



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I15050020

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We received an allegation that a university received rebates on purchases for Federal awards from a payment processor and did not report or directly credit the rebates to the Government. We substantiated the allegation, finding that the university also received rebates and discounts on purchases for Federal awards through various arrangements with its vendors and from its state government, and likewise did not report or directly credit those rebates and discounts to the Government. We determined through this multi-agency investigation that while some of the rebates and discounts were applied to the benefit of the United States as offsets against the operating expenses of its purchasing centers, the university failed to credit the remainder of the rebates and discounts associated with its purchases to Federal awards, resulting in overcharges to the United States. Early in the investigation we referred the matter to the U.S. Department of Justice, which accepted the case for potential civil prosecution and ultimately negotiated a settlement with the university to resolve the overcharges. The university agreed to pay the United States \$1.5 million plus interest to resolve the allegations that it violated the False Claims Act, including over \$250,000 related to its NSF awards.

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