

**APPROVE HEARING OFFICER'S DETERMINATION AND
ORDER TO DEBAR LS INTERNATIONAL LTD., AND LEE LU, as owner and president of LS
INTERNATIONAL LTD.**

THE GENERAL COUNSEL RECOMMENDS THE FOLLOWING:

That the Chicago Board of Education (the "Board") adopt the Determination and Order of Hearing Officer Stephen H. Pugh, rendered on July 16, 2002, in the matter of LS International Ltd. ("LSI"), and Lee Lu, as owner and president of LSI (the "Respondents"). Hearing was held on April 18, 2002 and April 22, 2002, at which time the parties presented testimonial and documentary evidence. Thereafter, the Hearing Officer found that the Respondents, by submitting false and misleading documentation, requested and received \$1.3 million in federal funds for work at Marshall High School and Lawndale Elementary School, which work Respondents had not performed. Under these circumstances, the receipt of these funds was in direct violation of Board policy and the applicable federal rules. Accordingly, the Hearing Officer ruled that Respondents be debarred from conducting business with the Board for the full debarment period of three (3) years, beginning July 16, 2002 and ending July 16, 2005.

DESCRIPTION:

Sections 1.1, 1.3, 2.2(b)(3) and 2.2(e) of the Board's Debarment Policy and Procedures (the "Policy") provide for debarment of businesses and their "affiliates," "participants," and "principals" (as defined in the Policy) from participation in the Board's procurement transactions and activities for violation of a statutory or regulatory provision or requirement applicable to a public transaction, and commission of any other act indicating a lack of business integrity or honesty, including false certifications or statements, and fraud in performance or billing. Upon finding that a person's and/or organization's acts or omissions fall within any of the categories enumerated as grounds for debarment, the Hearing Officer is required to determine the period and scope of the debarment period, not to exceed three (3) years, pursuant to Section 9.1 of the Policy. Section 9.2 of the Policy provides that the debarred party or entity may appeal the Hearing Officer's final determination within 21 days from its receipt.

LSC REVIEW: LSC approval is not applicable to this report.

AFFIRMATIVE

ACTION STATUS: Affirmative action review is not applicable to this report.

FINANCIAL: None. In accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago School Reform Board of Trustees has the authority to conduct certain investigations and shall have access to all information and personnel necessary to conduct those investigations.


PERSONNEL

IMPLICATIONS: None.

Approved,


MARILYN F. JOHNSON
General Counsel

Within Appropriation:


KENNETH C. GOTSCH
Chief Fiscal Officer