

**STATEMENT OF
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U.S. DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
JUNE 26, 2013**

Chairman Issa, Ranking Member Cummings, and Committee Members, thank you for providing me the opportunity to discuss the Department of Veterans Affairs' (VA) processes for granting service connection for disabled Veterans and verifying Service Disabled Veteran-Owned Small Businesses (SDVOSB) and Veteran-Owned Small Businesses (VOSB). VA is committed to making accurate decisions for the disability compensation program and monitoring the VOSB Program. Oversight for these programs ensures that qualified Veterans receive the benefits and business qualifications they have earned.

Disability Compensation Process

Overview

Disability compensation is a monthly tax free monetary benefit paid to Veterans with disabilities that are the result of a disease or injury incurred or aggravated during active military, naval, or air service. Such service includes active duty, active duty for training during which the individual concerned was disabled or died from disease or injury incurred or aggravated in line of duty, and inactive duty training during which the individual concerned was disabled or died from injury incurred or aggravated in line of duty or from heart attack or stroke. Service

consisting solely of attendance at any one of the preparatory schools of the service academies may constitute active duty or active duty for training for VA purposes, depending on the circumstances.

VA's Office of General Counsel held in a precedent opinion issued in 1994 that characterization of an individual's service at a U.S. academy preparatory school for purposes of entitlement to Veterans benefits depends upon the status in which the individual enters the school. Service by a person entering the school as a reservist called to duty for the sole purpose of attending the school or by one who is enlisted from civilian life or National Guard duty to attend the school constitutes "active duty for training." In contrast, persons who enroll directly from active duty under a prior enlistment continue to serve on "active duty" within the meaning of Title 38, section 101(21), during their attendance. The Office of General Counsel found it significant that an enlisted Servicemember who is disenrolled from a preparatory school prior to completion of the school program still has a military obligation to complete, while an individual attending a preparatory school from the Reserves, National Guard, or civilian life is generally discharged from the service in the event of premature disenrollment. In November 1995, VA amended its regulations to reflect this interpretation.

Compensation may also be paid for post-service disabilities that are considered related or secondary to disabilities occurring in service and for disabilities presumed to be related to circumstances of military service, even though they may arise after service. There is no time limit for filing claims after discharge from military service.

VA's disability rating schedule is authorized by 38 U.S.C. § 1155, which requires VA to adopt and apply a schedule of ratings of reductions in earning capacity from specific injuries or combinations of injuries "based, as far as practicable, upon the average impairments of earning capacity resulting from such injuries in civil occupations." The VA rating schedule provides, for each listed medical or psychological disability, the symptoms or specific findings that warrant a particular disability level, and Congress sets the amounts of compensation for each percentage of disability. The determination by VA of the range of disability percentages available for each condition is, in essence, a determination of how disabling the condition is deemed to be, on average, to a person working in a civil occupation.

The benefit amount is graduated according to the degree of the Veteran's disability on a scale from 10 percent to 100 percent (in increments of 10 percent). If a Veteran has dependents, an additional allowance may be added if the combined disability is rated 30 percent or greater. Compensation may be offset if the Veteran receives military retirement pay, disability severance pay, or separation incentive payments.

In determining whether a disability is related to military service, there must be evidence of an in-service event, a current condition, and a medical nexus establishing a link between the current condition and the in-service event. VA has a statutory duty to notify a claimant of the evidence needed to substantiate his or her claim and a duty to assist claimants in gathering the required evidence. This includes obtaining certain supporting evidence and ordering a VA examination, if necessary. After all of the supporting evidence has been received, VA carefully evaluates it to

determine if entitlement to service connection is established and, if so, the level of severity of disability.

