January 21, 2016

The Honorable David Vitter
Chairman
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

The Honorable Steve Chabot
Chairman
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

The Honorable Lamar Smith
Chairman
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515

The Honorable Jeanne Shaheen
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

The Honorable Nydia Velazquez
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

The Honorable Eddie Bernice Johnson
Ranking Member
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Chairmen and Ranking Members:

In accordance with Section 5143(c) of the National Defense Authorization Act of 2012, I am pleased to forward this report for the U.S. Department of Transportation, Office of Inspector General, regarding our efforts to prevent and detect fraud, waste, and abuse in the Small Business Innovative Research (SBIR) and Technology Transfer (STTR) programs. As the Act requires, our report includes:

- the number of cases referred to the IG concerning SBIR/STTR fraud, waste, and abuse (FWA);
- actions taken in each case if FWA was found to have occurred;
- a justification when action is not taken; and
- an accounting of funds used to address FWA, including a description of personnel and resources funded and funds that were recovered or saved.

1 P.L. 112-81, December 31, 2011
From fiscal years 2012 through 2015, we conducted and closed four investigations related to SBIR/STTR fraud. The following table details our statistics related to those four investigations:

<table>
<thead>
<tr>
<th>Section 5143(c)(1), SBIR/STTR Cases</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Opened</td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section 5143(c)(2), Actions Taken on SBIR/STTR Cases</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Referred for Criminal or Civil Prosecution</td>
<td>4</td>
</tr>
<tr>
<td>Accepted for Criminal or Civil Prosecution</td>
<td>1</td>
</tr>
<tr>
<td>Declined for Criminal or Civil Prosecution</td>
<td>3</td>
</tr>
<tr>
<td>Indictments</td>
<td>1</td>
</tr>
<tr>
<td>Convictions</td>
<td>1</td>
</tr>
<tr>
<td>Years Incarceration</td>
<td>3</td>
</tr>
<tr>
<td>Years Supervised Release</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section 5143(c)(3), Justification for No Action Taken</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Insufficient Evidence to Prosecute</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section 5143(c)(4), Accounting for Funds</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>OIG Salaries, Travel, and Contract Support</td>
<td>$140,066.00</td>
</tr>
<tr>
<td>Funds Recovered</td>
<td>$105,726.00</td>
</tr>
</tbody>
</table>

If you have any questions or need further information, please contact me at (202) 366-1959 or Nathan Richmond, Director and Counsel for Congressional and External Affairs, at (202) 493-0422.

Sincerely,

Calvin L. Scovel III
Inspector General

---

Because subjects of SBIR investigations often receive funds from numerous agencies, such investigations often involve joint efforts with other OIGs. Consequently, the data that we report above may also be reflected in reports from other OIGs.