



Department of Defense
Office of the Inspector General

Information Release

INFORMATION RELEASE

February 16, 2005

Former Hunt Valve Executive Charged With Conspiracy to Defraud the U.S. Government

The Office of the Inspector General (OIG) of the Department of Defense (DoD) announced today that on February 16, 2005, a Bill of Information was filed in the United States District Court, Northern District of Ohio, charging Lawrence Kelly, ex-Vice President, Military Division, Hunt Valve Company, Inc. (Hunt Valve), Salem, OH, with one count of conspiracy to defraud the U.S. and obtain money by means of false or fraudulent representations.

Hunt Valve is a major supplier of valves and valve parts to the U.S. Navy. These valves are used in Level I/SUBSAFE and non-Level I applications. Hunt Valve also marketed valves under the brand names of Union Flonetics, WAECO Valves, Morland Valves and PJ Valves. From 1993 to 2003, Hunt Valve sold approximately 40,000 valves to the Navy or prime contractors of which approximately 15,000 were Level 1/SUBSAFE.

Hunt Valve supplied valves directly to the Navy and to prime contractors of the Department of Defense, including Electric Boat Corporation, a General Dynamics Company; Northrup Grumman Newport News Shipbuilding and its predecessors in interest; and Bath Iron Works. The company also sold spare valves and valve parts directly to the government through the Naval Inventory Control Point (NAVICP), Mechanicsburg, PA and the Defense Supply Center Columbus (DSCC), Columbus, OH.

Kelly worked for Hunt Valve from February 23, 1995 to September 5, 2003. The investigation disclosed that from approximately April 1995 to May 2001, Kelly and other co-conspirators delivered or caused the delivery of valves from Hunt Valve to the Navy and Department of Energy (DOE) that failed to conform to physical and contractual requirements mandated by the U.S. Government. A sample of the valves supplied by Hunt Valve were tested by the U.S. Navy and their shipbuilders at a cost of over \$4 million. If convicted, Kelly faces a maximum sentence of 5 years in prison and/or a \$250,000 fine.

The investigation was conducted jointly by the Defense Criminal Investigative Service (the criminal investigative arm of the OIG DoD), Naval Criminal Investigative Service, Department of Energy Office of Inspector General, and Nuclear Regulatory

Commission Office of Investigations. The prosecution is being handled by Assistant U.S. Attorney Richard H. Blake, Northern District of Ohio, Cleveland, OH.

For additional information contact Richard Zott, Special Agent in Charge, Central Field Office, at (314) 539-2172.

To report any criminal activity within DoD, contact the Defense Hotline toll-free at (800) 424-9098, e-mail: hotline@dodig.osd.mil/, or visit them on the World Wide Web at <http://www.dodig.osd.mil/hotline/>.

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