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DEPT. OF ECONOMIC DEVELOPMENT

Jim Pillen, Governor

NOTICE OF SUSPENSION

November 10, 2026

Nebraska Startup Academy
Charles Cuddy
17538 K. Street
Omaha, NE 68135
Sent via US Mail and email to: charliecuddy4@gmail.com

Dear Charles Cuddy:

The Nebraska Department of Economic Development (the "Department") issues this formal Notice of Suspension (the "Notice") under Contract No. 24-11-153 (the "Award Agreement" or "Contract"), between the Department and Nebraska Startup Academy (the "Recipient") under the North and South Omaha Recovery Grant ("NSORG") program.

I. FACTUAL BACKGROUND

The Department gave an award of $1.2 million to Recipient under the NSORG program, effective Feb. 28, 2024. The scope of the award was "to create approximately 60 startups, generating technical jobs via a multi-disciplinary curriculum, founder support, and ecosystem-stimulating events."

The Department disbursed an advance of $600,000, required by law, which is 50% of the total award, around March 2024. Due to insufficient reporting, further advance payments have been paused for most of the performance period, with a total of $886,956.56 disbursed to date. No funds have been disbursed since December 2025.

II. BASIS FOR SUSPENSION

Under Article 7.3 of the Award Agreement, the Department may suspend the Award Agreement and withhold further payment or prohibit Recipient from incurring additional obligations of grant funds if the Department determines that Recipient has materially failed to comply with the terms and conditions of the Award Agreement or other applicable requirements. The Department has identified three areas of noncompliance where Recipient's actions constitute a material breach of the contract.

First, the Department has discovered that Recipient has mismanaged grant funds. Art. 3.6 of the Award Agreement contains a requirement that Recipient maintain an account dedicated solely to the grant funds and specifies that those funds "shall not be commingled with other funds."

Despite this requirement, bank records show that Recipient consistently transfers grant funds from its dedicated account to a separate account, where they are commingled with funds from other sources.

Second, the Department has identified undisclosed conflicts of interest and potential related-party transfers. Art. 4.5 of the Award Agreement outlines the requirements regarding conflicts of interest, including the requirement to inform the Department of any conflicts to request an exception, which the Department may grant at its discretion on a case-by-case basis. Recipient provided conflict of interest disclosures for two individuals (John Grange and Manny Quevedo) as it relates to their dual role as both a board member and an independent contractor for Nebraska Startup Academy. The Nebraska Auditor of Public Accounts identified additional potential conflicts of interest involving John Grange, Manny Quevedo, Charles Cuddy, and Alyssa Cave. This additional potential conflict of interest relates to the positions these four individuals hold in both Nebraska Startup Academy and Move Venture Capital. This is relevant because there is an overlap between the startups assisted by Nebraska Startup Academy and startups that Move Venture Capital has invested in. Nebraska Startup Academy failed to disclose this potential conflict of interest, where Move Venture Capital may directly benefit from the grant-funded work done by Nebraska Startup Academy. Nebraska Startup Academy must disclose and explain these potential conflicts of interest and any other potential conflict of interest that remains undisclosed.

Third, the Department identified issues regarding the allowability and reasonableness of several expenses incurred. As early as August 4, 2026, the Department raised concerns regarding Nebraska Startup Academy's allocation of approximately $1,100.00 towards office furniture and approximately $54,000.00 towards professional development and travel. The Department also identified several line items in Nebraska Startup Academy's budget that are administrative in nature but are not being grouped as administrative costs in the grant-funded budget. Some of the items the Department identified are office expenses, the office lease, insurance, and tax and accounting. Using different budget categories does not remove the requirement that these expenses count toward the 10% maximum budget allowed for administrative costs. In addition, the Department has identified some budget categories where the reported expenses are larger than the maximum for that category, including the categories for travel and taxes and accounting. In these cases, any expenses above the budget maximum are by definition unallowable. Beyond these issues, the Department has allowability concerns about the percentage of grant funds that have been used to pay personnel costs when the scope of the award is to "create approximately 60 startups" and "provide educational opportunities". The Department's review of expenses for allowability remains ongoing.

