

APPENDIX B TO PART 172—DISPOSITION OF AMOUNTS COLLECTED FROM SUCCESSFUL BIDDERS—  
Continued

Type of property	Disposition of:	
	(20%) bid deposit	(80%) remaining balance
10. Property owned by a country or international organization.	Operation and maintenance appropriation of the DoD Component that sells the property. (This is reimbursement for selling expenses.).	— X6875. Upon receipt of the entire amount due from the bidder, a check for 80% of the sales price shall be drawn on the suspense account and forwarded to the applicable foreign country or international organization.
11. Bones, fats, and meat trimmings generated by a commissary store.	Stock Fund .....	Stock Fund.
12. Government furnished property sold by contractors.	( <sup>2</sup> ) .....	( <sup>2</sup> ).
13. All other property .....	972651 .....	972651.

<sup>1</sup> 10 U.S.C. 2577 limits the amounts which can be held in F3875 at the end of any fiscal year resulting from the program to \$2 million. Amounts in excess of \$2 million are to be transferred to Miscellaneous Receipts of the Treasury. This instruction provides for immediate distribution of all sales proceeds received from the recyclable program.

<sup>2</sup> See subsection D.7. of the basic instruction.

[55 FR 13903, Apr. 13, 1990]

**PART 173—COMPETITIVE INFORMATION CERTIFICATE AND PROFIT REDUCTION CLAUSE**

Sec.

173.1 Scope.

173.2 Competitive Information Certification.

173.3 Profit reduction clause.

APPENDIX TO PART 173—LIST OF CONTRACTORS FOR WHOM CERTIFICATION IS REQUIRED

AUTHORITY: 10 U.S.C. 2202.

SOURCE: 53 FR 42948, Oct. 25, 1988, unless otherwise noted.

**§173.1 Scope.**

(a) The purpose of the Competitive Information Certificate is to provide the Contracting Officer sufficient information and assurance to support award of a contract in those circumstances where certification is required.

(b) Although a Competitive Information Certificate provides reasonable assurance to the Government, the possibility remains that even a diligent internal review by the contractor may fail to identify illegal or improper actions. The purpose of the Profit Reduction Clause is to ensure effective protection of the Government's interest in making contract awards when a Competitive Information Certification is required. The Profit Reduction Clause is required in all competitively award-

ed new contracts over \$100,000 when a Competitive Information Certificate is required prior to award.

**§173.2 Competitive Information Certification.**

(a) The Competitive Information Certificate is required prior to award of all competitively awarded new contracts of a value exceeding \$100,000 to contractors subject to the requirement.

(1) Corporate activities required to provide the Certificate are corporations or corporate divisions which have been the subject of search warrants, or as to which other official information indicates such certification should be required, and their subsidiaries and affiliates. A list of contractors from whom certification is required is maintained and published as required under authority of the Department of Defense Procurement Task Force.

(2) The requirement to provide the Certificate may be further limited to certain divisions or subsidiaries, contracts or programs upon the basis of official information, furnished by the contractor or otherwise, sufficient to establish to the satisfaction of the Department of Defense that the investigation is so limited. Such information may include copies of search warrants, subpoenas and affidavits from corporate officials concerning the scope and conduct of the investigation. The sufficiency of such information is solely within the discretion of the Department of Defense.

(3) Contractors from whom certification in certain instances is required will be relieved of the certification requirement when the Department of Defense determines that information developed in the "Ill Wind" investigation has been resolved in such a manner that certification is no longer required to protect the interests of the Government.

(4) A Certificate will not be required prior to the exercise of options or non-competitive award of contracts. This does not limit in any manner the Government's ability to inquire into, or require information concerning, the circumstances surrounding an underlying competitive award.

(b) With respect to information disclosed under paragraph (1) of the Certificate, the offeror must attach to the Certificate a written statement detailing what information was obtained, and how, when, and from whom it was obtained. This information shall be evaluated at the levels prescribed by the contracting component to determine whether award of the contract should be made to the offeror. If during this review it is determined that the offeror may have obtained an unfair competitive advantage from the information and that there is no other reason for denying award to the offeror, the reviewing authority shall consider whether action may be taken to neutralize the potential unfair competitive advantage. Any decision to deny award to an offeror based upon information disclosed in the Certificate shall be reviewed and approved by the Service Acquisition Executive.

(c) This certificate and any accompanying statements required, must be executed by the offeror's corporate president or his designee at no more than one level below the president's level.

(d) If a contractor from whom certification is required is uncertain as to whether competitive information otherwise required to be disclosed was generally available to offerors, the uncertainty should be resolved by disclosure.

(e) Contracting Officers may continue to accept Certificates of Business Ethics and Integrity complying with the Interim rule in lieu of Competitive Information Certificates.

