

BRIEF IN SUPPORT OF UNIFORM COMPLAINT PROCEDURE COMPLAINT AGAINST THE MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION, D.B.A. MAGNOLIA PUBLIC SCHOOLS

I. INTRODUCTION

Complainants Dr. José F. Moreno, Department Chair and Associate Professor of Latino Education and Policy Studies at California State University Long Beach, Tina Andres, math teacher with twenty-eight years in the Santa Ana School District, and Amsterdam & Partners LLP, a law firm based in Washington, D.C. and London, submit this complaint pursuant to the Uniform Complaint Procedure against the Magnolia Educational & Research Foundation, d.b.a. Magnolia Public Schools (collectively "Magnolia"). Dr. Moreno is a California taxpayer and the proud parent of four students, two currently enrolled in the Anaheim Union High School District and two enrolled in Anaheim City School District, both districts Magnolia has targeted for expansion. Ms. Andres is also a California taxpayer, a veteran public school teacher, and the proud parent of two students currently enrolled in the Santa Ana School District, a district with an existing Magnolia charter school.

Amsterdam & Partners LLP is engaged by the Republic of Turkey to investigate Magnolia and certain other charter schools in the United States for, among other things, their suspected ties and illegal funneling of state and federal public funds to an organization of charter schools and other businesses headed by Fethullah Gülen, a reclusive Turkish imam who resides in Saylorsville, Pennsylvania. That organization (referred to in this Complaint as the "Gülen Organization") is further suspected of employing ill-gotten public funds to facilitate a host of illegal activities in the United States, as well as in Turkey – a NATO ally – and elsewhere internationally. Indeed, Magnolia's activities appear to be part of, and consistent with, a broad pattern of illegal activity observed at other U.S. charter schools operated for the ultimate benefit of the Gülen Organization.

Together, Dr. Moreno, Ms. Andres, and Amsterdam & Partners LLP file this complaint requesting immediate state intervention and investigation by the California Department of Education into Magnolia due to its long history of suspicious financial dealings and business associations before it expands its harmful operations throughout the state. Magnolia is a charter management organization that operates a network of eleven charter schools and is seeking exponential growth through the submission of eight new charter petitions throughout California this year. Time is of the essence because these charter petitions will be voted on by the receiving boards of education within the next two-to-eight weeks.

Magnolia receives both federal and state funding to operate its schools. As such, Magnolia is required by federal law to use open and competitive bidding practices for its vendors, enforce internal controls to monitor its funding, and only utilize its funding for approved employee expenses. Recently, the State of California commissioned an audit into Magnolia and the operations of four of its schools (the "2015 State Audit") due to suspicions that Magnolia may be improperly using its public funding. Despite this audit's limited scope, it uncovered extensive evidence of violations by Magnolia of these federal requirements.

The evidence includes:

- Magnolia illegally grants large contracts to affiliated vendors that have numerous overlapping connections with their own employees and board of directors. This nepotistic awarding of contracts to affiliated vendors poses illegal conflicts of interest, both individual and organizational, and is evidence of rampant self-dealing at the California taxpayer's expense.
- The audit found **that over 69% of the transactions reviewed at the audited Magnolia schools were unaccounted for**, evidencing weak internal controls and provoking larger concerns about how Magnolia's funds are actually being used.¹
- Magnolia has spent **hundreds of thousands of tax dollars** to secure H-1B visas for foreign teachers, the large majority of which hail from Turkey, which is not an approved employee expense under federal law.

As discussed in Part III, Section 5, these findings (use of affiliated vendors, missing transaction documentation, H-1B Turkish teachers) are key hallmarks of other charter school networks within the Gülen Organization currently under federal investigation.

Although the State noted these and numerous other red flags in the 2015 State Audit after reviewing only a sample of Magnolia's transactions and vendor agreements, the State has failed to take any meaningful action since. This is particularly troubling as the State Audit Committee just released a vague two page summary of Magnolia's compliance (and lack thereof) with the state's recommendations, and five of the most serious issues still have not been resolved a year after the initial report's publication.² A comprehensive investigation, both financial and operational, of Magnolia and all of its schools is necessary for the State to fulfill its fiduciary obligations to monitor this organization's spending of federal and state taxpayer dollars, particularly in light of Magnolia's documented connections to other Gülen Organization charter networks currently under various investigations for the same types of misuse and financial malfeasance.

II. THE CALIFORNIA DEPARTMENT OF EDUCATION SHOULD HAVE DIRECT JURISDICTION OF THIS COMPLAINT.

Pursuant to 5 C.C.R. § 4650(a)(6), the California Department of Education ("CDE") has direct jurisdiction when the complainant can show that (1) it will suffer immediate, irreparable harm by the agency's policy that is in conflict with state and/or federal law and (2) filing directly with the Local Educational Agency ("LEA") would be futile.

- 1. The complainants will suffer immediate, irreparable harm if the charter schools are approved as Magnolia's operational and financial practices are in conflict with state and federal law.**

Magnolia has submitted eight charter school petitions for consideration during the 2015–2016 review cycle to the following school districts:

¹ See Exhibit 1 California State Audit Report 2015, also available at <https://www.auditor.ca.gov/reports/summary/2014-135R>

² See Exhibit 45, Implementation of State Auditor's Recommendations Report 2016, pg 34-35.

- (1) Magnolia Science Academy-Anaheim Elementary
 - Authorizer: Anaheim City School District
- (2) Magnolia Science Academy-Anaheim
 - Authorizer: Anaheim Union High School District
- (3) Magnolia Science Academy-Garden Grove
 - Authorizer: Garden Grove Unified School District
- (4) Magnolia Science Academy-Fremont
 - Authorizer: Fremont Unified School District
- (5) Magnolia Science Academy-9
 - Authorizer: Los Angeles Unified School District
- (6) Magnolia Science Academy-10
 - Authorizer: Los Angeles Unified School District
- (7) Magnolia Science Academy-11
 - Authorizer: Los Angeles Unified School District
- (8) Magnolia Science Academy-Oceanside
 - Authorizer: Oceanside Unified School District

These petitions were submitted in November and December 2015, and Cal. Educ. Code § 47605 requires that the local boards of education for these school districts vote to approve or deny authorization for these charter schools within 60 days of petition receipt. Although Magnolia has requested two-week extensions to correct glaring violations in some of these petitions,³ the date by which the local boards must vote is approaching within weeks.

