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Dr. Jian Dong Sentenced to Seventy Months for Grant Fraud

Corporations founded by Dr. Dong fined over \$12 million in federal court hearing this morning

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Columbia, South Carolin ---- United States Attorney Beth Drake stated today that Dr. Jian Yun Dong, aka John Dong, was sentenced to seventy months imprisonment for multiple fraud-based convictions and ordered to pay over three million dollars in restitution. GenPhar Inc. and Vaxima Inc, corporations Dong founded, were fined a total of \$12,846,399.32. Dr. Dong, GenPhar Inc., and Vaxima Inc. went to trial in federal court in June of 2015. All three were convicted on charges of conspiracy to commit grant fraud, wire fraud, theft of government property and providing false statements, theft of government funds, as well as twenty-two counts of wire fraud.

Testimony at trial established that federal grant money was obtained by GenPhar and Vaxima for purposes of biodefense research and vaccine development, but was used for other purposes, specifically to construct a commercial office building and pay lobbyists and others who were seeking to secure federal funding for the defendants. Testimony further established that a total of approximately \$6 million dollars was spent on the construction, which included approximately at least \$3 million dollars of improperly diverted grant money.

"Justice is finally served against Dr. John Dong and his companies with these sentences," stated Special Agent in Charge John F. Khin of the Defense Criminal Investigative Service (DCIS), Southeast Field Office. "Throughout this lengthy and extensive joint investigation with our law enforcement partners, DCIS steadfastly pursued recoupment of millions of dollars in stolen and diverted funds that were critically needed for research and development of vaccines against the world's most deadly diseases."

"Diverting funds meant for critical vaccine research is reprehensible and illegal," said Special Agent in Charge Derrick L. Jackson of the U.S. Department of Health and Human Services, Office of Inspector General (HHS-OIG) in Atlanta. "We will continue to work with our law enforcement partners to root out all forms of waste, fraud, and abuse in federal grant programs."

Ms. Drake stated, "The real tragedy in this case is that millions of dollars intended for desperately needed vaccine research was diverted into a commercial real estate project. Most of the dedicated and accomplished scientists receiving these grants can be trusted to spend the funds on research, but those that seek to divert the funds to their own benefit need to know that we will pursue charges against them like any other fraudster."

The conviction and sentence are the result of an investigation conducted by the Department of Health and Human Services Office of Inspector General, the Defense Criminal Investigative Service, the Federal Bureau of Investigation, the U.S. Army Criminal Investigation Command,

and the Naval Criminal Investigative Service. Assistant United States Attorneys Eric Klumb and Nathan Williams of the Charleston office prosecuted the case.