

NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

TO: AIGI

File Number: I95040014

Date: 17 March 2002

Subject: Closeout Memo

Page 1 of 1

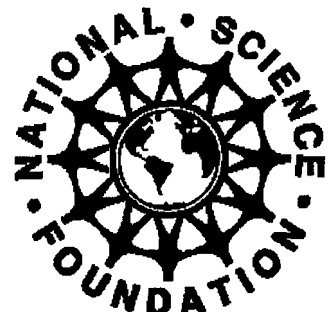
There was no closeout written at the time this case was closed. The following information was extracted from the file in conformance with standard closeout documents.

Our office was informed that the subject¹ was alleged to have received duplicate travel reimbursements while employed at his institution². The subject repaid \$4,930.00 to his institution, and his institution returned the funds to the NSF grants. The subject also paid \$20,000 in a civil settlement and agreed to limited debarment.

Accordingly this case is closed.

[REDACTED]

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



NATIONAL SCIENCE FOUNDATION

4201 WILSON BOULEVARD
ARLINGTON, VIRGINIA 22230

31 October 1995



OFFICE OF
INSPECTOR GENERAL

To:

[REDACTED]
[REDACTED]
Division of Contracts, Policy, and Oversight

[REDACTED]
Division of Grants and Agreements

[REDACTED]
General Counsel

From:

[REDACTED]
Acting Inspector General

Subject:

[REDACTED] has been Principal Investigator on many National Science Foundation awards, most recently [REDACTED]. We investigated certain allegations involving [REDACTED] and referred the matter to the United States Attorney's Office for the Eastern District of Virginia. A settlement has been reached between [REDACTED] and the Department of Justice. [REDACTED] paid a civil penalty of \$20,000.00 under the civil False Claims Act. Certain conditions, specified in the agreement, are to be observed in administering any current and future federal government awards in which [REDACTED] is involved. A copy of the agreement, with a cover letter from the Assistant United States Attorney, is attached.

Assuming that [REDACTED] complies with the terms of the settlement agreement, this office deems the matter closed, and we recommend that the National Science Foundation not consider the alleged impropriety in connection with any future proposals or awards.

Please call our Counsel, Dr. Montgomery K. Fisher, at 306-2100, if you have any questions.

Attachment



U.S. Department of Justice

United States Attorney

Eastern District of Virginia

1101 King Street

703/706-3700

Suite 502

Alexandria, Virginia 22314

October 27, 1995

RE: [REDACTED]

Dear [REDACTED]

Enclosed is your fully executed copy of the Release and Settlement Agreement in this matter. The United States Department of Justice acknowledges full reimbursement of the disputed funds and considers the matter closed.

By copy of this letter to the National Science Foundation, I am advising that this matter should not affect any future grant proposals or awards as long as the protocol set forth in the Settlement Agreement is followed.

Sincerely,

HELEN F. FAHEY
UNITED STATES ATTORNEY

A handwritten signature in dark ink, appearing to read "Brian D. Miller", written over a horizontal line.

Brian D. Miller
Assistant United States Attorney
(703) 706-3809

cc: National Science Foundation

RELEASE AND SETTLEMENT AGREEMENT

This Release and Settlement Agreement ("Agreement") is made and entered into this 25th day of October, 1995, by and between the UNITED STATES OF AMERICA ("United States"), through the United States Attorney for the Eastern District of Virginia, and [REDACTED]

W I T N E S S E T H:

WHEREAS, after review of extensive materials provided by the National Science Foundation, the United States believes that it has certain civil claims against [REDACTED] arising out of travel reimbursement for trips paid from a National Science Foundation grant; and

WHEREAS, after a review of materials provided by the National Science Foundation (including an audit prepared by [REDACTED]), the United States believes that it is in everyone's best interests to settle this matter on the basis of four (4) trips amounting to \$2,718.40 in allegedly inappropriate travel reimbursement claims; and

WHEREAS, [REDACTED] denies that any inaccurate or erroneous claims were made or were knowingly false or made in deliberate ignorance or reckless disregard of the truth or falsity of such claims for travel reimbursement, and asserts that any inaccurate or erroneous claims were in no way intentional, knowing or otherwise designed to defraud the National Science Foundation; and