One such proposed charter school, MSA Anaheim Elementary, projects a **\$47,840,845** financial impact over the course of its charter term.⁴ The financial impact of all eight of these charter schools, if approved, would cost the state of California **billions of taxpayer dollars**. With documented evidence of nepotistic vendor selection, poor internal controls and financial accounting, and improper use of funds, the complainant, as well as every taxpaying citizen in the state of California, stands to suffer immediate, irreparable harm if these charter schools are approved in the next two-to-eight weeks (or at all). Allowing Magnolia to expand its charter network—in spite of its history of suspicious financial and operational expenses and without a comprehensive investigation of Magnolia and each of its schools—poses immediate and irreparable harm warranting direct intervention from the CDE.

2. Magnolia's network-wide financial and operational policies are in conflict with state and federal law.

³ Magnolia attempted to deceive the respective districts by submitting all eight petitions with the same set of teacher signatures, which violates regulations requiring a charter petition to ensure sufficient teacher interest in working at the proposed charter school. The same group of teachers could not be truthfully interested in teaching at eight different schools scattered across California. The districts caught Magnolia in this deceptive duplication, and once caught, Magnolia withdrew some of its pending petitions with the stated intent to resubmit with new signatures. *See* Exhibit 2, Fremont Staff Recommendation for Denial of Magnolia Charter School Petition, also available at: <http://www.boarddocs.com/ca/fremont/Board.nsf/goto?open&id=A683GW0024C2>

⁴ *See* Exhibit 3, Magnolia Science Academy-Anaheim Elementary Petition, Proposed Budget Tab 7.

Magnolia and its charter schools' operations, financial practices, and policies are at issue in this complaint. 5 C.C.R. § 4610(a) allows complainants to file a UCP complaint to report the failure to comply with state and federal laws and regulations. Furthermore, because Magnolia and its charter schools receive state and federal funding⁵ for educational purposes and is one entity governed by one governing board of directors, Magnolia and its charter schools are subject to the UCP requirements as found in the California Code of Regulations.

Magnolia's business practices violate the requirements of 2 CFR §200, *et seq.*,⁶ which establish the administrative and financial requirements for entities receiving federal awards. Because Magnolia and its charter schools receive public funds, including both state and federal funds, Magnolia and its charter schools are required to implement transparent financial practices for the use of those funds.

However, as the 2015 State Audit found and documented, Magnolia and its charter schools utilized affiliated vendors whose overlapping ties present a conflict of interest or the appearance of a conflict of interest; over 69% of the sample of transactions reviewed were either unauthorized or had no evidence indicating their legitimacy as a transaction in the public benefit; and Magnolia spent from \$126,000.00 to \$200,000.00 in legal and registration fees to secure visas for foreign teachers. These documented findings plainly show violations of:

- 2 CFR §200.318(c), which states that no employee, officer, or agent can participate in the granting of a contract that is supported by federal funding if that individual has a real or apparent conflict of interest.
- 2 CFR §200.318(c)(2), which requires that the recipient of federal funding maintain procedures for governing organizational conflicts of interest when there is an affiliated or related business that, because of close ties with that business, the entity receiving federal funding is unable or appears to be unable to be impartial in conducting procurement actions.
- 2 CFR §200.319, which requires fully open and competitive bidding processes for all procurement transactions, which can be violated when organizations with close ties do business together utilizing federal funds without monitoring for organizational conflicts of interest.
- 2 CFR § 200.62, which requires that all transactions are properly recorded and accounted for to ensure that funds are spent for appropriate public expenses and are protected from unauthorized use or disposition.

⁵ See Exhibit 42, Magnolia's Consolidated Audit Findings pg 24 for federal funding sources, also available at: http://magnoliapublicschools.org/ourpages/auto/2015/10/8/52179215/FY%202014-15%20Audit%20Report_Consolidated.pdf. Note that Magnolia received significant federal funding for IDEA, Title I, Title II, Title III, Title V, and funds issued for Breakfast and National Lunch Program. Note also that this audit details numerous issues with Magnolia's accounting procedures on pgs 39-48 that plainly conflict with federal law.

⁶ Note that Magnolia's practices may also violate the laws and regulations governing the E-Rate program, which is regulated by the FCC and pertains to telecommunications funding for schools and libraries. Magnolia has received E-Rate program funding in the past and has utilized a closely related vendor, Apex, to perform those services funded by the E-Rate program. Note also that E-Rate violations by Concept Schools, a charter network in the Gülen Organization as discussed in Part III, Section 5 of this brief, forms the basis of the current FBI investigation into Concept.

- 2 CFR §200.464, which establishes which expenses are appropriate for employee relocation and employee recruitment, notably excluding legal and registration fees for visas and also requiring reimbursement of funds spent on such relocation fees to the federal government if the employee resigns within twelve months of accepting the position.

Because Magnolia and its charter schools receive state and federal funding and have documented financial practices in conflict with the use of those funds, further investigation is necessary by the CDE. Pursuant to the CDE's obligations under 5 C.C.R. §4650, it must directly intervene and ensure compliance with state and federal regulations. Most troubling is that a year later, Magnolia has not yet addressed many of the most serious issues noted by the 2015 State Audit.

3. Filing with the LEA would be futile.

Magnolia currently operates eleven charter schools in four school districts—Los Angeles Unified (eight schools), Orange County (one school), Santa Clara (one school), and San Diego (one school). To conduct a full-scale investigation into the use of state and federal funds by Magnolia and its charter schools, each of these LEAs would need to fully cooperate in the investigation. Magnolia's practice of shuffling funds and personnel between its charter schools as well as its corporate office⁷ makes this level of cooperation virtually impossible without state direction and coordination. Because collaboration between each of these LEAs and the CDE would be necessary to gain the full picture of Magnolia's financial and operational practices, filing this complaint with the LEA first would be futile. Furthermore, Magnolia is already aware of the issues raised by the 2015 State Audit and has yet to correct its most serious infractions.⁸ Due to the serious nature underpinning Magnolia's malfeasance and their documented delay in remediating the 2015 State Audit's negative findings, filing this complaint with them first would be similarly futile. Additionally, time is also of the essence due to Magnolia's pending eight charter school petitions throughout California.

III. MAGNOLIA PUBLIC SCHOOLS' DECEPTIVE TRADE PRACTICES POSE SIGNIFICANT VIOLATIONS OF STATE AND FEDERAL LAW.

The Magnolia Educational & Research Foundation is a non-profit corporation that operates as Magnolia Public Schools. Magnolia's practices violate state and federal law because of its (1) organizational lack of transparency and problematic governance, (2) nepotistic vendor practices, (3) lack of transparent and controlled accounting procedures for use of state/federal funds, (4) pervasive use of H-1B visas to hire foreign employees using state and federal funds, and (5) denial of close affiliations with the Gülen Organization, despite evidence to the contrary.

