

Chapter 5 SANCTIONS

- 5-1 SANCTIONS UNDER VARIOUS LABOR STANDARDS STATUTES. Any breach of the labor standards contract provisions may result in contract termination. Specifically:
- a. Violations of the Copeland Act by contractors could be the basis for termination of contract and could result in criminal prosecution by the Federal Government pursuant to 18 U.S.C. 874. Fraudulent execution of the requisite statements of compliance could result in prosecution under the False Information Act 18 U.S.C. 1001, 18 U.S.C. 1020, or 31 U.S.C. 231. The making of a false statement is a felony.
  - b. Violations of the Contract Work Hours and Safety Standards Act make contractors liable for unpaid wages and for liquidated damages to the United States, payable to HUD in the sum of \$10.00 per worker per day for each violation. Intentional violations are a Federal misdemeanor, punishable for each and every offense by a fine of not more than \$1,000, or by imprisonment for not more than 6 months, or both. Violations may also be grounds for termination of contract.
  - c. Violations of the Davis-Bacon and Related Acts may result in (1) suspension of the project payment, advance, or guarantee of funds until such time as the violations are discontinued or until sufficient funds are withheld to compensate employees for the wages to which they are entitled, (2) withholding of insurance endorsement until deposit of funds, or (3) withholding of Section 8 HAP contract until escrow of funds. Violations may also result in contract termination, suspension or debarment of the contractor or subcontractor 29 CFR Part 5.
  - d. The U. S. Criminal Code, Section 1010, Title 18, U.S.C., "Federal Housing Administration Transactions," provides that conviction may result in not more than a \$5000 fine, or imprisonment for not more than two years or both for making false statements.
- 5-2 PROPOSING DEBARMENT SANCTIONS. The Department of Labor has sole authority to impose debarment on contractors or subcontractors or any firm, corporation, partnership, or association in which such contractor or subcontractor has a

The HUD Field Office Labor Relations Staff Director shall recommend debarment sanctions (through the Regional Administrator) to the Assistant to the Secretary for Labor Relations where there are sufficient indications that there have been aggravated or willful violation of contract labor standards provisions. Such recommendations must be fully supported by documentation including:

- a. An investigative report prepared by the HUD Field Office Labor Relations Staff or Public Housing Agency, or Indian Housing Authority, or Local or State Housing and Community Development Agency, or Coinsuring Lender or the Office of Regional Inspector General for Investigation;
- b. A copy of the applicable wage determination;
- c. A copy of the pertinent contract documents;
- d. Copies of pertinent weekly payrolls and employee interview statements and any other related material;
- e. Where applicable, documentation attesting to any indictments or convictions of the subject contractor/subcontractor for labor standards violations.

The Assistant to the Secretary for Labor Relations will review the sufficiency of the documentation submitted and will advise the Region accordingly. The Department's recommendations for debarment will be concurred in by the Office of General Counsel before submission to the Department of Labor in accordance with 29 CFR Section 5.12.