

THE UNITED STATES ATTORNEY'S OFFICE  
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**Department of Justice**

U.S. Attorney's Office

District of Connecticut

FOR IMMEDIATE RELEASE

Thursday, June 2, 2022

## **Connecticut Companies Pay \$5.2 Million to Resolve Allegations of False Claims Act Violations Concerning Fraudulently Obtained Small Business Contracts**

Vanessa Roberts Avery, United States Attorney for the District of Connecticut, today announced that Numet Machining Techniques, LLC ("Numet"), Numet Industries, Inc., KCO Numet, Inc., and Kidd & Company, LLC (collectively the "Numet Entities"), have entered into a civil settlement agreement with the United States and have paid \$5,227,355.28 to resolve allegations that they violated the False Claims Act when Numet improperly obtained set-aside contracts reserved for small businesses that it was ineligible to receive.

Numet is limited liability company located in Orange, Connecticut that manufactures and provides aerospace engine machined components for commercial and U.S. military purchases. On August 30, 2011, Numet was acquired by Numet Industries, Inc., which was owned by KCO Numet, Inc., which was ultimately owned by individuals associated with Kidd & Company, LLC, a family office investment company located in Greenwich, Connecticut.

The government contends that, after Numet's acquisition in August 2011, it ceased to qualify as a "small business concern" within the meaning of the Small Business Administration ("SBA") regulations relating to government contracts due to Numet's affiliation through stock ownership with other businesses. Nevertheless, between August 2011 and February 2016, Numet falsely certified that it was a "small business concern" and, as a result, it was awarded 22 small business set-aside contracts that it was ineligible to receive. In addition, between September 2013 and February 2016, Numet falsely certified that it was a "women-owned small business concern."

Government contractors are required to timely disclose to the government, in writing, whenever they have credible evidence that they have committed a violation of the False Claims Act. On November 4, 2019, in connection with due diligence performed relating to Numet's sale to another entity, Numet voluntarily disclosed to the government facts concerning its potential affiliation with other businesses that the government contends made it ineligible to be awarded contracts set aside for small businesses. The Numet Entities received credit in the settlement for Numet's voluntary disclosure and cooperation with the government during its investigation.

“Government contractors that make false representations to receive contracts for which they are not eligible will be held to account,” said U.S. Attorney Avery. “We thank our investigative partners for their efforts on this case and their ongoing work to protect government programs that exist to assist small or disadvantaged companies.”

“Protecting Department of Defense contracts set aside for small businesses is a priority for the DoD Office of Inspector General’s Defense Criminal Investigative Service,” said Special Agent in Charge Patrick J. Hegarty, DCIS Northeast Field Office. “Today’s announcement reflects our commitment to working with our law enforcement partners and the U.S. Attorney’s Office for the District of Connecticut to investigate allegations of false representations made during the DoD procurement process.”

“SBA procurement programs must be preserved for contractors that are truly small businesses” said Therese Meers, Acting General Counsel of SBA. “The settlement in this matter demonstrates the excellent results achieved in the government’s forceful response to procurement fraud. SBA is strongly committed to identifying and aggressively pursuing instances of fraud perpetrated by those participating in SBA’s procurement programs.”

“Contractor abuse of government set-aside programs not only undermines the federal acquisition process, but also harms the legitimate small businesses these programs are intended to support,” said Special Agent in Charge William W. Richards, Air Force Office of Special Investigations. “AFOSI, our joint investigative partners, and the DOJ will continue to combat fraud threatening the Department of Defense’s procurement process and ensure wrongdoers are held accountable for their actions.”

This investigation was conducted by the Defense Criminal Investigative Service, the Air Force Office of Special Investigations, the Defense Contract Audit Agency Operations Investigative Support Division, and the SBA Office of General Counsel. This matter was handled by Assistant U.S. Attorney Sarah Gruber, with the assistance of Auditor Susan N. Spiegel.

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**Topic(s):**

False Claims Act

**Component(s):**

USAO - Connecticut

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