

**United States Small Business Administration
Office of Hearings and Appeals**

VSBC Protest of:

General Services Administration,

Protestor,

Re: Paragon-Vertex Joint Venture

Solicitation No. 47QTCB22R0007

SBA No. VSBC-460-P

Decided: January 15, 2026

APPEARANCES

Nick Engel, Contracting Officer, Washington, DC, for Protestor

Meghan F. Leemon, Esq., Antonio R. Franco, Esq., Kristine E. Crallé, Esq., PilieroMazza PLLC, Washington, DC, for Paragon-Vertex Joint Venture

DECISION

I. Introduction and Jurisdiction

On September 8, 2025, the General Services Administration (Protestor) protested the Service-Disabled Veteran-Owned Small Business (SDVOSB) status of Paragon-Vertex Joint Venture (Paragon-Vertex), in connection with Solicitation No. 47QTCB22R0007, to the Small Business Administration (SBA) Office of Hearings and Appeals (OHA) for review. Protestor alleges that Paragon-Vertex is not a qualified SDVOSB for the subject procurement because the SDVOSB does not own at least 51% of the joint venture entity. For the reasons discussed *infra*, I DENY this protest.

The U.S. Small Business Administration (SBA) Office of Hearings and Appeals (OHA) adjudicates SDVOSB status protests pursuant to 15 U.S.C. § 657f and 13 C.F.R. Part 134 Subpart J. Protestor filed its protest within five business days after receiving notification that Paragon-Vertex had been awarded the contract, so the protest is timely. 13 C.F.R. § 134.1004(a)(3). Accordingly, this matter is properly before OHA for decision.

II. Background

A. Solicitation and Protest

The instant solicitation was posted to SAM.gov on September 15, 2022. Initial offers did not require price, but price was added after a Court of Federal Claims protest decision.

Amendment 0004, posted on November 3, 2023, called for proposal revisions but only from offerors who had submitted proposals by November 18, 2022. These amended proposals, including price, were due January 12, 2024. The pre-award notice for small business concerns was posted to SAM.gov on August 28, 2025.

The North American Industry Classification System (NAICS) code for this acquisition is 541512 — Computer Systems Design Services — with a corresponding \$30 million annual receipts size standard. The solicitation was set aside for SDVOSB small business concerns. The Solicitation is for a multiple-award indefinite-delivery, indefinite-quantity contract with no contract ceiling.

Protestor filed the instant protest on September 8, 2025. Protestor alleges that Paragon-Vertex's submitted JV agreement does not appear to include all requirements of FAR 52.207-6, 13 C.F.R. § 125.18 and/or 13 C.F.R. § 125.9, as applicable.¹ Specifically, Protestor alleges that Paragon-Vertex does not appear to state that, with respect to the separate legal entity joint venture, the SDVOSB owns at least 51% of the joint venture entity. (Protest at 2).

B. Paragon-Vertex's Response

On September 25, 2025, Counsel for Paragon-Vertex responded to the protest. Paragon-Vertex is an informal partnership joint venture between Flatter, Inc. (Flatter), the managing venturer and a certified SDVOSB, and two small business Paragon Technology Group, Inc. (Paragon), and QED Systems, LLC (QED) (collectively, the “Venturers”). (Response Exhibit A, JV Agreement at 1). The Venturers entered into the JV Agreement on October 1, 2022 with the purpose of submitting a proposal for the Solicitation. (Response at 2-3). (See JV Agreement § 12.1).

Paragon-Vertex emphasizes this point because 13 C.F.R. § 128.402(c)(3) provides that every joint venture agreement to perform an SDVOSB contract must contain a provision “[s]tating that with respect to a separate legal entity joint venture, the certified VOSB or SDVOSB must own at least 51% of the joint venture entity.” (Response at 3). (emphasis supplied in Response). Paragon-Vertex notes that importantly, SBA recognizes that a joint venture may or may not be organized as a separate legal entity. (Response at 3, citing *Size Appeals of Insight Envtl. Pac., LLC*, SBA No. SIZ-5756 (2016).)

Paragon-Vertex points to a regulation preamble where SBA explained this matter in further detail:

SBA's size regulations recognize that joint ventures may be formal or informal. The proposed rule amended § 121.103(h) to clarify that every joint venture, whether a separate legal entity or an “informal” arrangement that exists between two (or more) parties, must be in writing. SBA never meant that an informal joint venture arrangement could exist without a formal written document setting forth the responsibilities of all parties to the joint venture. SBA merely intended to recognize

¹ Protestor cites to regulations which have since been superseded by 13 C.F.R. § 128.402.

that a joint venture need not be established as a limited liability company or other formal separate legal entity. . . .

Therefore, this final rule adopts the proposed language and specifies that a joint venture may be a formal or informal partnership or exist as a separate limited liability company or other separate legal entity. However, regardless of form, the joint venture must be reduced to a written agreement.

Small Business Mentor Protégé Programs, 81 Fed. Reg. 48558, 48559 (July 25, 2016). (emphasis supplied in Response).

