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Alternative-school operator bought secret access to CPS's Barbara Byrd-Bennett and won millions in CPS contracts

Chicago — An alternative-school operator used Gary Solomon and Thomas Vranas as undisclosed lobbyists to gain improper access to then-CPS CEO Barbara-Byrd-Bennett and win CPS contracts for four schools, an investigation by the Office of Inspector General for the Chicago Board of Education has found.

The alternative-school operator paid Solomon and Vranas nearly \$300,000 in consulting fees, including “success fee” payments, and consequently obtained tens of millions of dollars in CPS business, according to a Significant Activity Report released by CPS IG Nicholas Schuler on Tuesday.

Byrd-Bennett, Solomon and Vranas are currently serving prison sentences for a separate CPS matter investigated by the OIG, the FBI and the U.S. Attorney's Office for the Northern District of Illinois.

Currently, the alternative-school operator runs six CPS schools, and has netted more than \$67 million in CPS business since hiring Solomon and Vranas, co-owners of three education companies.

The OIG found that the school operator improperly used Solomon's and Vranas's relationship with Byrd-Bennett to obtain confidential inside information regarding forthcoming Requests for Proposals and to gain behind-the-scenes access to her and her staff.

The OIG reported its findings and recommendations to the Board on June 29. In response, CPS officials agreed to initiate debarment proceedings against the alternative-school operator, to strengthen lobbying disclosure requirements and to conduct relevant periodic audits.

“This kind of secret, insider dealing cannot be tolerated in the world of public contracts. Hopefully, forcing lobbyists to operate in the daylight will discourage this type of behavior in the future,” Schuler said.

In one email Solomon sent to executives at the school operator in December 2012, he relayed inside information he had just discussed with CPS, including: (1) that CPS would approve an additional school and contract for the company at the upcoming December Board meeting; (2) that “[d]uring the first week in January, an RFP will go out and [you] will respond to all parts of the RFP that you feel you can deliver upon”; (3) that much of the RFP would be consistent with what Byrd-Bennett and her top aide had discussed with one of the executives at the company the month before; and (4) that “CPS will give you all you can handle and then some.” Solomon also said in the email that on the night of the December Board meeting, in which the Board was going to approve an additional school for the company, he, Vranas and two of the executives from the company were going to go out “to celebrate.”

The school operator also undermined CPS’s procurement process by taking advantage of Solomon’s and Vranas’s ability to circumvent normal procurement channels for contract schools. Company executives considered Solomon and Vranas instrumental in working with Byrd-Bennett to sidestep the CPS official who was responsible for working with the company.

In one email that Solomon and Vranas’s companies produced to the OIG, Solomon informed executives of the alternative-school operator that Byrd-Bennett had essentially threatened that CPS official over delays in securing the location of one of the company’s schools, telling her “to make it happen or suffer a miserable fate.”

The company also asked Solomon to ensure that one of its direct competitors would not obtain CPS business.

In addition, the company hired a former CPS Network Chief, whom Byrd-Bennett had mentored at the SUPES Academy, as part of a “wink-wink” agreement with Byrd-Bennett to continue its business dealings with CPS. The company hired him after he resigned from CPS following an investigation by the CPS Law Department that concluded he engaged in several types of misconduct.

His hiring followed Byrd-Bennett’s instruction to Solomon to help the Network Chief find a new job. In fact, in the same December email referenced above in which Solomon relayed inside CPS information, Solomon told the school operator’s executives that one of the things he discussed with CPS was that: “[two executives at the company] are going to meet with [the former Network Chief] about a local Chicago position to assist in growing the number of [the company’s] schools to 10, over the next three years. Hopefully, [the former Network Chief] came come [sic] on

board by January.” The company ultimately employed him from March 2013 to October 2015, paying him just over \$340,000 during that period.

The OIG also found that the company improperly failed to disclose that it retained Solomon and Vranas as lobbyists or consultants to represent its interests to CPS officials, even though CPS’s Code of Ethics required the company to do so.

The company paid Solomon and Vranas a total of \$294,000 in consulting fees for their work in Chicago. Those payments included \$194,000 in base consulting fees and \$100,000 in “success fee” payments for their work in establishing four of the company’s schools in CPS. Yet the company never disclosed this relationship to CPS, as required. Significantly, the CPS official who was responsible for coordinating with the company with respect to the procurement process had no idea that Solomon was manipulating the process through discussions with Byrd-Bennett.

As a result of the investigation, the IG recommended, among other things:

- That the alternative-school operator be debarred, as well as the two executives at the company who oversaw the misconduct in this case.
- That the Department of Procurement take steps to ensure it receives Board vendors’ disclosures of lobbyists, attorneys, consultants and/or any other third party retained to influence the award of such contracts. The OIG recommended that those disclosures be maintained such that they are easily accessible by the public.
- That the Board amend the CPS Code of Ethics to place a duty on the lobbyists themselves to register with the Board and disclose their interests in Board contracts. The OIG recommended that the lobbyist registry be accessible by the public on CPS’s website.

A copy of the OIG’s Significant Activity Report on this matter is attached and can be found online at the OIG’s website: cpsoig.org.

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