



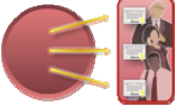



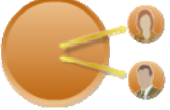

Job Aid

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 (if other than owner) • FSO (if other than owner)
<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"> • Senior Management Official • FSO • 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)

Business Structure	Characteristics	Key Business Records to Verify Structure	Key Management Personnel to be Cleared to support Facility Clearance
<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"> • Senior Management Official • FSO • 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</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"> • Senior Management Official • FSO • All JV partners must be cleared or excluded • CEO working exclusively for the joint venture must be cleared • Other officials working exclusively for the joint venture are cleared or excluded based on ability to affect contract performance

Business Structure	Characteristics	Key Business Records to Verify Structure	Key Management Personnel to be Cleared to support Facility Clearance
<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"> • Senior Management Official • FSO • 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"> • Senior Management Official • FSO • 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

Business Structure	Characteristics	Key Business Records to Verify Structure	Key Management Personnel to be Cleared to support Facility Clearance
<p>Limited Liability Company</p> 	<p>Ownership: Members share ownership</p> <p>Control:</p> <ul style="list-style-type: none"> • Members have management control • Management board 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"> • Senior Management Official • FSO • 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 • 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"> • Senior Management Official • FSO • <u>CEO</u> 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 ARE eligible ◦ They have delegated management control to an executive committee <ul style="list-style-type: none"> • All committee members must be cleared