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Chief, Organization and Methods Service

9 April 1952

Office of General Counsel

"Disputes" Clause

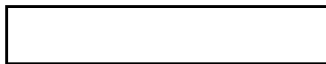
OGC HAS REVIEWED.

1. Confirming our conversation of yesterday, there is quoted below the current "disputes" clause used in CIA contracts.

"Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement, shall be decided by the Contracting Officer who shall reduce his decision to writing and mail, or otherwise furnish a copy thereof, to the Contractor. Within thirty days from the date of receipt of such copy, the Contractor may appeal by mailing or otherwise furnishing to the Contracting Officer, a written appeal addressed to the Director, and the decision of the Director or his duly authorized representative for the hearing of such appeals shall be final and conclusive; provided that, if no such appeal is taken, the decision of the Contracting Officer shall be final and conclusive. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision."

2. The above clause is customary in Government contracts and provides that certain questions shall be finally determined at the administrative level. The term "or his duly authorized representative" means, in Government parlance, a board of contract appeals. The validity of this administrative procedure has been established in court decisions. The "disputes" clause in Government contracts ordinarily furnishes the sole avenues of relief for those matters falling within its scope. As indicated in the clause, the findings and decisions of a Contracting Officer are final and conclusive if not appealed. If appealed, the next administrative level is the Board of Contract Appeals which is authorized to reconsider the entire disputed matter.

3. If you wish any further information on this subject for your staff study, please do not hesitate to call on me.



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Distribution -

Orig - Add

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*handcarried by June on
above date*