

MEMORANDUM

Date: February 22, 1999

To: File No. I96120059

From: [REDACTED] Investigations Student Trainee [REDACTED]

Through: [REDACTED] Assistant Inspector General for Investigations

Re: Case Close-out Dr. [REDACTED]

Background:

We received several allegations that Dr. [REDACTED] the PI at the University of [REDACTED] had obtained NSF funding by overstating the number of its industrial participants. We also received allegations that the project administrator, [REDACTED] had instructed two employees to inflate their hours to receive additional pay.

Investigation:

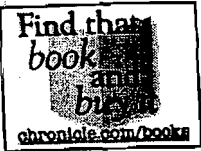
We obtained copies of the [REDACTED] annual reports, which contained the lists of industrial participants. The reports until spring of 1992 indicated that membership requirements for the [REDACTED] included either a cash donation of \$10,000.00 or a \$30,000.00 equipment donation. After the spring of 1992, membership required a \$15,000.00 cash contribution or a \$45,000.00 equipment donation. We issued subpoenas to the companies listed as participants. Many companies were listed as active members of the [REDACTED] despite the fact that they had declined membership, paid less than the full amount of membership fees, donated equipment which did not meet the standard for membership, or merely attended annual [REDACTED] meetings. We interviewed Dr. [REDACTED] who was unable to explain the discrepancies in the membership requirements. He added that the employee payments had been inflated by the project administrator without his knowledge.

Findings:

It was found that Dr. [REDACTED] had intentionally overstated the number of industrial members participating in the [REDACTED] and that he used false criteria to determine which companies were [REDACTED] members. We also found that the project administrator had instructed two employees to overstate their hours to receive additional pay, which led to improper payroll and overhead charges of more than \$9844.00.

On November 10, 1998, Dr. [REDACTED] plead guilty to a misdemeanor violation of 18 U.S.C. 1003, Demands Against the United States, for using false statements to obtain money. On January 22, 1999, Dr. [REDACTED] was sentenced to three months incarceration to be followed by one year of supervised release. He was ordered to pay a \$10,000.00 fine and a \$25.00 criminal assessment penalty. In addition, he is excluded from receiving federal financial and non-financial benefits under federal procurement and non-procurement programs for three years, commencing on January 31, 1999.

The Department of Justice declined to prosecute either the project administrator, [REDACTED] or Dr. [REDACTED] for the employee overpayment because the dollar amount of the alleged fraud was insubstantial, and because the funds had been repaid to NSF by the University of [REDACTED]



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The Chronicle of Higher Education The Faculty

From the issue dated September 24, 1999

PEER REVIEW

Presidential Search Adds to Competition Among Elite Institutions; Wisconsin Professor Keeps Tenure Despite Jail Term for Lying

...s announcement last week that he plans to step down as president of University next year stunned many people in academe, but some of his former colleagues at the ... had heard as early as this past spring that he was thinking of leaving. Now, the two institutions may find themselves competing for the same candidates as they both search for new leaders.

... a constitutional-law scholar, served more than a dozen years as ... rovest and law-school dean before taking over ... 's presidency in 1992. He said that after he steps down, he will take a sabbatical and then return to ... to teach undergraduates. "I need a season of refreshment and renewal," he said. "And it is high time for me to spend more time with family and friends."

The announcement surprised even the chairman o ... Board of Trustees, ... who said ... resignation "was neither expected nor welcome" among the trustees, who were pleased with his "extraordinary leadership."

Executive-search consultants say the number of top presidencies open now means the competition for candidates may be stiff. ... resident, ... this summer said that he will step down next year. ... chancellor c ... is retiring next summer. And the ... also is searching for a new

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Also is searching for a new chancellor, following the death this summer of

is one of the best opportunities out there, but it will be a competitive market," says a managing director of college-presidential searches at

s well into its search, a university spokesman said last week. says that the fact that has a couple of months' lead may be to its advantage. has a leg up in terms of timing," she says.

And despite the allure, whoever is tapped will have to deal with such challenges as the controversial merger of the institution's teaching hospitals with those of the San Francisco. The new entity has lost \$60-million in its second year. himself has recently joined in criticism of the partnership.

Academic leaders and search experts last week said it was premature to speculate on likely candidates for the presidency. But a former head of the and a former vice-president at , notes that pattern has been to choose a provost or strong academic scholar.

Falsifying information on federal grant applications and serving three months in jail need not cost you your tenure at the

At least, not if you're And not if administrators bungled by signing a legal deal some years ago that makes you untouchable.

A professor of electrical engineering was jailed in February after he pleaded guilty to a federal misdemeanor charge. He admitted to

listing more corporate sponsors than he had actually attracted when he applied for millions in grant money from the National Science Foundation.

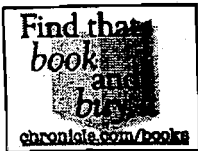
This month, having served his term was back on the campus teaching. He hasn't received a warm reception from officials. In a letter to _____, the chancellor, _____, told the professor that dismissing him "remains my decided preference." But, _____ said he was "acceding to your return to the faculty," because he was bound by the legal agreement.

