

Redacted



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I0001002

Page 1 of 1

This investigation was opened based on a referral from NASA-OIG, who initiated a case following a Qui Tam referral from the US Attorney's Office in the District of New Jersey. The allegations received through the Qui Tam stated that Moshe Lavid, President of M.L. Energia, Inc., had submitted false statements to various Agencies' Small Business Innovation Research (SBIR) Programs. Based on these allegations, a multi-agency investigation, involving Agents from NASA-OIG, NSF-OIG, DOE-OIG, DOA-OIG, and DCIS, conducted an investigation of Lavid's activities involving SBIR awards.

On June 18, 2004, Moshe Lavid pleaded guilty to Mail Fraud and Tax Evasion regarding fraud related to SBIR awards to his company, M.L. Energia. In July 2004, NSF terminated an NSF Grant¹ to M.L. Energia, and deobligated the unexpended balance of \$120,000. In December 2004, NSF suspended Lavid from directly or indirectly obtaining benefits of Federal grants.

On November 9, 2005, Lavid was sentenced to 12 months home confinement and paid \$1.4 million in fines and penalties to resolve the criminal and civil actions brought by the U.S. Attorney's Office in the District of New Jersey.² Of the \$1.4 million paid by Lavid, \$180,000 related to the NSF Grant. On June 14, 2006, NSF debarred Lavid and M.L. Energia from directly or indirectly obtaining the benefits of Federal grants for a period of five years.

This matter is closed.

¹ DMI-9704053

² Attached is the U.S. Attorney's Office Press Release.

NEWS

United States Department of Justice
U.S. Attorney, District of New Jersey
970 Broad Street, Seventh Floor
Newark, New Jersey 07102



Christopher J. Christie, U.S. Attorney

More Information? Dial the Public Affairs UpDate Line (973-645-3657), or call the Assistant U.S. Attorney or other contact listed below to see if more information is available.

News on the Internet: News Releases, related documents and advisories are posted short-term at our website, along with links to our archived releases at the Department of Justice in Washington, D.C. **Go to:** <http://www.njusao.org/break.html>

Assistant U.S. Attorneys
DONNA GALLUCIO
and STUART A. MINKOWITZ
973-645-2786 and 2925

lavi1109.rel
FOR IMMEDIATE RELEASE
Nov. 9, 2005

New Jersey-based Scientist Sentenced for Government Contract
and Tax Fraud; Also Settles Civil Complaint and Tax Liability for
\$1.4 Million

(More)

Public Affairs Office
<http://www.njusao.org>
Michael Drewniak, PAO

UpDates — 973-645-3657
973-645-2888

Breaking News (NJ) <http://www.njusao.org/break.html>

NEWARK – A Princeton scientist was sentenced today to 12 months of home confinement and five years of probation for defrauding the United States in connection with research grants he applied for and received for his company as well as for tax evasion, U.S. Attorney Christopher J. Christie announced.

Also today, Moshe Lavid, 63, agreed to pay a total of \$1.4 million to the government for the tax evasion and to settle allegations that he made false certifications to the National Aeronautics and Space Administration (NASA), U.S. Department of the Air Force, National Science Foundation, Department of Energy and Department of Agriculture to obtain federal research grants under the Small Business Innovative Research Program (SBIR).

Lavid, a Ph.D., is the owner of M.L. Energia, Inc., a Plainsboro-based company involved in scientific research. The company formerly contracted with the federal government to conduct research focusing on the interaction between photons generated by lasers or advanced light sources and matters, mostly gas and liquid.

During his guilty plea to mail fraud in the criminal case on June 18, 2004, before U.S. District Judge Harold A. Ackerman, Lavid admitted failing to notify the National Science Foundation that he had inappropriately used old data that had been produced under an earlier contract with the Air Force.

The criminal Information to which he pleaded guilty describes a broader scheme in which Lavid received grants and contracts from various U.S. Government agencies and the military, pursuant to the Small Business Innovation Development Act. For instance, as described in the Information, in order to be eligible for the grants and contracts under the SBIR program, the research in question had to be performed primarily by the recipient. Lavid occasionally subcontracted out major portions of the grants and contracts, violating their terms, according to the Information.

Furthermore, according to the Information, Lavid, on behalf of Energia, occasionally applied for funding from one federal agency for a proposal for which he had already received funding from another federal agency.

Lavid also pleaded guilty to one count of tax evasion, which charged him with evading more than \$93,000 in income tax on his personal tax return for 1998. Lavid agreed to pay the government \$288,414.04, which included penalties and interest.

Judge Ackerman today sentenced Lavid on the criminal charges to 12 months of home confinement with electronic monitoring and five years of probation. Lavid is barred from working as or for government contractors for the length of his period of probation. He was also fined \$20,000.

The settlement of the civil complaint resolves allegations filed in 2000 against Lavid and his small research and development company. The complaint alleged violations of the False Claims

Act, which permits recovery of triple the amount of the damages to the government plus penalties, according to Assistant U.S. Attorney Stuart A. Minkowitz, of the Civil Division of the U.S. Attorney's Office.

As part of the settlement, Lavid will pay \$1,111,585.96 to the government, no later than November 10, 2005. The settlement was signed and unsealed today by U.S. District Judge Dennis M. Cavanaugh.

The lawsuit was originally filed under seal in accordance with the whistle blower provisions of the federal False Claims Act by Moisey Teytelboym, an employee of M.L. Energia, Inc. The whistle blower provisions permit private citizens to bring lawsuits on behalf of the United States and share in any recovery obtained by the government.

Under the False Claims Act, Teytelboym will receive a 22-percent share of the settlement, or \$244,548.91.

Lavid substantially denied the allegations contained in the civil lawsuit, with the exception of those he admitted to in his guilty plea.

Christie credited Special Agents and investigators assigned to the NASA Office of Inspector General, under the direction of Special Agent-in-Charge Michael Sonntag; the Defense Criminal Investigative Service, under the direction of Resident Agent-in-Charge James Murawski; the IRS Criminal Investigation Division, under the direction of Special Agent-in-Charge Patricia J. Haynes; the National Science Foundation Office of Inspector General, under the direction of Special Agent-in-Charge Matthew Quinn; the U.S. Department of Energy Office of Inspector General; under the direction of Special Agent-in-Charge Yvette Milam; and the U.S. Department of Agriculture Office of Inspector General, under the direction of Special Agent-in-Charge Brian L. Haaser, with investigating the case.

In the criminal case, the government was represented by Assistant U.S. Attorney Donna Gallucio; the civil complaint was handled by Assistant U.S. Attorney Stuart A. Minkowitz.

-end-

Counsel:

for Moshe Lavid and M.L. Energia, Inc.: Justin P. Walder, Esq., Roseland, NJ

for Moisey Teytelboym: Timothy J. McInnis, Esq. New York, NY