

Donnacona, December 1, 1996

Dr. P. Morand, President
Natural Sciences and
Engineering Research Council
200 Kent Street
Ottawa, Ontario K1A 1H5

Dear Dr. Morand:

I reproduce below the text of my letter of October 14, 1996:

"In my letter to you written in April of 1992, and later in my letter to Ms. Armour dated June 15, 1992, I have provided ample documentation proving fraud and extortion perpetrated by Drs. T. Sankar, S. Sankar and M.N.S. Swamy. These charges were never investigated by your Council. You can not claim that the Arthur's Committee did its job properly. For example, in the question of authorship of my publications, they claimed to study four of my articles and concluded that I used these articles to entrap poor professors, since all four (according to the Committee) were just a repetition of one of my articles previously published in the USSR. What about the remaining over 30 publications? Were all of them just a repetition of that magic one article published in the USSR? No serious person would believe this nonsense. If the Arthur's Committee was not obliged to look into them, then it is the duty of your Council to do so.

I reproduce below the text of my letter of December 15, 1994, to policeman Couture, who was in charge of the "investigation" initiated by you.

Here is some information from my own files. Grant # P-8007, awarded to S. Sankar (1980-1983) and entitled "Development and testing of on-road off-road motorcycle front forks and shock absorbers". Out of total award \$230,025, the amount of 208,395 was paid on "other salaries". This usually refers to payments to people outside university. Now, who was paid, how much and for what? All my attempts to find it out by using Access to Information Act failed so far, because the Commission for Access refuses to consider my complaint and force the University to release the information. I know that all the work, related to this and other grants, was performed by graduate students.

Similar information from another of S. Sankar's grants: # CRD-38948, "CAD of snowmobile suspension system frames". Out of \$382,825, the amount of \$273,654 was spent on "other salaries". I wrote to Levi asking him if he verified who was paid, and he never responded.

The same refers to S. Sankar's contract with Transport Canada entitled "Liquid Tanker Stability". All the work was done by graduate students (Ranganathan and Popov), who were paid by the university, while significant money were paid to unrelated people. Who are these people and why were they paid?

Would you be kind enough to verify who was paid from these and other grants and for what. Please do not hesitate to contact me if you have need for any clarifications.

I have never received any specific response from Mr. Couture. I believe that it is the duty of your Council to answer these questions.

I have received a copy of a very strange report mandated by you to verify the accuracy of the previously published report of Mr. Levi. I call it strange because of the method used: RANDOM sampling. Mr. Levi pointed out some specific abuses, so these specific cases should be verified. When your "verificator" took RANDOM sample, these specific cases may very well not be included in the sample. There is no indication in the whole report whether any of transgressions were verified, and if yes, there is no indication as to why Mr. Levi was wrong in his conclusions. For example, T.S. Sankar was accused of spending about \$8,000 for a trip of his relative, and that this trip was not related to the grant from which the money were taken. Was this allegation verified, and if yes, where Mr. Levi made a mistake ? This report was not signed by anyone. Who was (were) the investigator(s) ? I understand the investigator(s) was (were) too ashamed to sign the name(s).

I should appreciate if you kindly send me another copy of that unsigned report, and an additional information, namely, what was the mandate of the investigator(s), name(s), did they consider the specific cases alleged by Mr. Levi, where exactly was Mr. Levi wrong in his conclusions and why.

I enclose for your information the document (13 pages) describing what REALLY happened at Concordia in August of 1992. The truth was never reported by the media. They are describing me as a madman who, without any reason, killed four innocent people, who he never met before. I do hope that this document will convince you that you are now funding people who very skillfully premeditated those murders. Just ask yourself a very simple question: why were these people fired in 1994 ? There was not much in Mr. Levi's report to justify firing of tenured professors. They were fired for murders, which they premeditated. I ask you once again to investigate my allegations completely and in the meantime to stop their funding."

And here is the complete text of the "response" dated November 15, 1996 and signed by Ms. Armour:

"Dear Dr. Fabrikant:

I am writing in response to your letter of October 14, 1996. NSERC has reviewed the reports of the various investigations. As I indicated in my letter of August 15, 1995, NSERC also carried out its own review of all relevant NSERC accounts. We now consider the matter closed. Yours sincerely, (signed) Catherine Armour, Research Ethics Officer."

Please compare the "response" to the text of my letter, and you will see that none of my questions was answered. Even if you consider the matter closed, it should mean only that you do not wish to investigate the matter further, but this does not give you the right to refuse to answer my questions about WHAT exactly has been done, HOW it has been done, by WHO, and WHY, for example, it was done by a random sampling. I ask you to return to my original letter and to answer all the questions.

