



888 17th St. NW, 11<sup>th</sup> Floor  
Washington, DC 20006  
Tel: 202.857.1000  
Fax: 202.857.0200

# **CREATING A SUCCESSFUL CORPORATE STRUCTURE**



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***Antonio R. Franco***  
**[afranco@pilieromazza.com](mailto:afranco@pilieromazza.com)**



# CHOOSING THE STRUCTURE FOR 8(a) COMPANIES



- **Tribal Entity**
  - Must waive sovereign immunity
  - Should this vehicle be utilized for off-reservation work?
- **LLC – State or Tribal**
  - Passes through any tax obligation to the tribe so no federal taxes
- **Corporation – State or Tribal**
  - May pay federal and state taxes



# USING TRIBAL BUSINESS AND CORPORATE CODES



- Does the tribe have a corporate code in place?
- Does it define how to establish:
  - Tribal Entities
  - Corporations
  - LLCs
- Should the tribe consider adopting such a code?



# DEVELOPING THE INFRASTRUCTURE TO BE A PROFITABLE GOVERNMENT CONTRACTOR



## ➤ How is ownership status structured?

- Direct Tribal ownership
- Section 17 Corporations
- Holding companies
- Ownership by third parties
  - Direct
  - Through compensation plans



# BENEFITS OF ESTABLISHING HOLDING COMPANIES



- Separates government contracting companies from other enterprises
- Centralized administrative and other general costs
- Allows for no or smaller boards at the company level
- Helps eliminate shared services by sister companies



# ADMINISTRATIVE SUPPORT SERVICES AGREEMENT



- Used to obtain outside services for a variety of administrative and marketing tasks
- Human Resources
- Accounting
- Business Development
- Overall Strategic Planning
- Management and Training
- Government Relations
- Outreach to Other Businesses



# PAYMENT FOR ADMINISTRATIVE SUPPORT SERVICES



- If reasonably priced, these services are reimbursed as part of a company's general and administrative expenses by the government



## WHO RUNS THE 8(a) SUBSIDIARIES



- Common management of holding company and 8(a) subsidiary is permitted under SBA regulations
- Complete overlap of directors strongly discouraged
- Different CEO or general manager for each 8(a) firm



# QUESTIONS?

*ANTONIO R. FRANCO*

*[afranco@pilieromazza.com](mailto:afranco@pilieromazza.com)*