

IN THE DISTRICT COURT OF OKLAHOMA COUNTY  
STATE OF OKLAHOMA

FILED IN DISTRICT COURT  
OKLAHOMA COUNTY

STATE OF OKLAHOMA

Plaintiff,

vs.

JOSHUA AARON BROCK

DAVID LEE CHANEY

BENJAMIN SCOTT HARRIS

Defendants.

JUN 23 2022

RICK WARREN  
COURT CLERK

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CF-2022

CF - 2022-2721

INFORMATION

David W. Prater, the District Attorney of Oklahoma County, Oklahoma, informs the District Court, that:

Count 1: On or between May 1, 2010 and July 1, 2021, in Oklahoma County, Oklahoma, JOSHUA AARON BROCK, DAVID LEE CHANEY, and BENJAMIN SCOTT HARRIS, did commit the crime of RACKETEERING, a felony, who, while acting in concert, did conduct and/or participate in, directly or indirectly, the affairs of a criminal enterprise, to-wit: Community Strategies, Inc, Epic One-on-One Charter Schools, Epic Blended Charter Schools, Epic Youth Services, LLC ("EYS"), Epic Charter Schools California, Community Strategies-CA, Edlighten Learning Solutions, and/or Edtech through a pattern of racketeering activity as defined in 22 O.S. § 1402 and as set forth in Counts Two, Three, Four, Five, Six, Seven, Eight, Nine, Ten, and Eleven which are incorporated herein, contrary to the provisions of 22 O.S. § 1403(A) of the Oklahoma statutes, and against the peace and dignity of the State of Oklahoma.

Count 2: On or between May 1, 2010 and July 1, 2021, in Oklahoma County, Oklahoma, JOSHUA AARON BROCK, DAVID LEE CHANEY, and BENJAMIN SCOTT HARRIS, did commit the crime of EMBEZZLEMENT, a felony, who, while acting in concert, did willfully and fraudulently embezzle U.S. currency at a value in excess of \$15,000, with said U.S. currency being the property of Epic One-on-One Charter Schools and/or Epic Blended Charter Schools and which was appropriated by law for the education of Oklahoma public school

students and which U.S. currency the defendants did thereafter divert to their own use and benefit, to-wit: by transferring Oklahoma taxpayer funds from Epic One-on-One Charter Schools and/or Epic Blended Charter Schools to EYS purportedly for establishment of a Student Learning Fund to be maintained by EYS solely for the benefit of individual Oklahoma public school students but instead on multiple occasions transferring such funds to the EYS general fund for the benefit of EYS, JOSHUA AARON BROCK, DAVID LEE CHANEY, and BENJAMIN SCOTT HARRIS contrary to the provisions of 21 O.S. § 1451 of the Oklahoma statutes, and against the peace and dignity of the State of Oklahoma.

Count 3:

On or between May 1, 2010 and July 1, 2021, in Oklahoma County, Oklahoma, JOSHUA AARON BROCK, DAVID LEE CHANEY, and BENJAMIN SCOTT HARRIS, did commit the crime of EMBEZZLEMENT, a felony, who, while acting in concert, did willfully and fraudulently embezzle U.S. currency at a value in excess of \$15,000, with said U.S. currency being the property of Epic One-on-One Charter Schools and/or Epic Blended Charter Schools and which was appropriated by law for the education of Oklahoma public school students and which U.S. currency the defendants did thereafter divert to their own use and benefit, to-wit: by transferring Oklahoma taxpayer funds from Epic One-on-One Charter Schools and/or Epic Blended Charter Schools to EYS purportedly for establishment of a Student Learning Fund to be maintained by EYS solely for the benefit of individual Oklahoma public school students but instead paying personal credit card balances containing charges for non-educational purposes (e.g., political campaign contributions) contrary to the provisions of 21 O.S. § 1451 of the Oklahoma statutes, and against the peace and dignity of the State of Oklahoma.

Count 4:

On or between May 1, 2010 and July 1, 2021, in Oklahoma County, Oklahoma, JOSHUA AARON BROCK, DAVID LEE CHANEY, and BENJAMIN SCOTT HARRIS, did commit the crime of EMBEZZLEMENT, a felony, who, while acting in concert, did willfully and fraudulently embezzle U.S. currency at a value in excess of \$15,000, with said U.S. currency being the property of Epic One-on-One Charter Schools and/or Epic Blended Charter Schools and which was appropriated by law for the education of Oklahoma public school students and which U.S. currency the defendants did thereafter divert to their own use and benefit, to-wit: by failing to return unspent Oklahoma taxpayer funds to Epic One-on-One Charter Schools and/or Epic Blended Charter Schools that EYS purportedly maintained in a Student Learning Fund solely for the benefit of individual Oklahoma

public school students contrary to the provisions of 21 O.S. § 1451 of the Oklahoma statutes, and against the peace and dignity of the State of Oklahoma.