Thank you in advance.

Yours Sincerely,

Dr. V.I. Fabrikant
prisoner #167932 D

Donnacona, January 15, 1997

Dr. P. Morand, President
Natural Sciences and
Engineering Research Council
200 Kent Street
Ottawa, Ontario K1A 1H5

Sir:

You might be interested to read the text below. I bring to your attention that my official request for access to information dated December 30, 1996 was still not acknowledged by your office.

Yours Sincerely,

Dr. V.I. Fabrikant
prisoner #167932 D

WHITEWASH BY NSERC (NATURAL SCIENCES AND ENGINEERING RESEARCH COUNCIL)

In July of 1994, Concordia University has made public the results of forensic audit of its research accounts, made by accountant Levi. Three professors, named in the report Swamy, T.S.Sankar and S.Sankar were given ultimatum: to resign within 6 hours or be fired, and all resigned. A good question to ask here is: why three honourable scientists, Fellows of various prestigious learned societies chose to resign? The answer is obvious: there was much more than was stated in the Levi's report to reproach to them.

Following the report, NSERC has frozen their accounts and asked police to investigate whether criminal charges should be laid. In addition NSERC has decided to review their accounts at Concordia University, and a really astonishing review it was!

First of all, they have chosen a random sampling method of review of accounts of M.N.S.Swamy, T.S.Sankar and S.Sankar. Random sampling method is applicable where you may assume that no violation took place, and you take a random sampling just to check whether there is any reason to think otherwise. In this case, certain grave violations were established by Levi's report, and to take a random sampling in this case is nothing but an obvious whitewash. Indeed, imagine as an example a bank teller, who made thousands of transactions honestly, and in just one embezzled a million dollars. Assume now that this teller is accused by someone of this particular embezzlement, and the bank administration sends a commission to investigate. This commission arrives, takes a random sampling of the teller's transactions, all the transactions in the random sampling are honest, commission is satisfied and declares that no embezzlement took place! You will rightfully say that this is absurd, and no bank would behave that way, and I agree, but this is exactly what happened at NSERC. Here are the details.

The complete text of NSERC report is given in Appendix (except for some meaningless tables). Here is the first quote from the Report:

"It is important to note that while NSERC officials originally planned to conduct a review of accounts for a period of twelve years,

this review was limited to expenditures occurring from fiscal year 1988-89 through to 1993-94 as supporting documentation for previous years was no longer available for review."

Wow, this is interesting: Levi has managed to do his review for the past 13 years! If the information was available to Levi, how come it all of a sudden becomes "no longer available" just couple of months after Levi's review?

Second quote:

"In the Faculty of Engineering and Computer Science, our review included 70 accounts from which 695 transactions made from 1989-90 to 1993-94 inclusive were chosen based on statistical sampling techniques."

Let us do some computations. Levi estimated about 1,000 research accounts in the Faculty of Engineering and Computer Science, so 70 accounts taken constitute 7% of all accounts. About 10 transactions on average were taken from each account for the duration of 5 years, which gives on average 2 transactions per account per year, which is less than 1% of all transactions, so I leave it to you to decide just how representative this sample was.

Next quote:

"In the Faculty of Engineering and Computer Science, 157 transactions, or 22% of the total number of transactions, were found to have inadequate documentation to determine whether these were eligible under NSERC rules. These represent a total of \$238,710. NSERC will be requesting further information from the University to determine whether these transactions are eligible.

Another 27 transactions, or 4% of transactions, were found to be ineligible for NSERC funding on the information available to us. These represent a total of \$103,012.41 for which NSERC will be requesting a reimbursement from the University."

Let us do some computations here. Assume that the sample is representative for the whole population of accounts. If verification of 7% of accounts resulted in over \$100,000 to be reimbursed to NSERC and over \$200,000 probably to be reimbursed (in doubt), then similar verification of ALL accounts should result in in over \$1.4 million to be reimbursed and \$2.8 million probably to be reimbursed, and this is on verification of two transactions per account per year! Can you imagine, how much money can be recovered, if all transactions are checked on all accounts? Why did not NSERC do it? Because their purpose was not stopping criminal activity at Concordia, not recovery of taxpayer's money, but whitewash.