Moreover, the instant protest reveals that Protestor fundamentally misunderstands the nature of Paragon-Vertex; indeed, Protestor's filing states a status protest of "PARAGON-VERTEX JOINT VENTURE, L.L.C.," which is both an incorrect characterization of Paragon-Vertex and also not the correct name. (Response at 4). The JV Agreement explicitly states that Venturers' relationship is merely that of a joint venture, and moreover that nothing in the JV Agreement "shall be construed as creating any further agency relationship, partnership, employment, or fiduciary relationship" between the Venturers. (See JV Agreement § 12.1).

Paragon-Vertex's SAM.gov profile also confirms that its official name is simply Paragon-Vertex Joint Venture — with no suffix — and clearly identifies the entity structure as a "Partnership or Limited Liability Partnership." (Response at 4-5).

Paragon-Vertex argues that because 13 C.F.R. § 128.402(c)(3) only includes a requirement to detail ownership of a joint venture where it exists as a "separate legal entity joint venture," the requirement that the CO claims Paragon-Vertex's JV Agreement is missing is not applicable to Paragon-Vertex. In other words, Paragon-Vertex cannot be found noncompliant with a regulation that is — by definition — inapplicable to its own structure. (Response at 5).

Paragon-Vertex asserts its JV Agreement satisfies the SDVOSB Joint Venture requirements found at 13 C.F.R. § 128.402 in all respects. Paragon-Vertex enumerates each joint venture requirement of § 128.402, with citations to the provisions in the JV Agreement that satisfy each immediately listed requirement. (Response at 5-7).

Finally, Paragon-Vertex emphasizes that Flatter — a certified SDVOSB — is the managing venturer of the Joint Venture. Not only does the JV Agreement designate Flatter as such (see JV Agreement § 2.1), but the instant protest does not even allege otherwise. (Response at 7).

III. Discussion

A. Burden of Proof and Date of Eligibility

As the protested firm, Paragon-Vertex has the burden of proving its eligibility by a preponderance of the evidence. 13 C.F.R. § 134.1010. The decision must be based on the Case File and the information provided by the Protestor, the protested concern, and any other parties.

13 C.F.R. § 134.1007(g). Accordingly, all the evidence submitted by the Protestor and Paragon-Vertex is part of the record.

In a SDVOSB status protest pertaining to a concern's compliance with the joint venture regulations at 13 C.F.R. § 128.402(c), OHA determines the eligibility of the protested concern's SDVOSB status as of the date of the joint venture's final proposal revisions. 13 C.F.R. § 134.1003(e)(1). Here, Paragon-Vertex submitted its final proposal revisions on January 8, 2024, so accordingly I must determine Paragon-Vertex's compliance with the joint venture agreement requirements as of that date.

B. Analysis

Protestor's argument is that Paragon-Vertex is not a qualified SDVOSB for this procurement because Flatter, the SDVOSB member upon whom the joint venture's claim of eligibility rests, does not own at least 51% of the joint venture entity. Protestor points to 13 C.F.R. § 128.402(c)(3), which requires that the joint venture agreement for an SDVOSB joint venture which is a separate legal entity include a statement that the SDVOSB owns at least 51% of the entity.

However, the evidence in the record documents that Paragon-Vertex is not a separate legal entity. It is not a separate corporation or limited liability company. Those entities are covered by the regulation, and to be an eligible SDVOSB joint venture the SDVOSB must own at least 51% of them. However, Paragon-Vertex is not such a legal entity, but an informal arrangement between three firms, which has been documented in a written joint venture agreement, as the regulation requires. The joint venture agreement between the firms is in compliance with the regulatory requirements at 13 C.F.R. § 128.402(c) & (d) including those provisions requiring that the joint venture perform the applicable percentage of the work required by 13 C.F.R. § 125.6 and that the SDVOSB partner perform at least 40% of the work (JV Agreement at § 2.10). Flatter is the managing venturer, with responsibility for day-to-day management and administration of contract performance (JV Agreement at 2.1). Flatter cannot own 51% of the joint venture because it is not a separate legal entity, but rather an arrangement among three firms to seek and perform a contract.

SBA has recognized that 'informal' arrangements of this variety are permitted. *See* 81 Fed. Reg. 48558, 48559 (July 25, 2016). However, because 13 C.F.R. § 128.402(c)(3) only requires a joint venture to detail its ownership breakdown if it exists a "separate legal entity joint venture," the requirement that the CO claims Paragon-Vertex's JV Agreement is missing is inapplicable to Paragon-Vertex. Paragon-Vertex cannot be found noncompliant with a regulation that is inapplicable to it.

Paragon Vertex also provided ample evidence showing that it is in compliance with all aspects of the SDVOSB Joint Venture requirements found in 13 C.F.R. § 128.402, and that the managing entity, Flatter, is a properly certified SDVOSB.

For these reasons, this protest is without merit. Accordingly, I must deny it.

IV. Conclusion

For the above listed reasons, I DENY the instant protest. This is the final decision of the U.S. Small Business Administration. 13 C.F.R. § 134.1112(d).

CHRISTOPHER HOLLEMAN
Administrative Judge