

Charter school companies in US face corruption charges

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Two recent episodes expose the corruption rampant in large privately run and publicly funded charter school companies. Charter schools have aggressively expanded in the last decade as a key component of the bipartisan attack on public education in the United States led by George W. Bush and Barack Obama.

In the course of 2013, 17 charter schools were closed in Ohio due to corruption, forcing hundreds of students to find alternative schools in the fall. Touted as the cornerstone of education “reform,” there is no longer any question that these so-called education companies are cash grabbing operations that would not exist without the government diverting money from resource-starved public schools.

On June 2, the Securities and Exchange Commission charged Chicago United Neighborhood Organization (UNO) Charter Schools as well as UNO itself, with defrauding investors in a \$37.5 million municipal bond offering. UNO did not disclose that several million dollars for new school construction was awarded to construction companies operated by brothers of UNO Schools Chief Operating Officer Miguel D’Escoto. D’Escoto left UNO schools in February.

UNO, the largest operator of charter schools in Illinois, has neither confirmed nor denied the charges, opting to settle by agreeing to “improve procedures,” and accepting an independent monitor.

“UNO misled its bond investors by assuring them it had reported conflicts of interest in connection with state grants when in fact it had not,” said Andrew J. Ceresney, director of the SEC Division of Enforcement. “Investors had a right to know that UNO’s transactions with related persons jeopardized its ability to pay its bonds because they placed the grant money that was primarily funding the projects at risk.”

In 2013, Illinois Governor Pat Quinn cut off state

funding to UNO schools for violating the terms of a 2009 state school construction grant totaling \$98 million. For that grant, former UNO CEO Juan Rangel and UNO enjoyed the support of Illinois House Speaker and Democratic Party strongman Michael Madigan, a vocal proponent of education and pension reform.

Rangel, who stepped down last year amid the two corruption scandals, co-chaired Chicago Mayor Rahm Emanuel’s campaign in 2010. Emanuel, Obama’s former White House chief of staff, has overseen the shutdown of 50 schools, the attack on Chicago teachers’ conditions and the expansion of charter schools.

The way for this was paved by the sellout of the 2012 strike by the Chicago Teachers Union. As a reward for this betrayal, the American Federation of Teachers was granted a “neutrality” agreement by UNO allowing it to “organize” charter school teachers, i.e., collect union dues from miserably paid instructors who have virtually no rights.

On June 4, the Des Plaines, Illinois headquarters of Turkish religious leader Fethullah Gülen’s Concept Charter Schools was quietly raided by the FBI. Nineteen other schools operated by the company in Illinois, Indiana and Ohio are also reportedly being investigated. Gülen’s charter network is estimated to be the largest in the United States, with around 139 active schools in 26 states.

The schools are privately run and publicly funded, strategically located in urban areas having concentrations of poor and minority youth. The Chicago Math and Science Academy raided in June receives all but 8 percent of its \$6 million yearly budget from the public school district.

Concept Schools purports to provide an education

emphasizing math and science education, in line with Obama's emphasis on the subjects of science, technology, engineering and math, known as STEM fields. Concept Schools sponsored an invitation-only STEM leadership summit in Washington, DC in April of this year.

A Concept spokeswoman stated the documents taken by federal investigators were part of an audit of grants for the Schools and Libraries Program. However, a representative of the Cleveland FBI office has told media outlets, "What we did was not part of any audit," but part of an "ongoing white collar crime" investigation. This involves several agencies, including the US Department of Education and the Federal Communications Commission (FCC).

The June 4 federal search warrant on Concept Schools remains sealed, so any connection to previous investigations is unclear. The charter operator has been under federal scrutiny for both crimes and questionable education practices since 2009, including visa fraud.

The raid was conducted very quietly, with no identifying uniforms worn by FBI agents or marked cars present. School has already been dismissed for the summer.

In the last several years Gülen's Niagara Foundation, as well as other Turkish NGOs, paid for House Speaker Madigan, and Chicago Alderman Joe Moore, in whose ward the Chicago Math and Science Academy is situated, to visit Turkey with other Illinois politicians.

Under the Obama administration the number of students enrolled in charter schools has doubled. New Orleans is now an all-charter school district with Detroit not far behind. The Obama administration has used its Race to the Top funding program to press states to lift their cap on the number of charter schools while offering tax breaks to encourage banks and educational "entrepreneurs" to invest in charter school construction.



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