Oversight

VA performs several oversight functions during the claims process. First, VA requests Department of Defense (DoD) documents confirming military service. VA also requests documents pertaining to medical treatment in service and personnel records from DoD. These records, which are generally the original records, are forwarded to VA from DoD and are maintained by VA as part of the Veteran's claims file record. In addition, VA will accept photocopies of these records if they were issued by the service department and have been certified as true copies of the originals. Records can be certified by a public custodian, such as the Records Management Center, or by an accredited agent, attorney, or service organization representative who has successfully completed VA-prescribed training on military records. VA also confirms military service electronically with DoD in many cases.

In addition, newly hired VA claims processors are provided training on military records, which includes identifying alterations and fraudulent records. Each regional office also has a Military Records Specialist with expertise in military records who serves as a liaison with other governmental agencies.

If any potentially fraudulent activity is suspected, the case is referred to the VA Office of the Inspector General (OIG). The OIG coordinates investigation with the U.S. Attorney's Office, state and local prosecutors, other agencies, and the regional office as necessary. OIG pursues criminal and civil actions if warranted, but

fraudulent documentation can result in the severance of benefits as well. VA will act to sever benefits if it is determined that fraudulent documentation was the basis for granting benefits.

If at any time, fraud is suspected in a determination made in a claim for benefits, VA will make a determination and notify the beneficiary of action to be taken, including a new rate of benefits, if any, the right to submit evidence showing the action should not be taken, and the right to representation and a hearing. If after 35 days, no new evidence is received or requested for a hearing or representation, award action will be taken, and the claim will be referred to the OIG.

SDVOSB Program

VA's Office of Small and Disadvantaged Business Utilization's (OSDBU) mission is to help small and VOSBs contribute most effectively to the important mission of VA by receiving the maximum practicable percentage of VA contract dollars. The Center for Veterans Enterprise (CVE), which is part of OSDBU, is responsible for verifying the eligibility of VOSBs and SDVOSBs to participate in VA's Veterans First set-aside program that provides procurement preference to VOSBs and SDVOSBs, solely for VA acquisitions, in accordance with the requirements of Public Law (P.L.) 109-461, as amended by P.L. 111-275. VA's implementing regulations are promulgated at 38 Code of Federal Regulations (CFR) Part 74. VA's program has been a great success in that VA has achieved over 20 percent of procurement dollars being awarded to SDVOSB/VOSBs each of the last several fiscal years. The Governmentwide SDVOSB goal is only 3 percent.

A firm applying for verification must gather together all of the relevant business documents for its business type in order to submit its application. The Veteran first creates a profile in the Vendor Information Pages (VIP) database, at www.vetbiz.gov, that lists a company's business contact information, and includes a completed VA Form 0877 (Attachment A) that requires the Veteran to list the name of the company, its DUNS number¹, and a listing of all company owners to include the percentage ownership of Veteran, service-disabled Veteran, surviving spouse, or non-Veteran owners. All owners must electronically sign the Form 0877. All Veteran owners must also supply their social security number, VA file number, or claim number and their date of birth.

Once the application is submitted, CVE then checks the VA's Beneficiary Identification Records Locator Subsystem (BIRLS) to check the Veteran or related status of the Veteran, service-disabled Veteran or surviving spouse owners. The record must show an other than dishonorable discharge, and if the Veteran is claiming service-disabled status on the application, the service-disabled status is also checked. Once this criterion of eligibility is confirmed, CVE checks to ensure that the business and all of its owners are not parties currently excluded from Federal contracting in the Federal System of Award Management database, that all required business documents (see Attachment B) were uploaded, and that they are sufficient to proceed with the examination. During the examination stage of the process, the examiner reviews publicly available information in an internet search, examines each of the submitted documents for compliance with the ownership and control criteria

¹ The Data Universal Numbering System, abbreviated as DUNS, is a system developed and regulated by [Dun & Bradstreet](http://www.dunandbradstreet.com) that assigns a unique numeric identifier to a single business entity.

laid out in 38 CFR Part 74. The internet search includes verifying that the business is registered and in good standing on the applicable Secretary of State site, and any other information contained in sites such as Dun and Bradstreet or other business intelligence sites. The examiner then creates a report noting all relevant information for the determination and makes a recommendation to approve, deny or to undergo further review.

