

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](#)