



**GENERAL SERVICES ADMINISTRATION**

**41 CFR Part 105-70**

**[FPMR Case 2016-101-1; Docket No. 2016-0009; Sequence No. 1]**

**RIN 3090-AJ70**

**Program Fraud Civil Remedies Act of 1986, Civil Monetary Penalties Inflation Adjustment**

**AGENCY:** Office of General Counsel, General Services Administration.

**ACTION:** Final rule.

**SUMMARY:** In accordance with the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996 and further amended by the Federal Civil Penalties Inflation Adjustment Act Improvement Act of 2015, this final rule incorporates the penalty inflation adjustments for the civil monetary penalties set forth in the United States Code, as codified in our regulations.

**DATES:** Effective: **[Insert date 30 days after date of Publication in the Federal Register].**

**FOR FURTHER INFORMATION CONTACT:** Mr. Aaron Pound, Assistant General Counsel, General Law Division (LG), General Services Administration, 1800 F Street, NW, Washington DC 20405. Telephone Number 202-501-1460.

**SUPPLEMENTARY INFORMATION:**

## **I. The Debt Collection Improvement Act of 1996**

To maintain the remedial impact of civil monetary penalties (CMPs) and to promote compliance with the law, the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub. L. 101-410) was amended by the Debt Collection Improvement Act of 1996 (Pub. L. 104-134) to require Federal agencies to regularly adjust certain CMPs for inflation and further amended by the Federal Civil Penalties Inflation Adjustment Act Improvement Act of 2015 (Sec. 701 of Pub. L. 114-74). As amended, the law requires each agency to make an initial inflationary adjustment for all applicable CMPs, and to make further adjustments at least once every year thereafter for these penalty amounts. The Debt Collection Improvement Act of 1996 further stipulates that any resulting increases in a CMP due to the calculated inflation adjustments shall apply only to violations which occur after the date the increase takes effect, i.e., thirty (30) days after date of publication in the Federal Register. Pursuant to the 2015 Act, agencies are required to adjust the level of the CMP with an initial "catch up", and make subsequent annual adjustments for inflation. Catch up adjustments are based on the percent change between the Consumer Price Index for Urban Consumers (CPI-U) for the month of October for the year of the previous adjustment, and the October 2015 CPI-U. Annual inflation adjustments will be

based on the percent change between the October CPI-U preceding the date of adjustment and the prior year's October CPI-U.

## **II. The Program Fraud Civil Remedies Act of 1986**

In 1986, sections 6103 and 6104 of the Omnibus Budget Reconciliation Act of 1986 (Pub. L. 99-501) set forth the Program Fraud Civil Remedies Act of 1986 (PFCRA). Specifically, this statute imposes a CMP and an assessment against any person who, with knowledge or reason to know, makes, submits, or presents a false, fictitious, or fraudulent claim or statement to the Government. The General Services Administration's regulations, published in the Federal Register (61 FR 246, December 20, 1996) and codified at 41 CFR part 105-70, set forth a CMP of up to \$5,500 for each false claim or statement made to the agency. Based on the penalty amount inflation factor calculation, derived from dividing the June 2015 CPI by the June 1996 CPI, after rounding we are adjusting the maximum penalty amount for this CMP to \$10,781 per violation.

## **III. Waiver of Proposed Rulemaking**

In developing this final rule, we are waiving the usual notice of proposed rulemaking and public comment procedures set forth in the Administrative Procedure Act, 5 U.S.C. 553 (APA). The APA provides an exception to the notice and comment procedures when an agency finds there is good cause for dispensing with such procedures on the basis that they are

impracticable, unnecessary or contrary to the public interest. We have determined that under 5 U.S.C. 553(b) (3) (B) good cause exists for dispensing with the notice of proposed rulemaking and public comment procedures for this rule. Specifically, this rulemaking comports and is consistent with the statutory authority set forth in the Debt Collection Improvement Act of 1996, with no issues of policy discretion. Accordingly, we believe that opportunity for prior comment is unnecessary and contrary to the public interest, and we are issuing these revised regulations as a final rule that will apply to all future cases under this authority.

#### **IV. Executive Orders 12866 and 13563**

Executive Orders (E.O.s) 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). E.O. 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This is a not significant regulatory action and, therefore, was not subject to review under Section 6(b) of E.O. 12866, Regulatory Planning and Review, dated

September 30, 1993. This rule is not a major rule under 5 U.S.C. 804.

The Office of Management and Budget (OMB) has reviewed this final rule in accordance with the provisions of E.O. 12866 and has determined that it does not meet the criteria for a significant regulatory action. As indicated above, the provisions contained in this final rulemaking set forth the inflation adjustments in compliance with the Debt Collection Improvement Act of 1996 for specific applicable CMPs. The great majority of individuals, organizations and entities addressed through these regulations do not engage in such prohibited conduct, and as a result, we believe that any aggregate economic impact of these revised regulations will be minimal, affecting only those limited few who may engage in prohibited conduct in violation of the statute. As such, this final rule and the inflation adjustment contained therein should have no effect on Federal or state expenditures.

#### **V. Regulatory Flexibility Act**

The Administrator of General Services certifies that this final rule will not have a significant economic impact on a substantial number of small business entities. While some penalties may have an impact on small business entities, it is the nature of the violation and not the size of the entity that will result in an action by the agency, and the aggregate

economic impact of this rulemaking on small business entities should be minimal, affecting only those few who have engaged in prohibited conduct in violation of statutory intent.

**VI. Paperwork Reduction Act**

This final rule imposes no new reporting or recordkeeping requirements necessitating clearance by OMB.

**List of Subject in 41 CFR Part 105-70**

Administrative hearing, Claims, Program fraud.

**Dated:** July 18, 2017.

Timothy Horne,  
Acting Administrator of General Services.

Accordingly, 41 CFR part 105-70 is amended as set forth below:

**PART 105-70—IMPLEMENTATION OF THE PROGRAM FRAUD CIVIL REMEDIES ACT OF 1986**

1. The authority citation for 41 CFR part 105-70 continues to read as follows:

**Authority:** 40 U.S.C. 486(c); 31 U.S.C. 3809.

**§ 105-70.003 [Amended]**

2. Amend § 105-70.003 by—

a. Removing from paragraph (a)(1)(iv) the amount “5,500” and adding “10,781” in its place; and

b. Removing from paragraph (b)(1)(ii) the amount “5,500” and adding “10,781” in its place.

**Billing Code 6820-81**

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