

# DOJ and drug development researcher settle allegations he violated terms of National Science Foundation grant

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U.S. Attorney's Office, Western District of Washington

## Defendant to pay \$155,000 to resolve allegations

Seattle – The United States Department of Justice and the recipient of a federal research grant have resolved allegations the lead researcher violated the terms of the grant when he performed the research outside the U.S., announced Acting United States Attorney Teal Luthy Miller. Protein Engines, LLC (Protein Engines), founded and operated by Joshua Salafsky PhD, was awarded a National Science Foundation (NSF) grant in late 2021 for scientific research with pharmaceutical applications. Protein Engines LLC will pay the U.S. \$155,000 to resolve the allegations.

“Despite being repeatedly informed that all research under the grant needed to be performed in the U.S., Dr. Salafsky spent little more than a month in the U.S. while he was accepting NSF grant funding for his research,” said Acting U.S. Attorney Miller. “These Small Business Innovation Research (SBIR) grants require work in the U.S. so that federal funds go to support innovation here, using labs and equipment that generate business in the U.S. This deception defeated that purpose.”

According to the settlement agreement, on November 26, 2021, Protein Engines LLC was awarded a \$256,000 grant. The research was to be performed in the U.S. between December 1, 2021, and November 30, 2022. However, the principal researcher on the grant lived in the U.K. for all but 38 days of the grant funding.

The National Science Foundation suspended the grant funding on September 8, 2023, when it determined the research had not been conducted in the U.S. as required.

The Small Business Innovation Research/Technology Transfer (SBIR/STTR) program is a critically important and highly competitive program created to fund technological advancements within the United States. Funding for this program strengthens the competitive free enterprise system and the U.S. economy. To maximize that impact, SBIR regulations require all research and development to be conducted in the United States. This investigation resulted from the NSF Office of Inspector General's proactive initiative to protect national security interests by identifying SBIR recipients who improperly operate outside the U.S.

“When companies fail to follow the domestic requirements of the SBIR program, it is not only a misuse of taxpayer dollars but also takes away funding from deserving U.S. businesses. NSF OIG remains committed to pursuing oversight of these programs to ensure taxpayer funds are invested in the United States to benefit U.S. businesses, the U.S. economy, and national security. I commend the U.S. Attorney's Office for supporting this important proactive effort,” said Megan E. Wallace, NSF's Acting Inspector General.

Of the \$155,000 settlement, \$77,500 is restitution and the rest is a penalty for the misconduct. Additionally, \$25,000 in grant funds were never paid out to Protein Engines LLC.

Protein Engines LLC says the settlement is not an admission of liability but chooses to resolve the matter instead of the expense and uncertainty of protracted litigation.

The case was investigated by the National Science Foundation Office of Inspector General (NSF-OIG). The U.S. Attorney's Office was represented by Assistant United States Attorney Kayla C. Stahman in this matter.

### Contact

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