

APPENDIX 2

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF OHIO**

)	
In re Application of the Republic of Turkey)	
for an Order Under 28 U.S.C. § 1782 to)	Case No.
Conduct Discovery for Use in Foreign)	
Proceedings)	
)	

**STATEMENT OF FACTS IN SUPPORT OF PETITIONER’S *EX PARTE*
APPLICATION FOR AN ORDER UNDER 28 U.S.C. § 1782 TO CONDUCT
DISCOVERY FOR USE IN FOREIGN PROCEEDINGS**

1. The Republic of Turkey (“Petitioner”), by and through undersigned counsel, hereby submits the following statement of facts in support of its *Ex Parte* Application for an Order Under 28 U.S.C. § 1782 to Conduct Discovery for Use in Foreign Proceedings:

Introduction

2. Concept Schools (“Concept”), its officials, and the 31 charter schools falling under its umbrella have been long besieged by allegations of corrupt practices. Various whistleblowers have alleged that Concept (and other similarly organized charter school management companies throughout the United States) were created to siphon public, tax-payer funds away from the education of children in order to finance the international political activities of Fethullah Gulen, an exiled Turkish cleric residing in the State of Pennsylvania. *See U.S. Charter Schools Tied to Powerful Turkish Imam*, CBS News – 60 Minutes (May 13, 2012), <http://www.cbsnews.com/news/us-charter-schools-tied-to-powerful-turkish-imam/>.

3. According to whistleblowers who have gone public with their concerns, Turkish ex-patriots who are loyal to Mr. Gulen created Concept and a shadowy web of insider companies to illicitly divert millions in federal and state education dollars away from the education of children

in order to finance Mr. Gulen’s international political ambitions. These insider companies provide necessary goods and services to Concept that include, but are not limited to, construction, classroom supplies and furniture, real estate, and internet and technology services, among others.

4. In addition to various fraud schemes, the whistleblowers have publicly alleged that Concept and the insider companies further their conspiracy by abusing the immigration system through the sponsorship of large numbers of predominantly Turkish followers of Gulen for employment based visas and green cards. The recipients of these immigration benefits are generally put to work as teachers in Concept schools or in other positions within insider companies. According to the whistleblowers, the foreign national teachers lack the training and certification necessary to educate children but are utilized in the classrooms because of their willingness to “kickback” a portion of their salary to various organizations affiliated with the Gulen Movement—a requirement often referred to as “Tuzuk” (a Turkish word translating to “bylaw” in English).

5. In furthering this conspiracy, whistleblowers allege that Concept, its officials, and other Gulen loyalists are violating a host of federal and state laws, including those prohibiting securities and wire fraud, tax fraud, money laundering, procurement fraud, campaign finance laws, and various rules governing charitable organizations. Petitioner has initiated an investigation within its’ own borders to determine whether the proceeds derived from these illegal activities in the United States are being unlawfully transported and transmitted to individuals in Turkey in violation of Turkish criminal law, including international money laundering and fraud. *See* Letter from Hon. Serdar Kilic, Turkish Ambassador to the United States (Aug. 28, 2020), attached hereto as **Exhibit 1**.

6. These allegations have not gone entirely unnoticed by United States law enforcement. In 2014 the U.S. Department of Justice (“DOJ”) revealed that it was conducting a criminal investigation into Concept when the Federal Bureau of Investigation (“FBI”) executed search warrants on various Concept schools and related companies. According to an affidavit filed in support of those warrants, the focus of the FBI’s investigation was on allegations that Concept was engaged in fraud and other abuses of the “E-Rate” program, a Federal Communications Commission (“FCC”) program that provides federal funding to enhance internet access at schools and libraries. *See* FBI Search Warrant Affidavit, Case No. 1:14-mc-00288 (N.D. Ill. 2014), attached hereto as **Exhibit 2**. In particular, the FBI found that Concept School officials were awarding E-Rate funded contracts to insiders and other suspected Gulen loyalists in violation of federal rules requiring that such contracts be awarded through a competitive bidding process. *Id.*

7. Various media outlets have also published extensive investigative reports, raising concerns regarding Concept’s operations and describing conduct that suggests Concept and affiliated companies are engaged in criminal activity. *See, e.g., Charter Official Made \$100,000 on Deal*, Chicago Sun-Times (Dec. 23, 2013), <https://www.pressreader.com/usa/chicago-sun-times/20131223/282454231816690>.

8. This reporting also includes troubling allegations that Concept insiders and school officials have violated a host of federal election laws in order to attempt to influence the U.S. political system through illicit campaign contributions and influence campaigns. *See, e.g., Ohio Taxpayers Provide Jobs to Turkish Immigrants Through Charter Schools*, Beacon Journal (July 5, 2014), <https://www.beaconjournal.com/article/20140705/NEWS/307059540>.

9. Concept consistently denies these allegations and publicly maintains that the schools operate independently under the governance of their local board.

The Petitioner's Investigation

10. Petitioner retained undersigned counsel and a team of former federal prosecutors and investigators to investigate these whistleblower allegations and to determine whether funds that were transferred into Turkey by companies and individuals affiliated with Concept Schools may have been derived from criminal activity in the United States. As is set forth in greater detail below, this investigation has validated many of the whistleblower's allegations and revealed substantial indicia of criminal activity.

11. Among other findings, the investigation has uncovered substantial evidence that schools operating under the Concept umbrella have secretly and unlawfully awarded millions of dollars in contracts to shell companies formed by insiders.

12. Construction permits and other public records demonstrate that large construction contracts were awarded to insiders, several of whom appear to have no prior track record of performing construction work and may not even be licensed as contractors or engineers.

13. The awarding of several of these construction contracts to insiders suggests that Concept's affiliates may have committed securities fraud. Several of these contracts were funded with the proceeds of municipal bonds and appear to have been awarded in violation of material promises made to potential investors that the bond proceeds, earmarked for school renovations,

would only be expended through strict competitive bidding processes. Stunningly, the beneficiaries of many of these construction contracts were the same insider companies and individuals who were later awarded millions in federal “E-Rate” contracts that are the subject of the FBI investigation.

14. Petitioner’s investigation also uncovered evidence of abuses of federally funded Child Nutrition Programs contracts. Despite U.S. Department of Agriculture rules that require schools to follow stringent procurement processes in selecting school lunch vendors, several Concept schools have awarded lucrative contracts worth millions of dollars to an obscure catering company that used the same address as the personal residence of Concept’s Chief Financial Officer.

15. The investigation uncovered other instances of suspected procurement fraud, including purchases of classroom furniture and equipment from companies formed by Concept insiders.

16. Millions more appear to be wasted through sham arm’s length real-estate transactions. Several Concept-managed schools recently purchased real estate at dramatically inflated prices from shell companies controlled by individuals with ties to Concept officials. In one recent example, a shell company sold a building to a Concept-managed school for \$1.25 million—more than three times the price paid by the shell company just eight years earlier. Notably, the shell company had been leasing the building to the school at incredibly generous terms, grossing more than \$1 million in rent payments during the eight years before the sale. Not surprisingly, this shell company was controlled by an individual with ties to Concept insiders, but these ties were never publicly disclosed.

17. These real estate transactions are not isolated incidents. Although more overt in nature, Concept managed schools frequently pay rent at above market rates to companies controlled by insiders and created solely to lease property to Concept-managed schools. These lease agreements siphon millions away from students' actual education, obfuscate the manner in which the schools utilize public funds and likely violate federal prohibitions on insider dealings within charitable organizations.