One might think that NSERC review would first of all examine Levi's findings and either confirm or dismiss them. This is not what happened. The following accounts of M.N.S.Swamy were examined by Levi: 038-263, 038-213, 043-114/K15/D009, Q02, K55 and K48. The following accounts of M.N.S.Swamy were examined by NSERC: N-063, K48, K55 and N-305. Only two of these accounts, namely, K48 and K55 seem to be common to both reviews, and of these two, NSERC has concluded that no NSERC money were transferred to account K55, so they could not care less whether there was any fraud perpetrated there or not, they did not check a single transaction.

Here are some findings of Levi. On account 038-263 T.S.Sankar/M.N.S.Swamy:

"This account was used by Dr.T.S.Sankar to accumulate \$157,418 from

various NSERC & FCAR accounts. These charges to the grant accounts were camouflaged to appear proper under NSERC rules but in fact contravene the rules for use of NSERC funds".

"This account was under control of Dr. T.S.Sankar until 1986 when control [was] transferred to Dean Swamy upon Dr.T.S.Sankar resignation as chair of Mechanical Engineering".

NSERC did not bother to check this account.

I add here that Dr.T.S.Sankar has resigned in 1986 among rumors that he embezzled a lot of money from various accounts. I was present and heard his resignation speech: he was almost in tears, and he did not give any sensible reason why he was resigning in the middle of the school year.

Levi's finding on the account 038-213 - Swamy special account:

"This account also violates NSERC rules by collecting a total of \$71,953 from various NSERC accounts to 'cover the cost of Data Processing Equipment'."

NSERC did not bother to check this account either.

Levi's finding on the account Q02 - Swamy special Dean's account:

"This account and the next account K55 - M.N.S.Swamy Mechanical Engineering Dean's account - characterize the misuse of funds by Dr. Swamy."

There is a confusion here: NSERC associates Q02 with N-305, and they never clarify why their identification is different from that of Levi. NSERC refused to review this account.

Levi's finding on the account K48 - M.N.S.Swamy CORE Facility:

"This account was used by Dr.Swamy to accumulate \$212,043 from various NSERC & FCAR accounts to be used to fund expenditures within the Faculty in direct contravention of NSERC rules"

NSERC did not find anything wrong with the account, but they do not refer or argue with Levi's conclusion. It is very easy to decide, who is right. Here is the Rule 190 which was contravened: "Grant funds must NOT be transferred from one research to another or to non-NSERC accounts."

The sloppiness of NSERC review is obvious from the following phrase on page 10:

"Prior to becoming Dean, Dr.Swamy had himself contributed to this account".

Dr.Swamy has become Dean in the seventies and has been Dean ever since. Taking into consideration that NSERC review did not go back earlier than 1989, they have no way of knowing what happened prior to Dr.Swamy becoming Dean. In addition, Levi claims opposite:

"No contributions appear in either account (K48 or Z24) from Dean Swamy, as outlined in the documentation we examined regarding this arrangement."

NSERC did not address this discrepancy.

Here is Levi's conclusion on the propriety of expense reports of M.N.S.Swamy, T.S.Sankar and S. Sankar:

"Our examination of expense reports disclosed occurrences of duplicate expense claims, claims for personal expenses camouflaged to appear like University business expenses and conflicting expenses for identical times and dates at different locations or cities."

NSERC ignored this finding.

The following accounts of Dr. T.S. Sankar were reviewed by Levi: X58, 038-263, 038-118, K56. NSERC reviewed accounts N-065 and N-294, nothing in common.

Here is Levi's conclusion on account X58:

"Our Investigation concludes that the account contains invoices for computer charges which are improper and only created as documentation to support and conceal an actual contribution towards the acquisition of equipment which is not permitted under contract budget.

"We further conclude that Dr.T.S.Sankar has violated the provisions of CUFA collective agreement as they relate to paid outside consulting"

This finding was ignored by NSERC. Levi also missed the more important point: he noticed only that T.S.Sankar was paid for 82 days, while collective agreement allowed him to be paid for the maximum of 52 days per year; what Levi did not notice was the fact that T.S.Sankar did not spend a single day working on the project, and he could not even if he wanted to: the project was in the field of fluid dynamics, in which T.S.Sankar has no knowledge. All the work was done by Dr. Popov, who was at that time a graduate student of T.S.Sankar and he was not paid from the contract at all.

Levi's findings on the account K56 - T.S.Sankar:

"Our analysis of this account demonstrates additional unsupported charges to other contract accounts for computer charges. In addition, Dr. T.S. Sankar sold old equipment belonging to Concordia and deposited the proceeds into this account to be used by him, at his discretion."

Again, NSERC ignored this finding.

