



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I04020004

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The subject¹ was alleged to have misused NSF award funds and to have received funds for work that had been completed before NSF made the award.² The subject had both a closed SBIR/STTR³ Phase I and an open SBIR/STTR Phase II award. Upon request, the subject provided documentation to support the expenditure of funds under the closed award and the expenditures to date under the active award. The documents supported the expenditure of the funds on the proposed project, although several of the expenditures occurred after the expiration of the Phase I award and before the Phase II award began. Further investigation revealed that the subject's company was undergoing financial difficulties at the end of the Phase I award, including large outstanding liabilities. However, the fixed price nature of SBIR/STTR awards and the circumstances in this case suggest that no fraud was involved.

The subject also provided a large collection of emails chronicling correspondence between project staff. The emails provided sufficient evidence to show that the scientific concept, as well as its technological application, is still under development. SBIR/STTR awards provide funds not only the development of a scientific concept (*e.g.*, a new algorithm), but also the application of that concept through technology to a specific industrial/commercial problem. Thus the emails dispel the allegation that the subject had completed and marketed the technology before NSF made the awards.

Accordingly, this case is closed.

¹ [REDACTED]

² NSF awards

and [REDACTED]

³ Small Business Innovation Research / Small Business Technology Transfer