



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I04040014

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The National Science Foundation (NSF) Office of Inspector General received information alleging that a company ¹ misrepresented itself as a small business by creating spin-off companies to circumvent eligibility requirements for NSF's Small Business Innovation Research (SBIR) program.

The company restructured and submitted documentation to the Small Business Administration (SBA) to become eligible to participate in the program. At the time of the restructuring, the company advised SBA that they would work with NSF to gain approval for a contract novation before accepting the NSF award.

The cognizant NSF Grants Official ² advised that SBA determined that the original firm did not meet the definition of a small business for the purposes of the SBIR program and that NSF terminated the project. The Office of General Counsel (OGC) stated that the novation agreement was invalid because the company was not an eligible SBIR awardee at the time of award; therefore the agreement could not serve as a basis for the subsequent novation.

NSF funds were not awarded to this firm due to SBA's determination of ineligibility. Accordingly, this case is closed.

¹ Footnote Redacted

² Footnote Redacted