The following accounts of Dr.S.Sankar were reviewed by Levi: X69, L01, Liquid Tanker Stability Contract and the Development of a Vehicle Dynamics Expert System Contract. NSERC reviewed only one account N-116, again, nothing in common.

This is the typical finding made by Levi:

"Dr.S.Sankar has used personnel paid in part by University operating budget funds and grant funds for the performance of an industry contract for which most (\$72,700) of the proceeds were directed by him to his private company".

What Levi did not understand though was the fact that Dr.S.Sankar did not do any job in any of his contracts. All the work was done by graduate students paid by the University.

NSERC review of S.Sankar's account N-116 is deliberately misleading: they claim that "\$358,746 or 95% was spent on bursaries and salaries to graduate

students, postdoctoral fellows and research personnel as can be seen in Appendix C." But if we look at the figures in Appendix C, we find out that only \$72,682 was spent on graduate students and postdoctoral fellows, while the lion share \$255,697 was spent on "other salaries", which in Concordia jargon does not mean Concordia research personnel, it means people from outside the University. I have been trying for years to find out who these people were and why were they paid, but Concordia University refuses to release this information, claiming that the records are not available. It looks like they were available to NSERC. Let us read what they wrote:

"Of 15 salary transactions reviewed, we required additional information including employee status and affiliation to the grantee's research, for 3 transactions to ascertain whether these were eligible under NSERC rules. Based on the information provided to us, these transactions were also found to be eligible under NSERC rules".

And here is an English translation of what they really wanted to say: "Out of 15 salary transactions reviewed, we found payments to 3 individuals, who have nothing to do neither with Concordia University, nor with the subject of the research; we know that they were paid kick-back money, or Dr.Sankar paid to himself through fictitious third persons, but we do not want anyone to know this, so we claim that everything is OK".

This is what NSERC wrote on verification of T.S.Sankar's account N-065:

"Of 12 salary transactions reviewed, three required additional information including employee status and affiliation to the grantee's research, to ascertain whether these were eligible under NSERC rules. Based on the information available to us, these transactions were also found to be eligible under NSERC rules."

And here is relevant quotation from NSERC review of M.N.S.Swamy's account N-063:

"Of 12 salary transactions reviewed, three required additional information including employee status and affiliation to the grantee's research, to ascertain whether these were eligible under NSERC rules. Based on the information available to us, these transactions were also found to be eligible under NSERC rules."

Clearly, the whole report is done by "cut-and-paste" method. Long live computers!

The sloppiness of NSERC work is also illustrated by the quotation:

"Our review of Dr.Sankar's internal account N-116(B-34) included a total of 37 transactions. Of these transactions, 22(!) were operating expenses and 15 were salary transactions. Nine of the 11(!) operating expenses were fully documented and compliant with NSERC rules. We had to seek additional information on the remaining 2 transaction, to ascertain whether these were eligible under NSERC rules."

They could not even make their arithmetics right: the 22 operating transactions, chosen initially, all of a sudden were transformed into 11!

And here is the most flagrant example of how NSERC did not want to see an obvious fraud. I refer to their investigation of Steacie fellowship account. They write:

"In 1988-89, a two-year Steacie fellowship in the amount of 168,097.75 was awarded to W.G.Habashi. During this time, Dr.Habashi was to be released from his administrative and teaching duties to devote all his time to research.

"The Steacie Fellowship account was created by Concordia for the exclusive administration of this NSERC grant. As Dean of the Faculty of Engineering and Computer Science, Dr.Swamy was the designated administrator of this account."

This account was supposed to be used to pay Dr.Habashi's salary. Instead, the University decided to pay his salary from its budget, and the money in Steacie Fellowship account were used for various other expenses, mainly purchase of "minor equipment", and instead of two years, the account was in such use for five years. NSERC concluded that it was not a big deal. Well, let us ask ourselves, WHY would the University go to such complications? Would not it be much more simple to use Fellowship grant to pay Dr.Habashi's salary and to buy whatever they were needed from operating budget? Of course, it would, provided that Dr.Swamy could legally buy he they wanted to from the operating budget. So, the only logical conclusion here is: Dr.Swamy could not legally buy what he wanted from the operating budget, but he could pay Dr.Habashi's salary from that budget. Here we come to the crucial question: what exactly did Dr.Swamy buy? And it was not a small amount of money. There is no answer to this question, and it is obvious, why: whitewash is a whitewash is a whitewash!

There was no signature under the report, and it is understandable why: cover-up of fraud is a crime.

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