The application then passes to the evaluation stage where it receives a quality review to ensure that the examiner correctly noted all issues. If the firm is found in compliance with the regulations, an approval determination is recommended, and an approval letter is prepared for the Director's review and signature. If the firm is found to not be in compliance with the regulations, a findings letter is developed to identify the issues that would cause the firm to be denied. If the issues are eligible for the Pre-Determination Findings process, that was implemented on May 1, 2013, the firm is then allowed to correct the issues or withdraw its application prior to a determination on the company's eligibility. Once approved, the company then appears in the public view on the VetBiz VIP database showing firms that have been verified.


Conclusion

VA has thorough processes for determining and granting service connection for disabled Veterans and verifying SDVOSB and VOSB. These processes include appropriate oversight functions that ensure qualified Veterans receive the benefits and business qualifications they have earned. This concludes my testimony. I would

be happy to address any questions or comments from Chairman Issa, Ranking Member Cummings, or the Committee Members.

Attachment A

Form Approved, OMB No.
Respondent Burden: 5 Minutes

 Department of Veterans Affairs									
VETBIZ VENDOR INFORMATION PAGES VERIFICATION PROGRAM									
INSTRUCTIONS: Please provide the name of the company and DUNS number. All stockholders must provide First, Last, Middle Name, Percentage of Business Ownership, Veteran Status, Social Security Number or File Number, Date of Birth (SSN/File Number and DOB only applies to Veterans or eligible Surviving Spouse) and sign the form. Ownership must equal 99-100%. VA will not accept applications from owners/stockholders who are not Veterans. DO NOT MAIL OR EMAIL the form.									
PART I - CONSENT TO ACCESS AND VERIFY VETERAN(S) OWNER(S)/VETERAN(S) STOCKHOLDER(S) RECORD(S)									
Each Veteran owner/Veteran stockholder named herein authorizes consent for the Center for Veterans Enterprise (CVE) personnel to access and verify their records. CVE will match your information with records maintained by the Veterans Benefits Administration (VBA) database.									
NAME OF COMPANY		DBA			DUNS				
NAME(S) OF EACH BUSINESS OWNER/STOCKHOLDER/SURVIVING SPOUSE <i>(Mr./Ms., First Name, Middle, Last, Jr./Sr./III)</i>	% OF OWNERSHIP	VETERAN STATUS				SSN/VA FILE NO./ CLAIM NO. FOR VETERAN(S) & SURVIVING SPOUSE ONLY <i>(Skip if Non-Veteran)</i>	DATE OF BIRTH	SIGNATURE OF EACH BUSINESS OWNER(S)	DATE SIGNED
		VETERAN	SVC. DS. VETERAN	SURVIVING SPOUSE	NON-VET				
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
PART II - AFFIRMATION									
By signing this form, I affirm that the legal documents establishing the business are filed with my state and such articles established that at least 51% of the business is owned and controlled (or in the case of stock, at least 51% of the stock is owned) by Veterans or service-disabled Veterans, or eligible surviving spouses, as stated in Public Law 109-461 Section 8127 (k) (2). I affirm that each of the owners of the business (or in the case of a business with stock, each of the stockholders) is eligible to participate in Federal contracting and that neither the business nor any of the individual owners appears on the Excluded Parties List as identified in Federal Acquisition Regulation 9.404-3. I further affirm that I have read and understand the language in 13 CFR 125.10 and that the business is controlled by individuals eligible to participate in the SDVOSB program if I am claiming SDVOSB status. A false statement on any part of your application may be punished by fine or imprisonment (<i>U.S. Code title 18, section 1001</i>). I understand that any information I give may be investigated as allowed by law or Presidential order. I certify that, to the best of my knowledge and belief, all of my statements are true, correct, complete, and made in good faith. Misrepresentations of VOSB or SDVOSB eligibility may result in action taken by VA officials to debar the business concern for a period not to exceed 5 years from contracting with VA as a prime contractor or a subcontractor.									
PRIVACY ACT STATEMENT: The information collected on this form is necessary to meet the eligibility of veteran-owned small business concerns under Public Law 109-461, Section 8127 requirements. We will use the information to identify any VA records. Furnishing the information on this form, including your Social Security Number (No.) and VA File/Claim No. is voluntary; however, if the information is not furnished, VA will not recognize your small business as veteran-owned or service-disabled veteran-owned. Your obligation to respond is voluntary.									
PAPERWORK REDUCTION ACT NOTICE: The collection of information meets the requirement of Public Law 109-461, Section 8127 (f) 4, as amended by Section 2 of the Paperwork Reduction Act of 1995. This form has been created to provide an efficient way for the Department of Veterans Affairs to collect and verify Veterans and service-disabled Veterans in the Vendor Information Pages (VIP). We estimate the time to fill out the form to be about 10 minutes to read the instructions, gather the facts, and answer the questions. VA cannot conduct or sponsor a collection of information unless a valid OMB control number is displayed. You are not required to respond to a collection of information if this number is not displayed.									

