



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: I09110068

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The Recovery Act Transparency Board informed us that a company¹ had improperly accepted an NSF award² funded by the American Recovery and Reinvestment Act, while the company was excluded from receiving federal awards. Prior to accepting the NSF award, the company received a "Notice of Proposed Debarment" ("Notice") from another federal agency.³ The Notice, issued under the Federal Acquisition Regulation, has the same effect as a government-wide suspension. Although the company was then prohibited from participating in transactions such as the NSF award, we determined that the company had improperly accepted a \$150,000 NSF award and spent \$100,000 of the NSF funds.

We contacted the company, which conceded that it had received the Notice prior to accepting and spending the NSF award, but refused to return the NSF funds. In order to protect the remaining NSF monies, we recommended the NSF terminate the award, which NSF did immediately, thereby saving \$50,000 to be put to better use.

Based on our investigation, the company's misuse of federal funds involving several federal agencies, its failure to properly inform NSF that it was an excluded party, and for accepting the NSF award while an excluded party, we determined the company lacked present responsibility. Consequently, we recommended that NSF debar the company and its affiliated companies for three years.⁴ NSF agreed and sent the company and its affiliates a Notice. We forwarded the matter to the appropriate United States Attorney's Office for resolution of the expended funds, to be added in to ongoing negotiations to settle claims involving several federal agencies. Ultimately, the company and the government entered into a settlement agreement which included repayment of all of the NSF funds.

NSF resolved the proposed debarment through an administrative agreement under which NSF and the Department of Health and Human Services required the company to implement a program to ensure compliance with federal administrative and ethical requirements.

This case is closed with no further action taken.

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