Count 5: On or between May 1, 2010 and July 1, 2021, in Oklahoma County, Oklahoma, JOSHUA AARON BROCK, DAVID LEE CHANEY, and BENJAMIN SCOTT HARRIS, did commit the crime of EMBEZZLEMENT, a felony, who, while acting in concert, did willfully and fraudulently embezzle U.S. currency at a value in excess of \$15,000, with said U.S. currency being the property of Epic Charter Schools and which was appropriated by law for the education of Oklahoma public school students and which U.S. currency the defendants did thereafter divert to their own use and benefit, to-wit: by transferring Oklahoma taxpayer funds from Epic One-on-One Charter Schools, Epic Blended Charter Schools, and/or the Student Learning Fund which was purportedly maintained by EYS for the benefit of individual Oklahoma students, to Epic Charter School California and using such funds for the benefit of Epic Charter School California, contrary to the provisions of 21 O.S. § 1451 of the Oklahoma statutes, and against the peace and dignity of the State of Oklahoma.

Count 6: On or between May 1, 2010 and July 1, 2021, in Oklahoma County, Oklahoma, DAVID LEE CHANEY and BENJAMIN SCOTT HARRIS, did commit the crime of EMBEZZLEMENT, a felony, who, while acting in concert, did willfully and fraudulently embezzle U.S. currency at a value in excess of \$15,000, with said U.S. currency being the property of Epic Charter Schools and which was appropriated by law for the education of Oklahoma public school students and which U.S. currency the defendants did thereafter divert to their own use and benefit, to-wit: by using Epic One-on-One Charter Schools and/or Epic Blended Charter Schools employees who were paid by Oklahoma taxpayer funds to perform work for the benefit of EYS, contrary to the provisions of 21 O.S. § 1451 of the Oklahoma statutes, and against the peace and dignity of the State of Oklahoma.

Count 7: On or between May 1, 2010 and July 1, 2021, in Oklahoma County, Oklahoma, DAVID LEE CHANEY and BENJAMIN SCOTT HARRIS, did commit the crime of EMBEZZLEMENT, a felony, who, while acting in concert, did willfully and fraudulently embezzle U.S. currency at a value in excess of \$15,000, with said U.S. currency being the property of Epic Charter Schools and which was appropriated by law for the education of Oklahoma public school students and which U.S. currency the defendants did thereafter divert to their own use and benefit, to-wit: by using Epic One-on-One Charter Schools and/or Epic Blended

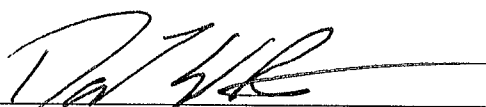
Charter Schools employees who were paid by Oklahoma taxpayer funds to perform work for the benefit of Epic Charter School California, contrary to the provisions of 21 O.S. § 1451 of the Oklahoma statutes, and against the peace and dignity of the State of Oklahoma.

Count 8: On or between May 1, 2010 and July 1, 2021, in Oklahoma County, Oklahoma, DAVID LEE CHANEY and BENJAMIN SCOTT HARRIS, did commit the crime of OBTAINING MONEY BY FALSE PRETENSES, a felony, who, while acting in concert, did obtain from the State of Oklahoma U.S. currency in an amount greater than \$15,000.00, by use of trick, deception, and/or false or fraudulent representation or statement or pretense, to-wit: by authorizing and/or encouraging their employees to engage in and/or conceal the dual enrollment of students in Epic One-on-One Charter Schools and/or Epic Blended Charter Schools while said students were properly enrolled and attending Oklahoma private schools or homeschooled students and were not obtaining actual full time educational instruction from either Epic One-on-One Charter Schools or Epic Blended Charter Schools in order to obtain appropriated funds from the State of Oklahoma to Epic One-on-One Charter Schools, Epic Blended Charter Schools, and/or EYS for each improperly enrolled student, with the intent to cheat and defraud, contrary to the provisions of 21 O.S. § 1541.1 and punishment as designated in 21 O.S. § 1541.2 of the Oklahoma statutes, and against the peace and dignity of the State of Oklahoma.

