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FOR IMMEDIATE RELEASE

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Engineering Firm in Kansas To Pay \$672,352 to Settle False Claims Allegations

KANSAS CITY, KAN. – KalScott Engineering, Inc., and its president, Thomas Sherwood, and Vice President Suman Saripalli, will pay \$672,352 to settle allegations that the company submitted false claims to obtain grant funds from the Small Business Innovation Research and Small Business Technology Transfer Programs, U.S. Attorney Stephen McAllister said today.

KalScott Engineering, Inc. is located in Lawrence, Kansas.

The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs are competitive programs that encourage American small businesses to engage in research on behalf of the federal government that has the potential for commercialization. Grant recipients must designate a principal investigator and key personnel who will work on the grant-funded project. Small businesses may subcontract a portion of the work to other entities, but the small business itself must perform a majority of the grant-funded work.

Between April 2012 and July 2015, KalScott received Small Business Innovation Research grants from the National Institutes of Health (NIH), the National Aeronautics and Space Administration (NASA), and the Air Force; the company received a Small Business Technology Transfer Program grant from the Navy.

The United States contends that the company wrongfully obtained grant funds from NASA and the Navy because KalScott designated Mr. Saripalli as a principal investigator when he was not eligible to serve in that role. In addition, it is alleged that KalScott did not perform a majority of work under the Air Force grant and that KalScott used different key personnel than it listed in its proposal to obtain the NIH grant.

“Recipients of federally-funded grants must adhere to the program requirements,” said U.S. Attorney Stephan McAllister. “This office welcomes the opportunity to assist NASA, the Air Force, Navy, and the

Department of Health and Human Services Office of Inspector General to protect the government's resources by identifying and pursuing those that wrongfully obtain grant funds."

"SBIR/STTR program participants must accurately represent that they meet and will abide by the program's compliance requirements," said Special Agent-in-Charge, Mark. J. Zielinski, Eastern Field Office, NASA OIG. "Identifying attempts to circumvent the program requirements is one step in safeguarding access to limited government resources. The NASA Office of Inspector General (OIG), along with its law enforcement partners, will continue to aggressively investigate those individuals and entities that take advantage of the trust of the American taxpayers."

This case was the result of an investigation by the NASA Office of Inspector General, the Naval Criminal Investigative Service, the Air Force Office of Procurement Fraud Investigations, the Department of Health and Human Services, Office of Inspector General, Office of Investigations, and the United States Attorney's Office for the District of Kansas. Assistant United States Attorney Jon Fleenor handled the case.

The claims resolved by this agreement are allegations only, and there has been no determination of liability.

Topic(s):

False Claims Act

Component(s):

USAO - Kansas

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