

NATIONAL SCIENCE FOUNDATION
4201 WILSON BOULEVARD
ARLINGTON, VIRGINIA 22230



OFFICE OF
INSPECTOR GENERAL
MEMORANDUM

Date: April 22, 1999
To: File No. 199030005
From: [REDACTED] Audit Advisor [REDACTED]
[REDACTED] Investigation Student Trainee [REDACTED]
Via: [REDACTED] Assistant Inspector General for Investigations
Subject: Case Closeout - [REDACTED]

Background:

We received a letter dated February 28, 1999 from [REDACTED] Assistant Administrative Director for [REDACTED] NY. The letter describes a former [REDACTED] employee [REDACTED] postdoctoral fellow under [REDACTED] who held a financial interest in a company [REDACTED] that sold \$106,705 worth of laboratory supplies to [REDACTED].

The allegations came from a former postdoctoral fellow and co-founder of [REDACTED] who also worked under [REDACTED] listed as the PI on one of three NSF awards at issue.

According to the letter, [REDACTED] received and investigated several allegations raised by [REDACTED]. The following issues are of concern to our office: 1) [REDACTED] charged higher prices on certain products to some labs than others within [REDACTED] and 2) [REDACTED] held a financial interest in [REDACTED] and that he ordered [REDACTED] supplies under the NSF awards.

[REDACTED] Inquiry and Findings:

Allegation 1: Pricing inconsistencies on specific products to different labs within [REDACTED]

[REDACTED] Director of Purchasing, and other [REDACTED] administrative officials inquired into various aspects of the COI allegations, including whether or not the lab was overcharged for the supplies, and whether they were overstocked on these supplies.

[REDACTED] undertook an inquiry into all facets of the Laboratory's business relationship with [REDACTED]. He interviewed a number of requisitioners, including [REDACTED], a lab manager, who disclosed she had received an anonymous gift, after

¹ The letter states that [REDACTED] was paid salary under NIH awards.

having ordered supplies from [REDACTED] made a determination that there was cause for the difference in prices across [REDACTED] dependent upon when customers first ordered and whether or not manufacturer's price increases had been passed on to them.

[REDACTED] failed to disclose his personal interest in [REDACTED]

[REDACTED] found that [REDACTED] did not disclose to the institution that he had an ownership interest in [REDACTED] and that this company was doing business with [REDACTED]

[REDACTED] (\$106,705) [REDACTED] concluded that [REDACTED] had violated [REDACTED] policies.² Additionally, [REDACTED] was paid \$45,228.82 was charged to three NSF awards: [REDACTED] (P.I.); [REDACTED] (P.I.); and [REDACTED] (P.I.)

[REDACTED] employment with [REDACTED] was terminated on January 31, 1999 for violation of the institution's COI policy.

Investigation:

On March 29, 1999, we interviewed [REDACTED] Directors [REDACTED] and [REDACTED] via telephone, to ask how [REDACTED] had assured that they would no longer do business with [REDACTED] under new ownership and that they were not overcharged for [REDACTED] products that were purchased. We requested and received from them following documentation on March 31 and April 1, 1999:

1) [REDACTED] salary; 2) [REDACTED] supplies charged to the three NSF awards; 3) the D&B report on [REDACTED] 4) [REDACTED] job title as postdoctoral fellow under [REDACTED] and 5) [REDACTED] and [REDACTED] job status or location, if known

Findings:

Although [REDACTED] letter indicated the potential for misuse of NSF grant funds by [REDACTED] we have found no evidence to support that [REDACTED] misused the \$ 3,741.40 of NSF grant funds to his financial benefit. The dollar amounts of \$3,741.40 were minor for materials and supplies, considering the amounts budgeted for each of the three awards.

We have concluded that [REDACTED] conducted a full and thorough inquiry. The actions taken against [REDACTED] and [REDACTED] in response to their findings were appropriate.

No further review is warranted at this time. Case is closed.

² [REDACTED] conflicts of interest policy is in the file.