(f) The Competitive Information Certificate shall be in the following form:

Competitive Information Certificate

(1) (Name of the offeror) certifies, to the best of its knowledge and belief, that

(i) With the exception of any information described in an attachment to this certificate, and any information the offeror reasonably believes was made generally available to prospective offerors, the offeror has not knowingly obtained, directly or indirectly from the Government, any written information or oral extract or account thereof relating to this solicitation which was

(A) Submitted to the Government by offerors or potential offerors in response to the Government's solicitation for bid or proposal;

(B) Marked by an offeror or potential offeror to indicate the information was submitted to the Government subject to an assertion of privilege against disclosure;

(C) Marked or otherwise identified by the Government pursuant to law or regulation as classified, source selection sensitive, or for official use only; or

(D) The disclosure of which to the offeror or potential offeror by a Government employee would, under the circumstances, otherwise violate law or regulation.

(ii) The offeror named above

(A) Determined the prices in its offer independently, without, for the purpose of restricting competition, any consultation, communications, or agreement, directly or indirectly, with any other offeror or competitor relating to (1) those prices, (2) the intention to submit an offer, or (3), the methods or factors used to calculate the prices offered;

(B) Has not knowingly disclosed the prices in its offer, directly or indirectly, to any other offeror or competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law;

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(C) Has not attempted to induce any other concern to submit or not to submit an offer for the purpose of restricting competition.

(iii) The offeror has attached an accurate description of the internal review forming the basis for the certifications provided herein.

Corporate President or Designee.

**§ 173.3 Profit reduction clause.**

The following profit reduction clause is required in all competitively awarded new contracts over \$100,000 when a Competitive Information Certificate is required prior to award.

Profit Reduction for Illegal or Improper Activity

(a) The government, at its election, may reduce the contract price by the amount of any anticipated profit determined as set forth in paragraph (b) of this section; if

(1) A person or business entity is convicted for violating 18 U.S.C. 201-224 (bribery, graft, and conflicts of interest), 18 U.S.C. 371 (conspiracy), 18 U.S.C. 641 (theft of public money, property, or records), 18 U.S.C. 1001 (false statements), 18 U.S.C. 1341 (fraud), 18 U.S.C. 1343 (fraud by wire) for any act in connection with or related to the obtaining of this contract; or

(2) The Secretary of Defense, or his designee, determines that the Competitive Information Certificate submitted by the offeror in connection with award of this contract

(i) Was materially false at the time it was filed, or

(ii) Notwithstanding the offeror's best knowledge and belief, was materially incomplete or inaccurate.

Prior to making such a determination, the Secretary or his designee, shall provide to the contractor a written statement of the action being considered and the basis therefor. The contractor shall have not less than 30 calendar days after receipt to submit in person, in writing, or through a representative, information and argument in opposition to the proposed reduction. The Secretary or his designee may, upon good cause shown, determine to reduce the contract price by less than the amount of any profit determined under paragraph (b) of this section.

(b) The amount of anticipated profits referred to in § 173.3(a) shall be:

(1) In the case of a cost-plus-fixed-fee contract, the amount of the fee specified in the contract at the time of award;

(2) In the case of fixed-price-incentive-profit or cost-plus-incentive-fee contract, the amount of the target profit or fee specified in the contract at the time of award; or

(3) In the case of a firm-fixed-price contract, the amount of anticipated profit determined by the contracting officer, after notice to the contractor and opportunity to comment, from records or documents in existence prior to the date of the award of the contract.

(c) The rights and remedies of the government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

APPENDIX TO PART 173—LIST OF CONTRACTORS FOR WHOM CERTIFICATION IS REQUIRED

- Armtec, Incorporated, 410 Highway 19 South, Palatka, FL 32077
- Cubic Corporation, 9333 Balboa Avenue, San Diego, CA 92123 as to contracts originating in the following division:
  - Cubic Defense Systems, Incorporated, San Diego, CA
- Executive Resource Associates, 2011 Crystal Drive, suite 813, Arlington, VA 22202
- Hazeltine Corporation, 500 Commack Road, Commack, NY 11725 and all divisions and subsidiaries as follows:
  - Hazeltine Corporation, Electro-Acoustic Division, 115 Bay State Drive, Braintree, MA 02184
  - Hazeltine Corporation, Government Systems & Products Division, Cuba Hill Road, Greenlawn, NY 11740
  - Hazeltine Research, Incorporated, 188 Industrial Drive, Elmhurst, IL 60126
- Kane Paper Corporation, 2365 Milburn Avenue, Baldwin, NY 11510
- Litton Data Systems, Incorporated, 8000 Woodley Ave., Van Nuys, CA 91408
- Loral Defense Systems Akron, 1210 Massillon Rd., Akron, OH 44315
- McDonnell Douglas Corporation, Banshee Rd., P.O. Box 516, St. Louis, MO 63166 as to contracts originating in the following division:
  - McDonnell Aircraft Company, St. Louis, MO
- Northrop Corporation, Ventura Division, 1515 Rancho Conejo Boulevard, Newbury Park, CA 91320

