



Department of Justice

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Lexington Woman Sentenced for Wire Fraud and Money Laundering

LEXINGTON, Ky. – A Lexington woman, Jyoti Agrawal, 51, was sentenced to 42 months in federal prison on Friday, by Chief U.S. District Judge Danny C. Reeves, for conspiracy to commit wire fraud, wire fraud, and money laundering.

According to evidence at her trial, Agrawal was a co-owner of the company ScienceTomorrow, with Subhadarshi Nayak. In December 2013, Agrawal agreed with Nayak to electronically submit a proposal containing a fabricated letter of support from a key subcontractor, in order to increase their chances of receiving a Phase II SBIR grant from the U.S. Department of Energy (DOE), in the amount of \$999,266, to research and develop a scanning electron microscope detector. Agrawal knew the fake letter inflated the budget an out-of-state university had provisionally authorized in support of the project.

In 2014, the DOE awarded the Phase II grant to ScienceTomorrow, in part relying on this misrepresentation. Agrawal ultimately received more than a million dollars for the electron detector project from the DOE, and \$500,000 from Kentucky's state matching funds program, which depends on the lawful receipt of a federal grant award.

The evidence further showed that Agrawal had controlled the money and that Nayak left the project early on. Ultimately, the out-of-state university did not work on the project, as proposed, and received no payments. Bank records established Agrawal had personally accumulated over \$440,000 of DOE grant funds during the two-year performance period. Agrawal also spent an additional \$146,000 of the DOE Phase II funds on an Executive MBA degree in Chicago, during this time, partially supporting her money laundering conviction. Subsequently, Agrawal submitted false certifications to the DOE, stating all funds had been expended in accordance with the DOE's terms and conditions; however, the evidence at trial revealed she had unlawfully retained over \$300,000 of the DOE funds she certified she had spent on the project.

A federal jury convicted Agrawal in April 2022. Nayak was sentenced in December 2021.

“When grants are fraudulently obtained and their funding is misappropriated, it is more than just a theft of money,” said Carlton S. Shier, IV, United States Attorney for the Eastern District of Kentucky. “The loss of taxpayer money is bad enough; but worthy applicants are also deprived of fair opportunities and the fundamental goals of the important programs are frustrated. It causes real damage and, as this prosecution and sentence confirm, can have real consequences.”

“Protecting the integrity of the Small Business Innovation Research and other grant programs is a priority for the EPA Office of Inspector General,” said Environmental Protection Agency Inspector General Sean O’Donnell. “We take seriously our responsibility to identify and investigate attempts by grantees to defraud the federal government and taxpayers.”

“This sentencing demonstrates the ongoing commitment of the Department of Energy Office of Inspector General to protect the DOE from fraud, waste and abuse. False claims and other misrepresentations related to Department grants will not be tolerated, whether in the SBIR program or any other,” said Department of Energy Inspector General Teri L. Donaldson, “I would like to thank our investigators and forensic accountants as well as the EPA OIG and the U.S. Attorney’s Office for their excellent work on this joint investigation.”

As part of her sentencing, Agrawal was ordered to pay restitution in the amount of \$1,048,255.00 to U.S. Department of Energy and \$500,000.00 to the Kentucky Cabinet for Economic Development, Office of Entrepreneurship and Small Business Innovation (SBIR state matching funds program).

Under federal law, Agrawal must serve 85 percent of her prison sentence; and upon her release from prison, she will be under the supervision of the U.S. Probation Office for three years.

United States Attorney Shier; Inspector General O’Donnell; Inspector General Donaldson and Cynthia Bruce, Special Agent in Charge, Defense Criminal Investigative Service, U.S. Department of Defense, jointly announced the sentence.

The investigation was conducted by the EPA-OIG, DOE-OIG, and DOD DCIS. The United States was represented by Assistant United States Attorney Tashena A. Fannin.

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