

Huawei Ban's Compliance Rules Too Taxing For Contractors

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Townsend Bourne, a Government Contracts, Investigations & International Trade partner, commented on the potential consequences for not complying with the federal government's swift implementation of an interim ban on products from Huawei and other Chinese companies.

According to Townsend, consequences include the government pursuing remedies such as terminating contracts, or contractors being opened up to liabilities under the False Claims Act. "This [rule] opens up liability in various forms," she said. "If there are issues with compliance, I think we're likely to see swift and potentially severe penalties."

In response to whether or not contractors should count on any significant changes in the final rule, Townsend says, "There certainly could be more clarity, but I would be fairly surprised to see it, simply because leaving it open-ended puts the onus on the contractor. If the agency came out with a more clear definition of exactly which entities are covered as subsidiaries and affiliates, that can change constantly, so that would be tough to clarify."

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