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Eastern District of Pennsylvania

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Lehigh County Couple Charged In Scheme To Defraud The Government

Yujie Ding, 52, and Yuliya Zotova, 40, of Center Valley, Pennsylvania, were charged by indictment, unsealed today, with ten counts of wire fraud related to a government program meant to increase research and development opportunities for small businesses, announced United States Attorney Zane David Memeger.

The Small Business Innovation Research (SBIR) program was created by Congress in 1982 and has requirements aimed to combat fraud, waste, and abuse. According to the indictment, in August 2009, Ding and Zotova submitted a proposal to NASA to fund a research project aimed at creating a device to detect trace levels of chemicals. The defendants' proposal claimed they would conduct the research at their business, ArkLight, and would subcontract some of the work to an area university where Ding was employed. The indictment alleges that the defendants knew they had no such facility in which to conduct the research and were, instead, using ArkLight as a front to funnel federal grant money to themselves for research performed by students and others working in Ding's university lab. It is further alleged that the defendants sent to NASA, via electronic transmission, invoices totaling \$560,000 for work that was not performed to the specifications of the proposals and received a portion of that amount.

If convicted of all charges, each defendant faces a maximum possible statutory sentence of 200 years in prison, three years of supervised release, a fine of up to \$2.5 million, a \$1,000 special assessment, and forfeiture.

The case was investigated by the National Aeronautics and Space Administration's Office of Inspector General, the Defense Criminal Investigative Service, and the United States Air Force Office of Special Investigations. It is being prosecuted by Assistant United States Attorneys Elizabeth Abrams and Gregory David.

An Indictment is an accusation. A defendant is presumed innocent unless and until proven guilty.