



THE UNITED STATES ATTORNEY'S OFFICE
SOUTH CAROLINA

GenPhar Inc., Vaxima, Inc, Convicted of Fraud, No Verdict Reached on Jian Dong

FOR IMMEDIATE RELEASE

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Columbia, South Carolina ---- United States Attorney William N. Nettles stated today that GenPhar Inc. and Vaxima Inc. were convicted on Friday, November 14, 2013 following a ten day trial in Federal Court. The jury did not reach a verdict on Jian Yun Dong, aka John Dong, and a mistrial was declared regarding his charges.

All three defendants were charged with Conspiracy to Commit Grant Fraud, Wire Fraud, Theft of Government Property and Providing False Statements. GenPhar and Vaxima were each convicted of one count of Theft of Government Property. GenPhar was convicted of an additional seventeen counts of Wire Fraud, and Vaxima was convicted of an additional sixteen counts of Wire Fraud. The jury did not reach a verdict on the Conspiracy count as to any defendant, on any counts against defendant Jian Dong, and one count of Wire Fraud. A mistrial was declared on those counts, and a hearing date regarding them has yet to be set.

The trial began on November 5, 2014, and concluded on November 14, 2014. Testimony at trial established that federal grant money was obtained by GenPhar and Vaxima for purposes of biodefense research, but was used for other purposes, specifically to construct a commercial office building. Testimony further established that a total of approximately six million dollars were spent on the construction, which included approximately four million dollars of improperly diverted grant money.

The Hon. C. Weston Houck presided over the trial. The convictions 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, and the U.S. Army Criminal Investigation Command. Assistant United States Attorneys Eric Klumb and Nathan Williams of the Charleston office prosecuted the case.