1. Organizational lack of transparency and problematic governance

Magnolia is governed by a single board of directors that also problematically serves as the board of directors for each Magnolia charter school. According to the organization's bylaws,⁹ Magnolia

⁷ See Exhibit 1, 2015 State Audit at pg. 19.

⁸ See Exhibit 45, Implementation of State Auditor's Recommendations Report 2016, pg 34-35.

⁹ See Exhibit 4, Magnolia Science Academy-Anaheim Elementary Petition, By-laws, Section 3.

directors are designated by the current Magnolia board, which runs afoul of the requirements for meaningful parental representation on the governing entity of each charter school in 5 C.C.R. §11967.5.1(f)(4)(b)(2). The regulations require that each charter school have its own governance structure, and that representation on this structure is secured for stakeholders, including parents and guardians. Despite the bylaws' statement that Magnolia will strive to appoint a director that will be responsible for representing parents' interests, this language does nothing to secure the parental representation on Magnolia that California law requires. As it currently stands, parents have no way to run for positions on the Magnolia board or to hold the current Magnolia board accountable through an elections process. By having only one board of directors to govern a network of charter schools that spans hundreds of miles across the state, Magnolia effectively bars parents from attending meetings. As such, Magnolia's governance structure effectively cuts off parents' meaningful access to and participation in Magnolia board meetings and limits their oversight of Magnolia's operations.

Furthermore, Magnolia is in reality a non-profit charter management organization. By utilizing the same board of directors for the charter management organization as each of its charter schools, Magnolia is in effect on both sides of this self-dealing transaction. For example, if Magnolia Science Academy-1 ("MSA-1") in Los Angeles Unified School District ("LAUSD") was displeased with the charter management services the Magnolia corporate office was providing as the school's charter management organization, it would have no way to "divorce" the Magnolia corporate office as its charter management organization. MSA-1 would have no way to negotiate a lower management fee, or dispute the cost of services, either. In effect, MSA-1 does not have a governing board whose sole duty and responsibility is to safeguard the best interests of MSA-1, as required by 5 C.C.R. §11967.5.1(f)(4). Instead, MSA-1 shares one governing board—notably dominated by a self-appointing Turkish super-majority since its inception—with ten other charter schools and a corporation that provides them all with services at a price, as well as a management fee. Magnolia as a result is enabled (and incentivized) to make decisions that benefit its corporate office at the expense of its schools, and in fact, the 2015 State Audit documented examples of how Magnolia shuffled funds from its schools to its corporate office and between the schools themselves to make ends meet.¹⁰ Magnolia cannot legally fulfill its fiduciary obligations imposed as a non-profit board of directors for each of its eleven separate charter schools and its own corporate offices when it is on both sides of every transaction. The very structure of Magnolia's board is contrary to California law.

2. Nepotistic vendor practices

Magnolia's charter schools apply for and/or are awarded various forms of federal program funding, which are spent according to decisions made by the Magnolia board. As a result, the Magnolia board—as the responsible entity—must follow the requirements established by 2 CFR § 200, *et seq.*, for the use of federal funds. Because the Magnolia board is able to operate with little to no oversight by any of its stakeholders, it has been able to use its schools' state and federal funding to hire vendors with documented overlap and unofficial affiliations with Magnolia in violation of the federal requirements to conduct open and competitive bidding practices.

¹⁰ See Exhibit 1, at 19.

Magnolia was recently required to terminate its business relationship with the Accord Institute for Educational Research ("Accord"), an educational services vendor, as a result of a settlement agreement between Magnolia and LAUSD.¹¹ Note that only LAUSD required the termination of this relationship, and thus, Magnolia is likely still contracting with Accord for its other charter schools. The 2015 State Audit noted that Magnolia's "historical ties" to Accord caused them "concern regarding [Magnolia's] independence from Accord."¹² The evidence of impropriety listed in the 2015 State Audit includes the following:

- Magnolia and Accord are on the same lease for office space.¹³
- Accord made an interest-free loan of \$30,000.00 to Magnolia in 2012 that was later repaid within the month.¹⁴
- Suleyman Bahceci founded Accord. Bahceci was then hired in 2009 to be Magnolia's CEO. While working as CEO for Magnolia, Bahceci signed a contract for Accord's services for over \$700,000.00 for the 2011-2012 school year. He then left Magnolia to become Accord's CEO at the end of the 2011-2012 fiscal year and served in that role until April of 2015.¹⁵ Magnolia has signed a contract with Accord for these services every year that the two organizations have both been operational.
- Inappropriate spending and reimbursement procedures occurred whereby an Accord employee paid for foreign visa expenses for Magnolia employees on his personal credit card and was reimbursed by Magnolia in cash, thus eliminating the existence of records for this transaction.¹⁶

Bahceci founded an entity, then left that entity to serve a client, then caused the client to hire the entity he founded for a major contract, and then left the client to return to the entity immediately thereafter as CEO. This outrageous conduct alone establishes that Magnolia is failing to adhere to open and competitive bidding practices and, instead, is granting major contracts to affiliated corporations. The Chief Academic Officer for Magnolia is cited throughout the 2015 State Audit as stating how close Magnolia and Accord are as organizations, as though that were an appropriate defense to these clearly conflicting and inappropriate procedures between two separate entities handling federal funds.¹⁷ This ignorance of a clear conflict of interest by an officer of Magnolia is disturbing and instructive. According to the audit conducted by LAUSD into Magnolia, Magnolia paid Accord almost **\$3 million** between 2010-2014.¹⁸

Furthermore, Bahceci is not the only example of the revolving door phenomenon between Magnolia and its vendor Accord.

¹¹ See Exhibit 5, March 11, 2015 Article in the LA Times regarding terms of settlement, also available at: <http://www.latimes.com/local/lanow/la-me-ln-laUSD-charter-20150311-story.html>.

¹² See Exhibit 1, at 31.

¹³ See Exhibit 1, at 40.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.* at 41.

¹⁷ *Id.* at 40-41.

¹⁸ See Exhibit 6, June 27, 2014 letter from LAUSD to Magnolia outlining LAUSD's forensic audit findings, page 5, also available at: <http://www.scribd.com/doc/233404441/Report-of-audit-from-LAUSD-to-Magnolia-Science-Academy-outlining-fiscal-audit#scribd>.

