

## Report on Research Compliance Volume 17, Number 9. August 20, 2020 RRC E-Alerts: August 6, 2020

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By Theresa Defino

### **Lehigh U. Pays \$200K to Settle FCA Allegations**

Five years after the conviction of a former professor and his wife related to grant fraud, Lehigh University has agreed to pay \$200,000 to the Department of Justice to settle False Claims Act (FCA) allegations. It also agreed to implement “compliance requirements in connection with any application seeking federal grant funds or cooperative agreements with any federal agency,” William M. McSwain, U.S. attorney for the Eastern District of Pennsylvania, announced July 31. Yujie Ding, a former Lehigh University professor and his wife, Yuliya Zotova, were convicted in November 2015 of six counts of wire fraud in connection with invoices submitted for payment. ArkLight received awards totaling \$2.74 million from NASA, the U.S. Army, the U.S. Air Force and the National Science Foundation via the Small Business Innovation Research program.

Zotova “was listed as ArkLight’s principal investigator, the person designated to lead the scientific and technical effort. Under applicable program rules, Professor Ding was not eligible to serve as the principal investigator. The [funding] proposals represented that ArkLight would do a majority of the work under the leadership of Zotova. Lehigh University agreed to act as a subcontractor on some of ArkLight’s grants” and received \$1 million. “Under the applicant programs, ArkLight was to complete a majority of the research work. In reality, and unbeknownst to Lehigh University, none of the work was completed by ArkLight,” a firm that apparently existed in name only. “Instead, all of the work was done by graduate students and others working in Ding’s university laboratory, under Ding’s supervision. The United States contends that, at the time, Lehigh University had an inadequate compliance program in place to detect and prevent Ding’s fraud. Although the work was done at Lehigh University, the University was ineligible for payment because there was no small business serving as the primary contractor,” McSwain’s office said. In 2016, Ding was sentenced to approximately a year in prison, a \$3,000 fine and restitution of \$72,000; Zotova was given a three-month jail sentence and a fine and restitution of unspecified amounts. “Lehigh University cooperated in the criminal investigation and trial of Ding and Zotova by responding to subpoenas and making witnesses available for interviews,” the announcement said.

[Link to settlement announcement](#)

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