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DOJ: Stanford FCA Case Involved Failures to Disclose Foreign Support From Seven Countries

By Theresa Defino

It wasn't just China.

China is among the countries whose support for Stanford University investigators wasn't reported to five federal research funding agencies, leading to the university's recent \$1.9 million False Claims Act (FCA) settlement with the Department of Justice (DOJ). RRC has learned there was also undisclosed support and/or gifts associated with research time from governments or organizations based in six additional countries.

In its announcement last month, DOJ did not identify any country or foreign entity other than China—specifically Fudan University and the National Natural Science Foundation (NNSF), which it linked to a single investigator.^[1]

But in an extensive interview with RRC, Assistant U.S. Attorney Thomas Corcoran, chief of the Civil Division for the District of Maryland who co-led the investigation for DOJ, said 12 principal and co-principal investigators (PIs) implicated in the settlement also had support from Germany, Japan, Israel, Korea, Australia and India.

Corcoran explained the genesis of DOJ's Stanford investigation—it is unconnected to the Trump administration's "China Initiative"—and why DOJ did not accept Stanford's request to close the investigation administratively rather than as an FCA case. He also stressed the importance of appropriate disclosures and the resolve of the government to ensure compliance.

"The federal funding community remains committed to making sure that all institutions, obviously including Stanford, meet the requirements to disclose all required information. Accurate disclosures really do matter. Disclosure failures cannot be minimized as paperwork errors or misses," Corcoran said.

For each institution that wins an award, "other universities or entities lose out on that opportunity. The Department of Justice is committed to ensuring that there's a level playing field when federal dollars are awarded," he added.

Under the settlement, announced Oct. 2, Stanford agreed to pay the government \$1,938,682, of which \$1,334,404.57 is restitution and \$604,278 is a penalty.^[2] It also pledged to work with NSF to strengthen disclosure policies, according to the settlement and a statement Stanford provided to RRC.^[3]

Restitution "is comprised of salary, fringe [benefits] and indirect costs associated with the professor who failed to disclose the foreign award to the federal [agency] awarded the grants" and does not reflect "the entire award," Corcoran said, noting that he was referring to all 12 professors in total.

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