar positions accounting for federal funds in the future.

Agency Debars Former Research Center Employee Convicted of Mail Fraud

In response to our recommendation, NSF debarred a former employee of an NSF funded research center for 3 years. As reported in previous Semiannual Reports,¹⁶ the employee pled guilty to one count of mail fraud in response to a federal indictment and was subsequently sentenced in federal court to 16 months in federal prison, 3 years of supervised release, and ordered to pay res

¹⁵ September 2007 Semiannual Report, p.26.

¹⁶ September 2007 Semiannual Report, p.25; March 2007 Semiannual Report, p.30.

titution. The employee converted research center funds, including funds from NSF, to her personal use by purchasing items such as books and iPods with the research center's purchasing card. She re-sold the items she purchased on eBay, using the research center's FedEx account to ship the items she sold.

Convicted Professor Is Recommended for Debarment

OIG recommended that NSF debar for 5 years a former professor at a Tennessee university who pled guilty to making false statements to NSF in violation of 18 U.S.C. § 1001. The former professor was sentenced to six months home confinement, 2 years probation, and ordered to pay restitution of \$25,598, as discussed in a previous Semiannual Report.¹⁷ The professor used her position

as a center director at the university and PI on NSF grants to falsely charge expenses to accounts at the university, including NSF grant accounts, for work that was actually related to a personal consulting contract.

Explicit Material Found on Two Agency Computers

OIG received information that an NSF employee's computer system contained substantial inappropriate material, in violation of NSF's computer use policies. NSF turned over the employee's hard drive to our office for analysis, which confirmed that numerous sexually explicit image and video files, and dozens of full-length copyrighted movies were present on the computer. The hard drive also contained a peer-to-peer file-sharing program. None of the image or movie files depicted underage subjects, which is illegal and would have resulted in criminal charges. After the employee acknowledged his culpability, we referred our findings to NSF for appropriate action. NSF issued a letter to the subject proposing his termination, but the employee resigned instead.

We conducted a review to determine whether additional NSF employees had been violating NSF computer policies by downloading media files inconsistent with NSF's policy. We identified an NSF employee whose network computer drive contained a large number of sexually explicit files. We interviewed the employee and he acknowledged accessing, viewing, and downloading this material on his NSF computer in violation of NSF's policies regarding the personal use of agency communication resources. We referred the matter to NSF management with a recommendation that they take appropriate action. Their response is pending.

NSF Responds to Recommendations to Strengthen Contracting Practices

During this semiannual period, NSF responded to our recommendations for improvements in its contracting and administrative practices that arose from an investigation involving a potential Antideficiency Act violation.¹⁸ NSF acknowledged the value of monitoring and, when necessary, mitigating risk in contracting transactions. NSF agreed to consider further refinements to its oversight program, while noting that the circumstances referred to in the investigation

¹⁷ September 2007 Semiannual Report, p.25.

¹⁸ September 2007 Semiannual Report, p.38.

were outside the scope of normal contracting activity, and occurred prior to the implementation of strengthened management controls and procedures recommended by the Chief Financial Officer. NSF agreed with the need for a COTR handbook to be developed as soon as possible and anticipates completion by the end of April 2008, along with implementation of COTR training through the NSF Academy. NSF also agreed to review its procedures for responding to potential Antideficiency Act issues, including a review to ensure compliance with applicable appropriations law and Office of Management and Budget guidance.

PI Debarred for Submitting False Project Reports

Our investigation into an allegation of false statements to NSF concluded that the PI at a university in Pennsylvania falsified multiple final project reports to NSF, claiming an international collaboration where none existed.¹⁹ We referred the misrepresentations to the U.S. Attorney's Office, which declined prosecution in lieu of strong administrative action. We recommended NSF take specific action to protect federal interests and NSF agreed and debarred the PI for 3 years.

Administrative Investigations

Actions by NSF Management

PI Plagiarized in Five Proposals Submitted to NSF

An investigation confirmed that a PI plagiarized substantial amounts of text into his five NSF proposals. We received an allegation that a PI and co-PI from an Ohio university plagiarized material from a published paper into an unfunded NSF proposal. The PI and co-PI explained to our investigators that they had accidentally uploaded a draft version of the proposal, one not meant for submission. However, the university's inquiry committee determined that the PI was responsible for the plagiarism and had misled his co-PI regarding the advent of the plagiarized text. In addition, the university's investigation committee learned that the PI plagiarized identical material in a proposal he submitted to an international science foundation. The investigation committee concluded that the subject knowingly plagiarized material in multiple proposals and recommended that the PI not be reappointed. The PI resigned from the university.

Our office examined the PI's other proposals and found he plagiarized a total of approximately 129 unique lines, 2 unique figures and captions, and 18 unique embedded references from 11 sources in five proposals. We concurred with the university's findings and recommended that NSF: make a finding of research misconduct against the PI; send him a letter of reprimand; require certifications and assurances from PI for 3 years; and require completion of an ethics course with documentation provided to OIG upon completion. NSF's Deputy Director agreed and implemented all of our recommendations.

¹⁹ September 2007 Semiannual Report, p.27.

Research Misconduct Findings Made by the Deputy Director

NSF's Deputy Director made findings of research misconduct and concurred with our recommendations in the following cases that were described in previous Semiannual Reports and forwarded to her office for action:

- Our most recent Semiannual Report summarized a case in which a graduate student at a Washington university admitted he falsified and fabricated NSF-funded research data in four manuscripts, three of which were published.²⁰ Consistent with our recommendations, the Deputy Director made a finding of research misconduct; sent the student a letter of reprimand; debarred the student for 3 years; required both certifications and assurances for 3 years following debarment; and barred the student from serving as an NSF reviewer for 3 years. The Deputy Director also required the student to complete an ethics training course.
- We received an allegation that a post-doctoral researcher (the subject) at a university in Pennsylvania falsified a figure in a paper that cited NSF support.²¹ The university's investigation concluded the subject falsified the figure, and the university dismissed him. We agreed with the university's conclusions and recommended NSF make a finding of research misconduct against him. NSF agreed and took the additional recommended actions of: debarring the subject for 2 years; requiring the subject to retract the publication; and requiring the subject to attend an ethics course. NSF also required the subject to: certify for 2 years after the end of the debarment that any proposals submitted by the subject contain no plagiarized, falsified, or fabricated material; and submit for 2 years after the end of the debarment the assurances of a university official who has reviewed the subject's NSF proposals and reports and concluded they do not contain any plagiarized, falsified, or fabricated material.
- As described in a previous Semiannual Report, we referred an allegation of plagiarism in a proposal submitted to NSF by a PI and two co-PIs to their university.²² Although the PI blamed his former post-doctoral researcher for the plagiarism, the university concluded the PI was responsible for the copied material in his proposal, and, consequently, committed plagiarism. We agreed with the university and recommended NSF make a finding of research misconduct against him. NSF agreed and took the additional actions of requiring the PI to: certify for 5 years that any proposals submitted by him contain no plagiarized, falsified, or fabricated material; submit for 5 years the assurances of a university official who has reviewed the PI's NSF proposals and reports and concluded they do not contain any plagiarized, falsified, or fabricated material; and certify completion of an ethics course on plagiarism.
- A Michigan university's investigation concluded that its professor knowingly committed significant plagiarism in a total of four NSF proposals, as well as small amounts of plagiarism in numerous proposals he submitted to

²⁰ September 2007 Semiannual Report, p.31.

²¹ September 2007 Semiannual Report, p.31.

²² September 2007 Semiannual Report, p.32.

other funding entities.²³ NSF agreed with our recommendation to make a finding of research misconduct. For the next 3 years, the professor must certify and obtain assurances from a university official that any proposals or reports he submits to NSF do not contain plagiarized, falsified, or fabricated material. NSF also required the professor to complete an ethics course on plagiarism.

- An investigation of a Massachusetts university PI found that he plagiarized in four NSF proposals, two of which were funded.²⁴ Consistent with our recommendations, NSF's Deputy Director: made a finding of research misconduct; required that for 3 years the PI certify and obtain supervisor assurance that proposals he submits to NSF do not contain plagiarized, falsified, or fabricated material; and required the PI to complete a research ethics course.

Reports Forwarded to NSF Management

Masters Student Fabricates Data in Thesis

OIG and university investigations concluded that a student, who was receiving funds through an NSF award to her advisor, fabricated the underlying data for graphs presented to her thesis committee at a Washington university. The student's university found that the student recorded and documented her data properly during some months of her research, but also found improprieties. Specifically, the few electronic files available demonstrated the student's improper use of "correction factors" to achieve the results she desired in an effort to demonstrate their validity. Based on its investigation, the university concluded the student fabricated her research data, and the university expelled the student.

We concurred with the university's findings. We recommended that NSF: make a finding of research misconduct; debar the student for 3 years; require certification of completion of a course in appropriate data handling and record keeping before receiving funds from any NSF award; for 3 years following the debarment period, require certifications by the student and assurances from her employer that any proposals or reports submitted to NSF do not contain research misconduct; and bar the student from serving NSF as a reviewer or in any advisory capacity during the debarment and for 3 years after.

New Faculty Member Plagiarizes in First Proposal

A PI at a Pennsylvania university in his first faculty position plagiarized a significant amount of text from five sources into his first NSF proposal. We reviewed the proposal and completed an inquiry involving the PI and a senior faculty member he had identified as the co-PI. As a result of our inquiry, we referred the matter for investigation to the university with respect to both the PI

²³ September 2007 Semiannual Report, p.33-34.

²⁴ September 2007 Semiannual Report, p.34, "PI Plagiarizes in Four NSF Proposals," mistakenly stated that we recommended debarment and a bar from peer review.

and co-PI. The university found that the sole responsibility for the text in the proposal lay with the PI, and exonerated the co-PI. The university found that the PI committed knowing plagiarism.

We reviewed the university's report and concurred with its findings. We recommended that NSF: send the PI a letter of reprimand notifying him of the finding of research misconduct; require the PI to submit certification of his completion of an ethics course before submitting any proposal to NSF as a PI or Co-PI; for a period of 2 years require the PI to submit certifications by the PI and assurances from his employer that his NSF proposals and reports do not contain research misconduct; and bar the PI from serving NSF as a reviewer, advisor, or consultant for a period of 2 years.