PLAINTIFF'S EXHIBIT

USG-1489

CC: Chicago 143-61, R. C. Aron
Glendale 960M, P. W. Nelson
Western Division Purchasing, P. A. Sullenger

TO: Empire, C. P. Anderson

December 3, 1985

FROM: Western Division Purchasing, J. A. Grimson

SUBJECT: Contract 466W5280 B & C Insulation, Inc. for insulation containing asbestos removal work.

Confirming our conversation on November 27, 1985, subject Contract for asbestos removal work in the amount of $5,500.00 exceeded your authorization limit to be executed at Empire. Per Bulletin CN-102, Plant Manager's may execute contracts on Form 0-2073 up to a $3,000 limit and up to $10,000 with purchasing approval. Our office did not grant approval for you to sign subject contract. In addition, your signature was not "witnessed" as required by Form 0-2073.

A second area of major concern is the fact that this contract is not on the correct form. On November 1, 1985, Mike Christopher called our office and advised me of this contract requirement. I advised him that this contract would be considered a hazardous waste removal contract and would require special review and processing by Chicago Purchasing on a special hazardous waste removal contract form. I recommended that he prepare a memo on what is to be done and why it must be done and forward it along with a requisition and quotations received to our office for proper transmittal to Chicago Purchasing. For some reason this was not accomplished resulting in the problems enumerated herein.

The above is for your review and corrective appropriate action on subsequent contracts whether they be hazardous or non-hazardous.

JAG/dc

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UNITED STATES GYPSUM COMPANY