



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I13030024

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We investigated concerns that a company that received NSF award funds under the Small Business Innovation Research program had inadequate internal controls, possibly comingled funds, and performed work in university laboratory space. We determined the company's Principal Investigators were full-time university employees on 100% loan to the company, that it used university resources for its operations, and had a bank account controlled by university personnel. We also identified some limited and incomplete disclosures to NSF in award proposals and supporting documents regarding a joint venture relationship between the company and a University institute. During the pendency of the small business awards to the company, the University institute was dissolved and absorbed by the University.

We referred this matter to the U.S. Department of Justice for potential criminal and/or civil prosecution based upon inaccurate certifications, but the case was declined in lieu of administrative remedies. We exchanged communications with the University regarding our investigative conclusions, and the University denied any wrongdoing, providing support that the company was operated at arms-length from the University, in terms of employees, expenditures, and resources. We did not concur with all the University's assertions, and sent a follow-up questionable administrative practices letter reminding the University to follow all applicable rules in future NSF awards.

This case is closed with no further action taken.