- Umit "Matt" Yapanel has served on the Magnolia Board of Directors since 2012. Yapanel also was employed by Accord in 2010 (interestingly, he was employed by Accord while also serving on a board of directors for Lotus charter school, also suspected to be part of the Gülen Organization and one of Accord's paying charter clients).¹⁹
- Suat Utku Ay was formerly a board member and Treasurer of Magnolia (when it was known as Dialog).²⁰ Ay helped to establish the first Magnolia charter schools, and now, he currently serves as a board member for Accord.²¹
- Irfan Erol was CFO for Magnolia from 2006-2008.²² Erol now serves as the current CFO of Accord. Strangely, his biography on Accord states that he was the CFO of "Charter Management Organization" rather than listing his true position as CFO of Magnolia.²³
- Andy Gokce is the current Chief of Staff for Magnolia. His employment information on Magnolia's website lists Accord as a former employer, as well.²⁴
- Ali Korkmaz is a current board member for Magnolia. His employment information on LinkedIn indicates that he was a senior researcher for Accord from 2011-2013.²⁵
- Ertan Salik was President of the Board of Accord and was also formerly the board president of Magnolia from 2002-2005.²⁶

While Magnolia has been forced to end its relationship with Accord for its LAUSD schools, it also has other close, concerning ties to other vendors it routinely uses, including Apex Educational Services, Inc., d.b.a. Apex Systems and Technology Solutions ("Apex") and Kismet Investment Properties, Inc. ("Kismet"). Just as Magnolia and Accord currently share the same office space, Accord has also shared office space with Kismet at 1415 Warner Ave., Tustin California, and Apex has shared office space with Kismet at 17911 Sky Park Circle, Irvine, CA 92614. This suggests a network of vendors with close affiliations being used again and again by

¹⁹ See Exhibit 7, Magnolia 990 forms for 2013 and 2014 showing Yapanel as member, also available at: <https://projects.propublica.org/nonprofits/organizations/954649884> and Yapanel's LinkedIn information, also available at: <https://www.linkedin.com/in/umit-yapanel-98b4b011>, and the conference agenda from Accord's conference showing Yapanel as an Accord employee in 2010, also available at: http://accordeducationconference.org/wp-content/uploads/2010/07/Accord_2010_Schedule.pdf. Yapanel's service as a board member of an Accord client while receiving a salary from Accord at the same time (see LinkedIn profile), demonstrates a severe conflict of interest. According to the 2010 conference schedule, Yapanel spoke on behalf of Accord while an employee from Lotus, the school he had a fiduciary interest to represent, spoke on behalf of Lotus, showing knowledge of the school of their board member's paid role for their largest vendor.

²⁰ See Exhibit 8, Magnolia/Dialog 990 form for the year 2005, See also Exhibit 4, Certificate of Amendment of Articles of Incorporation for Magnolia/Dialog.

²¹ See Exhibit 9, Ay's biography and board member listing for Accord, also available at: <https://www.accordeducation.org/accord-education/about/board-of-directors/>.

²² See Exhibit 10, Magnolia's 990 tax forms for 2007, 2008, and 2009 which list Erol as the CFO for Magnolia.

²³ See Exhibit 11, for Erol's position and biography information at Accord, also available at: <https://www.accordeducation.org/accord-education/about/staff/>.

²⁴ See Exhibit 12, for Gokce's employment and biography information, also available at: http://magnoliapublicschools.org/apps/pages/index.jsp?uREC_ID=727536&type=u.

²⁵ See Exhibit 13, for Korkmaz's board membership, also available at: http://www.magnoliapublicschools.org/apps/pages/index.jsp?uREC_ID=284166&type=d and employment information, also available at: <https://www.linkedin.com/in/ali-korkmaz-13b88910>.

²⁶ See Exhibit 14, for Accord's 990 from 2010 showing Salik as board president, also available at: http://990s.foundationcenter.org/990_pdf_archive/260/260658913/260658913_201106_990.pdf, and Magnolia's 990 forms from 2002-2005, showing Salik's membership, also available at: <https://projects.propublica.org/nonprofits/organizations/954649884>.

Magnolia that raises substantial suspicion about Magnolia's adherence to using open and competitive bidding practices to secure vendors that do not present organizational conflicts of interest and extensive self-dealing.²⁷ In fact, Apex to date is listed as having only four federal E-Rate service proposals ever granted/funded, and those have all been with Magnolia.²⁸ Apex does not appear to service any schools or charter networks outside of Magnolia and the other charter networks affiliated with Magnolia (discussed further in Part III, Section 5), and its close connections to Magnolia's other vendors suggests that it may receive the same favorable treatment as those other vendors receive.

3. Lack of transparent and controlled accounting procedures for use of state/federal funds

2 CFR § 200.62 specifically requires that entities receiving federal funds must keep a system of internal controls in place for the purpose of increasing transparency, ensuring that federal funds are used for their intended public purposes, and that federal funds are not spent without proper authorization. However, the 2015 State Audit noted numerous issues with Magnolia's recordkeeping (both at its central office as well as within the schools) indicating that those requirements are being violated, and yet, no comprehensive investigation into how Magnolia has used its federal funds specifically has ensued.

For example, the 2015 State Audit noted a major discrepancy regarding the amount of the management fee paid out by Magnolia Science Academy Santa Clara ("MSA Santa Clara") in 2011-2012 compared to what was documented as received by Magnolia's central office.²⁹ According to MSA Santa Clara's ledgers, the school paid out \$207,000.00 to Magnolia, but the central office recorded only \$163,000.00 in fees from that school for that year.³⁰ That is a **\$44,000.00 discrepancy** that went unnoticed by Magnolia's central office at the time and could not be explained to state auditors. Despite this major finding of missing funds that remain unaccounted for, further investigation was not conducted to determine where these public funds were routed. A discrepancy of that magnitude warrants investigation as the State did not conclusively establish that it amounted to a clerical error in recordkeeping, particularly in light of Magnolia's obligations under federal law to maintain tight internal controls over its funds.

