

NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

TO: AIGI

File Number: I97070031

Date: 02 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 committed embezzlement, theft, or diversion of grant funds. The university's² internal audit reported that the subject had been using his university telephone card (which was charged directly to his NSF grants) to make personal telephone calls. Total charges over a ten-year period (1987-1997) exceed \$48,000. In addition, the university questioned purchases made by the subject and charged against his NSF grants. The case was resolved with a civil settlement with DOJ. The subject paid \$65,000 to the US Government and \$3,504 to the University. The University and the subject agreed that University officials would review all charges on the subject's Federal grants over the next three years.

Accordingly this case is closed.

¹ Charles B. Harris, UC, Berkeley

² University of California, Berkeley

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



SETTLEMENT AGREEMENTParties

This Agreement is entered into this 17th day of June, 1999 (the effective date of the Agreement), by and between the United States of America, acting through the United States Department of Justice, and Dr. Charles B. Harris (Charles Harris), and Mrs. Ingrid E. Harris (Ingrid Harris). As a preamble to this Agreement, the parties state:

Preamble

WHEREAS, at all times relevant, Charles Harris was a professor in the Department of Chemistry, at UCB, and the Principal Investigator for five National Science Foundation Grants awarded to UCB: CHE-8614442; CHE-9203970; INT-9215135; CHE-9221392; and CHE-9529105 ("the Grants");

WHEREAS, Charles Harris was assigned a California State government telephone calling card by UCB for his use in the operation of the Grants; the costs incurred through the making of telephone calls with the calling card, and the associated indirect costs, were directly charged to the Grants;

WHEREAS, Charles Harris was provided an office telephone by UCB to make telephone calls for his work in the operation of the Grants; the costs incurred through the making of telephone calls with the office telephone, and the associated indirect costs, were charged to the Grants;

WHEREAS, Charles Harris was permitted to make purchases of equipment for use in his operation of the Grants; the costs incurred through the purchases of equipment, and the

associated indirect costs, were directly charged to the Grants;

WHEREAS, Charles Harris was permitted to travel related to his work in the operation of the Grants; the costs incurred for such travel, and the associated indirect costs, were directly charged to the Grants;

WHEREAS, as a result of alleged improprieties relating to charges made on the Grants by Charles Harris and/or his wife, Ingrid Harris, and as a result of allegations that those improper charges related to the charging of telephone calls, the improper reimbursement for travel expenses, and the improper purchase and/or use of property, an investigation and audit of the Grants was conducted both by the University of California and by the National Science Foundation.

WHEREAS, the United States alleges that, during the operation of the Grants, Charles Harris and/or his wife, Ingrid Harris, improperly made personal telephone calls not associated with the Grants using the telephone calling card and the office telephone and improperly charging such calls to the Grants;

WHEREAS, the United States also alleges that indirect cost charges associated with the personal telephone calls were also improperly charged to the Grants;

WHEREAS, the United States also alleges that the charges for such personal telephone calls were charged to the Grants through the use of an authorization form submitted by a UCB administrator, based upon information provided by Charles Harris;

WHEREAS, the United States further alleges that during the operation of the Grants, Charles Harris purchased personal equipment that was not to be used in the operation of the Grants and improperly charged the costs of such equipment to the Grants;

WHEREAS, the United States also alleges that the indirect cost charges associated with the purchases of the personal equipment made by Charles Harris were also improperly charged to the Grants;

WHEREAS, the United States further alleges that during the operation of the Grants, Charles Harris caused to be submitted requests for duplicate reimbursement on five UCB travel vouchers for travel by Charles Harris associated with the operation of the Grants and received such duplicate reimbursements;

WHEREAS, the United States alleges that by improperly charging the costs of the personal telephone calls and indirect cost charges associated therewith to the Grants through use of the telephone calling card and the office telephone, Charles Harris and/or Ingrid Harris violated the False Claims Act, 31 U.S.C. §§ 3729, et seq., by submitting numerous false claims for payment of the charges, and that the United States is entitled to relief therefor;

WHEREAS, the United States further alleges that by improperly charging the costs of the personal equipment and indirect cost charges associated therewith to the Grants, Charles Harris violated the False Claims Act, 31 U.S.C. §§ 3729, et seq., and that the United States is entitled to relief therefor;