The legal deal was struck in 1996, when Wisconsin decided to oust _____ from the directorship of its Engineering Research Center. The university said his management and budgeting practices were creating turmoil in the center and began investigating the center's activities. But to oust him without going through lengthy due-process proceedings, _____ struck a deal -- saying that stripping him of his directorship would resolve the matter. When the investigation ended, concluding that _____ lied on grant applications, _____ was stuck with the professor.

_____ lawyer, _____ - who says his client committed no crime and entered a guilty plea only to avoid prolonged legal battles -- said _____ shouldn't be surprised that it can't fire _____. After all, _____ says, he made administrators sign another agreement reiterating the first deal in 1998.

He dismissed the chancellor's "public-relations-oriented letter," saying that _____ had written it to appease "certain blowhard legislators" who were threatening to hold the university's budget hostage because they were angry about _____ return to the campus.

As for his client, "He's very happy to be back in the classroom," noting that _____ few grant proposals out for new projects.



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The Chronicle of Higher Education Government & Politics

From the issue dated November 20, 1998

Wisconsin Professor Acknowledges Lying on NSF Grant Applications

An engineering professor at the ... pleaded guilty last week to a misdemeanor charge of using false information to obtain research grants from the National Science Foundation. Prosecutors in the case plan to recommend the maximum fine -- \$100,000 -- for the professor.

Based on allegations made by three university employees, federal officials investigated the university's ...

... which managed. They found that ... in applying for N.S.F. grant money, had inflated the number of corporate partners in the research center. The center received millions of dollars from the agency, but prosecutors said they did not know how much of the money had been won because of the false information.

In addition to paying the fine ... must relinquish all administrative and financial control of grants, but he will be allowed to continue supervising the research of students supported by grants.

... lawyer ... said most of the complaints against his client had been proved false by university and N.S.F. investigations.

"The N.S.F. was very resolute that there had to be a penalty," he said. "They want to make sure that anything they get from any university is 100 per cent accurate."

... the U.S. Attorney for the Western District of Wisconsin, said that the case "sends an unambiguous message to academia and beyond [that] regardless of one's position,

and beyond [that] regardless of one's position, lying to obtain money for any purpose will not be tolerated."

will continue as a professor at the university, said executive assistant to the provost. The university and agreed two years ago, after the university had begun investigating the employees' complaints, that he would step down as director of the research center.

The professor did not intend to deceive the N.S.F., said. "It was his opinion that there was flexibility in the reporting," he said.

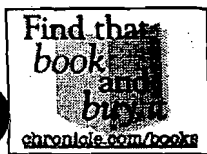
But the prosecutor that handled the case, said had intentionally inflated the number of research partners to increase the chances of receiving grant money. Prosecutors will not take any action against the university.

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The Chronicle of Higher Education Short Subjects

From the issue dated February 5, 1999

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Wisconsin Professor Gets Jail Time for Lying to Win Federal Grants

A professor of electrical engineering at the University of Wisconsin at Stevens Point was sentenced last month to three months in jail and fined \$10,000 for falsifying information on a federal grant application.

Federal prosecutors had not sought jail time for the professor, who had pleaded guilty to listing more corporate sponsors than he had actually attracted when he applied for millions of dollars from the National Science Foundation.

But in the sentencing, U.S. Magistrate Judge Robert J. Kuntz said he had assigned jail time to assure academic researchers who follow the rules that "they are not chumps, fools, or suckers."

The professor had said that he listed the corporations on his grant application in hopes that they actually would become sponsors.

But one of the prosecutors charged that the professor had inflated the number of research partners to increase his chances of receiving grant money. N.S.F. officials have said that it's unclear whether the inflation had helped the professor's grant proposal to win approval.

The professor's lawyer for the sentencing called the sentencing "ridiculous" and "beyond the pale." The professor's jail term was to begin February 19.

The professor admitted having used false information to obtain grants for the university's

center, which he managed. He was removed as the center's director two years ago, after charges against him were first made, but has continued working as a professor there.

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continued working as a professor there.

The sentence prohibits him from using federal grant money for the next three years.

University officials have said they are unsure what implications the sentencing would have on continued employment by the institution.

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U. S. Department of Justice

United States Attorney
Western District of Wisconsin

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660 W. Washington Avenue
P. O. Box 1585
Madison, WI 53701-1585
November 3, 1998

608/264-5158

Attorney at Law

Madison, WI 53703

Attorney at Law

Milwaukee, WI 53202-3602

Re: United States

Dear Counsel:

Introduction - Maximum Penalty

The purpose of this letter is to reduce to writing a proposed plea agreement between the defendant and the United States relating to the above-captioned case. The defendant has agreed to plead guilty to Count I of the information which charges a violation of Title 18, United States Code, Section 1003. This statute carries a maximum possible penalty of one year in prison, a one hundred thousand dollar fine and a \$25.00 special assessment. The defendant agrees to pay the criminal assessment at or prior to sentencing. The defendant understands that the Court will enter an order pursuant to 18 U.S.C. § 3013 requiring the immediate payment of the criminal assessment. In an appropriate case, the defendant could be held in contempt of court and receive an additional sentence for failing to pay the criminal assessment as ordered by the Court.