In addition to major discrepancies like the one described above, the 2015 State Audit also found that approximately 69% of the transactions it reviewed from a sample of transactions by both Magnolia and the four schools under review in the audit violated the requirements for tight internal controls of public funds established by 2 CFR §200.64.³¹ These transactions either lacked authorization, lacked supporting documentation to establish public purpose of those funds, or both.³² That is a staggering percentage of transactions to be out of compliance with

²⁷ Note that Exhibit 7's conference agenda lists representatives from Accord, Magnolia, Apex, and other affiliated charter networks, such as Sonoran, Coral, Beehive, Lotus, and Paragon.

²⁸ See Exhibit 15, information regarding Apex's E-Rate projects, also available at: http://erate.exposed/searcherate.php?term=APEX+EDUCATIONAL+SERVICES&results=Service_Provider_Name

²⁹ See Exhibit 1, at 28.

³⁰ *Id.*

³¹ See *id.* at 34.

³² *Id.*

state and federal law and general principles of accounting, and it should have triggered a comprehensive investigation into the entire Magnolia network.

4. Pervasive use of H-1B visas to hire foreign employees using state/federal funds

Magnolia also regularly hires foreign teachers on a special visa intended to be used for placing foreign individuals in U.S. jobs that are otherwise unable to be staffed. Magnolia claims that it cannot find enough qualified teachers in California and instead chooses to spend hundreds of thousands of taxpayer dollars to source teachers from mainly Turkey (notably the same national origin as the majority of Magnolia's board members, past and present, and Magnolia's preferred vendors Accord and Apex). Magnolia utilizes its public funds to pay for the legal and registration fees of these foreign teachers—even those employee candidates who did not ultimately receive employment at Magnolia (without any request for reimbursement of the spent public funds).

According to the limited sample the 2015 State Audit reviewed, Magnolia spent \$126,998 in immigration fees from 2011-2014.³³ Magnolia claims they paid for these expenses from its management fees; however, as Magnolia also states, it is one legal entity with its charter schools under one governing board. Thus, Magnolia's "management fees" are in reality state and federal tax dollars that Magnolia has determined its own schools owe its corporate incarnation. Magnolia's argument that these expenses were paid from management fees is inapposite when considering that Magnolia itself is the recipient and trustee of all public funds that flow through its legally non-distinguishable schools and its corporate office and thus, cannot use those funds for purposes that violate the requirements of 2 CFR §200.464. That provision clearly establishes appropriate employee relocation and recruitment expenses to be paid for by public funds, and Magnolia's practice of paying for its foreign teacher immigration fees therefore is not allowable.

Furthermore, the forensic audit conducted by LAUSD's independent auditor, also limited in scope, showed even higher numbers for immigration fees totaling \$206,489.00. Additionally, Magnolia was found paying the same types of fees for foreign employees for its supposedly separate vendor Accord.³⁴ Due to the noted impropriety and close relation between Magnolia and Accord, the fact that Magnolia is paying the legal fees for its vendor to secure new employees when coupled with the LAUSD audit's higher numbers for immigration fees should have prompted a comprehensive investigation by the State, not a mere sampling of the organization's transactions. Now that the 2015 State Audit has confirmed the overall findings of LAUSD's audits of improper use of public funds (even with its limited scope), the State has no reason nor excuse to delay a comprehensive investigation into Magnolia and take all appropriate legal action.

5. Evidence of close affiliations with the Gülen Organization despite Magnolia's denials.

In addition to the documented evidence of financial impropriety, missing funds, and self-dealing between Magnolia and its closely affiliated vendors, evidence links Magnolia and certain of its directors, employees, and vendors to the Gülen Organization, headed by Fethullah Gülen, a

³³ See *id.* at 42-43.

³⁴ See Exhibit 6.

controversial Turkish cleric. Gülen is known for his concept of the "Golden Generation," that is, a generation of students integrated with Muslim identity through educational outreach. While there are suspicions of proselytizing to students attending Gülen Organization charter schools, particularly as they travel to Turkey on all-expenses paid trips to visit with other Gülenist schools and entities,³⁵ please note that Gülen's religious views and his ideological followers (usually referred to as the Gülen Movement or *Hizmet*) are not at issue in this complaint. What is at issue, however, is that charter school networks linked to the Gülen Organization display the same markers of financial impropriety as Magnolia, and despite clear evidence to the contrary, Magnolia has historically, and continues today, to deny any affiliation with the Gülen Organization in the face of numerous ties³⁶ to the Gülen Organization and other Gülen Organization charter networks.³⁷

(a) The Gülen Organization

The Gülen Organization and the charter school networks that make up part of the Gülen Organization are well known and often discussed in the media.³⁸ While the precise extent of this affiliation between various charter schools and the Gülen Organization is currently under investigation, Gülen Organization charter schools and networks are known to use poor recordkeeping and ambiguous financial practices, all with the suspected motive to divert public funds to the Gülen Organization for private purposes.

Certain commonalities are present in charter schools and charter networks suspected to have affiliations with the Gülen Organization. These are:

- A history of poor, vague, and inadequate financial practices, resulting in transactions that cannot be accounted for;
- A governing board of appointed, not elected, individuals, with those of Turkish descent and/or national origin operating in a supermajority or majority;
- Use of closely affiliated vendors, also operated, governed, and/or staffed in large part by Turkish individuals;
- Use of the H-1B visa process to sponsor high numbers of Turkish teachers and employees, with the charter network or charter school paying for these immigration fees;
- Free after-school tutoring programs staffed by teachers, with no evidence of teachers being paid additional funds for additional or increased workloads;³⁹

³⁵ See Exhibit 43, Georgia Forensic Audit for Gulen-affiliated charter schools outlining free trips to Turkey, also available at: [http://www.boarddocs.com/ga/fcss/Board.nsf/files/8V7T2D752D51/\\$file/Attachment%20B.PDF](http://www.boarddocs.com/ga/fcss/Board.nsf/files/8V7T2D752D51/$file/Attachment%20B.PDF). See also Exhibit 44 for article on California trips to Turkey funded by Pacifica, also available at:

http://www.mercurynews.com/nation-world/ci_29048590/mike-honda-took-trip-turkey-iffy-groups-dime.

³⁶ On July 7, 2014, Ken Bramlett, the Los Angeles Unified School District Inspector General, said of his audit of Magnolia Public Schools "We have done some looking into that allegation and there is some evidence that some members of the Magnolia organization do have ties with the Gülen Movement." This audit is not publicly available. See Exhibit 16 for the article, also available at: <http://laschoolreport.com/two-lausd-charter-schools-face-closure-after-fiscal-audit/>.

³⁷ See Exhibit 5.

³⁸ See Exhibit 17 for a list of articles recently published on the subject.

