

## CLIENT ALERT

### Compounding The Problem

Sep.24.2010

On September 22, 2010, the Civilian Agency Acquisition Council and Defense Acquisition Regulations Council issued a proposed rule that would amend the FAR to require compound, rather than simple, interest to be used in calculating damages for violations of the Truth in Negotiations Act (TINA). The proposal follows the problematic analysis in *Gates v. Raytheon*, 584 F.3d 1062 (Fed. Cir. 2009), which held that, because the Cost Accounting Standards (CAS) statute requires interest on cost impacts for CAS violations to be calculated at the rate established under 26 U.S.C. § 6621, the same rate referenced in the TINA statute, the interest must be compounded in accordance with 26 U.S.C. § 6622, even though the CAS statute does not refer to or incorporate § 6622 by reference.

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

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