



THE UNITED STATES ATTORNEY'S OFFICE
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Department of Justice

U.S. Attorney's Office

Western District of Virginia

FOR IMMEDIATE RELEASE

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**Former Virginia Tech Professor Sentenced for Grant
Fraud, False Statements, Obstruction**

Roanoke, VIRGINIA – Yiheng Percival Zhang, a former Virginia Tech professor studying artificial sweeteners, was sentenced last week in U.S. District Court to time served, which included incarceration for approximately three months, and home incarceration for approximately two years, First Assistant United States Attorney Daniel P. Bubar announced today. Zhang was convicted of committing federal grant fraud, making false statements and obstruction by falsification following a bench trial in September 2018.

Zhang, 47, of Blacksburg, Va., was found guilty of one count of conspiracy to defraud the United States, three counts of making false statements, and one count of obstruction by falsification.

"The government has an obligation to ensure that the limited funds from these important programs are being used for legitimate research projects that enhance innovation and technological advancement," First Assistant United States Attorney Bubar said today. "I am proud of the work of the men and women with the National Science Foundation (NSF), Department of Energy, and Federal Bureau of Investigation for conducting a thorough investigation."

"The Small Business Innovation Research Program is a valuable tool in advancing NSF's mission to promote the progress of science by increasing opportunities for small businesses to undertake cutting-edge scientific research, and it is essential to protect the integrity of this program," stated National Science Foundation Inspector General Allison Lerner. "The NSF Office of Inspector General is committed to vigorously pursuing oversight of these taxpayer funds and I commend the U.S. Attorney's Office and our investigative partners for their support in this effort."

"The Department of Energy, Office of Inspector General works diligently to protect the integrity of the SBIR and STTR programs. These programs are critically important in the generation of scientific breakthroughs and technological innovations. Those who defraud our programs and steal our innovations are a threat to our nation," said Department of Energy Inspector General

Teri L. Donaldson. “We will continue to work with our law enforcement partners to hold all who violate the integrity of our Nation's scientific programs accountable. We appreciate the efforts of the U.S. Attorney's Office and our law enforcement partners on this joint investigation.”

“The FBI is committed to working with our federal, state, and local partners to protect the integrity of funding programs that promote the development of advanced technology and strengthen the U.S. economy,” said David W. Archey, Special Agent in Charge of the FBI's Richmond Division. “We are grateful for the partnership of the United States Attorney's Office, the Department of Energy Inspector General, the National Science Foundation Inspector General, the Blacksburg Police Department and the Virginia Tech Police Department during this investigation.”

According to evidence presented at trial, Zhang, who at the time of the offenses was a biological systems engineering professor at Virginia Tech, founded Cell-Free Bioinnovations, Inc. (“CFB”), a research firm located in Blacksburg, Virginia. CFB relied exclusively on federal grants for funding its research activities. Zhang began working as a paid researcher for the Tianjin Institute of Industrial Biotechnology, Chinese Academy of Sciences by, at least, 2014. In 2015, Zhang caused fraudulent grant proposals to be submitted to the NSF under the Small Business Innovation Research Program (“SBIR”). Evidence presented at trial indicated grant funds obtained would be used for research Zhang knew had already been done in China. Zhang intended to use the grant funds for other CFB projects rather than for the projects for which the funds were requested. To obstruct the investigation, Zhang submitted falsified timesheets to government investigators.

The investigation of the case was conducted by the National Science Foundation-Office of the Inspector General, Department of Energy-Office of the Inspector General, and the Federal Bureau of Investigation, and with the assistance of the Blacksburg Police Department, and the Federal Bureau of Investigation, with the assistance of the Blacksburg Police Department and the Virginia Tech Police Department. Assistant United States Attorneys Kate Rumsey and Randy Ramseyer, and former Assistant United States Attorney Steve Pfleger prosecuted the case for the United States.

Topic(s):

Intellectual Property

Component(s):

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