³⁹ While this may not seem like a negative practice on its face, various Turkish whistleblowers have reported that their Gülen Organization charter employers forced them to work extra hours, offering tutoring in the evenings and

- STEM-focused curriculum, including Turkish language instruction;
- Use of vendors of dubious value that duplicate services already received by the charter network.

(b) Magnolia displays the same markers for affiliation with the Gülen Organization as charter networks currently under investigation.

The federal government and other criminal and regulatory authorities are conducting ongoing investigations into Gülen Organization charter networks and charter schools and are primarily concerned with financial impropriety in the use of state and federal dollars through nepotistic use of affiliated vendors and potential abuse of the H-1B visa process. In fact, Concept Schools, a charter network with suspected ties to the Gülen Organization, was raided by the FBI in the summer of 2014 and is the subject of an ongoing investigation due to their use of affiliated vendors and suspected fraudulent use of public funds.⁴⁰

Both Concept and Magnolia share the Gülen Organization commonalities as summarized in the Table below:

Marker	Concept	Magnolia
Poor recordkeeping and lack of rigorous internal controls for use of resources	Yes ⁴¹	Yes, documented by both LAUSD and State of California Audits ⁴²
Appointed Board dominated by Turkish individuals	Yes ⁴³	Yes ⁴⁴
Use of Closely Affiliated Vendors, also Turkish-dominated	Yes ⁴⁵	Yes, Turkish-dominated board ⁴⁶ and documented close relationship with Accord in both LAUSD and State of California Audit.

on weekends, as part of their required additional service without additional compensation. Other negative employment practices that specifically target the Turkish employees brought over on visas include docked compensation or forced kickbacks to the charter network or forced donations to other Turkish charter schools or organizations. See Exhibit 18, for an article regarding reported employment issues at Gülen Organization charter schools, also available at: <https://www.washingtonpost.com/news/answer-sheet/wp/2013/12/26/islamic-cleric-linked-to-u-s-charter-schools-involved-in-turkeys-political-drama/>.

⁴⁰ See Exhibit 19, a copy of the search warrant application detailing facts of Concept's suspected defrauding of federal funds, also available at: <http://www.scribd.com/doc/293372747/Concept-Schools-search-warrant-application>

⁴¹ *Id.*

⁴² See Exhibit 1, Exhibit 6. Furthermore, this history spans back further. See Exhibit 20, a 2012 audit of Magnolia by LAUSD, also available at:

http://notebook.lausd.net/pls/ptl/docs/PAGE/CA_LAUSD/FLDR_ORGANIZATIONS/FLDR_OIG_PUBLICATIO NS_AUDIT_REPORTS/12486MAGNOLIASCIENCEACAD.PDF.

⁴³ See Exhibit 21, Concept Schools 2014 990 Tax form, also available at:

https://drive.google.com/file/d/0By5NjLNuZ_-ZRUR1NjN2clg3Vk0/view.

⁴⁴ See Exhibit 22 for Current Magnolia Board Membership.

⁴⁵ See Exhibit 19, see also Exhibit 23, an article detailing Concept investigation, also available at:

<http://chicago.suntimes.com/news/7/71/1183551/watchdogs-charter-firm-suspected-cheating-federal-grant-program>;

Marker	Concept	Magnolia
Use of H-1B Visa process to bring in Turkish teachers and employees	Yes. ⁴⁷	Yes, documented in both LAUSD and State of California Audit. Note that Accord also uses the H-1B process to source Turkish employees. ⁴⁸
Free After-School Tutoring	Yes ⁴⁹	Yes, documented in Magnolia Science Academy charter petitions ⁵⁰
STEM Instruction, with Turkish Language	Yes ⁵¹	Yes. ⁵²
Use of Duplicative Vendors	Yes. Concept has been found to utilize affiliated vendors for federally funded work as shell organizations while Concept employees did the work and profits were shared off the records. ⁵³	Yes, documented overlap and dubiousness of value for Accord's services noted in LAUSD audit and State of California audit

While Magnolia and Concept share the markers for a Gülen Organization charter network, they also share something even more concrete—a common board member. Mr. Ali Korkmaz, referenced earlier in this complaint for his employment with Accord and board membership with Magnolia, also served on a governing board proposing a charter school in Indiana in 2001.⁵⁴ While that petition failed, members of that governing board went on to successfully launch the first two Concept charter schools in Ohio.⁵⁵ Accord and its client charter schools also have connections to Concept Schools.⁵⁶

⁴⁶ See Exhibit 24 for Accord Board Membership.

⁴⁷ See Exhibit 25, for list of recent employee hires for Concept schools that required H-1B visas., also available at: <http://www.myvisajobs.com/Visa-Sponsor/Concept-Schools/125854.htm>

⁴⁸ See Exhibit 26, for list of recent employee hires that required H-1B visas for Accord, also available at: <http://www.myvisajobs.com/Visa-Sponsor/Accord-Institute/664637.htm>

⁴⁹ See Exhibit 27, for information on Concept schools model, also available at: <http://www.conceptschoools.org/concept-model/>

⁵⁰ See Exhibit 2, Fremont Staff Recommendation for Denial of Magnolia Charter School petition for critique against their unfunded after-school program, also available at: <http://www.boarddocs.com/ca/fremont/Board.nsf/goto?open&id=A683GW0024C2>

⁵¹ See Exhibit 27.

⁵² See Exhibit 28, for Magnolia's mission statement regarding STEM, also available at: http://msasa.magnoliapublicschools.org/apps/pages/index.jsp?uREC_ID=286732&type=d and for Turkish language instruction information; also available at: http://msasa.magnoliapublicschools.org/apps/pages/index.jsp?uREC_ID=727869&type=u .

⁵³ See Exhibit 19.

⁵⁴ See Exhibit 29, for Korkmaz's membership on Crossroads Educational Services, Inc., the petitioning nonprofit corporation that submitted a proposal for Indiana Science Academy in 2001, a school that was never approved, also available at: <http://www.zoominfo.com/people/Ali/Korkmaz> and article on Indiana charter school applications and review for 2001, also available at: <https://newspapers.library.in.gov/cgi-bin/indiana?a=d&d=INR20011214-01.1.1>.

