

NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

TO: AIGI

File Number: I96060038

Date: 26 March 2002

Subject: Closeout Memo

Page 1 of 1

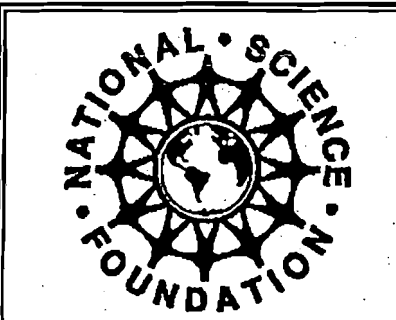
There was no closeout written at the time this case was closed. The following information was extracted from the file in conformance with standard closeout documents.

Our office was informed that the subject¹ was alleged to have made false statements or claims. The subject applied for and received funding from both NSF and another federal agency² for essentially duplicate projects, without making the required disclosures about current and pending support. Further investigation found three groups of duplicate funding involving NSF and two other government agencies.³ The subject left his corporation⁴ and the corporation agreed to pay \$547,000 and to monitor its SBIR program to ensure this does not happen again.

Accordingly this case is closed.

¹ [REDACTED]
² ARPA
³ DOD and NASA
⁴ [REDACTED]

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





U.S. Department of Justice
Eastern District of Virginia

196060038

Janet Rehnquist
Assistant United States Attorney
2100 Jamieson Avenue
Alexandria, Virginia 22314

(703) 299-3774
FAX (703) 299-3983

August 24, 1998

Special Agent [REDACTED]
Office of Inspector General
National Science Foundation
4201 Wilson Blvd.
Arlington, VA 22230

RE: [REDACTED]

Dear [REDACTED]:

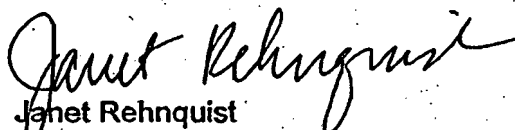
I have enclosed for your records a fully executed copy of the Release and Settlement Agreement in connection with the above-captioned matter.

Once again, I appreciate all of the assistance from NSF. As you know, [REDACTED], your former protégé, and [REDACTED] of DCIS worked very hard to achieve the good result we got in this investigation.

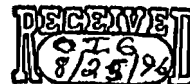
Sincerely,

HELEN F. FAHEY
UNITED STATES ATTORNEY

By:


Janet Rehnquist
Assistant U.S. Attorney

Enclosure



RELEASE AND SETTLEMENT AGREEMENT

This Release and Settlement Agreement ("Agreement") is entered into by and between the UNITED STATES OF AMERICA ("United States"), by and through the undersigned, and [REDACTED] ([REDACTED]), by and through the undersigned.

WHEREAS, the National Science Foundation and Defense Criminal Investigative Service initiated an investigation into alleged false claims presented under the Small Business Innovation Research Program and other federal grants and contracts from the time period 1991 through the date of this Agreement and that investigation was referred to the United States Attorney for the Eastern District of Virginia;

WHEREAS, [REDACTED] has incurred, and is continuing to incur, substantial attorneys' fees and associated costs and wishes to settle this matter in order to avoid incurring further fees and costs; and

WHEREAS, [REDACTED] and the United States wish to settle their disputes arising out of those allegations without resort to litigation,

NOW, THEREFORE, in consideration of the matters set forth above and the following mutual covenants, [REDACTED] and the United States hereby agree as follows:

1. OBLIGATIONS OF [REDACTED]

1.1 Payment to the United States. [REDACTED] agrees to pay to the United States the sum of Five Hundred Forty Seven Thousand Dollars (\$547,000.00).

1.2 Manner and Method of Payment. The payment provided for in subparagraph 1.1 shall be by means of electronic funds transfer according to written instructions from the Financial Litigation Unit, United States Attorney's Office for the Eastern District of Virginia, 101 West Main Street, Norfolk, Virginia 23510, within 30 days of the receipt of payment instructions. Notwithstanding any other provision of this Agreement, if the electronic funds transfer is not successfully completed within the 30 day period described herein, this Agreement shall be null and void.

2. OBLIGATIONS OF THE UNITED STATES

2.1 In consideration of the agreements and payments set forth herein, and, except for such obligations as are created by this Agreement, the United States hereby waives, releases and promises to refrain from instituting, prosecuting or maintaining any civil or monetary claim, action, suit or proceeding under the False Claims Act, 18 U.S.C. § 287 and 31 U.S.C. §§ 3729-3733, the False Statements Act, 18 U.S.C. § 1001; the Truth in Negotiations Act, 41 U.S.C. § 2546 and 10 U.S.C. §§ 2306, 2306a; and the Program Fraud Civil Remedies Act, 31 U.S.C. § 3801, *et seq.*, or the common law against [REDACTED] arising from its submission of proposals, research results and claims for payment to the National Science Foundation, the National Aeronautics and Space Administration and the Department of Defense under the Small Business Innovation Research Program and other federal contracting programs from January 1991 through the date of this Agreement.

