



Department of Justice

FOR IMMEDIATE RELEASE
April 20, 2015
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VANCOUVER, WA LASER TECHNOLOGY FIRM SETTLES CIVIL CLAIMS IT IMPROPERLY RECEIVED GOVERNMENT GRANTS

Firm's Ownership Structure Rendered it Ineligible for Small Business Administration Grants

nLight Photonics, Inc. (nLight), a privately-held, Vancouver, Washington-based manufacturer of high performance diode and fiber lasers has agreed to pay \$420,000 to resolve allegations that between 2004 and 2013, in violation of the False Claims Act, nLight received multiple government grants and contracts for which it did not legitimately qualify, announced Acting U.S. Attorney Annette L. Hayes. A joint investigation by Inspectors General for several of the impacted government agencies and other federal law enforcement agencies confirmed that nLight did not qualify for the government funding it received because of its ownership structure.

The investigation revealed that nLight successfully pursued funding under the Small Business Innovation Research (SBIR) program from the Army, Navy, Air Force, NASA and Department of Energy to further develop its laser technology, which has military and related applications of interest to various government agencies. During the relevant time period, firms seeking SBIR program funding were required, among other things, to be owned and controlled at least 51 percent by individuals or by another business concern that itself was owned and controlled at least 51 percent by individuals. Despite numerous certifications to government agencies that it was SBIR program-eligible, nLight was more than 51 percent owned by multiple businesses, including several venture capital firms, rendering it ineligible, during the period covered by today's settlement, for the government funding it received.

"There is no tolerance for false certifications when asserting eligibility to participate in SBA programs," said Inspector General Peggy E. Gustafson of the U.S. Small Business Administration (SBA). "I want to thank the U.S. Department of Justice for its dedication to reaching a settlement in this case."

"The Department of Energy endeavors to provide contracts and grants to deserving small businesses that are eligible to participate in SBA's Small Business Innovation Research and Small Business Technology Transfer programs," said Inspector General Gregory H. Friedman. "Entities that falsely certify their eligibility corrupt the process. This joint investigation, which required cooperation among several agencies, demonstrates the government's strong commitment to ensuring the integrity of the contracting and grant underwriting process."

“This settlement is proof of the great work our agents do every day,” said Director Frank Robey of the U.S. Army Criminal Investigation Command's Major Procurement Fraud Unit. “This company tried to take advantage of a system in place to help small business, but our agents, with the help of our law enforcement partners, uncovered their contrivance.”

nLight initially flagged its ineligibility for the SBIR program in response to a request for information by an alert Department of Energy contracting officer overseeing both an nLight SBIR grant as well as an SBIR grant awarded to a company that nLight had acquired.

The claims resolved by today’s settlement are allegations only, and there has been no determination of nLight’s legal liability for the conduct at issue. Further, there is no indication that nLight did not adequately perform the contracts and grants it was ineligible to receive.

This matter was investigated by the SBA’s Office of Inspector General, the Department of Energy Office of Inspector General, the Department of Defense Office of Inspector General, Defense Criminal Investigative Service, the Air Force Office of Special Investigations, the Army Criminal Investigation Command, the Naval Criminal Investigative Service and the NASA Office of Inspector General, with the assistance of the Defense Contract Audit Agency.

The settlement was negotiated by Assistant U.S. Attorney Harold Malkin. Mr. Malkin heads the Affirmative Civil Enforcement section of the U.S. Attorney’s Office, Western District of Washington. The Department of Justice Civil Division’s Commercial Litigation Branch assisted in this matter.

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