VA FORM 0877
SEP 2010

SUPERSEDES VA FORM 0877, NOV 2008,
WHICH WILL NOT BE USED.

Attachment B

Document Rationale			Sole Prop	Part	LLC/LLP	Corp	JV
General Information:							
<p><u>Business and/or personal professional, industry, and/or other licenses, permits or accreditations</u></p>	<p>Description - Licenses are issued after determining applicant is in compliance with all City, County and State Statutes and Ordinances. They are then authorized to operate the specific type of business identified on the license.</p>	<p>Rationale – Helps CVE to determine if the company is operating the “type” of business legally in the state where it is chartered to perform services. Also, the legality of the tenant space can be verified against the address listed on the license. If not the same, It is important to investigate whether the company has moved its location.</p>	X	X	X	X	X
<p><u>Resumes</u> of all owners, directors, partners, officers and other key personnel</p>	<p>Description - Typically a one-to-two page document listing the highlights of an individual's career, education, personal information, etc. Can be cross checked and verified.</p>	<p>Rationale – Helps CVE determine the capability to control the company. The Veteran's applicant's resume is reviewed to determine if he has the prerequisites, qualifications, and knowledge to operate and manage the type of company as identified in the business license.</p>	X	X	X	X	X
<p><u>Approval letters</u> for businesses with Sensitive Compartmented Information Facility (SCIF) or “Vault</p>	<p>Description - A SCIF or Top Secret facility is a container, room or building where classified material is stored or handled. The Security Officer's oversee access to this facility.</p>	<p>Rationale – Helps CVE determine control. This document is reviewed because the Veteran or person who has majority control of the company will usually be listed as the Primary Security Officer or as the alternate for access to these facilities. This is more prevalent in small to mid-size (up to 100 employees) companies.</p>	X	X	X	X	X
Financial Information:							
<p><u>IRS Federal tax form 1040</u> and the attached <u>Schedule C</u> for the past three years</p>	<p>Description - IRS form to identify Profit or Loss for Sole Proprietorship. Identifies the proprietor, principal business and the name of the business. An individual in business for themselves, or who carry on a trade or business as a sole proprietor or an independent contractor generally file a Schedule C with IRS Form 1040. Partnerships, joint venture s, etc., generally must file Form 1065.</p>	<p>Rationale – This document enables CVE to determine where profits of company are going. It also is relevant because proprietor reports to IRS that he wholly owns company.</p>	X				

