

HASBAT Training

SBIR Stumbling Blocks



Jerry Gabig
Wilmer & Lee
(256) 509-0279

Slide 1

“There is a general rule of thumb that radically new technologies are usually developed, marketed, and matured by new companies.”

**Executive Summary; Rand Study
DRR-2274-A, February 2000**

DCAA Is Not Small Business Friendly

“The problem from small businesses participating in SBIR is that DCAA has a large corporate mentality that they apply to small businesses who don't have multitudes of internal auditors. This DCAA methodology creates a disproportionate regulatory burden on small businesses.”

SBIR Insider Newsletter July 25, 2013

DCAA Is Not Small Business Friendly

“Jere Glover, former Chief Counsel for Advocacy at SBA told us he'd rather deal with the IRS than the DCAA. Even the IRS has a "Taxpayer Advocate" and it's well displayed on their website.”

SBIR Insider Newsletter July 25, 2013

SBIR Phase III

- No funds are set-aside for Phase III
- Phase III is agency acquisition of developed product to perform agency mission.
- Phase III can be basis for a sole source award

SBIRs - Prone To Fraud

Lithium Power Technologies, Inc and Mohammed Munshi

- In 1998, Mohammed Munshi founded Lithium Power Technologies (LPT).
- LPT's proposed to develop specialized lithium-based batteries for commercial and government applications

Lithium Power Technologies, Inc and Mohammed Munshi

- At issue in the case were four Small SBIR awards that LPT received from the Army Space and Missile Defense Command, the Ballistic Missile Defense Organization (BMDO), and the Air Force.
- LPI was sued in a *qui tam* law suit by a disgruntled employee

Lithium Power Technologies, Inc and Mohammed Munshi

According to a U.S. District Court in TX:

- LPT's proposal misrepresented the key personnel who would be conducting the research work in three of the four SBIRs
- LPT knowingly falsified statements regarding its facilities and equipment

Lithium Power Technologies, Inc and Mohammed Munshi

- LPT misrepresented that it had cooperative arrangements with the University of Houston and Polyhedron Laboratories.
- LPT failed to disclose in its Air Force SBIR grant proposals work that LPT had previously performed in its BMDO SBIR grant

Lithium Power Technologies, Inc and Mohammed Munshi

- The U.S. District Court held that the Government's damages were equal to the entire amount of the SBIR payments to LPT--\$1,657,455.
- Applying treble damages, the Defendants were ordered to pay \$4,972,365

R&D
opportunities
for
jailed
scientists



Slide 11