

Sam Rubinfeld, Wall Street Journal

The U.S. House passed legislation Wednesday that would crack down on government contractors committing corruption overseas.

Under the bill, which passed 409-0, with 23 not voting, companies convicted of bribing foreign officials under the Foreign Corrupt Practices Act would be barred from receiving government contracts. The bill, authored by Rep. Peter Welch (D., Vt.), was inspired by a November 2009 report in the New York Times alleging that Moyock, N.C.-based Blackwater Worldwide, now known as Xe Services LLC, paid \$1 million in bribes to Iraqi government officials to not revoke the company's license to operate in the country after its employees were linked to the killing of 17 civilians in Nisour Square, a neighborhood in Baghdad.

"When the U.S. government entrusts a company with a federal contract, it expects that company to act lawfully and with integrity," Mr. Welch said. "Those with a track record of violating the rule of law should no longer be doing business with our government."

The bill calls for an automatic debarment within 30 days of a company or an individual found to have violated the Foreign Corrupt Practices Act, a 1977 law that bans bribing of foreign officials to obtain or retain business. The head of an agency can waive the debarment but only if it was reported to Congress, along with justification, within 30 days of issuing the waiver.

Xe didn't comment on the allegations.