Document Rationale			Sole Prop	Part	LLC/LLP	Corp	JV
<p><u>IRS Federal Tax Form 1065 and corresponding K-1</u> for past three years.</p>	<p>Description - The 1065 (Partnership tax return) identifies the partners' share of income or loss from a partnership. The Schedule K-1 requires the partnership name, address, partnership EIN, partners identification number, partner's name and address, partner's share of liabilities, taxable income from passive activities, taxable income from other activities, qualified dividends, net capital gain (loss) from passive activities, net capital gain (loss) from other activities, net passive AMT adjustment, net other AMT adjustment, general credits, low income housing credits and any other information the partnership needs to include. Of importance, Box G identifies the type of partner.</p>	<p>Rationale – Helps CVE determine control. Box G provides the partner with two choices to check; (1) General partner or LLC member-manager or (2) Limited partner or other LLC member. To identify that they are the controlling manager, they must check the first box indicating that they are "General partner or LLC member-manager." Box J will also identify his profit, loss, and Capital percentages both at the beginning and year end statement. These percentages are generally based on the Partnership agreement.</p>		X			
<p>Appropriate IRS tax form filed; If filed as Sole Proprietorship (<u>Schedule C</u>), partnership (Federal tax form <u>1065 and K-1</u>); or S Corporation (<u>1120S and K-1</u>) for the past three years.</p>	<p>Description - For tax purposes, LLCs can elect to be treated as either a corporation, a sole proprietorship or as a partnership. The IRS treats most LLCs as a partnership or sole proprietorship by default, though the members of an LLC can elect to be taxed as a C corporation. As a partnership or sole proprietorship, the LLC's net income or loss flows through to the individual members of the company. The company itself must file a form showing how these proceeds are distributed among its members. An LLC must file Form 1065 with the IRS even if it has no income.</p>	<p>Rationale – Helps CVE determine who benefits from the firm. The appropriate IRS tax form will show the distribution of the income or loss to the individual members of the LLC.</p>			X		
<p><u>Federal tax form 1120S and corresponding K-1</u> for the past three years</p>	<p>Description - Schedule K-1 of Form 1120S is used to report each shareholder's pro-rated share of net income or loss from an S-Corporation, along with various separately stated income and deduction items. The S-Corporation nets non-separately stated income and expenses, and reports the net income or loss to shareholders. The profit or loss is allocated in strict proportion to the shareholder's percentage of ownership in the S-Corporation. Box F identifies the Shareholder's percentage of stock ownership for tax year.</p>	<p>Rationale – Helps CVE determine ownership. Part II, Box F identifies the shareholder's percentage of stock ownership for the corresponding tax year. This form helps prove percentage of ownership.</p>				X	
<p>For Joint Ventures, <u>applicable Federal tax returns</u> based on business type (see above) for the last three years for each participant</p>	<p>Description – Use the descriptions above for the applicable business types.</p>	<p>Rationale – Use the review guidance above for the applicable business types.</p>					X