18. In a recent report, the Auditor of the State of Ohio expressed serious concerns with Concept's governance, finding:

Although maintaining sovereignty from and denying relations with Concept Schools, Inc., regular overlapping of Board members between New Plan Learning and Concept Managed schools has been documented, in addition to New Plan Learning personnel relations with Concept Schools, Inc. . . . In all, these members of New Plan Learning have served on the board for twelve of the seventeen Concept managed community schools in Ohio; nine of which have held leases with a New Plan Learning subsidiary, *which constitutes a conflict of interest*.

Auditor of the State of Ohio, Public Interest Report, Community School Facility Procurement at 20 (Jan. 10, 2019), attached hereto as **Exhibit 3** [hereinafter "Ohio State Auditor's Report"].

19. Petitioner's investigation also identified strong support for longstanding whistleblower allegations regarding the schools' widespread sponsorship of visas and green cards for Turkish foreign nationals. As discussed in more detail below, a review of U.S. Department of Labor records support allegations that Concept is committing immigration and visa fraud in order to generate illicit kickbacks and re-locate Turkish supporters of Gulen into the United States.

20. Analysis of these records demonstrates that Concept sponsors far more foreign nationals for teaching positions than does almost any other school district in the United States. Between the years 2017 and 2020 alone, Concept affiliated schools sponsored at least 174 individuals for H-1B visas and 94 individuals for permanent residence (“green cards”). According to a 2014 Cincinnati Inquirer article, Concept affiliated schools sponsored more than 474 individuals in the years 2005 to 2013. James Pilcher, *Charter Schools Use Turkish Ties, Visas to Get Teachers*, Inquirer (Oct. 5, 2014), <http://www.cincinnati.com/story/news/2014/10/05/charter-school-turns-turkish-teachers/16791669/>.

21. Unlike other sponsors of foreign labor, Concept Schools show almost no diversity of citizenship in their hiring. Almost all of the foreign nationals sponsored by Concept and the insider companies come from a single country—Turkey.

22. Analysis of Ohio teacher pay records lends further support to the whistleblower allegations that these Turkish teachers are required to kickback a portion of their salary to further the Gulen movement (as required by the “Tuzuk”). This data indicates that Turkish teachers are paid at a significantly higher rate than their non-Turkish counterparts, despite the fact that most of these teachers lack the credentials necessary to achieve professional certification as a teacher in the State of Ohio.

23. It is not only the schools themselves who frequently sponsor Turkish nationals for visas. U.S. Department of Labor records further reveal that the same insider companies that receive large contracts from Concept and its related entities are themselves frequent sponsors of visas and permanent residency for foreign nationals. Not surprisingly, these same companies appear to only sponsor Turkish nationals for green cards.

24. The investigation has also established that Concept, the individual schools and the insider companies frequently misrepresent key information in various public forums.¹ In recently filed litigation in the State of Ohio, these schools claimed that “each independent school board separately contracts with Concept Schools.” *State ex rel., Horizon Science Academy of Lorain, Inc. v. Ohio Dept. of Education*, Supreme Court of Ohio, Case No. 2020-0749. However, as the Auditor of the State of Ohio has noted, the same individuals are shuffled from one entity to another or are transferred in from outside organizations long affiliated with Concept schools. *See* Ex. 3 at 20.

25. Finally, whistleblower allegations regarding attempts to influence the United States political system through illicit campaign contributions also appear to have merit. As is documented below, many of the school executives and insiders who benefit from Concept contracts have made several large and suspicious campaign contributions to various public officials. In many cases, the contributions appear larger than an individual’s reported salary would support and it is difficult to identify an ideological or regional basis for many of the contributions.

26. This and other evidence, which is documented more fully below, demonstrates the need for additional information to further the Petitioner’s investigation.

Relevant Individuals and Entities

¹ Although not grounds upon which this application is made, Petitioner’s investigation revealed that Concept appears to mislead parents and the public about the quality of a Concept-managed education. Despite holding itself out as being “among the highest-performing charter support organizations in the nation,” *Mission & Vision*, Concept Schools, <https://www.conceptschools.org/mission-vision/>, recent performance scores for Concept’s seventeen Ohio-based schools tell a different story. Ohio Department of Education school “report cards” show that for the 2018-2019 academic year, fourteen of those schools received an overall grade of “C” or below (ten of which received a “D”), three schools received an “F,” and only one school received an “A.” *See School Report Cards*, Ohio Dept. Ed., <https://reportcard.education.ohio.gov/>.

27. *Concept Schools*: Concept Schools (“Concept”) is an Illinois 501(c)(3) that operates a network of 31 charter schools across Ohio, Illinois, Indiana, Michigan, Minnesota, Wisconsin and Missouri. Falling under Concept’s umbrella are, among others, all of the Horizon Science Academy schools and the Chicago Math & Science Academy.

28. *New Plan Learning, Inc.*: *New Plan Learning, Inc.*: New Plan Learning, Inc. is an Illinois-based 501(c)(3) non-profit organization formed by Concept insiders specifically to purchase real estate that is then leased to Concept’s charter schools. At least fourteen Concept Schools in Ohio and Illinois lease property from New Plan Learning. In 2011, New Plan Learning secured over \$32 million in municipal bonds in Pima County, Arizona to purchase and renovate facilities for use by four Concept schools in Ohio and Illinois. In the municipal bond offering statement, New Plan Learning made numerous promises to potential investors, including that construction projects financed by the bond funds would be subjected to a “rigorous” procurement process and the “lowest bidder who is also a responsible bidder capable of completing its subcontract work on time and within budget” would be selected. Official Statement, The Industrial Development Authority of the County of Pima Educational Facility Revenue Bonds (New Plan Learning, Inc. Project), Series 2011 (2011) at 20, attached hereto as **Exhibit 4** [hereinafter “Bond Statement”]. These promises were illusory, as construction permit records for these projects and other records demonstrate that insider companies were instead awarded these projects with no evidence of a competitive bidding process.

29. *MDN of Dayton LLC*: MDN of Dayton LLC is an Ohio limited liability company owned by Mr. Ahmet Duran, an individual with numerous ties to Concept officials and other charter school districts linked to the Gulen Movement. In 2011, MDN of Dayton acquired the real

property upon which Horizon Science Academy Dayton (Downtown) is located for \$414,344, and thereafter leased the property back to the school for approximately \$130,000 per year for an eight-year term. After receiving over \$1,000,000 from Horizon Science Academy Dayton (Downtown) through that arrangement, in 2019 MDN of Dayton sold the property back to the school for \$1,250,000—a threefold increase over the 2011 purchase price.

30. *Core Group, Inc.*: Core Group, Inc. is an Illinois corporation operated by Ertugrul Gurbuz. The search warrant affidavit submitted in connection with the FBI’s E-Rate fraud investigation discussed above revealed Core Group to be one of the largest insider recipients of FCC E-Rate funds for services connected to Concept schools. *See* Ex. 2 ¶ 73. Core Group received over \$2,500,000 from the E-Rate program between 2010 and 2013. *Id.*

31. *CR/Daccord, Inc.*: CR/Daccord, Inc. was an Illinois corporation in which an individual named Chris Hill was a partner at the time of the 2011 Pima Bond offering. In the bond offering statement, Mr. Hill was listed as a paid advisor to New Plan Learning, the corporation that issued the bonds. *See* Ex. 4 at A-6, A-7. CR/Daccord was hired to perform a variety of pre-construction services for the Chicago Math & Science Academy projects financed by the bond offering, despite Mr. Hill’s conflicted role as an advisor to New Plan Learning. These projects ultimately resulted in insider firms being awarded millions in bondholder funds, despite promises to utilize a fair and open bidding process. CR/Daccord was dissolved 2013 and now operates as Daccord LLC, an Illinois limited liability company where Mr. Hill remains a partner.

