



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I-15030009

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This case was opened following contact from another agency that identified potential personnel and facilities issues related to SBIR awards made to a company that shared facilities and employees with the entity that managed it. We subpoenaed and reviewed company financial records, payroll records, and subawardee records. During our investigation, SBA determined that the SBIR company was not eligible to receive its NSF Phase I SBIR award due to its ownership structure, but was eligible at the time it received its Phase II award. We recommended that NSF withhold the remaining payment on the company's Phase II award and seek repayment of all NSF SBIR funds paid to the company since the company was ineligible for Phase I and could not have received its Phase II award had it not received its Phase I. NSF withheld the final payment and negotiated a settlement agreement with the company. The Department of Justice was consulted and approved the settlement agreement. Between the withheld payment and the settlement amount, NSF recovered about \$200,000.

This case is closed with no further action taken.