

CLIENT ALERT

Profit Recoverable in Commercial Item Termination

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In *SWR, Inc.* (Dec. 15), the ASBCA ruled that the termination for convenience of a commercial item contract, before any services had been ordered, still entitled the contractor to "fair compensation" under a more expansive interpretation of "reasonable charges" than the board had previously endorsed, including start-up costs, travel expenses, wages, forfeited deposits, lease mitigation charges, settlement expenses, attorney fees, and other operating expenses. With one dissent, the board also held that contractors are entitled to a reasonable profit on all termination-related charges, despite the lack of express allowance for profit in the standard Commercial Items terms.

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

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