Establishing Veteran Ownership and Control After a Transfer of Ownership or Control by a Family Member

Issue:
This brief explains the eligibility of an applicant for the Vendor Information Pages (VIP) Verification Program following a transfer by a non-Veteran of majority ownership or control, within two years prior to applying for verification, to an immediate family member who is a Veteran or Service-Disabled Veteran when the non-Veteran remains involved as a stockholder, officer, director, or key employee.

(For purposes of this brief, Veteran applies equally to Service-Disabled Veterans; applicant refers to the business entity applying for verification; and participant refers to a business entity that has already been verified.)

What This Means:
- If the majority interest in an applicant has been transferred from a non-Veteran to a Veteran or Service-Disabled Veteran family member within two years prior to the application for verification—and that family member remains involved in the firm as a stockholder, officer, director, or key employee of the firm—that non-Veteran family member is presumed to still control the firm. The Veteran or Service-Disabled Veteran may provide documentation to rebut the presumption that establishes that the Veteran or Service-Disabled Veteran has adequate experience to manage the applicant, has final decision-making authority over day-to-day and strategic management decisions, and actually participates in the management of the firm.
- This issue may occur if the Veteran or Service-Disabled Veteran acquires majority ownership or control via purchase or by gift occurring within two years of the application for verification.
- This regulation covers transfers of any membership interest of a limited liability company, stock interest of a corporation, or any other ownership interest that results in a Veteran or Service-Disabled Veteran becoming a majority owner (51 percent or greater) of the applicant within two years of applying for verification.
- Evidence rebutting the presumption that the non-Veteran family member controls the firm includes résumés, letters of explanation, by-laws, operating agreements, shareholders’ agreements, articles of incorporation, articles of organization, partnership agreements, signed contracts, company checks, and formal meeting minutes. These items may
be used to confirm actual day-to-day control and long-term decision making.

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For more information about VA Small and Veteran Business Programs, visit http://www.va.gov/osdbu.

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