

NATIONAL SCIENCE FOUNDATION  
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Case Close-Out

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OFFICE OF  
INSPECTOR GENERAL

**MEMORANDUM**

Date: May 30, 2000  
I 98090026  
To: File #I98090026  
From: [REDACTED] Assistant Inspector General for Investigations  
Re: Case Close-out: [REDACTED]

**Background**

In April of 1997, NSF awarded \$[REDACTED] under grant [REDACTED] to the [REDACTED] for polar research in the Antarctic. The PI on this grant was Dr. [REDACTED]. This research required the purchase of an FAA certified aircraft. [REDACTED] advertised a GT500/912 aircraft, which Dr. [REDACTED] directed [REDACTED] to purchase. On September 2, 1997, [REDACTED] the Director of Marketing at [REDACTED], faxed a written confirmation to [REDACTED] and requested a deposit of \$21,747.50, which was mailed. On September 17, 1998, we were informed by Special Agent [REDACTED] of the [REDACTED] that [REDACTED], the president of [REDACTED] had caused [REDACTED] to remit NSF funds for the purchase of the GT500/912 which [REDACTED] knew he could not produce.

**Investigation**

A joint FAA and NSF-OIG determined that [REDACTED] was unable to produce the GT500/912 aircraft, and that he was aware of this when he received the payment from [REDACTED]. [REDACTED] knew that he would not be able to produce this aircraft because he had neither a type certificate nor a production certificate from the [REDACTED] for this aircraft. A type certificate reflects the design, engineering, and testing performed to ensure the safety of a particular model aircraft. A production certificate is required for the production facility for the particular aircraft, and indicates that the manufacturing and assembly process has appropriate quality controls. At the time [REDACTED] paid for the GT500/912, [REDACTED] had not attempted to complete the process required to obtain the type certificate. In addition, [REDACTED] had been evicted from its facility in September 1997, and had

never applied for a production certificate for its new facility. Also, [REDACTED] did not have the necessary staff for production of this aircraft.

We discovered that in 1997, [REDACTED] had distributed a price list advertising that [REDACTED] could produce an [REDACTED] certified GT500/912. In August of that year [REDACTED] indicated that he could produce this aircraft in a meeting with Dr. [REDACTED]. This was confirmed in September by [REDACTED]. In December, the [REDACTED] told the [REDACTED] that the kit for the aircraft had been ordered. In January 1998, [REDACTED] sent a letter to [REDACTED] representing that their facility was fully functional, and that [REDACTED] had assembled all of the parts necessary to build the airplane.

### Findings

Based on evidence gathered during this investigation, we determined that [REDACTED] had committed the following violations:

- A. Knowingly and willfully submitted a false statement of material fact that he could produce an [REDACTED] certified GT500/912 in violation of 18 U.S.C. 1001.
- B. Caused a fax request for \$21,747.50 to be transmitted by wire in furtherance of a fraudulent scheme, in violation of 18 U.S.C. 1343.
- C. Caused the U.S. mailing of a check for \$21,747.50 in furtherance of a fraudulent scheme, in violation of 18 U.S.C. 1341.
- D. Submitted a false claim for payment by the United States of \$21,747.50 for an [REDACTED] certified GT500/912 he knew he could not produce, in violation of 31 U.S.C. 3729.

These findings were referred to the [REDACTED] in San Diego, CA., on November 20, 1998. The San Diego Office coordinated with the [REDACTED] in Los Angeles, who has prosecuted several cases involving false [REDACTED] certifications. On April 20, 1999, the [REDACTED] declined the matter based on the fact that [REDACTED] had filed bankruptcy. On May 30, 2000, the [REDACTED] declined prosecution of this matter because [REDACTED] is no longer in the airline business and prosecution of this matter may not be cost effective.