

March 23, 2011

**DEBARMENT OF DONALD BEAL, KAR-DON, INC. D/B/A ARROW LUMBER COMPANY, AND
ARROW LUMBER CO.****THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING RECOMMENDATION:**

That the Board of Education of the City of Chicago ("Board") fully and permanently debar DONALD BEAL ("Beal"), and KAR-DON, INC. d/b/a ARROW LUMBER COMPANY, AND ARROW LUMBER CO. (collectively, "Arrow") from doing any business with the Board.

On December 22, 2010, the Board's Chief Purchasing Officer filed and served on Beal and Arrow a Notice of Proposed Interim Constraints and Debarment ("Notice"), initiating interim constraints and a debarment proceeding against them, based upon (1) Beal's admissions under oath, in a criminal proceeding against another party, that he and Arrow provided materials not authorized by City contract, billed the City for those materials, and falsified billing records to obtain payment for those materials and to conceal their conduct; (2) the Criminal Court's findings of fact relating to said admissions and that Beal destroyed relevant business records; and (3) the City's December 1, 2010 Debarment of Arrow. Arrow received the certified mailing of the Notice on December 27, 2010, and was required to respond by January 24, 2010. The alleged conduct of Beal and Arrow was so egregious that the Notice sought to fully and permanently debar Beal and Arrow.

Section 4.5(d) of the Debarment Policy requires a vendor to submit a written, verified Answer to a Notice of Debarment within 28 days after receipt of the Notice, and provides that if a vendor fails to timely file an Answer, all the allegations set forth in the Notice "shall be deemed to be admitted." Section 5.2 of the Debarment Policy states that "[w]hen a vendor fails to timely submit an Answer...the Chief Administrative Officer may recommend the Board debar the vendor on the basis of such admissions."

On January 26, 2011, the Board resolved and ratified that, as of December 15, 2010, any reference to Chief Administrative Officer in any Board Rule, Policy or guideline constitutes a reference to Chief Executive Officer or designee. B.R. 11-0126-RS1.

As of February 25, 2011—65 days after the Notice was served—Beal and Arrow have failed to file an Answer to the Notice or to seek an extension of time to do so. The facts in the Notice are deemed admitted.

Based on admissions in court, debarment by the City, and admission of the facts set forth in the Notice, the Chief Executive Officer's designee, Chief of Staff Nora Moreno Cargie, recommends that the Board fully and permanently debar Beal and Arrow from doing any business with the Board.

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

**AFFIRMATIVE
ACTION STATUS:** Affirmative Action review is not applicable to this report.

FINANCIAL: None.

**GENERAL
CONDITIONS:** None.

APPROVED:

Nora Moreno Cargie - ASA

Nora Moreno Cargie
Chief of Staff
Chief Executive Office

APPROVED AS TO LEGAL FORM:

Patrick J. Rocks
PATRICK J. ROCKS
General Counsel *WACU*

WITHIN APPROPRIATION:

Diana S. Ferguson
DIANA S. FERGUSON
Chief Financial Officer