









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

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

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

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<p>Limited Liability Company (LLC)</p> 	<p>Ownership: Members share ownership</p> <p>Control:</p> <ul style="list-style-type: none"> Members have management control Management board (Managers or Managing Members) may have control <p>Ability to obligate: Any member or management board with control</p> <p>Liability: LLC is solely liable for its obligations</p> <p>Continuity: Has legally limited duration, but is renewable</p>	<ul style="list-style-type: none"> Business License Fictitious Name Certificate/"d.b.a." Permit, where applicable Certificate of Formation or Articles of Organization 	<ul style="list-style-type: none"> SMO FSO ITPSO All LLC members must be cleared or excluded <ul style="list-style-type: none"> Eligibility for classified access depends on member's duties, ownership share, and management influence Managers when delegated decision making authority and ability to bind the LLC Non-member officials who can enter into contracts must also be cleared or excluded
<p>College/University</p> 	<p>Ownership: Public or private owners</p> <p>Control:</p> <ul style="list-style-type: none"> An executive board directs Operating officers/managers manage daily operations <p>Ability to obligate: Executive board and/or operating officers</p> <p>Liability: Variable</p> <p>Continuity: Perpetual or as specified in charter</p>	<ul style="list-style-type: none"> Charter 	<ul style="list-style-type: none"> SMO FSO ITPSO CEO must be cleared Other officers/officials with accountability for classified contracts must be cleared All Regents/Trustees/Directors must be cleared unless: <ul style="list-style-type: none"> 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 They have delegated management control to an executive committee <ul style="list-style-type: none"> All committee members must be cleared