

§ 6503. Breach or violation of required contract terms

(a) APPLICABLE BREACH OR VIOLATION.—This section applies in case of breach or violation of a representation or stipulation included in a contract under section 6502 of this title.

(b) LIQUIDATED DAMAGES.—In addition to damages for any other breach of the contract, the party responsible for a breach or violation described in subsection (a) is liable to the Federal Government for the following liquidated damages:

(1) An amount equal to the sum of \$10 per day for each individual under 16 years of age and each incarcerated individual knowingly employed in the performance of the contract.

(2) An amount equal to the sum of each underpayment of wages due an employee engaged in the performance of the contract, including any underpayments arising from deductions, rebates, or refunds.

(c) CANCELLATION AND ALTERNATIVE COMPLETION.—In addition to the Federal Government being entitled to damages described in subsection (b), the agency of the United States that made the contract may cancel the contract and make open-market purchases or make other contracts for the completion of the original contract, charging any additional cost to the original contractor.

(d) RECOVERY OF AMOUNTS DUE.—An amount due the Federal Government because of a breach or violation described in subsection (a) may be withheld from any amounts owed the contractor under any contract under section 6502 of this title or may be recovered in a suit brought by the Attorney General.

(e) EMPLOYEE REIMBURSEMENT FOR UNDERPAYMENT OF WAGES.—An amount withheld or recovered under subsection (d) that is based on an underpayment of wages as described in subsection (b)(2) shall be held in a special deposit account. On order of the Secretary, the amount shall be paid directly to the underpaid employee on whose account the amount was withheld or recovered. However, an employee's claim for payment under this subsection may be entertained only if made within one year from the date of actual notice to the contractor of the withholding or recovery.

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3808.)

HISTORICAL AND REVISION NOTES

Table with 3 columns: Revised Section, Source (U.S. Code), Source (Statutes at Large). Row 1: 6503, 41:36, June 30, 1936, ch. 881, §2, 49 Stat. 2037.

In subsection (b)(1), the words "individual under 16 years of age" are substituted for "male person under sixteen years of age or each female person under eighteen years of age" to reflect the interpretation of this provision subsequent to enactment of civil rights laws such as section 703 of the Civil Rights Act of 1964 (42:2000e-2), as carried out by the Department of Labor through 41 C.F.R. Part 50-201.104. The words "incarcerated individual" are substituted for "convict laborer" because of the exception to convict labor that satisfies the conditions of 18:1761(c). Section 1761 does not apply to non-incarcerated convicts.

Subsection (b)(2) is substituted for "a sum equal to the amount of any deductions, rebates, refunds, or

underpayment of wages due to any employee engaged in the performance of such contract" for consistency in the chapter.

In subsection (c), the words "made the contract" and "make other contracts" are substituted for "entering into such contract" and "enter into other contracts", respectively, for consistency in the revised title.

In subsection (d), the words "suit brought by the Attorney General" are substituted for "suits brought in the name of the United States of America by the Attorney General thereof" to eliminate unnecessary words.

§ 6504. Three-year prohibition on new contracts in case of breach or violation

(a) DISTRIBUTION OF LIST.—The Comptroller General shall distribute to each agency of the United States a list containing the names of persons found by the Secretary to have breached or violated a representation or stipulation included in a contract under section 6502 of this title.

(b) THREE-YEAR PROHIBITION.—Unless the Secretary recommends otherwise, a contract described in section 6502 of this title may not be awarded to a person named on the list under subsection (a), or to a firm, corporation, partnership, or association in which the person has a controlling interest, until 3 years have elapsed from the date of the determination by the Secretary that a breach or violation occurred.

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3808.)

HISTORICAL AND REVISION NOTES

Table with 3 columns: Revised Section, Source (U.S. Code), Source (Statutes at Large). Row 1: 6504, 41:37, June 30, 1936, ch. 881, §3, 49 Stat. 2037.

In this section, the words "or firms" are omitted because of the definition of "person" in 41:41, restated in section 6501 of the revised title.

In subsection (a), the words "or violated" are added for consistency in the chapter.

In subsection (b), the words "contract described in section 6502 of this title" are substituted for "contracts" to clarify the scope of the prohibition. The words "the date of the determination by the Secretary that a breach or violation occurred" are substituted for "the date the Secretary of Labor determines such breach to have occurred" to clarify that the three-year period begins with the date of the Secretary's determination and not with the date of the breach or violation. The words "or violation" are added for consistency in the chapter.

§ 6505. Exclusions

(a) ITEMS AVAILABLE IN THE OPEN MARKET.—This chapter does not apply to the purchase of materials, supplies, articles, or equipment that may usually be bought in the open market.

(b) PERISHABLES AND AGRICULTURAL PRODUCTS.—This chapter does not apply to any of the following:

(1) Perishables, including dairy, livestock and nursery products.

(2) Agricultural or farm products processed for first sale by the original producers.

(3) Contracts made by the Secretary of Agriculture for the purchase of agricultural commodities or products of agricultural commodities.