These issues constitute material noncompliance with the Award Agreement and the Department now invokes its rights granted by Art. 7.3 to immediately suspend the Award Agreement.

III. TERMS OF SUSPENSION

Effective as of November 10, the Department hereby suspends the Award Agreement in accordance with Art. 7.3. During the period of suspension:

1. The Department will withhold all further payments under the Award Agreement.
2. Recipient is prohibited from incurring any new obligations of grant funds under the Award Agreement, including but not limited to entering into new contracts, purchase orders, or other commitments that would rely on funding under this Award Agreement.
3. Recipient is not permitted to expend, draw down, or otherwise use any portion of the advance grant funds previously disbursed by the Department under the Award Agreement. All such advance funds must remain in a separate, dedicated grant account and must not be used for any purpose unless and until the Department lifts this suspension in writing.
4. Only costs that were properly obligated and allowable under the Award Agreement prior to the effective date of this suspension may be considered for payment, and then only to the extent expressly authorized in writing by the Department.

Per Art. 7.4 of the Award Agreement, Recipient's costs resulting from obligations incurred during the period of suspension are not allowable unless the Department expressly authorizes them in writing.

IV. CONDITIONS TO LIFT SUSPENSION AND OPPORTUNITY TO CURE

The Department may consider lifting this suspension if Recipient fully cures the identified areas of noncompliance within the time period stated below. To cure, Recipient must, no later than December 11, 2026:

1. Provide a written explanation for why it has commingled NSORG grant funds with other sources of funding.
2. Transfer all NSORG grant funds to a separate account designated to this project and provide tracing.
3. Provide conflict of interest disclosures for Charles Cuddy, John Grange, Manny Quevedo, and Alyssa Cave regarding Move Venture Capital.
4. Provide conflict of interest disclosures for any other individual who may have a potential conflict of interest.
5. Continue working with the Department as it determines the allowability of expenses, including providing any missing or insufficient supporting documentation.
6. Provide complete supporting documentation for all expenditures, including but not limited to invoices, payroll records, receipts, and any other records the Department reasonably requests.
7. Provide copies of all bank statements for the Recipient's designated grant bank account, from the date of the first disbursement of grant funds through the most recent statement available as of the date of this Notice. These statements must show all deposits, withdrawals, transfers, and balances for the grant account.
8. Provide copies of all bank statements for all other accounts where grant funds have been transferred to from the date of first disbursement of grant funds through the most recent statement available as of the date of this Notice. These statements must show all deposits, withdrawals, transfers, and balances for the grant account.
9. All bank statements provided must include the account holder name, account number, address, taxpayer identification as well as the contact address and phone number for the banking institution.

The Department will review Recipient's submissions and determine, in its sole discretion, whether the noncompliance has been adequately cured and whether the suspension may be lifted, potentially with additional conditions imposed under Art. 6.

V. FURTHER ACTION

If Recipient does not fully cure the identified noncompliance by the deadline, or if additional material noncompliance is identified, the Department may take further action as permitted by the Award Agreement and applicable law. Such actions may include, without limitation:

1. Continuing the suspension and imposing additional corrective conditions or safeguards under Article 6, including imposing more detailed reporting requirements, additional monitoring, or conversion of any future payments to a reimbursement-based system.
2. Terminating the Award Agreement, in whole or in part, for cause under Art. 7.3.
3. Disallowing unsubstantiated or unallowable costs, requiring the return of previously disbursed funds (including any unused advance funds), reducing the total award amount, and/or deeming the Recipient ineligible for additional grant programs administered by the Department, as permitted under Art. 6.

The Department also reserves all rights and remedies available under the Award Agreement and Nebraska law, including those related to audit, closeout, and recovery of funds.

Signed:

Audrey L. Sautter
Compliance Division Manager

cc:
Maureen Larsen, Director
Stacey Parr, Deputy Director
Ashley Drake, Interim Economic Recovery Division Administrator
Atticus Stansbury, Economic Development Manager
Dallin Jack, Compliance Attorney III