

NATIONAL SCIENCE FOUNDATION
 OFFICE OF INSPECTOR GENERAL
 OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

TO: AIGI	File Number: 195120050	Date: 17 March 2002
Subject: Closeout Memo		Page 1 of 1

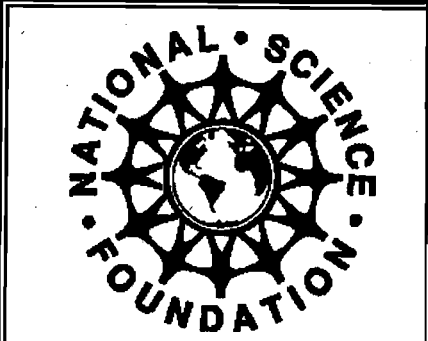
There was no closeout written at the time this case was closed. The following information was extracted from the file in conformance with standard closeout documents.

Our office was informed that the subject¹ was alleged to have obtained money from students by falsely claiming to grant or obtain science scholarships. We investigated with other federal agencies,² and filed a civil complaint against the subject. The subject agreed to a settlement that included forfeiture of funds for reimbursement to students, \$10,000 fine, and \$350,000 bond prior to future scholarship service actions.

Accordingly this case is closed.

[REDACTED]

Name:	Prepared by:	Cleared by:		
	Agent:	Attorney:	Supervisor:	AIGI
Signature & date:				



13 April 1997

Memorandum

To: File
I95120050

Investigative Attorney

Subject: Case Update

In December 1995 we received an allegation regarding an entity calling itself the [redacted] was fraudulently offering scholarship services to students, in exchange for a small processing fee. We worked with Inspectors from the U.S. Postal Service to investigate the matter. The investigation determined that the subject, [redacted] ad used mail drops in Maryland and Washington, D.C. to receive processing fees from students, but had failed to provide the scholarship services promised in [redacted] solicitations. The U.S. Attorney for Baltimore declined prosecution in the matter, but in January 1994 the U.S. Postal Service had issued a cease and desist order against [redacted].

In April 1996 we became aware that [redacted] was continuing to operate the fraudulent scholarship assistance program. We contacted the Federal Trade Commission (FTC), which indicated that it was considering a consumer fraud complaint against [redacted]. On 9 August 1996, SA [redacted] provided an affidavit to [redacted] of the FTC, in which he detailed NSF OIG's investigation and its concerns about [redacted] activities.

In August 1996, [redacted] filed a Complaint for Permanent Injunction against [redacted] and against [redacted] who had also participated in the scheme. On 10 April 1997, the FTC filed a proposed settlement agreement in the U.S. District Court for the District of Maryland, whereby the subjects agreed to forfeit funds seized by the FTC at various mail drop sites, and for the funds to be used to reimburse victims of their scheme. In addition, [redacted] will pay judgments of \$10,000 and \$9,000, respectively, and will post bonds in the amount of \$300,000 and \$50,000, respectively before engaging in future scholarship services. The settlement has been approved by the subjects and by the FTC, and is now awaiting the District Court's approval.

31 March 1997

Memorandum

To: File
I95120050

From: Investigations Section

Through: Special Agent-in-Charge

Subject: Closeout Memo for Investigation No. I95120050

In December 1995 OIG received information that an organization calling itself the [redacted] was fraudulently offering scholarships to science students in exchange for a \$10 processing fee. On 17 September 1996 the Federal Trade Commission filed a request for an injunction with the U.S. District Court for the District of Maryland, Northern Division, asking that the court bar the defendants from continuing their activities. To our knowledge, there have been no further incidents such as those in this case. Based on this information, this case is closed.