WHEREAS, in order to avoid further civil litigation, and

because the United States believes that it is in the public interest to settle any such disputes with regard to its claims, the United States and [REDACTED] have agreed to settle all such claims and differences, and matters relating thereto, by virtue of this Agreement; and

WHEREAS, the United States Justice Department is fully empowered and authorized to settle this matter for itself, the National Science Foundation, and the United States, including all agencies thereof;

NOW, THEREFORE, in consideration of the mutual covenants expressed herein, the parties do hereby agree as follows:

I. OBLIGATIONS OF [REDACTED]

1.1 Payment to the United States: Upon the date of execution of this settlement agreement by the United States, [REDACTED] agrees that he will pay to the United States the sum of \$20,000.00.

1.2 Manner and Method of Payment: The payment provided for in subparagraph 1.1 shall be made upon execution of this settlement agreement by both parties, by certified check, payable to the U. S. Department of Justice, delivered to:

The United States Attorney's Office
1101 King street, Suite 502
Alexandria, Virginia 22314
Attn: Brian D. Miller, Esq.
Assistant United States Attorney

1.3 Compliance: [REDACTED] agrees and promises to submit proper claims for travel in the future, and will exercise reasonable care to provide proper checks and balances so that such

future billings comply with all applicable regulations, including the following:

THE FOLLOWING CONDITIONS APPLY TO AWARDS FROM ANY AGENCY OF THE FEDERAL GOVERNMENT. WHERE APPROVALS ARE REQUIRED BY AGENCIES OR Awardee INSTITUTIONS, THE EXISTENCE OF THESE CONDITIONS IMPLIES NOTHING REGARDING WHETHER OR NOT SUCH APPROVALS SHOULD BE GRANTED.

I. The Center [REDACTED]

A. Subawards:

1. Subject to agency award (including grant, contract, or cooperative agreement) conditions concerning subawards, [REDACTED] may be paid salary by his corporation, The Center [REDACTED] (the "Center"), with federal funds paid to the Center under subaward from an awardee institution.

2. Until July 1, 1997, before the Center enters into any subaward arrangement with an awardee (or subawardee) institution, [REDACTED] shall obtain a written agreement by the PI (if that is not [REDACTED]) or authorized organizational representative at the awardee (or subawardee) institution to review and approve all expenditures of federal funds by [REDACTED] or the Center; [REDACTED] shall forward a copy of this written agreement to the Office of Inspector General of the National Science Foundation before the Center enters into the subaward arrangement.

3. Until July 1, 1997, subject to federal rules concerning expenditures under federal awards, all expenditures by [REDACTED] or the Center, under subaward to the Center from an awardee (or subawardee) institution, under any federal award shall be reviewed and approved by the PI (if that is not [REDACTED]) or the authorized organizational representative on the award through the awardee (or subawardee) institution.

B. Awards:

Before and after July 1, 1996, [REDACTED] may receive salary and expend funds under

subawards under the conditions set out in "A" above, or after July 1, 1996, but not before, he may, subject to usual agency proposal and review procedures, apply for and receive federal awards directly to the Center, with the Center as awardee and [REDACTED] as PI, if the Center meets usual agency requirements for an awardee institution and, until July 1, 1997, provided that all expenditures shall be reviewed and accounted for by a Certified Public Accountant hired by the Center. The costs associated with the review of expenditures by the Certified Public Accountant shall not be charged directly or indirectly to the federal government.

C. Audits:

Effective immediately, and for so long as the Center, or any successor or comparable corporation in which [REDACTED] is a principal owner, receives federal funds directly or indirectly, an independent Certified Public Accountant not associated with the Center shall conduct an audit of the corporate books (including a project cost audit by individual award or agreement), in accordance with generally accepted accounting principles and federal audit requirements, at the end of each fiscal year in which the Center received any federal funds, with the results being provided to the awardee institution(s) and the Office of Inspector General of the National Science Foundation. The cost of the audit shall not be charged directly or indirectly to the federal government. No audit is required in any year in which the Center receives federal funds only via subawards and the total received is less than \$20,000.00.