Agreement/Recommendations

The United States agrees that this guilty plea will be in complete satisfaction of all possible criminal violations which have occurred in the Western District of Wisconsin relating to the conduct described in the information or which were known to the United States as of the date of this plea agreement.

November 3, 1998

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The United States agrees to recommend that the defendant receive the maximum reduction in the sentencing guideline calculations for acceptance of responsibility. This recommendation is based upon facts currently known to the United States and is contingent upon the defendant accepting responsibility according to the factors set forth in USSG §3E1.1. The United States is free to withdraw this recommendation if the defendant has previously engaged in any conduct which is unknown to the United States and is inconsistent with acceptance of responsibility, or if he engages in any conduct between the date of this plea agreement and the sentencing hearing which is inconsistent with acceptance of responsibility.

The United States reserves the right to make whatever comments it deems relevant to the sentencing process, both to the sentencing judge and the probation officer. The defendant understands that all relevant conduct as defined in USSG §1B1.3 will be considered by the sentencing judge in determining the appropriate guideline range and resulting sentence.

Collateral Effects and Government Recommendation Concerning Fine

The defendant understands that the United States will recommend the maximum fine in this case. The defendant is free to make any argument concerning penalties. The defendant agrees to be voluntarily excluded from receiving federal financial and non-financial assistance and benefits as set forth in the attached addendum.

Financial Disclosure

The defendant agrees to complete a financial statement and to return it to this office prior to the sentencing hearing. The financial statement form is being provided to the defendant with this letter.

Challenges to Guidelines/Appeals

The defendant and the United States both reserve the right to comment on, and to challenge or support, the guideline computations which will be calculated by the probation officer and the sentencing judge. The parties may submit evidence, through testimony or otherwise, to challenge or support the guideline calculations including any calculations relating to guideline departures. In addition, the defendant and the United States both reserve the right to appeal the sentence imposed, if appropriate, pursuant to 18 U.S.C. § 3742. In the event of an appeal by either party, the United States reserves the right to make all arguments it deems appropriate in support of or in opposition to the sentence imposed by the Court.

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Guideline Computation Discussions

The defendant understands that any guideline computation discussions are not part of the plea agreement. The defendant should not rely upon the possibility of a particular sentence based upon any guideline computation discussions between defense counsel and the United States.

Conclusion

If your understanding of our agreement conforms with mine as set out above, would you and the defendant please sign this letter in the appropriate space below and return it to me. By signature below, the defendant acknowledges his understanding that the United States has made no promises or guarantees regarding the sentence which will be imposed. The defendant also acknowledges his understanding that the Court is not required to accept any recommendations which may be made by the United States and that the Court is free to impose any sentence up to and including the maximum penalties set out above, subject to those limitations imposed by the sentencing guidelines.

Very truly yours,

United States Attorney

By: _____

Assistant United States Attorney

11-3-98
Date

Date

Attorney for the Defendant

Date

Defendant

TMO:kb
Enclosure

ADDENDUM

The defendant agrees to be voluntarily excluded, as contemplated in 45 C.F.R. § 620, from receiving federal financial and non-financial assistance and benefits under federal non-procurement programs and procurement programs and activities for three years beginning on January 31, 1999. During the three-year voluntary exclusion period, the defendant will not receive or be supported by any funds from, or serve as Principal Investigator (hereafter PI) or co-PI for, nor have primary financial or administrative responsibility, substantive financial or administrative control over, or critical financial or administrative influence on, a grant, contract, or cooperative agreement, or any associated lower-tier transaction as defined in 45 C.F.R. § 620.110, with any agency of the Executive Branch of the federal government. Violation of this agreement shall be grounds for debarment under 45 C.F.R. § 620 in addition to any other remedy. The defendant understands that his name will be added to General Services Administration government-wide list of debarred/voluntarily excluded individuals for the three-year voluntary exclusion period.

This agreement does not prohibit the defendant from conducting research, supervising the research of students, or collaborating with others conducting research, in the [redacted] or its successor(s) [redacted] or its successors(s) [redacted] or anywhere else--so long as he does not serve as PI or co-PI for, nor have primary financial or administrative responsibility for, substantive financial or administrative control over, or critical financial or administrative influence on, research supported by a grant, contract, or cooperative agreement, or any associated lower tier transaction, with any agency of the Executive Branch of the federal government.

This agreement is in no way meant to otherwise prohibit or restrict the defendant from fully performing his duties as a Professor of [redacted] at the [redacted] This agreement has no affect whatever on the authority [redacted] has over the defendant's activities--so long as the defendant does not serve as PI or co-PI for, nor have primary financial or administrative responsibility for, substantive financial or administrative control over, or critical financial or administrative influence on, research supported by a grant, contract, or cooperative agreement, or any associated lower tier transaction, with any agency of the Executive Branch of the federal government.

This agreement does not prohibit the defendant from applying for funding from any agency of the U.S. government before this agreement has expired, provided that (1) the existence of this agreement is disclosed as required by the funding agency, and (2) the starting date of the funding is after the expiration of this agreement.