A BUSINESS CONTROLLED BY A MAN IS NOT "WOMAN-OWNED"

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The Small Business Administration ("SBA") Office of Hearings and Appeals ("OHA") recently considered whether a business was a "Women-Owned Small Business" ("WOSB). One section of the SBA rules on WOSB's is 13 CFR § 127.201, and this requires that one or more women must unconditionally and directly own at least 51 percent of the concern. In addition, the SBA rules require that the management and daily business operations of the concern must be controlled by one or more women, 13 CFR § 127.202(a), and a woman must hold the firm's highest officer position. 13 CFR § 127.202(b). Although a woman met the 51 percent ownership requirement, she did not have control of the company, and OHA ruled that the concern was not a WOSB under the SBA rules. *Yard Masters, Inc.* SBA No. WOSB-109, Oct. 11, 2017.

First, OHA concluded that there was adequate documentation that Sally Wade owned 51 percent of the company's stock, and met that requirement for a WOSB. However, Yard Masters had argued that Sally Wade was the Chief Executive Officer ("CEO"). However, the Board of Directors never formally created the position of CEO, and never changed the Bylaws to do so. The concern's Bylaws clearly stated that the President was the corporation's "chief administrative and executive officer." That position was held by Bryce Wade, a man, who had been head of the corporation for 10 prior years. Further, Mr. Wade had signed Yard Master's offer for the procurement at issue in this appeal, and executed all binding documents on its behalf. OHA concluded that Mr. Wade managed the concern's day-to-day operations, and therefore, Yard Masters was not *controlled* by a woman, and was not a WOSB.