32. *Design Furniture and Lab Systems, Inc./d/b/a PCF Works*: Design Furniture and Lab Systems, Inc./d/b/a PCF Works (“Design Furniture/PCF Works”) is an Illinois corporation

owned by Mevlut Cinar. Evidence suggests that Design Furniture/PCF Works is an insider company that may have been unlawfully awarded Concept contracts, including painting and flooring projects for various Concept schools. Upon information and belief, Design Furniture/PCF may serve as a supplier of classroom furniture for Concept schools as well. Design Furniture/PCF Works advertises itself as a supplier of classroom furniture to elementary and middle schools and corporate records show that the company also lists the same corporate address as Core Group—the company at the heart of the E-Rate fraud. Through Design Furniture/PFC Works, Mr. Cinar has sponsored four Turkish nationals for permanent residency in the United States.

33. *Edip Pektas*: Edip Pektas is an Illinois citizen who has held a number of positions in Concept schools while also serving as President of Quality Builders of Midwest (“Quality Builders”). Leveraging his insider status with Concept, Mr. Pektas and Quality Builders have received numerous lucrative construction contracts from Concept-managed charter schools in Ohio and Illinois. Pektas profited handsomely from his connections with Concept and New Plan Learning through the 2011 Pima County municipal bond offering as Quality Builders was awarded lucrative construction contracts financed by the bond proceeds, despite promising investors that these contracts would be subject to a competitive bidding process. Notably, at the time these contracts were awarded to his company, Mr. Pektas was serving as both a paid advisor to New Plan Learning and as a board member at Chicago Math and Science Academy (a Concept-managed charter school that was a beneficiary of bond-financed construction projects). Construction permit records demonstrate that Mr. Pektas and Quality Builders have since landed other construction contracts from Concept schools. In addition to his role as President of Quality Builders, Mr. Pektas is also the managing partner of Maestro International Cargo, a subsidiary company to Maestro Corporate

Group LLC, another company run by Mevlut Cinar, who, as discussed above, is the owner of other companies receiving Concept contracts, including Design Furniture/PCF Works. Mr. Cinar and Mr. Pektas are also partners together in other ventures. Further, according to U.S. Department of Labor records, Mr. Pektas has sponsored at least one Turkish national for permanent residency through Quality Builders and at least two other Turkish individuals through Maestro Air Cargo. Mr. Pektas is currently listed as the Secretary of the Turkish American Society of Chicago, a 501(c)(3) organization which is the owner and operator of the Science Academy of Chicago, located in Mount Prospect, Illinois, and he has made nearly \$50,000 in campaign contributions to various political campaigns since 2012.

34. *Ertugrul Gurbuz*: Ertugrul Gurbuz is an Illinois citizen, who was formerly affiliated with Quality Builders and is the owner of Core Group. Mr. Gurbuz is also the owner of Euclid Properties LLC, a company that sold various parcels of land housing at least one Concept charter school to HLC Euclid Properties LLC, a company for which Ozgur Balsoy (see below) is listed as the registered agent.

35. *Mevlut Cinar*: Mevlut Cinar is an Illinois citizen who is the president of Design Furniture/PCF Works and the CEO of Maestro Corporate Group LLC. Mr. Cinar and Mr. Pektas are closely linked to one another, including through Maestro International Cargo, a company for which Mr. Pektas serves as the managing partner, and through Inoa Ventures, a Chicago-based venture capital firm. Mr. Cinar owns and operates numerous businesses, including others that focus on the education sector. Through Maestro Corporate Group LLC, Design Furniture/PCF Works and other entities, Mr. Cinar has sponsored multiple Turkish nationals for residency in the United

States. Mr. Cinar is the former President of the Niagara Foundation, a non-profit organization long known for its ties to Mr. Gulen.

36. *Ozgur Balsoy*: Ozgur Balsoy is an Illinois citizen with many ties to Concept. Mr. Balsoy was formerly a Horizon Science Academies Director and is the registered agent for Concept Schools Ohio, Inc. He has also served as a teacher, school director, and development director for Concept. Mr. Balsoy is the owner of Advanced Solutions for Educations, Inc., and the registered agent of HLC Euclid Properties LLC, a company that purchased parcels of land housing Concept charter schools from another company owned by Ertugrul Gurbuz.

37. *Signature Maker, Inc.*: Signature Maker, Inc. is an Illinois corporation that is operated by former Wisconsin Career Academy (a former Concept and Gulen-affiliated charter school) Board President Ergun Koyuncu and shares an address with Sundance International LLC (a subject of the FBI E-Rate investigation). Signature Maker was the beneficiary of much of Concept's insider dealing. As established in the FBI's search warrant affidavit, Signature Maker was awarded thousands of dollars in FCC E-Rate funding through contracts awarded by Concept officials. *See* Ex. 2 ¶ 51. Moreover, as discussed in more detail below, according to City of Toledo, Ohio Division of Building Inspection, Signature Maker was issued construction permits to perform renovations at Horizon Science Academy Toledo. Signature Maker shares the same registered address as Sundance International LLC d/b/a Price PC.com.

38. *Star Consultants, Inc.*: Star Consultants, Inc. is an Ohio corporation that served as the "design-builder" under the 2011 Pima IDA bond offering. *See* Ex. 4 at 9. Although required

in that role to competitively bid and award major Concept charter schools subcontracts to the lowest bidder, Star Consultants awarded all such contracts to Concept insiders, including Quality Builders and Signature Maker.

39. *Quality Builders of Midwest, Inc.*: Quality Builders of Midwest, Inc. (“Quality Builders”) is an Illinois corporation created by Concept insiders and headed by Edip Pektas. Quality Builders bills itself as a successful construction company, but appears to have no clients other than Concept managed charter schools as well as businesses controlled by other Concept insiders. Quality Builders was awarded millions of dollars in construction contracts paid for with funds raised through the 2011 Pima IDA bond offering. Many of these contracts were for work performed at Horizon Science Academy Springfield, Horizon Science Academy Toledo, and Chicago Math & Science Academy (“CMSA”). In addition to Mr. Pektas, Quality Builders has employed other Concept insiders, including Mustafa Celik, a former teacher of children with special needs at Horizon Science Academy Dayton (Downtown), and Ertugrul Gurbuz.

40. *Advanced Solutions for Education, Inc.*: Advanced Solutions for Education, Inc. (“ASE”) is a corporation registered in both Illinois and Ohio that is owned by Ozgur Balsoy. In 2009, ASE attempted to become a service provider to Concept under the FCC E-Rate program, but its application was denied. Nonetheless, according to the FBI search warrant affidavit, it received more than \$1,000,000 in other deposits from Concept schools between 2009 and 2012. *See* Ex. 2 ¶ 71. ASE also serves as the registered agent for Horizon Child Development Center, Inc., a company that operates publicly funded day-care centers in Ohio and is associated with Concept Schools Ohio Director Cengiz Altuna and located on property formerly owned by a company operated by Ertugrul Gurbuz.

