

**SUBPART 203.5--OTHER IMPROPER BUSINESS PRACTICES**

*(Revised March 25, 1999)*

**203.502 Subcontractor kickbacks.**

Report suspected violations of the Anti-Kickback Act in accordance with 209.406-3 and DoDD 7050.5, Coordination of Remedies for Fraud and Corruption Related to Procurement Activities.

**203.502-2 General.**

(h) The DoD Inspector General has designated Special Agents of the following investigative organizations as representatives for conducting inspections and audits under the Anti-Kickback Act of 1986:

- (i) U.S. Army Criminal Investigation Command.
- (ii) Naval Criminal Investigative Service.
- (iii) Air Force Office of Special Investigations.
- (iv) Defense Criminal Investigative Service.

**203.570 Prohibition on persons convicted of fraud or other defense-contract-related felonies.**

**203.570-1 Scope.**

This subpart prescribes policies and procedures to implement 10 U.S.C. 2408.

**203.570-2 Policy.**

(a) A contractor or subcontractor shall not knowingly allow a person, convicted after September 29, 1988, of fraud or any other felony arising out of a contract with the DoD, to serve—

- (1) In a management or supervisory capacity on any DoD contract or first-tier subcontract;
- (2) On its board of directors;
- (3) As a consultant, agent, or representative; or
- (4) In any capacity with the authority to influence, advise, or control the decisions of any DoD contractor or subcontractor with regard to any DoD contract or first-tier subcontract.

(b) DoD has sole responsibility for determining the period of the prohibition described in paragraph (a) of this subsection. The prohibition period—

- (1) Shall not be less than 5 years from the date of conviction unless the agency head or a designee grants a waiver in the interest of national security; and

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(2) May be more than 5 years from the date of conviction if the agency head or a designee makes a written determination of the need for the longer period. The agency shall provide a copy of the determination to the Bureau of Justice Assistance, U.S. Department of Justice, 810 Seventh Street, NW, Washington, DC 20531.

#### **203.570-3 Waiver.**

(a) The contracting officer shall—

(1) Review any request for waiver; and

(2) Deny the request if the contracting officer decides the waiver is not required in the interests of national security; or

(3) Forward the request to the head of the agency or designee for approval if the contracting officer decides the waiver may be in the interest of national security.

(b) The head of the agency or designee shall report all waivers granted, and the reasons for granting the waiver, to the Under Secretary of Defense (Acquisition & Technology), who will forward the report to Congress as required by 10 U.S.C. 2408(a)(3).

#### **203.570-4 Reporting.**

When a defense contractor or first-tier subcontractor is found in violation of the prohibition in 203.570-2, the contracting officer shall report the matter in accordance with 209.406-3 and DoDD 7050.5, Coordination of Remedies for Fraud and Corruption Related to Procurement Activities.

#### **203.570-5 Contract clause.**

Use the clause at 252.203-7001, Prohibition on Persons Convicted of Fraud or Other Defense-Contract-Related Felonies, in all solicitations and contracts exceeding the simplified acquisition threshold, except solicitations and contracts for commercial items.