

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
4505 .....	41:255(f).	June 30, 1949, ch. 288, title III, §305(f), as added Pub. L. 103-355, title II, §2051(e), Oct. 13, 1994, 108 Stat. 3304, as amended Pub. L. 104-106, title XLIII, §4321(a)(4), Feb. 10, 1996, 110 Stat. 671.

**Editorial Notes**

AMENDMENTS

2018—Pub. L. 115-232, §836(b)(18)(B)(i), substituted “Payments for commercial products and commercial services” for “Payments for commercial items” in section catchline.

Subsecs. (a), (c). Pub. L. 115-232, §836(b)(18)(A), substituted “commercial products or commercial services” for “commercial items”.

**Statutory Notes and Related Subsidiaries**

EFFECTIVE DATE OF 2018 AMENDMENT

Amendment by Pub. L. 115-232 effective Jan. 1, 2020, subject to a savings provision, see section 836(h) of Pub. L. 115-232, set out as an Effective Date of 2018 Amendment; Savings Provision note under section 453b of Title 6, Domestic Security.

**§ 4506. Action in case of fraud**

(a) DEFINITION.—In this section, the term “remedy coordination official”, with respect to an executive agency, means the individual or entity in that executive agency who coordinates within that executive agency the administration of criminal, civil, administrative, and contractual remedies resulting from investigations of fraud or corruption related to procurement activities.

(b) RECOMMENDATION TO REDUCE OR SUSPEND PAYMENTS.—In any case in which the remedy coordination official of an executive agency finds that there is substantial evidence that the request of a contractor for advance, partial, or progress payment under a contract awarded by that executive agency is based on fraud, the remedy coordination official shall recommend that the executive agency reduce or suspend further payments to that contractor.

(c) REDUCTION OR SUSPENSION OF PAYMENTS.—The head of an executive agency receiving a recommendation under subsection (b) in the case of a contractor’s request for payment under a contract shall determine whether there is substantial evidence that the request is based on fraud. On making an affirmative determination, the head of the executive agency may reduce or suspend further payments to the contractor under the contract.

(d) EXTENT OF REDUCTION OR SUSPENSION.—The extent of any reduction or suspension of payments by an executive agency under subsection (c) on the basis of fraud shall be reasonably commensurate with the anticipated loss to the Federal Government resulting from the fraud.

(e) WRITTEN JUSTIFICATION.—A written justification for each decision of the head of an executive agency whether to reduce or suspend payments under subsection (c), and for each recommendation received by the executive agency

in connection with the decision, shall be prepared and be retained in the files of the executive agency.

(f) NOTICE.—The head of each executive agency shall prescribe procedures to ensure that, before the head of the executive agency decides to reduce or suspend payments in the case of a contractor under subsection (c), the contractor is afforded notice of the proposed reduction or suspension and an opportunity to submit matters to the executive agency in response to the proposed reduction or suspension.

(g) REVIEW.—Not later than 180 days after the date on which the head of an executive agency reduces or suspends payments to a contractor under subsection (c), the remedy coordination official of the executive agency shall—

- (1) review the determination of fraud on which the reduction or suspension is based; and
- (2) transmit a recommendation to the head of the executive agency whether the suspension or reduction should continue.

(h) REPORT.—The head of each executive agency who receives recommendations made by the remedy coordination official of the executive agency to reduce or suspend payments under subsection (c) during a fiscal year shall prepare for that year a report that contains the recommendations, the actions taken on the recommendations, and the reasons for those actions, and an assessment of the effects of those actions on the Federal Government. The report shall be available to any Member of Congress on request.

(i) RESTRICTION ON DELEGATION.—The head of an executive agency may not delegate responsibilities under this section to an individual in a position below level IV of the Executive Schedule.

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3792.)

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4506 .....	41:255(g).	June 30, 1949, ch. 288, title III, §305(g), as added Pub. L. 103-355, title II, §2051(e), Oct. 13, 1994, 108 Stat. 3305, as amended Pub. L. 104-106, title XLIII, §4321(a)(4), Feb. 10, 1996, 110 Stat. 671.

**CHAPTER 47—MISCELLANEOUS**

- Sec. 4701. Determinations and decisions.
- 4702. Prohibition on release of contractor proposals.
- 4703. Validation of proprietary data restrictions.
- 4704. Prohibition of contractors limiting subcontractor sales directly to Federal Government.
- 4705. Protection of contractor employees from reprisal for disclosure of certain information.
- 4706. Examination of facilities and records of contractor.
- 4707. Remission of liquidated damages.
- 4708. Payment of reimbursable indirect costs in cost-type research and development contracts with educational institutions.
- 4709. Implementation of electronic commerce capability.