



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I-18-0008-O

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We received an allegation that: (1) while company A received an NSF SBIR award and claimed its business was performed as company B per a reorganization and a doing-business-as moniker, companies A and B were actually separate entities with all business being performed by company B after company B's creation; (2) company B employees were actually contractors, including the PI; (3) equipment costs and employees were unpaid by companies A or B; and (4) the PI falsified tax returns. We substantiated portions of allegations (1) and (2). We confirmed that companies A and B were separate corporate entities, and that while company B performed some work on the SBIR award, we found no evidence that NSF was either notified about or approved of company B's efforts as a separate corporate entity. Additionally, we confirmed the PI was an independent contractor of company A and therefore was not primarily employed by company A, as required by NSF. We referred the substantiated portions of allegations (1) and (2) to the U.S. Department of Justice, which declined to prosecute the matter. We referred allegation (4) to Internal Revenue Service Criminal Investigation. We issued a Questionable Administrative Practices letter to the PI reiterating NSF's policies on transferring award effort and PI primary employment.

This case is closed with no further action taken.