

CLIENT ALERT

Proposed Rule Would Nix Allowability of Congressional Investigation Costs

Feb.17.2016

On February 17, the *Federal Register* published a proposed rule that would amend the FAR to implement section 857 of the National Defense Authorization Act, making unallowable any "costs incurred by a contractor in connection with a Congressional investigation or inquiry into an issue that is the subject a proceeding resulting in a disposition" of criminal convictions, matters involving an allegation of fraud or similar misconduct, suspensions and debarments, and default terminations. The proposed rule would also expand the applicability of section 857's requirements beyond DoD to all agencies subject to the FAR, and, as written, is not clearly limited to the contractor that is actually the subject of the "proceeding or inquiry," an important detail that should be addressed in contractor and industry comments submitted over the next 60 days prior to the publication of the final rule.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

Stephen J. McBrady

Partner – Washington, D.C.
Phone: +1 202.624.2547
Email: smcbrady@crowell.com

Gail D. Zirkelbach

Partner – Los Angeles
Phone: +1 213.443.5549
Email: gzirkelbach@crowell.com

Skye Mathieson

Counsel – Washington, D.C.
Phone: +1 202.624.2606
Email: smathieson@crowell.com