WHEREAS, the United States further alleges that by submitting requests for duplicate reimbursement for travel vouchers and receiving such duplicate reimbursements and the indirect cost charges associated therewith, Charles Harris violated the False Claims Act, 31 U.S.C. §§ 3729, et seq., and that the United States is entitled to relief therefor;

WHEREAS, Charles Harris and Ingrid Harris deny the allegations set out above, and *deny* that the United States is entitled to relief; and

WHEREAS, the United States and Charles Harris and Ingrid Harris mutually desire to settle these disputes between them;

WHEREAS, the United States and Charles Harris and Ingrid Harris agree that this Agreement is entered into for purposes of compromise of claims arising out of the Grants, and neither the fact of this Agreement nor any of its provisions shall constitute an admission or be utilized as such by any party, except to prove and enforce the terms of this Agreement;

WHEREAS, the United States and Charles Harris and Ingrid Harris agree that the intent of this Agreement is to settle all outstanding claims relating to the improper charging of telephone calls to the United States, the improper charging to the United States of indirect expenses relating to telephone calls, the improper charging to the United States of purchases of personal equipment, and the improper charges to the United States relating to travel expenses; and

WHEREAS, the United States and Charles Harris and Ingrid Harris agree that it is also the intent of the United States through this Agreement to settle any and all claims that the United States may have against the University of California and/or the Regents of the University of California for the travel expenses of Charles Harris, the indirect costs relating to those travel expenses, the purchases made by Charles Harris, the indirect costs attributed to those purchases, and the telephone calls made by Charles Harris or Ingrid Harris and the indirect costs related to those charges, charged to the Grants;

ACCORDINGLY, in reliance upon the representations contained herein and in consideration of the mutual promises, covenants and obligations in this Agreement and the resolution of the claims set forth below, and for good and valuable consideration, receipt of which is by each acknowledged, the parties agree as follows:

Terms and Conditions

1. Within ten (10) days of the date of this Agreement, Charles Harris will pay to the United States of America through the United States Attorney's Office for the Northern District of California, the sum of Sixty-Five Thousand Dollars and No Cents (\$65,000.00). Said payment shall be made by Fedwire electronic funds transfer made payable to the "Department of Justice." Arrangements will be made through the Financial Litigation Unit, U.S. Attorney's Office, Northern District of California.

2. Within ten (10) days of the date of this Agreement, Charles Harris will pay to the University of California, Berkeley, the sum of Three-Thousand, Five-Hundred and Four Dollars and No Cents (\$3,504.00). Charles Harris shall provide a copy of this agreement along with a Cashier's check made payable to the University of California Regents, Academic Compliance Office, 200 California Hall-1500, UCB, Berkley, CA 94720.

3. In addition to the payments provided in paragraphs Nos. 1 and 2, above, for a period of three years beginning on the date of this agreement, Charles Harris shall be personally responsible for individually reviewing any and all telephone calls, purchases, and reimbursements for travel expenses [related to grants for which he is the principal investigator or co-principal investigator] to assure that there are not any improper charges made to the National Science Foundation. He will keep a personal ledger documenting his review and approval of all telephone calls, purchases, and travel reimbursements, as they relate to any National Science Foundation grant. Additionally, for a period of three years beginning on the date of this Agreement, Charles Harris will have any expenditures relating to any National Science Foundation grant or contract administered by the University of California reviewed and approved, if appropriate, on a monthly basis by the

Chairman of the Chemistry Department or his designee. For a period of three years beginning on the date of this Agreement any National Science Foundation grant or contract not administered by the University of California, on which Charles Harris is listed as the principal investigator or co-principal investigator on the grant or on the contract, the administering agency for the grant or contract shall designate a specific representative to review and approve if appropriate, the expenditures of Charles Harris on a monthly basis as they relate to any National Science Foundation grant or contract. The administering agency should issue a written representation by the authorized organizational representative or chief financial officer specifying that during this same period the authorized organizational representative or chief financial officer will review and approve if appropriate the expenditures of Charles Harris on a monthly basis. Charles Harris will cause a copy of this written representation by the administering agency to be forwarded to the Office of the Inspector General of the National Science Foundation, and to the appropriate grant official or contracting officer of the agency of the federal government which is making the grant or contract within twenty (20) days after the representation is signed.