⁵⁵ Vedat Akgun, co-petitioner for the Indiana charter school with Korkmaz, was also a board member with Crossroads Educational Services, Inc. He went on to found Horizon Science Academy and Concept Schools, serving

This kind of overlap between the Turkish employees and board members for charter networks with suspected Gülen Organization affiliations (and their Turkish vendors) is quite common. It is discussed in length in the briefing for the search warrant to probe into Concept Schools.⁵⁷ Furthermore, a forensic audit investigation conducted in 2012 of three Georgia charter schools (now closed due to the findings of the audits) also governed by Turkish-dominated boards of directors with suspected involvement in the Gülen Organization reveals the deeper implications of utilizing affiliated vendors with overlapping board members.⁵⁸ The Georgia audit uncovered that the Grace Institute, the vendor supposedly providing educational services to the three charter schools in question for a management fee, was in actuality a shell corporation with no employees. The services and work product allegedly provided by Grace to the schools was being performed by the charter schools' Turkish teachers in their off time for no additional compensation. Grace existed only as a shell entity to funnel public taxpayer dollars to under a "legitimate" guise of an educational services vendor. The same facts are present in the Concept Schools investigation in Illinois and other midwestern states, where the FBI has shown in their search warrant application emails that prove Concept employees were in reality doing the work bid out to certain affiliated vendors on federally funded contracts. The similarity between these cases and the relationship between Magnolia and Accord, where the 2015 State Audit noted that Accord seemed to provide duplicative services that Magnolia already claimed to be providing, alone begs for further investigation to uncover the truth of where these payments to "vendors" are actually going.

Furthermore, there is a disturbing record of abuse of the Turkish employees brought over on H-1B visas. These employees teach full-time, and are additionally forced to teach long hours in after-school, weekend, and holiday tutoring programs and do additional work to cover for sham external vendors designed to make their employers money, all with less compensation than their American teacher counterparts.⁵⁹ Turkish whistleblowers formerly employed by Gülen Organization charter schools have produced pay stubs and bank statements showing that their official compensation on paper was later docked significantly in forced kickbacks to the Organization. They were additionally required to donate to other Gülen Organization charter schools and entities as part of the trade off for being brought over to the U.S. as part of the Gülen Organization. Significant potential exists in these known facts to show employment discrimination on the basis of national origin and actions tantamount to human trafficking as defined by federal law. The CDE and the State of California owe it to these individuals to investigate whether they, too, have fallen victim to a money-making scheme that dangles visa

on the board of Concept Schools NFP for many years. See Exhibit 30, Concept 990 listing Akgun as board member, also available at: https://drive.google.com/file/d/0By5NjLNuZ_-ZSXR6eE9RWDEyOGs/view) and information regarding Akgun serving as registered agent for Crossroads.

⁵⁶ See Exhibit 31, an article detailing how Accord, Concept, and other Gülen-affiliated charter schools received special funding, also available at: http://tucson.com/news/blogs/senor-reporter/article_a20e6180-c1de-11df-bc8e-001cc4c03286.html.

⁵⁷ See Exhibit 19.

⁵⁸ See Exhibit 43, Georgia Forensic Audit for Gulen-affiliated charter schools presenting same issues with nepotistic use of affiliated vendors, Turkish-dominated board members with conflicts of interest, and high use of H-1B visa process to recruit Turkish employees, also available at: [http://www.boarddocs.com/ga/fcss/Board.nsf/files/8V7T2D752D51/\\$file/Attachment%20B.PDF](http://www.boarddocs.com/ga/fcss/Board.nsf/files/8V7T2D752D51/$file/Attachment%20B.PDF).

⁵⁹ See Exhibit 18.

sponsorship and employment in exchange for a de facto indentured servitude. The State should ensure that Magnolia's Turkish teachers are receiving the compensation they are owed by matching pay stubs with bank records to ensure that these individuals are not being taken advantage of in the same ways characteristic of other charter networks in the Gülen Organization.

These Turkish teachers, employees, vendor employees, and board members are also shuffled from one charter network to another, all within the Gülen Organization, and Magnolia is no different. A brief Google search of Magnolia's name will bring up dozens of blogs and articles that detail the movement of Magnolia's board of directors and employees throughout their careers, highlighting their movement across the country from one Gülen Organization charter network to the next. For example, Mr. Mehmet Argin was a principal at the Sonoran Science Academy in Arizona in 2010.⁶⁰ Mr. Argin was quoted in a *USA Today* article published in 2010 while employed there as stating that his school's parent corporation, Daisy Education Corporation ("Daisy") "has no legal or organic ties" with other charter networks or schools.⁶¹ According to the article, he also cautioned against linking charter schools founded by Turkish-Americans directly to the Gülen Movement "just because Turkish-Americans may be inspired by Mr. Gülen."⁶² Mr. Argin then served on the Daisy Board of Directors from 2011-2013 (at least),⁶³ as indicated by the non-profit's 990 forms.⁶⁴ Notably, Mr. Argin was hired in 2012 as the CEO of Magnolia in California, a position he somehow held concurrently with his Daisy board membership based in Arizona. Despite Mr. Argin's protests to the contrary, his own career path both illustrates the interconnectedness⁶⁵ of Gülen Organization charter networks such as Magnolia with others around the country as well as demonstrates the overlap that often occurs between these networks with board members and employees. Further, it renders him a telling example of the deception the Gülen Organization practices in the charter arena.

(c) Magnolia has significant ties to a known Gülenist entity.

Global Cultural Connections is a non-profit organization d.b.a. the Pacifica Institute.⁶⁶ According to its website, the Pacifica Institute's mission of promoting interfaith dialogue is aligned to the Gülen Movement, known as Hizmet or "Service" in English.⁶⁷ The Pacifica Institute sponsors talks and conferences on Fethullah Gülen and his teachings,⁶⁸ and also

⁶⁰ See Exhibit 32, an article featuring quotes from Argin during his tenure as principal at Sonoran Science Academy, also available at: http://usatoday30.usatoday.com/news/education/2010-08-17-turkishfinal17_CV_N.htm.

⁶¹ See *id.*

⁶² See *id.*

⁶³ See Exhibit 33, Daisy 990 2011 forms, also available at:

<https://projects.propublica.org/nonprofits/organizations/860990917> and view 2011 form. Of note, Mr. Argin was listed as the principal officer on the Daisy 990 for tax year 2010-2011 but not listed in the board member section, apparently during the same time he was employed as a principal by the same organization.

⁶⁴ See Exhibit 34, Daisy 990 forms 2013, 2012, 2011 listing Argin as board member, also available at: <https://projects.propublica.org/nonprofits/organizations/860990917>.

