

CLIENT ALERT

Bad Faith Conduct Pervades Contract

April 25, 2007

Judge Allegra of the Court of Federal Claims in a lengthy opinion in *North Star Alaska Housing Corp v. U.S.* (Apr. 2, 2007) finds that the Army's actions and attitudes soured a long-term contract with a housing project contractor and equated to bad faith. Among other things, the court faulted the Army for using its discretion to increase the costs of the contractor's performance, changing contract interpretations midstream to reduce the contractor's income, holding incentive payments hostage, denying meritorious claims to leverage others, and allowing the program personnel to dictate contracting positions to the contracting officers.

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

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