

Aerospace Co. Pays \$5.2M To Settle FCA Allegations

By **Nicole Rosenthal**

Law360 (June 3, 2022, 7:42 PM EDT) -- A Connecticut-based aerospace company will shell out \$5.2 million to the federal government to settle allegations of violating the False Claims Act after a subsidiary identified itself as a small business and took contracts set aside for such enterprises after it was acquired by the larger entity, officials said.

Numet Machining Techniques LLC, which manufactures aerospace engine parts for commercial and U.S. military use, falsely declared itself a "small business concern" for about five years, according to U.S. Attorney for the District of Connecticut Vanessa Roberts Avery. As a result, the company was awarded 22 small business set-aside contracts that it was not eligible for between August 2011 and February 2016, she said.

Numet Machining also falsely certified that it was a "women-owned small business concern" between September 2013 and February 2016, Avery said.

Numet Machining was acquired in 2011 by Numet Industries Inc., which in turn was owned by KCO Numet Inc., a company that was ultimately owned by individuals associated with Kidd & Company LLC, the U.S. attorney's office said in a statement.

After Numet Machining's acquisition by the other entities, it no longer qualified as a small or woman-owned business, authorities said.

"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," Special Agent in Charge William W. Richards of the Air Force Office of Special Investigations said in the statement.

Government contractors are required to tell the government in writing whenever they have acted in violation of the False Claims Act. It was only in November 2019 that Numet Machining disclosed its affiliation with the other businesses in connection with financial due diligence performed relating to Numet Machining's sale to another company.

The Numet entities received credit in the settlement for the voluntary disclosure and cooperation with the government.

"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 of the DCIS Northeast Field Office in the statement.

The investigation was a joint effort 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 Small Business Administration's Office of General Counsel.

The matter was handled by Assistant U.S. Attorney Sarah Gruber with assistance from auditor Susan N. Spiegel, both of the U.S. Attorney's Office for the District of Connecticut.

--Editing by Jill Coffey.

