Good Character Eligibility Requirement

**Issue:**
This brief explains the good character eligibility requirement that a concern must meet to qualify for the Vendor Information Pages (VIP) Verification Program.

(For purposes of this brief, Participant refers to a business entity that has already been verified.)

**The Regulations:**

38 CFR § 74.2(b) provides:

*Good character and exclusions in System for Award Management (SAM).* Individuals having an ownership or control interest in verified businesses must have good character. Debarred or suspended concerns or concerns owned or controlled by debarred or suspended persons are ineligible for VIP Verification. Concerns owned or controlled by a person(s) who is:

(i) currently incarcerated; or
(ii) on parole; or
(iii) on probation (pursuant to a pre-trial diversion or following conviction for a felony or any crime involving business integrity) are ineligible for VIP Verification.

Concerns owned or controlled by a person(s) who is formally convicted of a crime set forth in 48 CFR 9.406-2(b)(3) are ineligible for VIP Verification during the pendency of any subsequent legal proceedings. If, after verifying a participant’s eligibility, the person(s) controlling the participant is found to lack good character, CVE will immediately remove the participant from the VIP database, notwithstanding the provisions of §74.22.

38 CFR § 74.2(f) states:

All applicants for VIP Verification must be registered in SAM at [http://www.sam.gov](http://www.sam.gov) prior to application submission.

**What This Means:**
To qualify for the VIP database, both Veterans and non-Veterans who have an ownership or control interest in a concern must have good character.

Debarred or suspended concerns are ineligible for VIP Verification. Similarly, concerns owned or controlled by debarred or suspended persons are ineligible for VIP Verification.

Concerns owned or controlled by a person who is:

(i) currently incarcerated; or
(ii) on parole; or
(iii) on probation (pursuant to a pre-trial diversion or following conviction for a felony or any crime involving business integrity) are ineligible for VIP Verification.

To conduct business with the United States government, a company must be registered in SAM. SAM is also used to search for an entity’s registration and exclusion records. Suspensions and debarments are also known as exclusions.

Generally, SAM will indicate on a company’s profile whether the company has any active exclusions. An exclusion will prevent a company from receiving Federal contracts, subcontracts and other Federal assistance.

If a person who controls a Participant is found to lack good character, the Center for Verification and Evaluation will immediately remove the company from the VIP database.

Please note that 48 CFR 9.406-2(b)(3) as cited in 38 CFR § 74.2(b) was not cited correctly in the publication of the final rule.
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VA Office of Small and Disadvantaged Business Utilization
1–866–584–2344
Monday–Friday | 8 a.m. to 6 p.m. (Eastern)
Status Update: verificationfollowup@va.gov
Profile Questions: vip@va.gov