



---

THE UNITED STATES ATTORNEY'S OFFICE  
NORTHERN DISTRICT *of* INDIANA

[U.S. Attorneys](#) » [Northern District of Indiana](#) » [News](#)

**Department of Justice**

U.S. Attorney's Office

Northern District of Indiana

FOR IMMEDIATE RELEASE

Friday, October 18, 2019

## **Professor Pleads Guilty to A Scheme to Defraud the National Science Foundation**

HAMMOND – Dr. Qingyou Han, 61, of West Lafayette, Indiana, pled guilty today to committing the criminal felony offense of wire fraud, before U.S. District Court Judge Philip P. Simon. Dr. Han's wife, Lu Shao, 53, of Lakewood, Ohio, also pled guilty, on behalf of her company Hans Tech, LLC ("Hans Tech"), to participating in the same wire fraud scheme.

The charging documents in the case allege that Dr. Han, a Purdue University professor and the Director of its Center for Materials Processing Research, devised a scheme to defraud the National Science Foundation ("NSF") into giving Hans Tech over \$1.3 million in research grants through its Small Business Innovation Research ("SBIR") and Small Business Technology Transfer ("STTR") programs by making materially false and fraudulent pretenses, representations, promises and material omissions. In pleading guilty, Dr. Han, individually, and Ms. Shao on behalf of Hans Tech, acknowledged that the purpose of the scheme was to obtain grant funds allocated for research and to use some or all of those funds for other purposes, including to pay personal expenses or for the enrichment of Dr. Han, Ms. Shao, or their children.

In pleading guilty, each defendant acknowledged that the factual allegations in the charging documents were true and accurate. One such allegation was that Dr. Han wrote grant proposals on behalf of Hans Tech and submitted them and other documents to NSF electronically using his wife's name. In submitting those proposals, neither Dr. Han nor Ms. Shao informed NSF that they were married or that Dr. Han, who was not affiliated as an owner or employee of the company, was actually running Hans Tech behind the scenes. In some of the Hans Tech proposals to NSF, the company recommended that Dr. Han, in his capacity as a Purdue professor, be hired as a subcontractor to assist in carrying out the research. Other documents justified the use of research funds to pay employees who, unbeknownst to the NSF, were actually Dr. Han and Ms. Shao's minor children who were between the ages of 9 and 16 at the time they allegedly worked for Hans Tech. Another justification given to NSF's Office of Inspector General ("OIG") for the use of

research funds was the payment of \$3,000 per month in “rent” for a “laboratory” where the research would be performed. Unbeknownst to NSF at the time, the “laboratory” was actually a single family residence, and the over \$150,000 in “rent” was to be paid to Ms. Shao despite the fact that Hans Tech funds had been used to purchase the residence and the company owned the property outright. At one point in the scheme, Dr. Han also used a company in his name to pose as a “third-party” wishing to invest \$100,000 in Hans Tech. Unbeknownst to NSF at the time, the “investment” derived in part from Hans Tech’s own funds and, after it was made, \$120,000 (at least \$80,000 of which were grant funds) was transferred to a bank account of Dr. Han. Subsequently, the money was moved through various accounts until checks totaling just under \$75,000, at least one of which could not have been written without NSF grant funds, were used to pay off the home mortgage of Dr. Han and Ms. Shao.

U.S. Attorney Thomas Kirsch said, “The National Science Foundation small business grants are funded by taxpayer dollars and are meant to be used as seed money to help fuel innovation and advancement in science and technology. Schemes such as this, carried out by an otherwise well-respected member of the scientific community, are an affront to NSF and the hard-working employees who administer its grants, and they also deprive other more deserving small businesses from bringing their innovations and advancements to the U.S. marketplace.” Mr. Kirsch concluded that “this kind of taxpayer funded program fraud will be aggressively prosecuted by my office going forward, just as it was in this case.”

“The SBIR/STTR program is a valuable tool in advancing NSF’s mission to promote the progress of science by increasing opportunities for innovative research by small businesses,” stated National Science Foundation Inspector General Allison Lerner. “The NSF Office of Inspector General is committed to vigorously pursuing fraud, waste and abuse in the SBIR/STTR programs. I commend the U.S. Attorney’s Office and our investigative partners for their strong support in this effort.”

This case was the result of an investigation by National Science Foundation, Office of Inspector General with assistance from the Internal Revenue Service, the Federal Bureau of Investigation, and the Michigan City Police Department.

This case was handled by Assistant United States Attorney Jill Koster and NSF OIG Investigative Attorney Sonia Khanzode. Ms. Khanzode was designated by U.S. Attorney Kirsch to serve as a Special Assistant United States Attorney in this case.

The sentencing hearings for Dr. Han and Hans Tech have been set for Tuesday, January 21, 2020, beginning at 1p.m.

###

---

**Component(s):**

USAO - Indiana, Northern

Updated October 18, 2019