



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I-19-0059-O

Page 1 of 1

We investigated allegations that a company receiving NSF award funds lacked supporting documentation for grant expenditures, paid excessive executive salaries, and mixed personal and business expenses. The investigation determined that the company improperly requested drawdowns for expenses it had not incurred, investing \$3 million of such funds in a certificate of deposit; the company did not have sufficient internal controls, as there was no documentation or accounting procedures to link drawdowns to specific awards; and the principals of the company used federal funds for personal expenses. We recommended that NSF suspend governmentwide the company and its principals pending the conclusion of the investigation. Further, we recommended that NSF withhold remaining payments on several awards, which prevented over \$452,000 of additional funds from being distributed. The Offices of Inspector General for the National Aeronautics and Space Administration (NASA) and Department of Commerce (Commerce) joined the case after it was determined the company received grant funds from their agencies as well.

The Department of Justice accepted the case for civil prosecution, which resulted in the company returning over \$2.4 million to the government and the principals returning over \$200,000. NSF's portion of the total settlement was over \$1.8 million. The company also accepted a voluntary governmentwide exclusion for two years. The principals agreed to multiple administrative actions which included voluntary governmentwide exclusions; prohibitions from serving as NSF reviewer, advisor, or consultant; and prohibitions from holding any position at NSF. The company's external auditor was also referred to the American Institute of Certified Public Accountants (AICPA) and State Board of Accountancy for investigation.

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