41. *Figs Café and Bakery LLC*: Figs Café and Bakery LLC (“Figs”) is an Ohio limited liability company owned by Florence Freeman that has received millions of dollars in federal funding as a Child Nutrition Programs vendor for at least five Ohio-based Concept schools: Horizon Science Academy Cincinnati, Horizon Science Academy Columbus High School, Horizon Science Academy Columbus Middle School, Horizon Science Academy Dayton (Downtown), and Noble Academy Columbus. See Figs Child Nutrition Programs Contracts, attached hereto as **Exhibit 5**. Although both federal and state regulations require a fair bidding process for Child Nutrition Programs contracts, corporate records and the contracts with Concept schools reveal that Figs used the personal address of Concept Chief Financial Officer Ridvan Uysaler as its corporate location.

42. *Ridvan Uysaler, Chief Financial Officer Concept Schools*: Ridvan Uysaler is an Illinois citizen who is the current Chief Financial Officer of Concept. He formerly served as Concept’s Treasurer and as a physics teacher at Horizon Science Academy Columbus Middle School. Between 2007 and 2019, Mr. Uysaler held title to real property located at 2223 Sunleaf Court, Columbus, Ohio 43235—the same address that was registered to Figs between 2015 and 2018.

43. *Maestro Corporate Group LLC*: Maestro Corporate Group LLC (“Maestro”) is an Illinois limited liability company that is owned by Mevlut Cinar and that shares the same registered address as DSFL/PCF Works and Core Group. Maestro serves as a holding company for more than twenty subsidiary companies, including Maestro International Cargo LLC, a company for which Edip Pektas serves as the managing partner. Between 2017 and 2020, Maestro subsidiaries applied to sponsor at least 10 Turkish nationals for permanent residency.

**Evidence Indicates that Concept is Rife with
Corrupt Insider Dealing**

44. Various whistleblowers have alleged that Concept is rife with conflicts of interest and corrupt insider dealing, allowing the organization to secretly siphon funds away from the educational purposes for which they are intended. Evidence uncovered during the preliminary investigation indicates that there is a substantial amount of truth to those allegations. Concept appears to consistently and unlawfully award contracts to insiders. Review of Concept's conduct relating to both construction projects financed through the multimillion-dollar 2011 Pima IDA bond offering IT projects funded by the FCC E-Rate program shed light on the mechanics of such schemes; however, additional evidence suggests that Concept's corrupt insider dealings do not stop there.

New Plan Learning Appears to Have Committed Securities Fraud in Connection with the 2011 Municipal Bond Offering.

45. As part of its investigation, Petitioner's counsel conducted a thorough review of construction permit applications, corporate records, and other public documents to determine how Concept awarded bond-financed contracts for major construction projects at its schools. This investigation revealed that, despite promising potential investors it would select vendors through a fair and open bidding process, Concept awarded such contracts almost exclusively to insiders tied to its organization, including to school officials who founded construction companies that appear to have no other clients but Concept-managed schools and affiliated entities.

The 2011 Pima IDA Bond Offering

46. In 2011, the founders of Concept Schools created New Plan Learning, Inc. New Plan Learning was organized as a non-profit corporation with the primary goal of acquiring real estate for Concept managed schools. *See* Ex. 4 at 2; *About New Plan Learning*, New Plan Learning, <http://www.newplanlearning.com/about/>. That same year, New Plan Learning issued \$32,575,000 in Educational Facility Revenue Bonds (Series 2011A Bonds) and an additional

\$545,000 in Educational Facility Revenue Bonds (Series 2011B – Taxable Bonds) through the Pima County IDA. *See* Ex. 4 at 1.

47. Pursuant to the bond’s offering statement, the funds were to be used in part to “finance and refinance the acquisition, construction, improvement, and equipping” of four Concept campuses: Chicago Math & Science Academy (“CMSA”); Horizon Science Academy Toledo; Horizon Science Academy Dayton; and Horizon Science Academy Springfield. *Id.* at 2, 8-10.

48. Those projects were to be managed by New Plan Learning and a “design-builder.” *Id.* at 9. The design-builder selected was Star Consultants, Inc., an Ohio corporation owned by Mr. Hamid Mukhtar. *See id.*; Star Consultants, Certificate of Amendment (June 5, 1998), <https://bizimage.ohiosos.gov/api/image/pdf/199816000557>.

49. As part of that arrangement, New Plan Learning promised investors that Star Consultants would “competitively bid the major subcontracts using a process similar to typical public construction projects whereby it will advertise for bids in the local newspapers and construction trade publications, hold a pre-bid conference, accept pre-bid requests for clarification and then open sealed bids at the time and date set for bid opening.” Ex. 4 at 10. New Plan Learning also promised investors that Star Consultants would “award those major subcontracts to the lowest bidder who is also a responsible bidder capable of completing its subcontract work on time and within budget.” *Id.*

50. Despite such assurances, a review of public documents reveals that the sub-contracts were simply awarded to insiders connected to Concept Schools.

Quality Builders of Midwest, Inc.

51. New Plan Learning, possibly working through Star Consultants, awarded a majority of the bond-funded sub-contracts to Quality Builders. According to construction permit records, Quality Builders was hired for bond-financed construction work at Horizon Science Academy Springfield, Horizon Science Academy Toledo, and Chicago Math and Science Academy (“CMSA”).

52. At Horizon Science Academy Toledo, Quality Builders was hired to construct a new addition for the school gymnasium and to perform interior alterations at the school. Commercial Building Interior Alteration, Record BB12-00880 (Horizon Science Academy Toledo), attached hereto as **Exhibit 6**. At Horizon Science Academy Springfield, it was hired to “demolish [an] existing rear addition (pool) and build new addition in its place.” Commercial Building Permit, Record BB11-00599 (Horizon Science Academy Springfield), attached hereto as **Exhibit 7**. New Plan Learning also hired Quality Builders to construct a new, 11,500 square-foot gymnasium at CMSA—a \$1,170,000 project, according to the Quality Builders website. *See CMSA Gym Addition*, Quality Builders of Midwest, <http://www.qbmidwest.com/projects/commercial-projects/cmsa-gym-addition/>.

53. Quality Builders is very much an insider organization. According to Illinois business records, its President is Mr. Edip Pektas—the same individual who was both a board member at CMSA and was listed in the Bond Statement as a Financial Advisor to New Plan Learning. *See CMSA Annual Report at 22 (2013-2014)*, <http://www.cmsaonline.net/wp-content/uploads/2015/05/CMSA-ANNUAL-REPORT-2014.pdf>. Nowhere in the Bond Statement, however, were investors warned about these significant conflicts of interest. Moreover, Quality Builders

formerly employed Mr. Ertugrul Gurbuz and Mr. Mustafa Celik, a former special needs teacher at Horizon Science Academy Dayton (Downtown).

54. In fact, it appears from various public records that Quality Builders has *only* worked for Concept schools or other companies affiliated with Concept insiders. *See Gallery*, Quality Builders of Midwest, <http://www.qbmidwest.com/gallery/> (exclusively showing projects completed for Concept charter schools, including Horizon Science Academy McKinley Park and Horizon Science Academy Southwest, in addition to the CMSA gymnasium renovation); *see also Summary: Quality Builders of Midwest*, BuildZoom, attached hereto as **Exhibit 8**.

