

Rochester business leader pleads guilty to misusing federal grant funding

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U.S. Attorney's Office, Western District of
New York

ROCHESTER, N.Y.-U.S. Attorney Trini E. Ross announced today that Arkady Malakhov, 52, New York, NY, pleaded guilty before U.S. District Judge John L. Sinatra, Jr. to conversion/unlawful conveying of government money, which carries a maximum penalty of one year in prison, and a fine of \$100,000.

Assistant U.S. Attorney Katelyn M. Hartford, who is handling the case, stated that in 2006, Malakhov became Chief Executive Officer of Solid Cell, Inc., a small business in Rochester, NY. In December 2016, Malakhov submitted a proposal to the National Science Foundation (NSF) for a Small Business Innovation Research (SBIR) grant for a project entitled, "SBIR Phase I: Integrated Thermoelectric Heat Exchanger (iTEG-HX) for Carbon Neutral Electricity Production through Recovery of Cold Energy from Regasification of LNG." In July 2017, NSF awarded Solid Cell, Inc., a \$225,000 SBIR grant to support the project. That same month, Malakhov requested a payment of \$100,000 of the grant funding. NSF transferred the funding to Solid Cell, Inc.'s bank account, which Malakhov controlled. Malakhov converted a portion of the NSF grant funds to his own use and, knowing that he did not have the authority to do so, conveyed this NSF money to other parties for purposes unrelated to the project. Later that month, Malakhov requested and obtained another \$100,000 of the project's grant funding, which was also deposited into a bank account he controlled. Once again, Malakhov converted a portion of this money to his own use and to other parties for purposes unrelated to the Project.

The plea is the result of an investigation by the National Science Foundation Office of Inspector General, under the direction of Inspector General Allison Lerner, and the Department of Energy Office of Inspector General, under the direction of Inspector General Teri L. Donaldson.

Sentencing is scheduled for April 22, 2025, at 2:00 p.m. before Judge Geraci.

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Contact

Barbara Burns

716-843-5817