(c) CARRIAGE OF FREIGHT OR PERSONNEL.—This chapter may not be construed to apply to—

(1) the carriage of freight or personnel by vessel, airplane, bus, truck, express, or railway line where published tariff rates are in effect; or

(2) common carriers subject to the Communications Act of 1934 (47 U.S.C. 151 et seq.).

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3809.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
6505	41:43.	June 30, 1936, ch. 881, §9, 49 Stat. 2039.

REFERENCES IN TEXT

The Communications Act of 1934, referred to in subsec. (c)(2), is act June 19, 1934, ch. 652, 48 Stat. 1064, which is classified principally to chapter 5 (§151 et seq.) of Title 47, Telegraphs, Telephones, and Radiotelegraphs. For complete classification of this Act to the Code, see section 609 of Title 47 and Tables.

§ 6506. Administrative provisions

(a) IN GENERAL.—The Secretary shall administer this chapter.

(b) REGULATIONS.—The Secretary may make, amend, and rescind regulations as necessary to carry out this chapter.

(c) USE OF GOVERNMENT OFFICERS AND EMPLOYEES.—The Secretary shall use Federal officers and employees and, with a State's consent, State and local officers and employees as the Secretary finds necessary to assist in the administration of this chapter.

(d) APPOINTMENTS.—The Secretary shall appoint an administrative officer and attorneys, experts, and other employees from time to time as the Secretary finds necessary for the administration of this chapter. The appointments are subject to chapter 51 and subchapter III of chapter 53 of title 5 and other law applicable to the employment and compensation of officers and employees of the Federal Government.

(e) INVESTIGATIONS.—The Secretary, or an authorized representative of the Secretary, may make investigations and findings as provided in this chapter and may, in any part of the United States, prosecute an inquiry necessary to carry out this chapter.

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3809.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
6506	41:38.	June 30, 1936, ch. 881, §4, 49 Stat. 2038.

In subsection (b), the word “rules” is omitted as included in “regulations”.

In subsection (c), the words “and to prescribe rules and regulations with respect thereto” are omitted as unnecessary because of subsection (b).

In subsection (d), the words “without regard to the provisions of the civil-service laws”, which appear in section 4 of the Walsh-Healey Act (June 30, 1936, ch. 881, 49 Stat. 2038), are omitted as obsolete because of Executive Order 8743, April 23, 1941 (5 U.S.C. 3301 note), issued by the President pursuant to the Act of November 26, 1940, ch. 919, title I, §1, 54 Stat. 1211. The words “the Classification Act of 1923”, which appear in section 4 of the Walsh-Healey Act (June 30, 1936, ch. 881, 49 Stat. 2038), are considered to be a reference to the Classifica-

tion Act of 1949 because of section 1106(a) of the Classification Act of 1949 (Oct. 28, 1949, ch. 782, 63 Stat. 972). The words “chapter 51 and subchapter III of chapter 53 of title 5” are substituted for the reference to the Classification Act of 1949 because of section 7(b) of Public Law 89-554 (5 U.S.C. note prec. 101).

§ 6507. Hearing authority and procedures

(a) RECORD AND HEARING REQUIREMENTS FOR WAGE DETERMINATIONS.—A wage determination under section 6502(1) of this title shall be made on the record after opportunity for a hearing.

(b) AUTHORITY TO HOLD HEARINGS.—The Secretary or an impartial representative designated by the Secretary may hold hearings when there is a complaint of breach or violation of a representation or stipulation included in a contract under section 6502 of this title. The Secretary may initiate hearings on the Secretary's own motion or on the application of a person affected by the ruling of an agency of the United States relating to a proposal or contract under this chapter.

(c) ORDERS TO COMPEL TESTIMONY.—The Secretary or an impartial representative designated by the Secretary may issue orders requiring witnesses to attend hearings held under this section and to produce evidence and testify under oath. Witnesses shall be paid fees and mileage at the same rates as witnesses in courts of the United States.

(d) ENFORCEMENT OF ORDERS.—If a person refuses or fails to obey an order issued under subsection (c), the Secretary or an impartial representative designated by the Secretary may bring an action to enforce the order in a district court of the United States or in the district court of a territory or possession of the United States. A court has jurisdiction to enforce the order if the inquiry is being carried out within the court's judicial district or if the person is found or resides or transacts business within the court's judicial district. The court may issue an order requiring the person to obey the order issued under subsection (c), and the court may punish any further refusal or failure as contempt of court.

(e) FINDINGS OF FACT.—After notice and a hearing, the Secretary or an impartial representative designated by the Secretary shall make findings of fact. The findings are conclusive for agencies of the United States. If supported by a preponderance of the evidence, the findings are conclusive in any court of the United States.

(f) DECISIONS.—The Secretary or an impartial representative designated by the Secretary may make decisions, based on findings of fact, that are considered necessary to enforce this chapter.

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3809.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
6507(a)	41:43a(b) (1st sentence).	June 30, 1936, ch. 881, §10(b) (1st sentence), as added June 30, 1952, ch. 530, title III, §301, 66 Stat. 308; Pub. L. 104-106, div. D, title XLIII, §4321(f)(2), Feb. 10, 1996, 110 Stat. 675.
6507(b)-(f) ..	41:39.	June 30, 1936, ch. 881, §5, 49 Stat. 2038.