2.2 The Department of Justice, NSF, NASA and DOD further agree to refrain from instituting any administrative proceeding, including but not limited to suspension and/or debarment, arising from the above-referenced submissions.

2.3 The United States Attorney's Office for the Eastern District of Virginia has agreed not to criminally prosecute [REDACTED] and/or its officers and directors for conduct described in connection with the submission of proposals, research results or claims for payment to the United States from January 1991 to the date of this Agreement.

2.4 After completing its investigation, the United States has concluded that there was no fraud or other violation of federal statute or common law based on [REDACTED] submission of proposals, research results and claims for payment as of the date of this agreement in connection with [REDACTED]; [REDACTED]; [REDACTED]; [REDACTED]; [REDACTED]; [REDACTED] and [REDACTED].

3. MISCELLANEOUS PROVISIONS

3.1 Entire Agreement: It is understood and agreed that, except as expressly stated herein, this Agreement expresses full and complete settlement of liabilities claimed and denied, that there is no agreement or reservation not clearly expressed herein, and, regardless of the adequacy or inadequacy of the amount paid that this Agreement is intended to avoid litigation and be final and complete.

3.2 Not an Admission. This Agreement does not constitute an admission of liability by [REDACTED] and shall not be used as evidence of liability or as an admission of liability, or otherwise in any other action.

3.3 Tax Liability. Nothing in this Agreement is intended to affect, nor shall the Agreement be construed to affect, any liability [REDACTED] has or may have under the Internal Revenue Laws, Title 26 of the United States Code.

3.4 Costs under the Federal Acquisition Regulation and Affected Contracts. It is agreed that all costs otherwise available under any provision of the Federal Acquisition Regulation incurred for or on behalf of [REDACTED] and its officers, directors, agents and employees in connection with (1) the amounts covered by this Settlement Agreement, (2) [REDACTED] investigation and defense of the matters covered by this Settlement Agreement, (3) the negotiation of the Settlement Agreement, (4) the government's audit and investigation of the matters covered by this Agreement, and (5) the payment made to the United States pursuant to this Settlement Agreement shall be unallowable costs for government contract accounting purposes. All such costs deemed unallowable shall be separately accounted for by [REDACTED] by identification of costs incurred.

3.5 Venue for Enforcement, Interpretation or Dispute Resolution. Should any action to enforce or interpret this Agreement, or to resolve any dispute hereunder be required, the parties acknowledge the jurisdiction of the federal courts and agree that venue for any such action shall be in the United States District Court for the Eastern District of Virginia.

3.6 Compliance. Under the Agreement, [REDACTED] assures the United States that it has taken steps to assure full and accurate compliance with applicable statutes, regulations and program

requirements for federal grants and contracts.

3.7 Binding Agreement This Agreement shall be binding upon and inure to the benefit of the successors, assigns, trustees and employees of the parties hereto.


3.8 Capacity. Each person who signs this Agreement in a representative capacity warrants that he or she is duly authorized to do so.

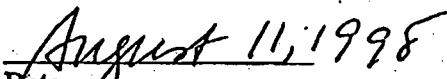
3.9 Costs. Each party shall bear its own costs.

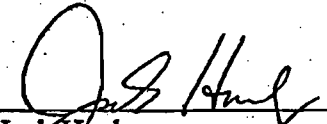
3.10 Effective Date. The effective date of this Agreement shall be the date it is signed by all parties.

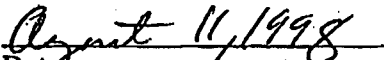
HELEN F. FAHEY
UNITED STATES ATTORNEY

By:


Janet Rehnquist, VSB #25297
Assistant United States Attorney
2100 Jamieson Avenue
Alexandria, Virginia 22314
Counsel for United States of America


Date


Jack Hanly
Assistant United States Attorney
2100 Jamieson Avenue
Alexandria, Virginia 22314
Counsel for United States of America


Date

Richard L. Dunn

Richard Dunn
General Counsel
Defense Advance Research Projects Agency
3701 North Fairfax Drive
Arlington, Virginia 22203

12 Aug 98
Date

Anita Eisenstadt

Anita Eisenstadt
Assistant General Counsel
National Science Foundation
4201 Wilson Boulevard
Arlington, Virginia 22230

August 12, 1998
Date

Tom Little

Authorized Representative
National Aeronautics and
Space Administration
Goddard Space Flight Center
Greenbelt, Maryland 20771

8/14/98
Date



8/18/98
Date

Jay P. Urwitz

Jay P. Urwitz, Esq.
Hale and Dorr, LLP
1455 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
Counsel for

8/21/98
Date

In our representative capacity only and not JPD
with respect to underlying -6- obligations