



June 7, 2019

Raphael Gang, President
New Beginnings Schools Foundation
5800 St. Roch Avenue
New Orleans, Louisiana 70122

RE: Notice of Level 2 Non-Compliance

Dear Mr. Gang:

On May 24, 2019, it was communicated to New Beginnings Schools Foundation (NBSF) that a Level 2 Non-Compliance would be issued related to the myriad of allegations asserted against NBSF. I am writing to inform you that NBSF is receiving this Notice of Non-Compliance, Level 2 given that NBSF is deemed non-compliant with its contractual obligations.

Dating back to February 28, 2019, NBSF has been in communications with the Orleans Parish School Board (OPSB) regarding the following:

1. On February 28, 2019, the OPSB received written notification alleging an Improper Grade Change Scheme, Mishandling of the Investigation, Grievance Mishandling, and Employee Retaliation.
2. On April 1, 2019, the OPSB observed the NBSF Board approve an independent third-party legal firm to conduct an investigation.
3. On April 2, 2019, the OPSB wrote to notify NBSF that subsequent to being apprised of the grade change allegations, OPSB was also made aware of additional allegations surrounding possible falsification of public records. Specifically, it was alleged that NBSF board minutes may have been altered and contracts may not have been properly approved.
4. On April 24, 2019, The OPSB provided a written follow-up to the April 2, 2019 written notification. Within that communication, OPSB wrote to request confirmation of Adams & Reese conducting the investigation, OPSB receiving results of the investigation, and inquire if the investigation would include a review of any possible violation(s) of whistleblower laws (or evidence that Dr. King's dismissal was in retaliation for his report of alleged wrongdoing by NBSF) as it relates to Dr. King's dismissal by NBSF.
5. On May 1, 2019, The OPSB received written response from NBSF responding to the April 24, 2019 written notification from The OPSB.
6. On May 3, 2019, The OPSB confirmed receipt of the May 1, 2019 response from NBSF. Additionally, within that communication, the following was outlined as a priority to resolve:
 - a. Alleged grade irregularities: As we are approaching the end of the school year, it is important that OPSB gets an assurance as quickly as possible that students' grades have not been inappropriately altered in any way. Due to the seriousness of the claim that students' grades were changed, OPSB took the step to alert the Louisiana Department of Education (LDOE) who is awaiting the results of any investigation into grade changes to determine if there are any steps that they need to take. If this matter is resolved to the satisfaction of LDOE, negative action could be taken against NBSF by LDOE.
 - b. Alleged change of NBSF board minutes: If NBSF board minutes were altered in any way, this could be viewed as a falsification of records which is illegal and carries with it potential civil and criminal

penalties. It is OPSB's expectation that if NBSF discovers any illegal activity, such activity must be reported to the appropriate authorities, consistent with any applicable laws, as well as to OPSB for appropriate action.

- c. Alleged improper award of contracts: If it is determined that any contracts were awarded in contravention of the law or NBSF policies, it is OPSB's expectation that such determination be reported to the appropriate authorities and to OPSB for appropriate action.
 - d. Investigative reports: OPSB has asked to be kept apprised of the investigation that NBSF has initiated. OPSB is continuing to monitor the outstanding allegations to determine any next steps that must be taken as your authorizer. In order to determine whether the allegations have been resolved to our satisfaction, OPSB must know the details of your investigation. This includes understanding what documentation and information was reviewed, what information was discovered and what remedies were undertaken to address the issues revealed by the allegations. Thus OPSB is requesting that NBSF provide a written report at the conclusion of the investigation. This report should summarize the details of the investigation, including documents reviewed and persons interviewed. This report should also discuss any conclusions reached and summarize any corrective action taken or planned by NBSF as a result of the investigation.
7. On May 8, 2019, The OPSB sent a written request for a meeting to discuss the status of the ongoing investigation and OPSB's expectations in light of the investigation coming to a close within the coming weeks.
 8. On May 13, 2019, The OPSB and NBSF Board Chair convened to discuss the current status of the grade irregularities, alleged change of NBSF board minutes, alleged improper award of contracts, alleged employee retaliation, and upcoming CEO search.
 9. On May 24, 2019, The OPSB sent written notification that it has come to our attention that there are possible grade changes involving the current 2018-2019 graduating class of John F. Kennedy at Lake Area and that OPSB's scope has now expanded to include a review of these additional allegations and any pertinent facts surrounding them.
 - a. This most recent grade change incident was communicated to OPSB by NBSF. The third party investigation NBSF initiated revealed additional instances of grade changes/alterations that involved the graduating class of 2019. As a result of this discovery, several members of the leadership at John F. Kennedy were terminated.
 - b. The full scope of this discovery is still under review, including the number of students impacted and to what extent the grade changes occurred.