Signature Maker, Inc.

55. The remainder of the related bond-offering sub-contract work was awarded to Signature Maker, Inc., an Illinois corporation operated by an individual named Ergun Koyuncu. *See Illinois Secretary of State, Corporation Search for Signature Maker, Inc.*, attached hereto as **Exhibit 9**. Construction permit records show that New Plan Learning, potentially through Star Consultants, hired Signature Maker to perform interior alterations at Horizon Science Academy Toledo. *See Commercial Building Interior Alteration, Record BB 10-00540 (Horizon Science Academy Toledo)*, attached hereto as **Exhibit 10**.

56. Perhaps unsurprisingly, Signature Maker is another company formed by Concept insiders with a history of questionable contracts with the schools. Signature Maker was a subject of the FBI investigation into E-Rate program fraud and, on numerous immigration petitions, Mr. Koyuncu was listed as the point of contact and Board President of the Wisconsin Career Academy (a charter school with ties to Concept that has since ceased operations). Ex. 2 ¶ 18.

CR/Daccord, Inc.

57. Pursuant to the Bond Statement, over \$1,000,000 of the bond funding was to be used to finance the construction of a new gymnasium at CMSA. Ex. 4 at 10.

58. In connection with that project, New Plan Learning hired CR/Daccord, Inc., an Illinois corporation,² to provide “preconstruction services including a conceptual design budget for the new gymnasium, which includes hard costs, soft costs, FFE, financing costs and contingency.” *Id.* The Bond Statement described CR/Daccord as a company with “30 years of public and private sector construction experience” that had “worked on approximately 17 new school projects and 135 renovations projects since 1993.” *Id.* But in reality, CR/Daccord was just one of several insider companies hired to perform work on Concept Schools Projects.

59. Under a section of the Bond Statement labeled “NPL Management and Governance,” an individual named Chris Hill is listed as Project Management Advisor to New Plan Learning. The Bond Statement sought to bolster investors’ confidence by touting Mr. Hill’s past experience in the area of project management. *See id.* at A-6, A-7 (noting that Mr. Hill worked in the Mayor of Chicago’s cabinet as Commissioner of the Planning and Development Department and previously served as the Executive Director of the Public Building Commission of Chicago).

60. What the Bond Statement failed to disclose, however, was that Mr. Hill at the time (and remains today) a partner in CR/Daccord—the very company profiting from performing preconstruction services for the project. *See id.* at 10; *see also In brief: Glenview | 444 N. Michigan | Shorewood*, Crain’s Chicago Business (Sept. 2, 2010), <https://www.chicagobusiness.com/arti->

² CR/Daccord is presently operating as Daccord LLC, an Illinois limited liability company. *See* <https://www.daccordllc.com/>.

[cle/20100902/CRED03/100909967/in-brief-glenview-444-n-michigan-shorewood](https://www.bisnow.com/chicago/news/commercial-real-estate/David-Goliath-9170); *David & Goliath*, Bisnow (Jan. 26, 2011), <https://www.bisnow.com/chicago/news/commercial-real-estate/David-Goliath-9170>.

Concept Appears to Have Unlawfully Awarded U.S. Department of Agriculture Child Nutrition Program Contracts to Companies Affiliated with Concept Officials

61. Concept’s awarding of insider contracts financed by the 2011 Pima IDA bond offering was not the only instance in which this investigation uncovered evidence of corruption. As the investigation revealed, Concept’s awarding of insider contracts even extends to its selection of USDA Child Nutrition Programs providers.

62. Under the Child Nutrition Programs, schools are required to select vendors through a formal procurement process, which generally includes soliciting competitive sealed bids or requests for proposals. *See* 7 C.F.R. § 210.21; *see also* Oh. Admin. Code 125:5-1-08, 1 Oh. Rev. Code 125.071. Federal procurement rules also mandate that “no employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest.” 2 CFR § 200.318(c).

63. Despite these clear mandates, Concept awarded Child Nutrition Program contracts for at least five of its Ohio schools—Horizon Science Academy Cincinnati, Horizon Science Academy Columbus High School, Horizon Science Academy Columbus Middle School, Horizon Science Academy Dayton (Downtown), and Noble Academy Columbus—to Figs Café and Bakery, an obscure catering company that shared its corporate address with the personal residence owned by Concept’s Chief Financial Officer, Ridvan Uysaler. *See* Ex. 5. According to public records, Figs was awarded federally funded child nutrition contracts, worth approximately \$958,829 annually.

64. Setting aside concerns regarding Fig's ability to safely feed hundreds of school children, the use of a shared address with Mr. Uysaler raises serious questions that require further investigation and merit additional discovery.

The Investigation Uncovered Evidence of Insider Real Estate Dealings

65. Petitioner's counsel's investigation uncovered not only evidence related to securities and federal procurement fraud, but also widespread evidence of real estate deals that deprive students of millions of dollars and enrich Concept insiders.

66. The acquisition, lease, and sale of the real property upon which Horizon Science Academy Dayton (Downtown) is located is one particularly egregious example. That property was purchased in 2011 by MDN of Dayton LLC in 2011 for \$414,344. MDN of Dayton is owned by Mr. Ahmet Duran, an individual with a number of ties to Concept insiders, who has long been alleged of unlawful and unethical insider dealings with Harmony schools (a Texas-based school district also associated with the Gulen Movement).³

67. According to Horizon Science Academy Dayton (Downtown's) audited financial statements, Mr. Duran, through MDN of Dayton, leased the property back to the school for approximately \$130,000 per year for a term of eight years. *See* Horizon Science Academy Dayton (Downtown) Audit at 32, attached hereto as **Exhibit 11**. In entering into this lease agreement, neither Concept nor Mr. Duran publicly disclosed his ties to Concept insiders.

68. After reaping more than \$1 million in lease payments from Horizon Science Acad-

³ Mr. Duran was also a jointly represented co-defendant with Edip Pektas and Quality Builders in a civil cause of action filed in Ohio state court by a sub-contractor who claimed he was underpaid in connection with work he performed for Horizon Science Academy Dayton (Downtown).

emy Dayton (Downtown), in 2019, Mr. Duran sold the property back to the school for \$1.25 million, a threefold increase over the 2011 purchase price. In total, this insider transaction deprived the students of Horizon Science Academy Dayton (Downtown) of more than \$2.25 million—far more than the school would have had to pay for its lease on the open market.

69. There have been several similar sales of real estate from insider companies back to Concept-managed schools in recent years. In 2019, a New Plan Learning subsidiary sold the Horizon Science Academy Columbus Middle School back to the school for \$3,645,000—more than double what it initially paid for the property (which appears to have formerly been a lot for used car sales). Notably, this sale came years after New Plan Learning rented the property to the school at above market rates, including more than \$500,000 in 2019 alone. Similarly, Breeze, Inc., another New Plan Learning subsidiary, recently flipped the property that houses Horizon Science Academy Columbus High School back to school for \$3,600,000—more than double the original purchase price from ten years earlier of \$1,500,000. Each of these sales appears to have been made at an inflated price and leaves the schools in a materially worse financial position. Moreover, these sales all occurred after the schools paid massive rents to the property owners for years.

