

3.704 Policy.

(a) In cases in which there is a final conviction for any violation of [18 U.S.C.201-224](#) involving or relating to contracts awarded by an agency, the agency head or designee, shall consider the facts available and, if appropriate, may declare void and rescind contracts, and recover the amounts expended and property transferred by the agency in accordance with the policies and procedures of this subpart.

(b) Since a final conviction under [18 U.S.C.201-224](#) relating to a contract also may justify the conclusion that the party involved is not presently responsible, the agency should consider initiating debarment proceedings in accordance with [subpart 9.4](#), Debarment, Suspension, and Ineligibility, if debarment has not been initiated, or is not in effect at the time the final conviction is entered.

(c) If there is a final conviction for an offense punishable under [41 U.S.C. 2105](#), or if 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, then the head of the contracting activity shall consider, in addition to any other penalty prescribed by law or regulation-

(1) Declaring void and rescinding contracts, as appropriate, and recovering the amounts expended under the contracts by using the procedures at [3.705](#)(see [3.104-7](#)); and

(2) Recommending the initiation of suspension or debarment proceedings in accordance with [subpart 9.4](#).

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