4. Within one hundred and ten (110) days after Charles Harris has made full payment of the amounts set forth in paragraphs Nos. 1 and 2, above, the United States will waive, release, discharge and promise to refrain from instituting, prosecuting or maintaining any civil claim, action or lawsuit for money damages which the United States has or may have under the False Claims Act, 31 U.S.C. §§ 3729-33, the Program Fraud Civil Remedies Act, 31 U.S.C. § 3801, or common law against Charles Harris and/or Ingrid E. Harris for the telephone costs and associated indirect costs charged to the Grants through his personal use of the telephone calling card and through the use of his office telephone, for the costs incurred in the purchase of personal

equipment and the associated indirect costs charged to the Grants, and for the costs incurred by Charles Harris' submission of duplicate travel reimbursement vouchers and the associated indirect costs charged to the Grants.

5. Until and unless there is a final release as described in paragraph No. 4, Charles Harris agrees that, with respect to any civil monetary claims the United States hereafter files against Charles Harris arising out of, or relating to, the matters covered by this Agreement, Charles Harris will not assert or rely upon in any way in computing the running of time under any applicable statute of limitations, or by way of laches or other time limitations (whether statutory, contractual or otherwise), the period between November 4, 1997 and six months after the first date on which Charles Harris fails to make the payments required under this Agreement.

6. The parties agree that specifically excluded from the scope and terms of this Agreement are:

(a) any disputes or claims which may arise out of the research conducted under the Grants listed in the preamble save for those disputes or claims that are related directly or indirectly to phone charges, purchases and/or use of equipment by Charles Harris or his wife, or the reimbursement of travel expenses of Charles Harris during the Grants;

(b) administrative action by the National Science Foundation or any other Federal agency to suspend, debar or determine the responsibility of Charles Harris;

(c) any disputes or claims arising under the Internal Revenue Code; and

(d) any disputes or claims for the enforcement of the terms of this Agreement.

7. In the event of default by Charles Harris under the terms of this Agreement, the United States may bring an action in the District Court for the Northern District of California to enforce

the terms of this Agreement or to seek relief for a breach of this Agreement. Should the United States need to seek enforcement of this Agreement in District Court, Charles Harris agrees to pay all reasonable attorneys' fees and costs incurred by the United States in furtherance of that action.

8. This Agreement, together with all of the obligations and terms hereof, shall inure to the benefit of and shall bind assigns, successors-in-interest, or transferees of the parties hereto. By this instrument, the parties do not waive, compromise or release any claims or causes of action against any other person or entity.

9. Each of the signatories to this Agreement represents that he or she has the full power and authority to enter into this Agreement.

10. This writing constitutes the entire agreement of the United States and Charles Harris with respect to the subject matter of this Agreement and may not be modified, amended or terminated except by a written agreement signed by all parties to this Agreement specifically referring to this Agreement.

11. Charles Harris and Ingrid Harris acknowledge that they have reviewed the terms of this Agreement with their undersigned counsel and that they have been advised of, and fully understand, the terms and conditions set forth herein and voluntarily agree to be bound by said terms and conditions.

In Witness whereof, the parties, individually or through their duly authorized representatives, hereunder set their hands.

ON BEHALF OF THE UNITED STATES OF AMERICA

ROBERT S. MUELLER, III
United States Attorney
Northern District of California

Dated: 6-17-99 By: [Signature]
ANNE-CHRISTINE MASSULLO
Assistant U.S. Attorney

ON BEHALF OF CHARLES B. HARRIS

Dated: 5-7-99 By: Charles B. Harris
Charles B. Harris

Dated: 5-7-99 By: [Signature]
Richard Duane
Duane, Lyman, Seltzer and Gorelick
2000 Center Street
Suite 300
Berkeley, California 94704

ON BEHALF OF INGRID E. HARRIS

Dated: 6-7-99 By: Ingrid E. Harris
Ingrid E. Harris

Dated: _____ By: _____