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Eastern District of Pennsylvania

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Drexel University to Pay \$189,062 to Resolve Potential False Claims Liability

Case stems from former professor's misuse of federal grant funds, including for gentlemen's clubs

PHILADELPHIA, PA—United States Attorney William M. McSwain announced that Drexel University has agreed to pay the United States \$189,062 to resolve potential liability under the False Claims Act for a former professor's use of grant funds towards "gentlemen's clubs" and other improper purchases.

For ten years, the head of Drexel's Department of Electrical and Computer Engineering, Dr. Chikaodinaka D. Nwankpa, submitted improper charges against federal grants. The majority of the charges were made to gentlemen's clubs and sports bars in the Philadelphia area.

The government's investigation began in 2017 after Drexel voluntarily disclosed the improper charges to eight federal grants for energy and naval technology related research that it received from the Department of the Navy, the Department of Energy, and the National Science Foundation. After an internal audit in 2017, Drexel discovered that between July 2007 through April 2017, Dr. Nwankpa submitted improper charges against the federal grants for items such as personal iTunes purchases and for "goods and services" provided by Cheerleaders, Club Risque, and Tacony Club.

Drexel disclosed Dr. Nwankpa's conduct to the government and cooperated with the investigation to identify the full scope of the misconduct. Dr. Nwankpa repaid \$53,328 to Drexel, resigned his position in lieu of termination, and was debarred from federal government contracting for a period of six months. Drexel has implemented changes to prevent similar misconduct in the future, such as improvements to its charge approval and auditing policies.

“This is an example of flagrant and audacious fraud, and a shameful misuse of public funds.” said U.S. Attorney McSwain. “The agencies providing these grant funds expect them to be used towards advancements in energy and naval technology for public benefit, not for personal entertainment.”

U.S. Attorney McSwain continued, “We appreciate Drexel’s self-disclosure and cooperation in this matter. At the same time, we are disappointed that Dr. Nwankpa’s conduct went unnoticed for so long, but Drexel’s strengthening of its charge approval process is certainly a step in the right direction.”

NCIS Northeast Field Office Special Agent in Charge Leo S. Lamont stated: “Fraud is never a victimless crime. In this case, the flagrant and wrongful misuse of American taxpayers’ funds not only eroded the public trust, but jeopardized the Department of Navy’s efforts to obtain the best technology and research for our brave men and women in uniform. NCIS will continue to battle fraud in all forms and tirelessly pursue all those who seek to cheat, steal, defraud, or harm the American Public and the Department of the Navy.”

The settled civil claims are allegations only. There has been no determination of civil liability. This case was investigated by the Naval Criminal Investigative Service, the U.S. Department of Energy Office of Inspector General, and the National Science Foundation Office of Inspector General. It was handled by Assistant United States Attorney Stacey L. B. Smith and Fraud Investigator Jeffrey Braun.

Topic(s):

False Claims Act

Component(s):

USAO - Pennsylvania, Eastern

Contact:

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STATES ATTORNEY’S OFFICE EASTERN DISTRICT OF PENNSYLVANIA Suite 1250, 615 Chestnut Street Philadelphia, PA 19106 JENNIFER CRANDALL Media Contact 215-861-8300 If you have not done so already, follow @USAO_EDPA and @USAttyMcSwain to get the most up-to-date information about big cases and community news.

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