Specific areas of non-compliance are:

- Multiple allegations of grade changes, the most concerning are the allegations around changes that affect student qualifications for graduation
 - o The first allegation asserted by Dr. King is still under review by NBSF and a final determination has not been reached.
 - o The second allegation reported to OPSB by NBSF is also still under review to determine the full scope. While it has been confirmed that grades have been changed, the full impact is still being determined.
- Failure to have safeguards in place to prevent staff and leadership from accessing systems to alter student files and records after being put on notice of possible misconduct
 - o After the first report of grade changes was asserted, there was nothing provided to OPSB to indicate that NBSF took any steps to address the ability of staff to go into systems and make changes to grades. This is supported by the second incident that occurred and was reported to OPSB by NBSF.
- Allegations that public records (i.e. board meeting minutes) were falsified or otherwise altered
 - o OPSB shared this allegation with NBSF, but has received no information to dispute the validity of this allegation.
- Allegations that contracts were procured in violation of NBSF's board policies

- OPSB shared this allegation with NBSF, but has received no information to dispute the validity of this allegation.

This Level 2 Notice will remain open until NBSF is deemed compliant. Additionally, while the investigations (OPSB's internal investigation and NBSF's external investigations) remain open and ongoing, this Level 2 Notice will also remain open and is subject to revisions as allegations are confirmed or additional facts arise. At the close of all investigations, OPSB will communicate with NBSF if there are any updates to this Level 2 Notice.

Because of the seriousness of the allegations asserted against NBSF, I am also informing you that revocation is being considered. At the close of the investigations, if it is found that any of these allegations have merit, I will send a separate communication officially notifying NBSF of my decision to initiate revocation proceedings. As provided by law, your operating agreement may be revoked upon a determination of the following non-exhaustive list of actions:

- The board committed a material violation of the Operating Agreement;
 - Failure to follow law and policy as it relates to maintaining accurate student records
 - Failure to follow law and policy as it relates to maintaining accurate public records (i.e. board meeting minutes)
- Egregious and/or consistent violation of applicable federal, state or local law or OPSB policies;
 - Multiple incidents of grade changes/alterations
- Gross mismanagement of public funds;
 - Award of a contract without following charter board policy
- Commission of financial malfeasance;
 - Award of a contract without following appropriate policy
- Imminent threat to the health, safety and/or welfare of students.
 - The grade changes affecting the current graduating class have prevented the students from receiving diplomas or transcripts which prevents the students from progressing to the next phase in their academic futures (i.e. college or other continuing academics)

Law, OPSB Board Policy and the Operating Agreements allow for immediate termination of the charter operating agreement for any imminent threat to the health, safety and welfare of students. However, in light of the academic year having come to a close, OPSB is instead instituting the following immediate actions which allow for OPSB to closely monitor the activities which gave rise to the concern for the welfare of the students. At this time, given the documented non-compliance and seriousness of the allegations currently under review, OPSB is requiring that NBSF adhere to the following set of actions. OPSB is also instituting additional measures which will take effect July 1, 2019 and continue until the resolution of this Level 2 Non-Compliance:

- 1. NBSF must submit quarterly reports (due by the 30th of September, December, March, and June) to OPSB with the following information:**
 - a. Copies of minutes from any meetings of the NBSF Board of Directors;
 - b. Copies of any contracts issued;
 - c. Monthly financial reports for the each month of the quarter; and
 - d. List of all payments issued that exceed \$10,000 with proper invoice or backup for such payments.

2. OPSB will appoint a designee to be housed at NBSF school sites to begin immediately.

This designee shall be granted access to all NBSF systems and will conduct periodic audits of all NBSF files and records.

- a. This designee shall also take on any additional oversight authority as deemed appropriate upon conclusion of the pending investigations.
- 3. OPSB is requiring that NBSF submit a written plan of action that addresses actions to resolve any issues for students related to the alleged grade changes.**
 - a. If students' ability to graduate was compromised, any steps to allow for students to remedy this during the summer should be contemplated and explained.
 - b. This plan should be submitted to OPSB at the conclusion of NBSF's investigation.
- 4. OPSB is requiring that NBSF submit revised policies and procedures that address the allegations and prevent such allegations from occurring in the future.**
 - a. Revised policies and procedures shall be submitted to OPSB at the conclusion of NBSF's investigation.

Given the seriousness of these concerns, OPSB will also exert its monitoring authority and will continue to have staff on-site monitor and observe how NBSF, its staff, and contractors validate student records in accordance with expectations and requirements set forth by the LDOE. OPSB staff, per the operating agreement, shall be granted access to all NBSF systems and files and will conduct audits as deemed necessary. Additionally, additional oversight actions may be taken at all NBSF school sites.

As OPSB continues to stay engaged in this very serious matter, I will continue to monitor this situation and update New Beginnings Schools Foundation should any additional action be necessary. As always, thank you for your continued cooperation throughout this matter. If there are any questions or concerns, please do not hesitate to contact me or Dr. Kelli Peterson, Senior Equity & Accountability Officer.

Sincerely,



Dr. Henderson Lewis, Jr.

cc: All Members, Orleans Parish School Board
Amanda Aiken
Dr. Kelli Peterson