II. [REDACTED]

A. Principal or Co-Principal Investigator:

1. Subject to usual agency approval procedures, [REDACTED] may, if approved by the agency at the awardee institution's request:

- a. become a PI or Co-PI on any existing award to an institution

other than the Center, and
b. apply, as PI or Co-PI for an institution other than the Center, for new funding.

2. Until July 1, 1997, before [REDACTED] becomes PI or Co-PI on any award or proposal for an institution other than the Center and other than the academic institution that employs him (which is covered by "B" below), he shall obtain a written agreement by the PI (if that is not [REDACTED]) or authorized organizational representative at the awardee institution to review and approve all expenditures of federal funds by [REDACTED]; [REDACTED] shall forward a copy of this written agreement to the Office of Inspector General of the National Science Foundation before he becomes PI or Co-PI on any award or proposal.

B. Employment:

1. Until July 1, 1997, before [REDACTED] becomes employed by (or acts as a paid consultant, advisor, or subawardee for) an institution other than the Center, he shall either:

a. notify the Office of Inspector General of the National Science Foundation, in writing, before he becomes employed by the institution, that he will neither apply for nor receive, directly or indirectly, federal funds through the institution until after July 1, 1997
-- or

b. obtain a written agreement by the authorized organizational representative or chief financial officer at the institution to review and approve all expenditures of federal funds by [REDACTED] until July 1, 1997; [REDACTED] shall forward a copy of this written agreement to the Office of Inspector General of the National Science Foundation before he becomes employed by the academic institution.

2. Until July 1, 1997, if [REDACTED] is employed by (or personally acts as a paid consultant, advisor, or subawardee for) an institution other than the Center, all expenditures of federal funds by [REDACTED] shall be submitted for review and approval by the authorized organizational representative or chief financial officer at the institution.

3. Subject to usual agency approval procedures, any federal awards in which [REDACTED] has a financial involvement, or portions thereof, may, at the awardee institution's request, be transferred to an institution employing [REDACTED].

4. Subject to usual agency approval procedures, [REDACTED] may, if approved by the agency at the awardee institution's request, continue as or become PI or Co-PI on any existing awards; [REDACTED] may apply, as PI or Co-PI for an institution employing [REDACTED], for new funding at any time.

C. Travel:

1. Until January 1, 2000, any travel by [REDACTED] paid in whole or in part, directly or indirectly, with funds from a federal award or awards (or subaward(s)) shall be undertaken exclusively for the purpose of directly furthering the objectives of the project(s) funded by the federal award(s) (or subaward(s)). After January 1, 2000, the usual rules and procedures will be followed for payment for [REDACTED]'s travel with funds from federal awards.

2. Any honoraria or other payments received by [REDACTED] for any travel (or speech, article, meeting, or other activity associated with the travel) the expenses of which are paid in whole or in part, directly or indirectly, with funds from a federal award (or subaward) for which [REDACTED] is PI, Co-PI, or among the senior personnel, shall be remitted promptly to the awardee (or subawardee) institution and added to the funds committed to the project by the federal award (or subaward) and used to further project objectives.

II. OBLIGATIONS OF THE UNITED STATES

2.1 Releases. 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 claim action or suit against [REDACTED] arising out of his claims for travel reimbursement to date.

III. MISCELLANEOUS PROVISIONS

3.1 Entire Agreement. It is understood that this Agreement represents the entire agreement made between the parties, and the parties shall have no obligations except as expressed herein. This Agreement shall not be used as evidence, as an admission of liability, or otherwise in any legal action, nor shall it affect the rights of any party in any legal action.

3.2 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 State Code.

3.3 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 (Alexandria Division).

3.4 Cost Report Accounting. It is agreed that all costs

incurred for or on behalf of [REDACTED] in connection with (1) [REDACTED]'s investigation and defense of the matters covered by this Settlement, (2) the negotiation of the Settlement Agreement, and (3) the payment made to the United States pursuant to this Settlement Agreement, shall be unallowable costs for government cost report accounting purposes.

UNITED STATES OF AMERICA

HELEN F. FAHEY,
UNITED STATES ATTORNEY

Date: October 27, 1995 By: [Signature]
Brian D. Miller
Assistant U. S. Attorney
1101 King Street, Suite 502
Alexandria, Virginia 22314
(703) 706-3809

Date:

COUNSEL FOR

Date: