



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I-16-0039-O

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We investigated an allegation that the founder of two SBIR/STTR companies submitted proposals to NSF for work that had already been completed and intended to use award funds for other purposes. We subpoenaed records, interviewed relevant witnesses, executed search warrants, and reviewed relevant documents. We substantiated the initial allegation and found evidence that the founder and a company PI also provided false information concerning the company's time and effort reporting system, and that one of the companies failed to pay a subcontractor, which was also the founder's university, on federal awards. During our investigation, we recommended NSF suspend and terminate one award and withhold the final payment on another award, resulting in over \$300,000 in funds put to better use. We referred the matter to the U.S. Department of Justice, which accepted the case for criminal prosecution. The founder was arrested, suspended government-wide along with the two companies, indicted along with the PI, and found guilty following a bench trial of conspiracy, false statements, and obstruction of justice. The founder was sentenced to two years' supervised release and time served, which included incarceration for approximately three months, and home confinement for approximately two years. We recommended NSF debar the founder and one of the companies for 10 years, and NSF accepted our recommendation. Because the other company was dissolved, we advised NSF that we did not oppose lifting the suspension, which NSF lifted.

This case is **closed** with no further action taken.