



Department of Justice

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Lexington Man Sentenced for Wire Fraud

LEXINGTON, Ky. – A Lexington man, Subhadarshi Nayak, 49, was sentenced to 6 months in federal prison and 6 months of home detention on Monday by Chief U.S. District Judge Danny C. Reeves, for conspiracy to commit wire fraud and wire fraud. The matter of restitution is set for a hearing in February 2022.

According to his plea agreement, Nayak was a co-owner of the company ScienceTomorrow. In late 2013, Nayak electronically submitted a false proposal, to maximize a DOE Phase II SBIR grant from the U.S. Department of Energy. Specifically, he inflated the budget a university in Tennessee had provisionally authorized in support of the project and, as a result of this misrepresentation, the DOE awarded a grant to ScienceTomorrow. Nayak admitted he knew, upon receipt of the award, they would have to finalize a contract with the university to match the false budget provision, but they could not justify the inflated budget with the university and never finalized a contract with the institution, as of the day he abandoned the company in August 2014. Nayak intentionally took no steps to notify the DOE or correct this material misrepresentation in the ScienceTomorrow proposal.

Separately, Nayak also admitted he obtained a \$100,000.00 EPA contract for his solely owned business, Qmetry, under false pretenses. Working alone, to induce the EPA to award him the contract, he falsely certified Qmetry had an agreement with a university and professor to complete specific work, when he did not. After certifying all funds had been spent according to the contract, Nayak also unlawfully retained \$46,564.61 of EPA funding for the project, well after the close of the period of performance.

Nayak pleaded guilty in August 2021.

“Government grants are critically important to furthering countless community goals,” said Carlton S. Shier, IV, United States Attorney for the Eastern District of Kentucky. “When individuals fraudulently obtain and misuse these valuable – and often scarce – resources, we all suffer the loss. We are committed to doing our part to protect these valuable resources from fraud, waste, and abuse, and to pursuing those who illegally prey on these important funds.

“The EPA Office of Inspector General is steadfast in our efforts to preserve the integrity of the SBIR program by aggressively rooting out attempts to defraud the U.S. government and

taxpayers,” said EPA Inspector General Sean W. O’Donnell. “Today’s sentencing is the fruition of our commitment to ensuring that SBIR awardees are held accountable. I would like to thank our investigators and our law enforcement partners for their efforts and hard work on this case.”

“Small Business Innovation Research and Small Business Technology Transfer grants are valuable tools for furthering high profile research and development at the Department of Energy,” said Department of Energy Inspector General Teri L. Donaldson. “It is critical that we hold anyone who abuses these grants accountable, and we are thankful to our law enforcement partners and to the U.S. Attorney’s Office for their efforts in maintaining the integrity of these programs. The Office of Inspector General remains committed to protecting these programs, as well as all Departmental programs, to allow the generation of scientific breakthroughs and technological innovations.”

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

Carlton S. Shier, IV, United States Attorney for the Eastern District of Kentucky; Sean Earle, U.S. EPA, Acting Deputy Assistant Inspector General for Investigations; Teri L. Donaldson, U.S. Department of Energy Inspector General; 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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