

Congress of the United States

House of Representatives

COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY

2321 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6301

(202) 225-6371
www.science.house.gov

October 5, 2017

Dr. Timothy D. Sands
President
Virginia Polytechnic Institute and State University
Burruss Hall, Suite 210
800 Drillfield Drive
Blacksburg, VA 24061

Dear Dr. Sands,

The Committee on Science, Space, and Technology is investigating reports that certain National Science Foundation (NSF) grant recipients employed by Virginia Polytechnic Institute and State University (“Virginia Tech” or “the University”) engaged in a scheme to defraud NSF, the U.S. Department of Energy (DOE), and the University itself. According to the *Washington Post*, Virginia Tech professor Yiheng Percival Zhang “‘conspired to and did in fact cause false statements and certifications to be submitted to NSF.’”¹ In light of the highly competitive nature of government funding, the Committee is interested in understanding all the facts surrounding this case, what steps the University has undertaken to uncover the extent of the wrongdoing, and what safeguards Virginia Tech has in place to mitigate similar cases in the future.

Since February 2013, Zhang and Cell-Free Bioinnovations Inc. (CFB), the company associated with the recipients of the federal funding, have received five awards totaling in excess of \$1,100,000.² The largest, a March 2016 award of \$584,083, contained numerous “false statements [to NSF] concerning time and effort reporting.”³ Other awards were found to be in direct violation of requirements of the NSF and DOE small business funding programs intended to “facilitate the transfer of technology developed by a research institution through the entrepreneurship of a small business” and “encourage small businesses to engage in federal [research and development] projects that have potential for commercialization.”⁴ Specifically, the recipients, who in addition to Zhang included a Virginia Tech graduate and a postdoctoral researcher, are accused of conspiring to use awards for work previously completed in China.

¹ Kyle Swenson, *Virginia Tech professor accused of scamming National Science Foundation*, WASH. POST (Sept. 26, 2017), http://wapo.st/2wTGjhl?tid=ss_mail&utm_term=.7586fa048cef.

² *Id.*

³ *Id.*; Matthew S. Seckers Aff. ¶ 30.

⁴ Seckers Aff. ¶ 16.

Additionally, these individuals in question failed to allocate to Virginia Tech the appropriate portion of the award for the University's support.⁵ Zhang and his co-conspirators are charged with wire fraud, criminal false claims, and false statements involving awards under the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs, which are funded and managed by NSF and DOE.⁶ The Committee takes seriously violations of grant preconditions and any attempts to defraud the federal government and the American taxpayers.

This investigation is consistent with the Committee's broader goal of ensuring the effective management and stewardship of taxpayer dollars allocated through NSF and DOE grants and funding. To appropriately inform the Committee on the circumstances of these alleged violations of law, we request that Virginia Tech provide the Committee with documents and information.

Please produce the following documents and information, in electronic format, for the time period August 2005, to the present:

1. All documents and communications referring or relating to federal grants or monetary awards to Professor Zhang and his associates.
2. All documents and communications referring or relating to the FBI's criminal investigation of federal grants awarded to Professor Zhang.
3. All documents and communications referring or relating to actions Virginia Tech has taken in response to the alleged criminal activity by its employees.

The Committee on Science, Space, and Technology has jurisdiction over environmental and scientific research and development programs and "shall review and study on a continuing basis laws, programs, and Governmental activities" as set forth in House Rule X. The Committee also has specific legislative jurisdiction over the SBIR and STTR programs. This request and any documents created as a result of this request will be deemed congressional documents and property of the House Science Committee. An attachment to this letter provides additional information about responding to the Committee's request.

We request that you provide the requested documents and information as soon as possible, but no later than 5:00 p.m. on October 19, 2017. When producing documents to the Committee, please deliver production sets to the Majority Staff in Room 2321 of the Rayburn House Office Building and the Minority Staff in Room 394 of the Ford House Office Building. The Committee prefers, if possible, to receive all documents in electronic format.

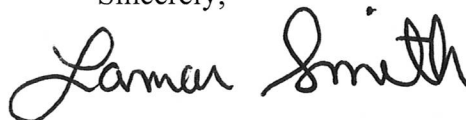
⁵ Swenson, *supra* note 1.

⁶ Seckers Aff. ¶¶ 16, 74.

Dr. Timothy D. Sands
October 5, 2017
Page 3

If you have any questions about this request, please contact Travis Voyles of the Committee staff at 202-225-6371. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Lamar Smith". The signature is written in a cursive style with a large, prominent "L" and "S".

Lamar Smith
Chairman

Encl.

cc: The Honorable Eddie Bernice Johnson, Ranking Member, House Committee on Science, Space, and Technology