⁶⁵ Daisy, also governed by a Turkish-dominated board, uses Accord and Apex as their vendors, and the overlap between board members and employees of Sonoran, Paragon, Daisy, and Magnolia do not end with Mr. Argin.

⁶⁶ See Exhibit 35, information regarding Global Cultural Connections d.b.a. Pacifica Institute, also available at: <http://pacificainstitute.org/mission-vision-statement/>.

⁶⁷ *Id.*, see also Exhibit 36, also available at: <http://pacificainstitute.org/inspiration-hizmet-movement/>.

⁶⁸ See Exhibit 37, Global Cultural Connections 990 form listing events.

organizes Turkish cultural events, such as the Anatolian Cultures and Foods Festival.⁶⁹ In fact, Pacifica also pays to send California lawmakers on free trips to Turkey that are nearly identical to the free trips that were given to Georgia lawmakers, parents, and students affiliated with the Gülen charter schools paid for by the Turkish cultural organization there and extensively documented by forensic auditors.⁷⁰

The Pacifica Institute relies on donations, and according to its tax documents, it is well funded due to significant donations from individuals of Turkish descent. In fact, on its 2012 990 form, two key individuals already discussed in this complaint are listed as donors. Suat Utku Ay, former Magnolia board member and now Accord board member, is listed as donating to the Pacifica Institute, and also Suleyman Bahceci. Recall that Mr. Bahceci founded Accord, then became CEO of Magnolia (and contracted with Accord), then left Magnolia to become CEO of Accord over a three-year period of time. During that same period of time, Mr. Bahceci donated \$164,644.00 to Pacifica, with the amount donated in 2011-2012 comprising an outrageous 70% of his stated salary from Magnolia that year.⁷¹ This fact is particularly concerning in light of the forced donation and kickback practice commonly associated with the Gülen Organization.

These ties to Pacifica extend to Magnolia's schools and current Magnolia staff, as well. Magnolia students are regularly taken to the Pacifica Institute's Anatolian Cultures and Food Festival, where Magnolia's vendor Apex and Gülenist publications are noted sponsors.⁷² Even the new Magnolia CEO Caprice Young, hired in response to the controversy over Magnolia's non-renewals in LAUSD, served as a keynote speaker for the Pacifica Institute prior to being hired for her new role.⁷³

These examples show a link between individuals placed in high positions at Magnolia and Accord and an openly Gülenist entity, which, notably encourages tithing as one of its principal tenets. Furthermore, there is evidence of recurrent large donations by individuals in control of Magnolia to a Gülenist entity during the same time period as significant amounts of funds were unaccounted for by Magnolia. While these facts may be coincidental, the State of California should not ignore the documented evidence that Magnolia has a long history of ambiguous financial practices, numerous business dealings posing conflicts of interest, all of the markers commonly associated with Gülen Organization charter networks under investigation, and documented ties between its leaders, past and present, and an openly Gülenist entity.

IV. CONCLUSION

⁶⁹ See Exhibit 38, Information on Anatolian Festival, also available at: <http://pacificainstitute.org/festivals/>.

⁷⁰ See Exhibit 43, Georgia Forensic Audit for Gulen-affiliated charter schools detailing trips to Turkey. See also Exhibit 44 for article on California trips to Turkey funded by Pacifica.

⁷¹ See Exhibit 39, 2012 990 for Magnolia showing Bahceci's salary at \$120,000.00, also available at: <https://projects.propublica.org/nonprofits/organizations/954649884> and the 2012 990 for Global Cultural Connections showing Bahceci's donations in toto and for the year 2012 as \$83,546.00.

⁷² See <http://www.anatolianfestival.org/pictures/view-album/2>, pictures 23 and 9 clearly show students with Magnolia Science Academy uniforms on (the pictures themselves will not be attached as a physical exhibit to this complaint). See also Exhibit 40, Information on festival sponsors, also available at: <http://anatolianfestival.org/sponsors>, listing Apex as sponsor, as well as many Gülenist publications such as Today's Zaman.

⁷³ See Exhibit 41, Information regarding Caprice Young's speaking at Pacifica, also available at: <http://pacificainstitute.org/2015/05/12/ceo-kc-distance-learning-caprice-young-speaks-at-pi-los-angeles/>.

Magnolia Public Schools has a long, ongoing record of suspicious financial and operational practices documented by their authorizing school districts, and now, the State of California, that plainly conflict with state and federal law.⁷⁴ Despite this documented evidence, a comprehensive investigation into Magnolia's operations has not yet occurred. Because of the scope such an investigation requires, the California Department of Education should grant this complaint's request for a full investigation of all operating Magnolia charter schools and Magnolia's corporate office. The California Department of Education and the State Board of Education owe a duty to the citizens of California to safeguard public funds and ensure their proper usage. The available evidence indicates a significant misuse of state and federal funds, illegal business practices, and shared characteristics⁷⁵ with other charter networks that are currently being investigated for defrauding the federal government. The State of California should not wait for the FBI to do its due diligence for them. The California Department of Education should take an active role in investigating and addressing these issues, particularly in light of the growing record of serious noncompliance and violations of which it is already aware.⁷⁶

⁷⁴ See Exhibit 42, Magnolia's Consolidated Audit Findings, pg 24 showing sources of federal funding, also available at: http://magnoliapublicschools.org/ourpages/auto/2015/10/8/52179215/FY%202014-15%20Audit%20Report_Consolidated.pdf. Note that Magnolia received significant federal funding for IDEA, Title I, Title II, Title III, Title V, and funds issued for Breakfast and National Lunch Program. Note also that this audit details numerous issues with Magnolia's accounting procedures on pgs 39-48 that plainly conflict with federal law.

⁷⁵ See Exhibit 43, Georgia Forensic Audit for Gulen-affiliated charter schools presenting same issues with nepotistic use of affiliated vendors, Turkish-dominated board members with conflicts of interest, and high use of H-1B visa process to recruit Turkish employees, also available at: [http://www.boarddocs.com/ga/fcss/Board.nsf/files/8V7T2D752D51/\\$file/Attachment%20B.PDF](http://www.boarddocs.com/ga/fcss/Board.nsf/files/8V7T2D752D51/$file/Attachment%20B.PDF). See also Exhibit 44 for article on California trips to Turkey funded by Pacifica, also available at: http://www.mercurynews.com/nation-world/ci_29048590/mike-honda-took-trip-turkey-iffy-groups-dime.

⁷⁶ See Exhibit 45, Implementation of State Auditor's Recommendations Report 2016, pg 34-35.