

||| **JUAN RANGEL**

# Leader of clout-heavy UNO quits

**BY DAN MIHALOPOULOS**  
Staff Reporter

Juan Rangel, longtime leader of the clout-heavy United Neighborhood Organization, is out as UNO's \$250,000-a-year chief executive in the wake of a scandal that cost the group millions in state funding and led to a federal investigation of its bond dealings.

Rangel's departure "by mutual agreement" with the board of the not-for-profit group that operates the largest charter school network in Illinois is effective immediately, UNO officials said Friday.

Rangel had three family members on the UNO payroll. Sources said two of them quit recently, including Rangel's nephew Carlos Jaramillo, UNO's deputy chief of staff.

Rangel is negotiating a severance deal, according to Freddy Santiago, UNO's interim board chairman, who praised Rangel's "dedicated leadership" but said his resignation marks "a new day for UNO."

"It's been a challenging year," said Santiago, pastor of Iglesia Rebano church. "In order to stay focused on our mission of serving Chicago's Latino community, we must be free from distraction and get rid of some of the fog."

Jesse Estrada, UNO's chief of operations and procurement, was named interim CEO while a search is conducted for a permanent successor. Estrada came to UNO in October from the Archdiocese of Chicago, where he worked for 15 years in a financial role, according to UNO.

Rangel has close ties to politicians including Mayor Rahm Emanuel, whose 2011 campaign Rangel co-chaired, Ald. Edward M. Burke (14th) and Illinois House Speaker Michael Madigan (D-Chicago), who sponsored a \$98 million state school-construction grant to UNO in 2009.

The state money — believed to be the largest government subsidy for charter schools in the country — fueled UNO's rapid growth as a charter operator. But the way UNO spent the money helped bring an end to Rangel's rapid rise in Chi-



UNO CEO Juan Rangel with Mayor Rahm Emanuel in July 2012. | SUN-TIMES LIBRARY PHOTOS



Rangel (second from left) with Gov. Pat Quinn, House Speaker Michael Madigan and Ald. Edward Burke at the July 2012 ground-breaking for the UNO Soccer Academy Charter High School on the Southwest Side.

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Rangel's top aide, Miguel d'Escoto, resigned in February, days after the Chicago Sun-Times reported UNO had given \$8.5 million of business — paid for with the state grant — to companies owned by two of d'Escoto's brothers.

The revelation prompted Gov. Pat Quinn to suspend grant pay-

ments to UNO in April, which temporarily halted construction of a new UNO high school on the Southwest Side.

Rangel offered a public apology, saying he had "failed to exercise proper oversight."

Quinn lifted the suspension, and work on the UNO Soccer Academy Charter High School resumed. But

Quinn disclosed recently that he has suspended payments from the remaining \$15 million after the federal Securities and Exchange Commission began investigating UNO over its bond dealings.

In September, the SEC's enforcement division in Chicago told UNO the agency "is conducting an investigation . . . to determine if violations of the federal securities laws have occurred." The SEC asked for documents related to \$37.5 million the group borrowed from private investors, as well as records involving the state grant.

"UNO has been under a lot of pressure in the last several months because of some missteps," said Burke, who praised Rangel's work. "I think what he has done for UNO and for the families of people who benefit from UNO's charter schools is nothing short of remarkable. Anything that he could be blamed for would only be omissions because the organization grew so rapidly.

"Juan realizes that the organization is more important than a single individual."

Burke's daughter-in-law works for the organization at its West

Loop headquarters.

Reached by phone, Rangel, 48, would not comment.

He grew up in Little Village and became CEO in 1996 of UNO, a community organization that, in the late 1990s, he led into the business of charter schools. Starting with a single school, UNO's charter network — privately run but dependent on government funding — has grown to 16 schools in Chicago with more than 7,500 students. Most are Hispanic students from low-income families

UNO has relied on state funding to build its schools and on the tens of millions of dollars a year it gets from the Chicago Public School system to operate them.

Because of its not-for-profit tax status, UNO isn't allowed to get involved in politics. But Rangel eagerly lent his endorsement to politicians, and his employees often campaigned for candidates he backed — even when it meant aiding white, establishment candidates facing Hispanic challengers. Rangel drew criticism for his support of Emanuel's mayoral bid, scorning two Hispanic candidates.

In Rangel, Emanuel found a supporter willing to take on the mayor's adversaries, including the Chicago Teachers Union during last year's teachers strike. In late October, though, Emanuel sidestepped questions about Rangel's future, saying that was up to UNO's board.

On Friday, Emanuel praised him, saying, "Juan Rangel helped change lives as he worked to open the door to opportunity for tens of thousands of students across Chicago by offering them access to a quality education."

After the revelations about UNO's spending, the organization brought in businessman Martin Cabrera Jr. to head its board and oversee Rangel, who in addition to being CEO had been UNO's unpaid board chairman. But after just three and a half months as chairman, Cabrera quit Sept. 13 "because of a difference of philosophy and mission."