Conflicts of Interest Enable Concept to Enter into Egregious Lease Agreements

70. Yet another way that Concept funnels funds away from students is through inflated lease agreements with New Plan Learning. As mentioned, the majority of Concept charter schools do not own the property upon which their campuses are located. Rather, those properties are held by New Plan Learning, which leases them back to the schools.

71. A review of various Concept schools lease agreements conducted by the Ohio State Auditor's office revealed that they contained provisions consistently disfavoring Concept charter

schools, while simultaneously benefitting New Plan Learning—effectively taking away millions in taxpayer dollars from the very students those funds are intended to benefit. *See* Ex. 3 at 15, 21.

72. One category of lease agreements reviewed by the State Auditor were those involving properties financed by the 2011 Pima IDA bond offering. The State Auditor found that, although New Plan Learning’s cost of issuance was just over \$1,000,000, it stands to gain over \$14,000,000 by the time the leases terminate. *See id.* at 15. The State Auditor also found that all of those leases were “absolute net” agreements, meaning that the schools were responsible “for all costs associated with the property including structural maintenance and reimbursement to New Plan Learning of its allocable portion of any fees, charges, or expenses incurred in association with the bond issuance or leased property,” despite paying hundreds of thousands of dollars in rent payments to New Plan Learning each year. *Id.* The State Auditor additionally found concerning arrangements involving sale and leaseback agreements between Concept schools and New Plan Learning, whereby property was sold to New Plan Learning at below-market rates and then leased back to at least some Concept schools at rental rates above fair market value. *See id.* at 21.

73. Perhaps unsurprisingly, these unfavorable lease agreements were revealed to be the result of numerous conflicts of interest among members of the Concept and New Plan Learning Boards. The State Auditor found that the Board President of New Plan Learning was one of the initial directors of Concept Schools – Ohio, Inc., and as of 2019 served as President of the governing board for several Horizon Science Academy schools. *Id.* at 20. It also found similar issues for other members of New Plan Learning’s staff, including its Secretary and Treasurer, each of whom has served on several Concept school boards. According to the State Auditor, “these members of

New Plan Learning have served on the board for twelve of the seventeen Concept managed community schools in Ohio; nine of which have held leases with a New Plan Learning subsidiary, which constitutes a conflict of interest.” *Id.*

Evidence Suggests Mr. Cinar’s Companies Routinely Receive Concept Contracts

74. Another example of this potentially corrupt pattern and practice relates to Mr. Mevlut Cinar, a Chicago based businessman with extensive ties to Concept officials and the Gulen Movement.

75. Mr. Cinar is the CEO or President of several Illinois companies, including Maestro Corporate Group, LLC (“Maestro”). Maestro is a holding company comprised of more than twenty different companies, including Maestro International Cargo—a company for which Edip Pektas serves as the managing partner. *See Maestro Announces Partnership with Emirates Skycargo in Chicago*, Aircargo News (Dec. 17, 2019), <https://www.aircargonews.net/cargo-air-port/maestro-announces-partnership-with-emirates-skycargo-in-chicago/>. Mr. Cinar and Mr. Pektas also claim a partnership in a venture capital firm named Inoa Ventures. *See Inoa Ventures*, <https://www.inoaventures.com/>.

76. Mr. Cinar has also promoted his ownership of Maestro Education, which claims to have managed the Milwaukee Math and Science Academy (a school now formally affiliated with Concept) as well as North American University, a private Texas based post-secondary school also reputed to be affiliated with the Gulen Movement.

77. Curiously, Mr. Cinar’s LinkedIn page does not mention that he also serves as the president of an Illinois corporation known as Design Furniture and Lab Systems, Inc., a company that shares the same registered address as Maestro, which, in turn, both share the same address as

Core Group—the company founded by Ertugrul Gurbuz and implicated in the FBI’s E-Rate fraud investigation.⁴

78. Design Furniture is described on Bloomberg as a company that provides “school furniture and equipment . . . [and] offers plastic injecting molding chairs and tables, as well as school renovation like carpeting, gym flooring, and painting.” *Design Furniture & Lab Systems Inc*, Bloomberg, <https://www.bloomberg.com/profile/company/1063731D:US>. Moreover, Design Furniture’s LinkedIn page states that it “mostly work[s] with K-12 schools in Midwest in the USA and [has] completed many projects successfully . . .” *Design Furniture and Lab Systems*, LinkedIn, <https://www.linkedin.com/company/design-furniture-and-lab-systems>. It further boasts that the company has a 90% “repeat customer rate,” a supposed “testament to the trust and satisfaction our customers have in our staff’s ability to meet their needs.” *Id.*

79. Corporate records show that Design Furniture does business under several other names, including “PCF Works.” According to the Contractor’s Blue Book, PCF Works’ “main lines of business include: Athletic Court Flooring, Painting Contractors, Playground Equipment.” *PCF Works*, Blue Book, <http://www.thebluebook.com/iProView/1185193/pcf-works/subcontractors/>. A media gallery on that same website displays a number of past PCF Works projects, including playground construction at Horizon Science Academy McKinley, as well as other paint and flooring projects at what are clearly other Concept campuses. *See Image Gallery*, Blue Book, <http://www.thebluebook.com/iProView/1185193/pcf-works/subcontractors/gallery/>.

The Department of Justice Investigation into Concept Corroborates Petitioner’s Findings

⁴ Customs records also indicate that Design Furniture is one of just two U.S. importers of products manufactured by Turkish company Gurkan Ofis Mobilyalari. The only other company to import those products to the United States is Winport Group LLC, a company owned by Ahmet Duran—the same individual who owns MDN of Dayton.

80. Similar patterns of misconduct were discovered upon review of evidence related to the FBI's investigation of Concept and insider parties for defrauding the FCC E-Rate Program. Notably, many of the parties implicated in this investigation are beneficiaries of other significant Concept contracts and/or linked to current Concept officials.

The FBI E-Rate Investigation

81. In 2014, the FBI, Department of Education-Office of Inspector General, and FCC-Office of Inspector General conducted an investigation into Concept's use of federal grant dollars granted through the FCC E-Rate program. The E-Rate program is designed to distribute federal funds to eligible schools and libraries for the purchase, installation, and maintenance of telecommunications services, internet access, and internal connections. In order to receive E-Rate funds, participating schools are required to have a "fair and open competitive bidding process." *See* 47 C.F.R. §54.503(a)-(b).

82. According to a publicly available affidavit in support of a search warrant, however, the FBI established probable cause to believe that Concept was violating the E-Rate program's bidding requirements with respect to various IT contracts awarded using E-Rate funding. *See* Ex. 2. The FBI more specifically alleged that Concept, through its Chief Information Officer Huseyin Ulker and other officials, had been unfairly awarding IT contracts to insider companies since at least 2007. *Id.*

Core Group, Inc.

83. One of the primary service providers to Concept under the E-Rate program was an Illinois corporation known as Core Group, Inc. *Id.* at ¶ 63. The owner of Core Group is Ertugrul Gurbuz, the same individual who was formerly associated with Quality Builders—the company

that was awarded a majority of the sub-contracted work under the 2011 Pima IDA bond offering, discussed *supra*. According to the FBI, Core Group received over \$2,500,000 from the E-Rate program between 2010 and 2013. *Id.* at ¶ 73.

Signature Maker, Inc.

