

## 3.402 Statutory requirements.

Contractors' arrangements to pay *contingent fees* for soliciting or obtaining Government contracts have long been considered contrary to public policy because such arrangements *may* lead to attempted or actual exercise of *improper influence*. In [10 U.S.C. 3321\(b\)](#) and [41 U.S.C.3901](#), Congress affirmed this public policy but permitted certain exceptions. These statutes-

- (a) Require in every negotiated contract a *warranty* by the contractor against *contingent fees*;
- (b) Permit, as an exception to the *warranty*, *contingent fee* arrangements between contractors and *bona fide employees* or *bona fide agencies*; and
- (c) Provide that, for breach or violation of the *warranty* by the contractor, the Government *may* annul the contract without liability or deduct from the contract price or consideration, or otherwise recover, the full amount of the *contingent fee*.

**Parent topic:** [Subpart 3.4 - Contingent Fees](#)