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Teledyne Electronics, 649 Lawrence Drive,  
Newbury Park, CA 91320

Unisys Corporation, One Unisys Place, De-  
troit, MI 48232, as to contracts originat-  
ing in the following divisions or subsidi-  
aries:

Unisys Corporation, Defense Systems Divi-  
sion, 3333 Pilot Knob Road, Eagan, MN

Unisys Corporation, Defense Systems Divi-  
sion, Neil Armstrong Boulevard, Eagan,  
MN

Unisys Shipboard & Ground Systems  
Group, Marquis Avenue, Great Neck, NY  
11020

United Technologies Corporation, UT Bldg.,  
Hartford, CT 06101 as to contracts origi-

nating in the following divisions or sub-  
sidiaries:

Norden Systems, Incorporated

Pratt & Whitney

Varian Associates, Incorporated, 611 Hansen  
Way, Palo Alto, CA as to contracts origi-  
nating in the following division:

\*Continental Electronics Manufacturing  
Company, Dallas, TX

Whittaker Corporation (Lee Telecommuni-  
cations Corporation (LTC), Route 1, Farm-  
ington, AR 72730)

Zubier Enterprises, 6201 Pine Street, Harris-  
burg, PA.

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\*Firm suspended as of July 6, 1988.

## SUBCHAPTER G—CLOSURES AND REALIGNMENT

### PART 174—REVITALIZING BASE CLOSURE COMMUNITIES

Sec.

174.1 Purpose.

174.2 Applicability.

174.3 Definitions.

174.4 Policy.

174.5 Responsibilities.

AUTHORITY: 10 U.S.C. 2687 note.

SOURCE: 60 FR 37341, July 20, 1995. Redesignated at 61 FR 54097, Oct. 17, 1996.

#### §174.1 Purpose.

This part:

(a) Establishes policy and assigns responsibilities under the President's Five-Part Plan, "A Program to Revitalize Base Closure Communities," July 2, 1993,<sup>1</sup> to speed the economic recovery of communities where military bases are slated to close.

(b) Implements 107 Stat. 1909, National Defense Authorization Act for Fiscal Year 1994, Title XXIX and The Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (Pub. L. 103-421).

(c) Authorizes the publication of DoD 4165.66-M, "Base Reuse Implementation Manual," in accordance with DoD 5025.1-M, "DoD Directive System Procedures," August 1994.

#### §174.2 Applicability.

This part applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Unified Combatant Commands, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "the DoD Components").

#### §174.3 Definitions.

(a) *Closure*. All missions of the installation have ceased or have been relocated. All personnel positions (military, civilian and contractor) have either been eliminated or relocated, except for personnel required for caretak-

<sup>1</sup> Available from the Office of the Assistant Secretary of Defense, The Pentagon, Room 1D760, Washington, DC 20301-3300; email: "base\_reuse@acq.osd.mil"

ing, conducting any ongoing environmental cleanup, and disposal of the base, or personnel remaining in authorized enclaves.

(b) *Realignment*. Any action that both reduces and relocates functions and DoD civilian personnel positions, but does not include a reduction in force resulting from workload adjustments, reduced personnel or funding levels, skill imbalances, or other similar cause. A realignment may terminate the DoD requirement for the land and facilities on part of an installation. That part of the installation shall be treated as "closed" for purposes of this part.

#### §174.4 Policy.

It is DoD policy to:

(a) Help communities impacted by base closures and realignments achieve rapid economic recovery through effective reuse of the assets of closing and realigning bases—more quickly, more effectively and in ways based on local market conditions and locally developed reuse plans. This will be accomplished by quickly insuring that communities and the Military Departments communicate effectively and work together to accomplish mutual goals of quick property disposal and rapid job generation.

(b) This part does not create any rights or remedies and may not be relied upon by any person, organization, or other entity to allege a denial of any rights or remedies other than those provided by Title XXIX of Pub. L. 103-160, or Pub. L. 103-421.

#### §174.5 Responsibilities.

(a) The Under Secretary of Defense for Acquisition and Technology shall issue DoD Instructions as necessary, to further implement applicable public laws effecting base closure implementation, and shall monitor compliance with this part. All authorities of the Secretary of Defense in Public Law 103-421 (108 Stat. 4326 *et. seq.*); Public Law 103-160, Title XXIX (107 Stat. 1909 *et. seq.*); Public Law 101-510, Section 2905 (104 Stat. 1813 *et. seq.*); and Public Law 100-526, Section 204 (102 Stat. 2627 *et.*