84. Another major recipient of Concept’s E-Rate service contracts was Sundance International d/b/a Price PC.com (“Sundance”), an Illinois limited liability company owned by former Wisconsin Career Academy Board Member Galip Kuyuk. *See id.* at ¶ 18; *see also* Illinois Secretary of State, Corporation Search for Sundance International, attached hereto as **Exhibit 12**. Between 2010 and 2013, Sundance received over \$1,000,000 in E-Rate funding for work performed on behalf of Concept schools. Ex. 2 at ¶ 79.

85. Public records reveal that during this same time, Sundance shared a corporate address with Signature Maker—the company owned by former Wisconsin Career Academy Board Member Ergun Koyuncu that was awarded construction contracts financed with the proceeds of the 2011 Pima IDA bond offering. Incredibly, Signature Maker, which was awarded significant construction contracts, was also awarded thousands of dollars of Concept’s E-Rate service contracts. *See id.* at ¶ 51. There is nothing to suggest that Signature Maker was qualified to act as both a general construction contractor and an IT vendor. Indeed, the FBI found that Cambridge Technologies, a Concept E-Rate service provider, was directed to sub-contract with Signature Maker despite Signature Maker charging unusually high rates for its work. *See id.* at ¶ 50.

Advanced Solutions for Education, Inc.

86. The final company targeted under the FBI search warrant in connection with its E-

Rate fraud investigation was Advanced Solution for Education, Inc. (“ASE”), a company incorporated in both Illinois and Ohio. *See id.* at ¶ 66. ASE provides continuing education for teachers and administrators, as well as other school consulting services. *Id.* at ¶66. Similar to Quality Builders, ASE almost exclusively conducted its business with Concept schools. *Id.* at ¶ 18.

87. In late 2009, ASE attempted to become an E-Rate service provider for Concept. *Id.* at ¶ 66. Due to issues with its application, the company ultimately did not receive E-Rate funding, but the FBI nonetheless determined that ASE received more than \$1,000,000 in other deposits from Concept schools between 2009 and 2012. *See id.* at ¶ 71.

88. Although ASE did not receive public E-Rate money from Concept, the company remains of interest due to its ownership by an individual named Ozgur Balsoy. Mr. Balsoy’s connections with Concept are plenty. He was formerly a Horizon Science Academy Director and is the registered agent for Concept Schools Ohio, Inc. *Id.* at ¶ 66. He has also served as a teacher, school director, and development director for Concept. *Id.* at ¶ 86(d).

89. Mr. Balsoy and ASE have further been found to be tied to other individuals and entities involved in Concept’s insider dealings. For example, on several records submitted under the E-Rate program, Mr. Ulker, Concept’s Chief Technology Officer, listed his contact email as an address serviced by “as4ed.com,” the same domain used by Mr. Balsoy for the ASE website. *Id.* at ¶ 67; *Advanced Solutions for Education*, <https://as4ed.com/>.

90. There are also ties between Mr. Balsoy and Mr. Gurbuz, the owner of Core Group and founder of Quality Builders. According to public records, in 2016, Mr. Gurbuz, through his company Euclid Properties LLC, sold various parcels of land housing Concept-managed or affiliated entities to a company called HLC Euclid Properties LLC, the registered agent of which is Mr.

Balsoy. One of those parcels housed Horizon Child Development Center, which was run by Horizon Child Development Center Inc. and associated with Concept Schools Ohio Director Cengiz Aluntas. As of 2010, however, ASE was identified as the company's new registered agent.

91. All told, the total amount of public funding received by Concept Schools insiders was over \$5 million dollars. In comparison, non-related entities contracted for E-Rate work by Concept Schools during the same time period was just above \$100,000—a mere 2.1% of the total E-Rate funds received by all Concept Schools charter schools. *Id.* at ¶ 81.

Evidence Supports Allegations that Concept Abuses the U.S. Immigration System and Requires Turkish Teachers to Kickback Salaries

92. Whistleblowers have long publicly alleged that Concept abuses the U.S. immigration system and siphons taxpayer dollars away from children's education by importing large numbers of Turkish teachers to its schools and thereafter requiring those teachers (under the Tuzuk) to kickback portions of their salaries to fund the political activities of the Gulen Movement. After investigating such claims further and conducting an independent review of publicly available documents, we have determined that there is significant evidence to suggest those allegations are true.

93. A review of U.S. Department of Labor data suggests that, between 2017 and 2020, Concept Schools sought certifications that would allow them to sponsor 174 individuals for H-1B visas and 94 individuals for permanent residence in the United States. Of the 94 individuals sponsored for permanent residence, 87, or all but seven, were from Turkey. The remaining seven were from Turkmenistan, Kyrgyzstan, and Somalia, countries known to have large numbers of Gulen supporters. *See* Bayram Balci, *Turkey's Religious Outreach in Central Asia and the Caucasus*,

Carnegie Endowment for Int'l Peace (Jan. 27, 2014), <https://carnegieendowment.org/2014/01/27/turkey-s-religious-outreach-in-central-asia-and-caucasus-pub-54357>.

Moreover, according to a 2014 Cincinnati Inquirer article, Concept affiliated schools sponsored more than 474 individuals in the years 2005 to 2013. See James Pilcher, *Charter Schools Use Turkish Ties, Visas to Get Teachers*, Cincinnati Inquirer (Oct. 5, 2014), <http://www.cincinnati.com/story/news/2014/10/05/charter-school-turns-turkish-teachers/16791669/>.

94. To put these numbers in perspective, Concept schools sponsored far more individuals for work visas and permanent residence than did any other school district in Ohio or Illinois. By comparison, the Columbus City School District, which educates 50,219 students and is the largest school district in Ohio, filed only two H-1B sponsorship applications and no applications for permanent residency during the same time period. Horizon Science Academy's Columbus schools alone sponsored 36 H-1B applicants and 13 permanent residency applications (12 for Turkish citizens) for its 1,900 students. Cincinnati Public School District, the third largest school district in Ohio with 36,000 students enrolled, did not file any H-1B or permanent residency sponsorship applications from 2017 to 2020. By contrast, Horizon Science Academy Cincinnati, with only 250 students enrolled, filed 15 H-1B sponsorship applications and 19 permanent residency applications. All 19 permanent residency applications were filed on behalf of Turkish citizens. As for Toledo, which is Ohio's fifth largest school district with nearly 23,000 enrolled students, Toledo Public Schools filed only one H-1B sponsorship application and it did not file any permanent residency applications from 2017 to 2020. With a mere 500 students enrolled and for the same time period, Horizon Science Academy Toledo filed 13 H-1B sponsorship applications and

ten permanent residency applications. All ten of Horizon Science Academy Toledo's permanent residency applications were for Turkish citizens.

95. In Illinois, Chicago Public Schools is the third largest school district in the entire United States and enrolls over 355,00 students. Despite the school district's size, Chicago Public Schools only applied to sponsor 38 H-1B applicants and four for permanent residency between 2017 and 2020. Conversely, just one of the Concept Schools in Illinois, Horizon Science Academy Belmont, which enrolls only 500 students, applied to sponsor six H-1B teachers and 13 for permanent residency. Eleven of the thirteen permanent residency applicants were Turkish citizens and the other two were citizens of Kyrgyzstan.

96. Analyzed on a per-student basis, with 14,000 students enrolled in all Concept Schools, the schools sponsored one individual for an H-1B work visa for every 80 students. With 1,800 staff, Concept Schools sponsored nearly one in ten staff members for an H-1B visa.

