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FOR IMMEDIATE RELEASE

Friday, December 14, 2018

Appeals Court Upholds Scientists' Fraud Convictions

Tampa, Florida – United States Attorney Maria Chapa Lopez announces that the United States Court of Appeals for the Eleventh Circuit has affirmed the convictions for two Belleair Beach scientists, Mahmoud Aldissi (a/k/a Matt) and his wife Anastassia Bogomolova (a/k/a Anastasia), for conspiracy to commit wire fraud, wire fraud, aggravated identity theft, and falsification of records. The Court's opinion describes how Aldissi and Bogomolova lied about their facilities, equipment, and employees, fabricated price quotes, and forged endorsements from respected scientists to obtain \$10.5 million in small-business research funding from the National Aeronautics and Space Administration and other government agencies. When government officials began investigating, the defendants submitted falsified business records for their companies, Fractal Systems, Inc. and Smart Polymers Research Corp., to cover up the fraud.

The Eleventh Circuit explained that had Congress established the programs that Aldissi and Bogomolova defrauded in order to provide qualified small businesses with research-and-development support to turn research into actual commercial products and services. In a highly competitive process, researchers submit detailed proposals outlining their research, a panel of experts selects winners, and the winning proposals become contracts between the researchers and the government for the research.

On appeal, the defendants had admitted that their proposals were faked and that, "under the terms of the bid contracts, they were not eligible for any of the contracts or grants for which they applied." They nonetheless claimed that their convictions should be overturned because they had performed research and published the results in scientific journals. However, after hearing oral argument, the Court of Appeals rejected all of their arguments, stating, "These are not job programs for unemployed scientists and do not fund research merely for the sake of research." Because the defendants' "lies, forgeries, and fabricated price quotes" related to key ingredients for commercialization, their frauds deprived the government of what it actually was paying for and of the money that should have been awarded to other researchers.

The Court also affirmed the defendants' sentences, which were based in part on the \$24.5 million that they sought from their fraudulent proposals. Aldissi is serving 15 years in prison, and Bogomolova is serving 13 years in prison. And both have been ordered to repay as restitution the \$10.5 million that they obtained from the government.

"The Defense Criminal Investigative Service investigation into these fraud crimes uncovered and documented clear evidence of egregious violations of the law, leading to the conviction of these defendants," said Special Agent in Charge John F. Khin, Southeast Field Office. "That these convictions were upheld on appeal is a testament to the compelling results of the thorough and detailed investigation pursued by DCIS and our partners."

"We concur and appreciate today's affirmation of sentence from the 11th Circuit U.S. Court of Appeals," said the Director of the U.S. Army Criminal Investigation Command's Major Procurement Fraud Unit, Frank Robey. "Regardless of the extraordinary plots that people create to attempt to corrupt the system and satisfy their own greed, we will root them out and sooner or later unravel their criminal schemes. Along with the DOJ and our other law enforcement partners, we will continue to tirelessly work shoulder-to-shoulder to protect the integrity of the DOD contracting system," Robey said.

"In affirming the district court, the Eleventh Circuit has recognized that defendants thwarted the important purpose behind the SBIR and STTR programs, to promote the progress of science by increasing opportunities for small businesses to commercialize cutting-edge scientific research," said Allison Lerner, Inspector General for the National Science Foundation. "This decision is an important step in protecting the integrity of this program. 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 strong support in this effort."

The appeal was handled by Assistant United States Attorney Roberta J. Bodnar, and the underlying criminal case—including an 18-day trial—was prosecuted by Assistant United States Attorney Thomas N. Palermo. It was investigated by the Defense Criminal Investigative Service, the National Aeronautics and Space Administration's Office of the Inspector General, the Major Procurement Fraud Unit of the United States Army Criminal Investigation Division, the National Science Foundation's Office of the Inspector General, the Environmental Protection Agency's Office of the Inspector General, the Department of Energy's Office of the Inspector General, and the Department of Homeland Security's Office of the Inspector General.

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Updated December 14, 2018