

UPDATE*

Probation ordered for former Virginia Tech scientist convicted of fraud

A judge sentenced a former Virginia Tech scientist convicted of grant fraud to probation Friday, finding no need for prison given that the man served a combined two years in jail and on home confinement, didn't profit personally, lost his career and reputation and is unlikely to reoffend.

Monday, February 25, 2019

Former Virginia Tech Professor Found Guilty of Grant Fraud, False Statements, Obstruction

Court Finds Yiheng Percival Zhang Guilty Following Bench Trial in September 2018

Original article available at:

<https://www.justice.gov/usao-wdva/pr/former-virginia-tech-professor-found-guilty-grant-fraud-false-statements-obstruction>

Roanoke, VIRGINIA – A former Virginia Tech professor studying artificial sweeteners was found guilty last week of conspiring to commit federal grant fraud, making false statements and obstruction by falsification, First Assistant United States Attorney Daniel P. Bubar announced today.

Chief Judge Michael F. Urbanski of the Western District of Virginia released his Findings of Fact and Conclusions of Law February 20, 2019 in which he found Yiheng Percival Zhang, 47, of Blacksburg, Va., guilty of one count of conspiracy to defraud the United States, three counts of making false statements, and one count of obstruction by falsification. The ruling comes following a September 2018 bench trial in U.S. District Court in Roanoke.

“This verdict shows our commitment to hold individuals accountable who seek to fraudulently obtain federal funds. Mr. Zhang used his position of prominence to unlawfully seek money from federal grant programs and will now pay for it,” FAUSA Bubar said today. “I am proud of our team of investigators and prosecutors that worked tirelessly to ensure that tax payer dollars are not being misused.”

“Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants are intended to promote scientific innovation in the private sector by providing capital to entrepreneurial teams at a very early stage when the technological risk associated with their ideas generally precludes private sector funding,” said Allison Lerner, Inspector General for the National Science Foundation (NSF). “The NSF Office of Inspector General remains committed to ensuring the integrity of the SBIR/STTR programs by holding accountable those who attempt to hide behind sophisticated schemes aimed at diverting Federal research funds. I commend the U.S. Attorney’s Office and our investigative partners for their strong support in this effort.”

According to evidence presented at trial, Zhang, who at the time of the offenses was a biological systems engineering professor at Virginia Tech, founded Cell-Free Bioinnovations, Inc. (“CFB”), a research firm located in Blacksburg, Virginia. CFB relied exclusively on federal grants for funding its research activities. Zhang began working as a paid researcher for the Tianjin Institute of Industrial Biotechnology, Chinese Academy of Sciences by, at least, 2014. In 2015, Zhang caused fraudulent grant proposals to be submitted to the NSF. Evidence presented at trial indicated grant funds obtained would be used for research Zhang knew had already been done in China. Zhang intended to use the grant funds for other CFB projects rather than for the projects for which the funds were requested. To obstruct the investigation, Zhang submitted falsified timesheets to government investigators.

The investigation of the case was conducted by the Department of Energy-Office of the Inspector General, the Federal Bureau of Investigation, and the National Science Foundation-Office of the Inspector General with the assistance of the Blacksburg Police Department and the Virginia Tech Police Department. Assistant United States Attorneys Steve Pflieger and Randy Ramseyer prosecuted the case for the United States.

*Link to Update: https://roanoke.com/news/local/probation-ordered-for-former-virginia-tech-scientist-convicted-of-fraud/article_d8d3d2d3-117c-5ab1-bebc-7433a094e2c8.html#:~:text=The%20government%20accused%20Zhang%2C%20founder,of%20Cell%2DFree%20Bioinnovations%20Inc.&text=Zhang%2C%20who%20left%20the%20school,acquitted%20of%2019%20other%20counts.