



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I-12050024

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We identified a Small Business Innovation Research (SBIR) awardee company that appeared to have inadequate facilities to accomplish its proposed work. We reviewed additional information and found that the PI on the company's Phase I SBIR award may not have been primarily employed by the company, as required. Subsequent investigation found that the company had falsely certified that the Phase I PI had been primarily employed by the company, provided a false description of company facilities, misrepresented the company's timekeeping system, and fabricated timesheets in response to an IG subpoena. Multiple company employees were employed by a university, and they failed to disclose their relationship with the company when making purchases of company equipment using NSF funds awarded to the university. Those purchases were then used to support an SBIR Phase IIB proposal. We referred the case to a U.S. Attorney's Office, where it was declined criminally but accepted by the Civil Division.

We recommended the suspension and subsequent termination of awards to the company and company personnel at the university, resulting in over \$2 million in funds put to better use. We recommended the government-wide suspension of the subjects during the investigation, which NSF enacted. Ultimately, the subjects settled with the U.S. Attorney's Office and agreed to pay over \$350,000 to resolve the allegations. We recommended that the subjects be debarred. The subjects resolved the debarment recommendations by agreeing to voluntary exclusions for a number of years.

This case is closed with no further action taken.