Document Rationale			Sole Prop	Part	LLC/LLP	Corp	JV
<u>Signature cards</u> authenticated by financial institutions (Banks/Credit Unions/etc.)	Description - Card that a customer signs when opening an account at a financial institution. It identifies the depositor. A corporate signature card bears the names of the firm's officers authorized to sign checks or transfer funds.	Rationale – Helps CVE determine control. The bank signature card identifies who within the company has the authority to authorize and sign checks on behalf of the company. The Veteran applicant who owns the company should have authority on this. There may be two people with authority but the Veteran owner should be the one with the “unlimited” expressed authority.	X	X	X	X	X
Copies of approximately <u>20 negotiated company checks</u> .	Description – Cancelled checks with all Personally Identifiable Information (PII) redacted are a written order by the business directing a bank to pay money. Normally signed by owner or CFO depending on authorization limits.	Rationale – CVE requests these as a means to determine if the SDV is authorizing financial obligations on behalf of the company and if not, who within the company does so. In addition, CVE is attempting to identify if the checks are from the Applicant Company or are being authored from another business.	X	X	X	X	X
Management Information:							
<u>Lease, Management and Services agreements</u> , to include supporting payments	Description - The lease agreement is an agreement between a landlord and tenant that sets out the terms under which a tenant may occupy and use a commercial property. It also creates a legal right for the tenant to occupy the property. Other types of agreements are similar. The supporting payments (checks, etc.) are documentation the agreements are in effect.	Rationale – Enables CVE to determine who has the authority to legally bind the applicant company. Includes lease, management, or service agreements. CVE may review 2-3 random months of checks to validate that the Veteran applicant company is actually making payment for the binding services, demonstrating that applicant is not dependent on another firm.	X	X	X	X	X
<u>Operating Agreement</u> including all amendments	Description - An agreement among Limited Liability Company (LLC) members governing the LLC's business and their financial and managerial rights and duties. Many states require a LLC to have an Operating Agreement. Operating Agreements generally address the members percentage interests in the LLC, rights and responsibilities, voting powers, how profits and losses will be allocated, how the LLC will be managed, rules for holding meetings and taking votes, and buy-out and sell provisions, which determines what happens when a member wants to sell his interest, dies, or becomes disabled.	Rationale – Enables CVE to determine that the Veteran owner has requisite control of the firm, in that the applicant has full expressed written authority to make all final decisions regarding the operations of the company and authority to bind the company on all contracts. The Veteran applicant should have sole expressed authority per the Operating Agreement without consent of the limited partners or shareholders.	X	X	X	X	X
Legal Structure:							
<u>Ownership Agreements</u> or <u>Partnership Agreements</u> (i.e. proxies and voting trust agreements)	Description - May be part of the partnership agreement or a separate agreement which identifies the percentage of voting rights for decision within a company's operations.	Rationale –Enable CVE to confirm that Veteran controls at least 51% of the total votes. This can be validated in the minutes of Stockholders' or Board of Directors' meetings.		X	X	X	X

Document Rationale			Sole Prop	Part	LLC/LLP	Corp	JV
<u>Partnership Agreement</u> , including all amendments	Description - A written agreement which identifies the nature of the business, capital contributed by each partner, and their rights and responsibilities. Partners are jointly and severally liable for the debts of the firm. Even on withdrawing from the partnership they remain liable for already incurred debts. The Partnership Agreement is also referred to as an agreement of partnership or articles of partnership.	Rationale – Enables CVE to determine if Veteran Owner has control over capital assets of Company. Verifies debt instrument (check, etc.) used to make purchase or investment into company. Can also be validated on the 1065 K-1 Box J for partnerships which will show percentage of capital for corresponding tax year. The two percentages for capital should correlate and be the same.		X			
<u>Shareholders Agreement</u> , including all amendments	Description - An employment agreement among the shareholders of a small corporation permitting a shareholder to take a management position with the corporation without any claim of conflict of interest or self-dealing against the shareholder/manager. Such agreements are common when there are only three or four shareholders.	Rationale – Enables CVE to determine that Veteran has authority to make management decisions, and has control over decisions. The Shareholder agreement will unequivocally identify the managing partner of the corporation, their responsibilities, and their rights as the managing partner. Their rights should authorize them to make prevailing managerial decisions without authorization from other shareholders.		X	X	X	X
<u>Equity participation</u> or <u>equity plans</u> , restricted stock or ownership interests or options for stock or ownership interest or plans	Description - An employer must prepare an equity plan which complies with the requirements set forth in the Employment Equity Act. The plan must set out the positive policies and practices that the employer intends to institute in the following one to three years to correct the under-representation of designated group members which has been identified in the workforce analysis.	Rationale – Enables CVE to determine if Veteran has control of Company, by identifying equity ownership and who has can authorize the granting of equity.			X	X	X
<u>Official Certificate of Formation and Operating Agreement</u> with any amendments	Description - Identifies the general purposes for which the Corporation is formed are to exercise the rights and powers and to perform the duties and obligations of the Corporation, in accordance with the Declaration, the Bylaws of the Association.	Rationale – Identifies the rights and powers of the corporation and who is authorized to make and carry out such powers. The Veteran applicant must have expressed authority of at least 51%, if identified.	X	X	X	X	

