

Sub-Contractor Prohibited Activities

Subcontractors must be impartial when conducting HUD business. Sound business decisions, without preferential treatment or appearance of favoritism, require constant attention. These prohibited activities are designed to protect program integrity. High standards of honesty and conduct are essential in assuring public confidence. Avoiding misconduct and conflicts of interest is indispensable to maintaining these standards. This document, while not all-inclusive, provides specific prohibitions.

Prohibited Activities

General

- Accept money, favors, gratuities, entertainment, or anything of value that might affect or be reasonably interpreted as affecting your impartiality or influencing contractual action.
- Accept direct or indirect payment, fee, commission, compensation, or gratuities of any kind as an inducement of or acknowledgment of purchases made by you or by the Government following your solicitation.
- Employ, or enter into a contract for the purchase of materials or services from any person, firm, or corporation in which you have a direct or indirect interest or in the proceeds you are to share. This prohibition shall extend to firms in which your spouse, minor child, dependent, or partner may have a financial interest.

Contracting

- Knowingly solicit bids from paper or dummy firms.
- Develop repair specifications that are deliberately restrictive.
- Recommend replacement in lieu of repair as a routine practice.
- Charge excessive prices.
- Create fictitious companies to give the appearance of competitive bidding.
- Award contracts to other than the low bidder without solid justification.
- Award contracts to no more than one (1) layer of subcontractors.

Inspection & Payments

- Accept a bid which does not contain a price for all repair items included in the invitation to bid form.
- Falsify Inspection Reports.
- Recommend payment for work not completed.
- Alter contractor invoices.
- Submit monthly invoices that you cannot support by documentation such as other types of billings, canceled checks, or other cancelled negotiable instruments.
- Engage in fictitious billing.
- Submit duplicate billings for the same work or material.
- Claim fees for services not provided for in your contract.

Real Estate

- The Subcontractors and their employees and any *identity of interest company is **strictly prohibited** from purchasing HUD-Owned Properties or being the selling broker for such properties during the duration of contract.

**An identity of interest company is defined as an individual, corporation, partnership, joint venture, limited liability company, or other entity directly or indirectly controlling or controlled by or under direct or indirect common control with the Contractor. An identity of interest company includes one in which the owners, managers, or staff of such entity have any familial relationship with the owners, manager, or staff of the Subcontractor.*

