



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I12030016

Page 1 of 1

We proactively identified an NSF-funded SBIR-STTR company that potentially lacked adequate facilities. We initiated an investigation and determined through interviews and other documents gathered during our investigation that: a former university professor and the husband of the company's president used the president's email address and submitted proposals to NSF in the president's name; the company received a Phase IB supplement from NSF based upon a false, self-funded investment from the professor's shell company; the professor and president used NSF funds to pay off the mortgage on their primary residence; the professor and president falsified documents at different stages of the investigation in response to our requests; NSF funds were paid from the company to the president for use of a facility, identified as a residential property, that the president owned; and the company purported to pay the professor's and president's minor children, but the professor and president kept the funds for themselves.

The professor and president were indicted for wire fraud. Based on our recommendation, NSF suspended the professor, president, company, and three associated companies governmentwide. The indictment was superseded and added a mail fraud charge against the professor, president, and company. The mail fraud charge against the company was dismissed and, on the eve of trial, the professor and president, on behalf of the company, each pled guilty to wire fraud. As part of their plea agreements, the professor and company each agreed to five-year voluntary exclusions. The professor was sentenced to two years of probation and ordered to pay a \$25,000 fine, and the company was sentenced to two years of probation. The professor and company were also found jointly and severally liable for over \$1.6 million in restitution, including over \$1.3 million to NSF and \$300,000 to a state for matching funding. Charges against the president were later dismissed. Based on our recommendation, NSF debarred the president and the three associated companies through the exclusion periods of the professor and company.

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