

3.703 Authority.

(a) Section 1(e) of Public Law 87-849, [18 U.S.C.218](#) ("the Act"), empowers the President or the heads of *executive agencies* acting under regulations prescribed by the President, to declare void and rescind contracts and other transactions enumerated in the Act, in relation to which there has been a *final conviction* for bribery, conflict of interest, or any other violation of Chapter 11 of Title 18 of the *United States Code* ([18 U.S.C. 201-224](#)). Executive Order 12448, November 4, 1983, delegates the President's authority under the Act to the heads of the *executive agencies* and military departments.

(b) [41 U.S.C. 2105\(c\)](#) requires a *Federal agency*, upon receiving information that a contractor or a person has violated [41 U.S.C. 2102](#), to consider rescission of a contract with respect to which-

(1) The contractor or someone acting for the contractor has been convicted for an offense punishable under [41 U.S.C. 2105\(a\)](#); or

(2) The *head of the agency*, or designee, has determined, based upon a *preponderance of the evidence*, that the contractor or someone acting for the contractor has engaged in conduct constituting such an offense.

Parent topic: [Subpart 3.7 - Voiding and Rescinding Contracts](#)