



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I10120060

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We initiated an investigation to determine whether two Subjects, presidents of two awardee Companies, made misrepresentations in proposals submitted under the Small Business Innovation Research and Small Business Technology Transfer programs. The companies had received more than \$10 million in small business award funds from NSF, NASA, and numerous other federal agencies, and applied for over \$13 million in award funds that were ultimately declined by these agencies.

During this joint investigation, we and our investigative partners identified evidence that the Subjects misrepresented information in proposals, including information about their facilities, employees, costs, subcontractors, consultants, and the eligibility of Principal Investigators. The investigative team also identified a scheme whereby Subjects stole the identities of real people in order to create false endorsements to be submitted to agencies with their proposals. Moreover, the Subjects falsified documents in response to our investigation.

We referred the matter to the relevant U.S. Attorney's Office, where it was accepted for criminal prosecution. The Subjects were ultimately indicted on counts of conspiracy to commit wire fraud, wire fraud, aggravated identify theft, and falsification of records involving federal investigations.

After a four-week criminal trial, the Subjects were convicted in federal district court of all fifteen criminal counts. After the trial, one Subject was sentenced to fifteen years in prison followed by multiple years of supervised release while the other Subject was sentenced to thirteen years in prison followed by three years of supervised release. As part of their sentences, the court entered a money judgment of more than \$10 million, representing the proceeds of the crime, and ordered them to pay over \$10 million in restitution, equaling the entire amount of all awards the companies received through fraud. The Subjects filed an appeal, and the U.S. Court of Appeals affirmed their convictions and sentences.

Following the sentencing, NASA debarred the Subjects and the Companies for a period of 15 years.

This case is closed.