









Job Aid

Common Business Structures: Characteristics, Key Records, and KMPs:

Business Structure	Characteristics	Key Business Records to Verify Structure	Key Management Personnel to be Cleared to Support Facility Clearance
<p><b>Sole Proprietorship</b></p> 	<p><b>Ownership:</b> Owner owns all business assets/income</p> <p><b>Control:</b> Owner has total management control</p> <p><b>Ability to obligate:</b> Only owner can obligate</p> <p><b>Liability:</b></p> <ul style="list-style-type: none"> <li>• Owner is personally liable for business obligations</li> <li>• Business is liable for owner’s personal obligations</li> </ul> <p><b>Continuity:</b> Terminates upon owner’s death or retirement</p>	<ul style="list-style-type: none"> <li>• Business License</li> <li>• Fictitious Name Certificate/“d.b.a.” Permit, where applicable</li> </ul>	<ul style="list-style-type: none"> <li>• Owner of the sole proprietorship</li> <li>• Senior Management Official (SMO)*</li> <li>• Facility Security Officer (FSO)*</li> <li>• Insider Threat Program Senior Official (ITPSO)*</li> </ul> <p>* If other than owner</p>
<p><b>General Partnership</b></p> 	<p><b>Ownership:</b> All partners own equally</p> <p><b>Control:</b> All partners control equally</p> <p><b>Ability to obligate:</b> Any partner can obligate</p> <p><b>Liability:</b> All partners are jointly and severally liable</p> <p><b>Continuity:</b> Terminates upon any partner’s departure</p>	<ul style="list-style-type: none"> <li>• Business License</li> <li>• Fictitious Name Certificate/“d.b.a.” Permit, where applicable</li> <li>• Partnership Agreement</li> </ul>	<ul style="list-style-type: none"> <li>• SMO</li> <li>• FSO</li> <li>• All general partners must be cleared</li> <li>• Exception: if full management control resides in a:             <ul style="list-style-type: none"> <li>○ Legally designated managing partner (that partner must be cleared) or</li> <li>○ Legally constituted executive committee (all committee members must be cleared)</li> </ul> </li> </ul>

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<p><b>Limited Partnership</b></p> 	<p><b>Ownership:</b> General partners and limited partners share ownership</p> <p><b>Control:</b> Only general partners control</p> <p><b>Ability to obligate:</b> Any general partner can obligate</p> <p><b>Liability:</b></p> <ul style="list-style-type: none"> <li>• General partners are jointly and severally liable</li> <li>• Limited partners are liable only up to investment percentage</li> </ul> <p><b>Continuity:</b> Terminates upon any general partner's departure</p>	<ul style="list-style-type: none"> <li>• Business License</li> <li>• Fictitious Name Certificate/"d.b.a." Permit, where applicable</li> <li>• Partnership Agreement</li> <li>• Certificate of Limited Partnership</li> <li>• Operating Agreement</li> </ul>	<ul style="list-style-type: none"> <li>• SMO</li> <li>• FSO</li> <li>• ITPSO</li> <li>• All general partners must be cleared</li> <li>• Exception: if full management control resides in a: <ul style="list-style-type: none"> <li>○ Single partner (that partner must be cleared) or</li> <li>○ Management committee (all committee members must be cleared)</li> </ul> </li> <li>• Limited partners need PCL only if they impact classified contract performance or need access to classified information</li> </ul>
<p><b>Joint Venture (JV)</b></p> 	<p><b>Ownership:</b></p> <ul style="list-style-type: none"> <li>• JV partners share venture profits/losses</li> <li>• JV partners retain ownership of assets they contribute</li> </ul> <p><b>Control:</b> JV partners share control, but often divide responsibilities</p> <p><b>Ability to obligate:</b> Any JV partner can obligate</p> <p><b>Liability:</b> All JV partners are jointly and severally liable</p> <p><b>Continuity:</b></p> <ul style="list-style-type: none"> <li>• JV terminates upon project completion</li> <li>• Any JV partner's departure terminates partnership</li> </ul>	<ul style="list-style-type: none"> <li>• Business License</li> <li>• Fictitious Name Certificate/"d.b.a." Permit, where applicable</li> <li>• Joint Venture Agreement</li> </ul>	<ul style="list-style-type: none"> <li>• SMO</li> <li>• FSO</li> <li>• ITPSO</li> <li>• All JV partners must be cleared <ul style="list-style-type: none"> <li>○ When one or more partners but not all partners require access to classified information, those partners not requiring access to classified may be excluded</li> </ul> </li> <li>• Chief Executive Officer (CEO) working exclusively for the JV must be cleared</li> <li>• Other officials working exclusively for the JV are cleared or excluded based on ability to affect contract performance</li> </ul>