Count 9: On or between May 1, 2010 and July 1, 2021, in Oklahoma County, Oklahoma, JOSHUA AARON BROCK, DAVID LEE CHANEY, and BENJAMIN SCOTT HARRIS, did commit the crime of USING A COMPUTER, COMPUTER SYSTEM, OR COMPUTER NETWORK TO EXECUTE A SCHEME TO DEFRAUD, a felony, by using computer(s), computer system(s), and/or computer network(s) to execute a scheme with the intent to defraud the State of Oklahoma specifically by communicating with one another and others regarding racketeering and embezzlement activities, submitting false financial invoices to the State Department of Education, and/or transferring funds between various corporate entities in furtherance of their criminal activities contrary to the provisions of 21 O.S. § 1953(A)(2) of the Oklahoma statutes, and against the peace and dignity of the State of Oklahoma.

- Count 10: On or between May 1, 2010 and July 1, 2021, in Oklahoma County, Oklahoma, JOSHUA AARON BROCK, DAVID LEE CHANEY and BENJAMIN SCOTT HARRIS, did, while acting in concert, commit the crime of PRESENTING FALSE CLAIMS TO THE STATE, a felony, by unlawfully making, presenting, and/or causing the making and/or presenting or fraudulent invoices for payment to the State Department of Education, an agency for the State of Oklahoma, then and there knowing said claims to be false, fictitious and/or fraudulent, contrary to the provisions of 21 O.S. § 358(A) of the Oklahoma statutes, and against the peace and dignity of the State of Oklahoma.
- Count 11: On or between May 1, 2010 and July 1, 2021, in Oklahoma County, Oklahoma, JOSHUA AARON BROCK, DAVID LEE CHANEY, and BENJAMIN SCOTT HARRIS, did commit the crime of ACQUIRING UNLAWFUL PROCEEDS in excess of fifty thousand dollars (\$50,000), a felony, who knowingly or intentionally did, while acting in concert, acquire and conceal proceeds and/or engage in transactions involving such proceeds known to be derived from racketeering, embezzlement, and/or submitting false claims to the State contrary to the provisions of 21 O.S. § 2001 of the Oklahoma statutes, and against the peace and dignity of the State of Oklahoma.

Respectfully Submitted,  
**DAVID W. PRATER**  
**DISTRICT ATTORNEY**



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**DAVID W. PRATER, OBA #15496**  
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CKR 06/23/22

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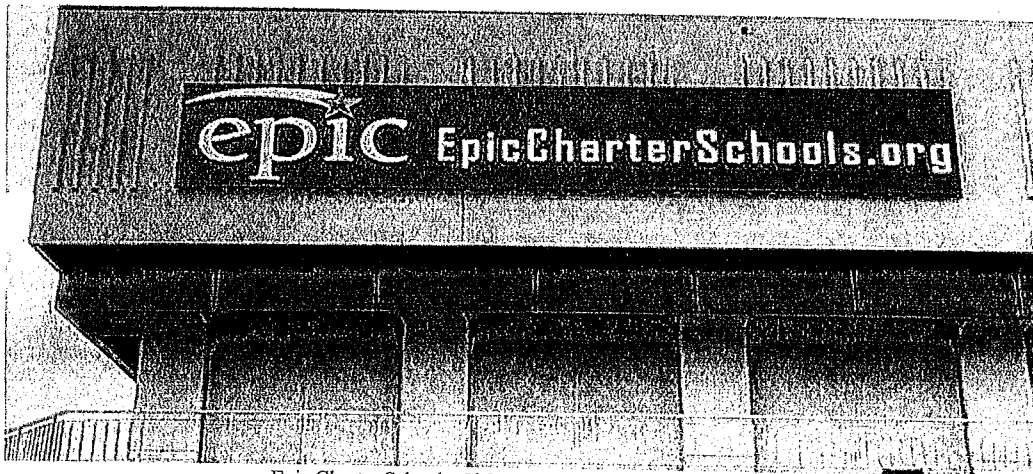
Racketeering, 22 O.S. § 1402  
Embezzlement of State Funds, 21 O.S. § 1451  
Obtaining Money by False Pretense, 21 O.S. § 1542  
Conspiracy to Commit a Felony, 21 O.S. § 421  
Violation of the Computer Crimes Act, 21 O.S. § 1953  
Submit False Documents to the State, 21 O.S. § 358  
Unlawful Proceeds, 21 O.S. § 2001

The investigation was initially handled by OSBI Special Agent (SA) TOMMY L. JOHNSON. