

# South Bay Tech Startup And CEO Agree To Pay \$630,000 To Resolve Allegations That They Improperly Obtained Federal Grant Funds

Monday, August 18, 2025

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For Immediate Release

U.S. Attorney's Office, Northern District of California

SAN FRANCISCO — eBibelot, a technology startup based in Saratoga, California, and its CEO, Melody Fallah-Khair, have agreed to pay \$630,000 to resolve allegations that they violated the False Claims Act by improperly certifying compliance with the terms of a National Science Foundation (NSF) grant restricting full-time outside employment.

The settlement concerns eBibelot's 2019 application for a Phase II Small Business Innovation Research grant from NSF. In the application, Fallah-Khair certified that she would serve as the project's principal investigator and maintain primary employment with eBibelot. The terms of the NSF grant required that principal investigators devote their primary employment to the small business at the time of the award and throughout the award period, a requirement that generally precludes other employment exceeding 19.6 hours per week.

The settlement resolves allegations that, contrary to this certification, Fallah-Khair began working full-time for a multi-national telecommunications company shortly after submitting the grant application and devoted at least 40 hours per week to this outside employment from May 2019 through April 2021. The United States contends that eBibelot failed to disclose its principal investigator's full-time outside employment in multiple post-award certifications to the NSF. In one such certification, Fallah-Khair was explicitly required to disclose any other employment but reported none.

Under the settlement agreement, eBibelot and Fallah-Khair will pay \$630,000.

"Taxpayer-funded research must be conducted with the highest integrity. When recipients of federal funds fail to comply with the terms of the grant, they divert valuable research dollars from deserving small businesses. My Office will continue to use the False Claims Act to protect federal grant programs from fraud and abuse," said United States Attorney Craig H. Missakian.

"The SBIR program is vital to fostering innovation in small businesses, and protecting it from abuse is essential. I appreciate the U.S. Attorney's Office for its strong commitment to safeguarding its integrity," said Megan E. Wallace, NSF's Acting Inspector General.

Assistant U.S. Attorney Benjamin J. Wolinsky handled this matter for the government, with the assistance of Alan Lopez, Jonathan Birch, and Garland He. The investigation and settlement resulted from a coordinated effort by the U.S. Attorney's Office for the Northern District of California and NSF-OIG.

*The claims resolved by the settlement are allegations only, and there has been no determination of liability.*

Updated August 18, 2025