Document Rationale			Sole Prop	Part	LLC/LLP	Corp	JV
<u>Minutes of first and most recent stockholder and Board of Directors meetings</u> (Evaluator may request additional minutes, and applicant may supply additional minutes to explain any changes since the establishment of the Operating Agreement)	Description - Minutes are considered legal documents by auditors, IRS and courts, and they represent the actions of the board. Many assert that if it's not in the minutes, it didn't happen. They should include the name of the organization, date and time of meeting, who called it to order, who attended and if there a quorum, all motions made, any conflicts of interest or abstentions from voting, when the meeting ended and who developed the minutes	Rationale – The minutes are used to determine whether or not the Veteran applicant has allowed other to substantially operate and control the company. His voting rights and statements per the Operating agreement should give him control of managerial decisions. As such, this should be reflected in the minutes of the Stockholders' and Board of Directors' meetings. Also, should review minutes to verify that none of the Veteran applicant's powers were taken away from him.		X	X	X	
All <u>corporate bylaws</u> and all amendments	Description - Bylaws governing the organization and company	Rationale – Enables CVE determine whether Veteran has control, as these documents outline who controls and operates the company and how it is operated.		X	X	X	
<u>Articles of Organization</u> for LLC's, including all amendments	Description - A document required to be filed with an appropriate state or local government agency, in order to establish legal recognition of a Limited Liability Company (LLC). Articles of organization closely parallel articles of incorporation needed for legal creation and recognition of corporations.	Rationale – Enables CVE to identify the Board of Directors, and the responsibilities of the Board. Usually the Veteran, as operating manager or President, is on the Board of Directors.			X		
<u>Articles/certificate of incorporation</u> filed with the Secretary of State including all amendments	Description - Also referred to as the Certificate of Incorporation (or the Corporate Charter) they are the primary rules governing the management of a corporation. They include the name, names of persons organizing the corporation, stock shares authorized for issuance, Board of Directors, and location.	Rationale –Helps CVE determine or validate ownership. May or may not identify the Veteran applicant. May only identify the Registering Agent which may not be the Veteran applicant. Usually will identify the Board of Directors, usually the operating manager or President is on the Board of Directors which should be the Veteran applicant.				X	
<u>Joint Venture Agreement</u> and current opportunity on which joint venture is bidding	Description - A written agreement which identifies the nature of the joint venture (JV), capital and resources contributed by each JV, and their rights and responsibilities. The current opportunity is what the JV is bidding on and is one of the underlying reasons for formation	Rationale – Helps CVE determine control of the JV. May or may not identify the Veteran applicant. Veteran applicant must exert majority control of the JV over management decisions and day-to-day operations. Veteran applicant must own a majority of the JV in terms of revenue received from the JV.					X

Document Rationale			Sole Prop	Part	LLC/LLP	Corp	JV
<p><u>Stock registers for Applicant or stock ledgers</u> showing listing all shares of issuance.</p>	<p>Description - A stock ledger is used to record the owners of a corporation or LLC. Stock certificates are issued to shareholders in a corporation and certificates of ownership are issued to members/managers in an LLC. All certificates must be tracked regardless of how old they are. It will include the name of the shareholders, number of the certificates, number of shares issued to a particular shareholder, who sold the shares to the shareholder, and the type of stock issued to the shareholder.</p>	<p>Rationale – Helps CVE determine major ownership. Identify the total number of stocks “issued” within the company; to include the total number issued to the Veteran applicant. His total number of shares issued divided by the overall number will provide the percentage of the company issued to him for ownership. This percentage should be at least 51% or greater unless surviving spouse involved.</p>		X	X	X	