97. By comparison, during the same time period, the New York City Department of Education, the largest school district in the country and with over 1.1 million enrolled students, sponsored only 185 individuals for H-1B visas and only 57 for permanent residency between 2017 and 2020. Houston Independent School District, which has over 209,000 enrolled students and is the seventh largest school district in the country, sponsored 288 H-1B visas (of which nearly half were for bilingual teachers) and nine for permanent residency. With 75,000 teachers in the New York City school district, the New York City school district sponsored only one in 405 teachers for an H-1B visa.

98. In fact, the only school district that utilizes foreign national teachers at the same level as does Concept is Harmony Public Schools—another district long reputed to be connected

to Gulen and his movement. Harmony, with only 34,479 students, is the leading user of H-1B visas of all K-12 schools in the United States.

99. The lack of diversity in Concept and Harmony's foreign national hiring is striking. Like Concept, the vast majority of sponsored individuals came from Turkey. In fact, 91 percent of all individuals sponsored for permanent residency by Harmony Public Schools were Turkish citizens and the remaining 9% all originated from Turkmenistan, Tajikistan, and Kyrgyzstan.

100. Unsurprisingly, other school districts that have sponsored teachers for permanent residency show far more diversity in their hiring. For example, the New York City Department of Education sponsored permanent residency applications for individuals from China, Philippines, Taiwan, Dominican Republic, South Korea, Mexico, Japan, Jamaica, Indonesia, and Colombia; Chicago Public Schools sponsored individuals from India, Spain, and China; and Houston Independent School District filed permanent residency applications for individuals from Spain, Philippines, Nigeria, Poland, Malaysia, Mexico, and Grenada.

101. According to interviews of former teachers and employees of the schools, foreign national teachers are required to pay kickbacks, under the Tuzuk, to the Gulen Organization. In 2013, for example, a former Concept Schools teacher stated that her husband and his fellow Turkish teachers at a Concept school in Ohio had been required to kickback 40% of their salaries to a secret fund used by the Gulen Movement. See Valerie Strauss, *Fethullah Gulen: The Islamic Scholar Turkey Blames for the Failed Coup*, Wash. Post (June 5, 2012), <https://www.washingtonpost.com/news/answer-sheet/wp/2016/07/16/fethullah-gulen-the-islamic-scholar-turkey-blames-for-failed-coup/>.

102. Similar allegations were made by a former math teacher at a Gulen-affiliated charter school in Utica, New York. That teacher stated he was forced to pay nearly \$10,000 to the school and two charities as a condition of his employment, which was then funneled to the Gulen Movement. Chris Bragg, *Teacher Who Made 'Tithe' Charge at Charter School Gets \$2,000 Check*, Times Union (Aug. 2017), <https://www.timesunion.com/news/article/Teacher-who-made-tithe-charge-at-charter-school-11868205.php>.

103. The allegations of kickbacks raise further red flags when considered alongside allegations that Turkish teachers are paid higher salaries than their non-Turkish counterparts. In 2007, a former teacher at the Harmony Science Academy in El Paso, TX filed a complaint against the school alleging that she, a Hispanic woman of Mexican origin, was paid just \$26,000 per year, whereas Turkish teachers at the same school were paid \$40,000 per year. See *Couch v. Harmony Science Academy-El Paso*, Case No. 2:07-cv-01314 (D.N.M. 2007).

104. Similar allegations have been raised. In 2014, the U.S. Equal Employment Opportunity Commission and Department of Justice entered into a consent decree with Harmony Public Schools related to allegations made by a former teacher at Harmony Science Academy in Austin, TX. That teacher—who had been teaching at the school for five years, held a State of Texas teaching certification, and met the state’s “Highly Qualified” teacher’s criteria—made \$40,000 in her fifth year of teaching. In comparison, Harmony paid an uncertified male Turkish art teacher with no previous teaching experience an annual salary of \$44,000 to teach art at another Austin-area charter school. See Press Release, EEOC, Federal Agencies Resolve Equal Pay and Retalia-

tion Claims Against Harmony Public Schools (Mar. 6, 2014), <https://www.eeoc.gov/newsroom/federal-agencies-resolve-equal-pay-and-retaliation-claims-against-harmony-public-schools>.

105. An analysis of teacher salaries in Ohio lends credence to these allegations. This analysis indicates that teachers whose names suggest Turkish heritage are paid at a higher rate than are those teachers whose names do not.⁵ The data further suggests that teachers at Concept schools whose names suggest a Turkish heritage are paid approximately 12% more than those without a Turkish name. In fact, those Concept school teachers whose names suggest a Turkish heritage were paid an average of \$40,613. All other teachers were only paid \$36,031. *See* Ohio 2018-19 School Year Education Employee Salary.

Concept's Conduct Amounts to Criminal Activity in the United States

106. The above outlined indicia of fraud suggest that Concepts Schools and its affiliated entities and members have been involved in both federal and state crimes. In general, Concept Schools' scheme as described above is indicative of wide-ranging wire fraud and money laundering. *See* 18 U.S.C. §1343 (wire fraud); 18 U.S.C. §1956 (money laundering).

107. In particular, Concept's material misstatements contained in the 2011 Pima IDA bond offering suggest that New Plan Learning engaged in wire fraud fraud in violation of federal fraud statutes, *see* 18 U.S.C. § 1343 (wire fraud), not to mention that these misstatements likely run afoul of federal securities law, *see* 15 U.S.C. § 78q.

⁵ An analysis of teacher salaries for the 2018-2019 school year was conducted using the Ohio Treasurer's Transparency Project tool. *See* Office of the Ohio Treasurer, Treasurer's Transparency Project, 2018-19 School Year Education Employee Salary, http://treasurer.ohio.gov/Teacher_Salary/-any/-any/-any-/Horizon-space-Science-space-Academy-space-Dayton-space-Downtown/-any/-any/-any- [hereinafter Ohio 2018-19 School Year Education Employee Salary"].

108. Furthermore, the FBI's investigation of Concept's participation in the E-Rate program suggests that it violated federal laws related to defrauding the United States in furtherance of federal programs bribery, *see* 18 U.S.C. § 666 (federal programs fraud), or theft of federal funds, *see* 18 U.S.C. § 641.

109. The schools' use of the H-1B program and permanent residency process also indicate potential violations of federal visa fraud laws *See* 18 U.S.C. 1546(a) (visa fraud).

110. It is likely that further investigation would reveal specific instances of additional crimes such as making false statements, filing a false tax return, obstruction, or even witness tampering. *See* 18 U.S.C. § 1001 (false statements) and 26 U.S.C. § 7206 (false statement on tax return).

111. The above outlined indicia of fraud also suggest that Concept and related entities have committed state law crimes and violations. Concept's pattern of rewarding lucrative contracts to its insiders is just one example of potential state conflicts of interest crimes and ethics violations. *See* Ohio Rev. Code 29 § 2921.42 (unlawful interest in public contract); Ohio Rev. Code 33 § 3314 (community schools conflict of interests); Ohio Rev. Code 13 § 1315.51 (money laundering).

Conclusion

112. In light of the foregoing, Petition requests that the Court grant its simultaneously submitted *Ex Parte* Application for an Order Under 28 U.S.C. § 1782 to Conduct Discovery for Use in Foreign Proceedings in support of which this Statement of Facts is filed.

Date: September 2, 2020

Respectfully submitted,

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