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<p style="text-align: center;"><b>Privately Held Corporation</b></p> 	<p><b>Ownership:</b></p> <ul style="list-style-type: none"> <li>• Small number of stockholders own</li> <li>• Shares not publically available</li> </ul> <p><b>Control:</b></p> <ul style="list-style-type: none"> <li>• Voting stockholders control</li> <li>• Board of Directors and operating officers manage</li> </ul> <p><b>Ability to obligate:</b> Directors and/or officers can obligate</p> <p><b>Liability:</b> Corporation is solely liable</p> <p><b>Continuity:</b> No impact if stockholder departs</p>	<ul style="list-style-type: none"> <li>• Business License</li> <li>• Fictitious Name Certificate/"d.b.a." Permit, where applicable</li> <li>• Articles of Incorporation</li> <li>• By-laws</li> </ul>	<ul style="list-style-type: none"> <li>• SMO</li> <li>• FSO</li> <li>• ITPSO</li> <li>• Chairman of the Board must be cleared (and all potential alternates)</li> <li>• Other corporate officials must be excluded or cleared if their duties require access to classified information               <ul style="list-style-type: none"> <li>o Ineligibility will not affect FCL</li> </ul> </li> </ul>
<p style="text-align: center;"><b>Publicly Held Corporation</b></p> 	<p><b>Ownership:</b></p> <ul style="list-style-type: none"> <li>• Stockholders own</li> <li>• Shares traded publicly</li> </ul> <p><b>Control:</b></p> <ul style="list-style-type: none"> <li>• Voting stockholders control</li> <li>• Board of Directors and operating officers manage</li> </ul> <p><b>Ability to obligate:</b> Directors and/or officers can obligate</p> <p><b>Liability:</b> Corporation is solely liable</p> <p><b>Continuity:</b> No impact if stockholder departs</p>	<ul style="list-style-type: none"> <li>• Business License</li> <li>• Fictitious Name Certificate/"d.b.a." Permit, where applicable</li> <li>• Articles of Incorporation</li> <li>• By-laws</li> </ul>	<ul style="list-style-type: none"> <li>• SMO</li> <li>• FSO</li> <li>• ITPSO</li> <li>• Chairman of the Board must be cleared (and all potential alternates)</li> <li>• Other corporate officials must be excluded or cleared if their duties require access to classified information               <ul style="list-style-type: none"> <li>o Ineligibility will not affect FCL</li> </ul> </li> </ul>

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<p><b>Limited Liability Company (LLC)</b></p> 	<p><b>Ownership:</b> Members share ownership</p> <p><b>Control:</b></p> <ul style="list-style-type: none"> <li>Members have management control</li> <li>Management board (Managers or Managing Members) may have control</li> </ul> <p><b>Ability to obligate:</b> Any member or management board with control</p> <p><b>Liability:</b> LLC is solely liable for its obligations</p> <p><b>Continuity:</b> Has legally limited duration, but is renewable</p>	<ul style="list-style-type: none"> <li>Business License</li> <li>Fictitious Name Certificate/"d.b.a." Permit, where applicable</li> <li>Certificate of Formation or Articles of Organization</li> </ul>	<ul style="list-style-type: none"> <li>SMO</li> <li>FSO</li> <li>ITPSO</li> <li>All LLC members must be cleared or excluded <ul style="list-style-type: none"> <li>Eligibility for classified access depends on member's duties, ownership share, and management influence</li> <li>Managers when delegated decision making authority and ability to bind the LLC</li> </ul> </li> <li>Non-member officials who can enter into contracts must also be cleared or excluded</li> </ul>
<p><b>College/University</b></p> 	<p><b>Ownership:</b> Public or private owners</p> <p><b>Control:</b></p> <ul style="list-style-type: none"> <li>An executive board directs</li> <li>Operating officers/managers manage daily operations</li> </ul> <p><b>Ability to obligate:</b> Executive board and/or operating officers</p> <p><b>Liability:</b> Variable</p> <p><b>Continuity:</b> Perpetual or as specified in charter</p>	<ul style="list-style-type: none"> <li>Charter</li> </ul>	<ul style="list-style-type: none"> <li>SMO</li> <li>FSO</li> <li>ITPSO</li> <li>CEO must be cleared</li> <li>Other officers/officials with accountability for classified contracts must be cleared</li> <li>All Regents/Trustees/Directors must be cleared <b>unless:</b> <ul style="list-style-type: none"> <li>Exclusions of Regents/Trustees/Directors who do not require access and cannot affect contract performance leave a legal quorum of executives who <i>ARE</i> eligible</li> <li>They have delegated management control to an executive committee <ul style="list-style-type: none"> <li>All committee members must be cleared</li> </ul> </li> </ul> </li> </ul>