

## Union Calendar No. 372

110<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5712

[Report No. 110-599]

To require disclosure by Federal contractors of certain violations relating to the award or performance of Federal contracts.

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### IN THE HOUSE OF REPRESENTATIVES

APRIL 3, 2008

Mr. WELCH of Vermont (for himself, Mr. TOWNS, and Mr. WAXMAN) introduced the following bill; which was referred to the Committee on Oversight and Government Reform

APRIL 22, 2008

Additional sponsors: Mr. SARBANES, Mr. BRALEY of Iowa, Mr. HODES, Mr. MURPHY of Connecticut, and Mr. SHERMAN

APRIL 22, 2008

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

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## A BILL

To require disclosure by Federal contractors of certain violations relating to the award or performance of Federal contracts.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Close the Contractor  
3 Fraud Loophole Act”.

4 **SEC. 2. REQUIREMENT TO NOTIFY INSPECTORS GENERAL**  
5 **OF CERTAIN VIOLATIONS RELATED TO CER-**  
6 **TAIN FEDERAL CONTRACTS.**

7 (a) **NOTIFICATION OF CERTAIN CONTRACT VIOLA-**  
8 **TIONS.—**

9 (1) **REQUIREMENT.—**A covered contractor shall  
10 submit written notification to the Office of Inspector  
11 General of the Executive agency that awarded the  
12 covered contract whenever the contractor has rea-  
13 sonable grounds to believe that the contractor, or a  
14 principal, employee, agent, or subcontractor of the  
15 contractor, has committed a violation of Federal  
16 criminal law, or has received a significant overpay-  
17 ment, in connection with the award or performance  
18 of the covered contract or any subcontract under the  
19 contract.

20 (2) **CAUSE FOR DEBARMENT OR SUSPENSION.—**  
21 A knowing violation to notify an Inspector General  
22 of a violation or overpayment covered by paragraph  
23 (1) shall be a cause for debarment or suspension of  
24 the covered contractor.

25 (3) **TIMING OF NOTIFICATION.—**A notification  
26 under paragraph (1) shall be submitted within 14

1 days after the contractor becomes aware of the viola-  
2 tion or overpayment.

3 (4) COPY OF NOTIFICATION.—A copy of any  
4 notification under paragraph (1) shall be submitted  
5 by the contractor to the contracting officer for the  
6 contract.

7 (b) DEFINITIONS.—In this Act:

8 (1) The term “covered contract” means any  
9 contract in an amount greater than \$5,000,000 and  
10 more than 120 days in duration, whether performed  
11 inside or outside the United States. The term in-  
12 cludes a contract for commercial items.

13 (2) The term “covered contractor” means an  
14 entity performing a covered contract awarded by an  
15 executive agency.

16 (3) The term “Executive agency” has the  
17 meaning provided in section 105 of title 5, United  
18 States Code.

19 (c) APPLICABILITY.—This Act applies to all work  
20 performed under covered contracts, whether the work is  
21 performed inside or outside the United States.

22 **SEC. 2. REVISION OF THE FEDERAL ACQUISITION REGULA-**  
23 **TION.**

24 *The Federal Acquisition Regulation shall be amended*  
25 *within 180 days after the date of the enactment of this Act*

1 *pursuant to FAR Case 2007–006 (as published at 72 Fed*  
2 *Reg. 64019, November 14, 2007) or any follow-on FAR case*  
3 *to include provisions that require timely notification by*  
4 *Federal contractors of violations of Federal criminal law*  
5 *or overpayments in connection with the award or perform-*  
6 *ance of covered contracts or subcontracts, including those*  
7 *performed outside the United States and those for commer-*  
8 *cial items.*

9 **SEC. 3. DEFINITION.**

10 *In this Act, the term “covered contract” means any*  
11 *contract in an amount greater than \$5,000,000 and more*  
12 *than 120 days in duration.*



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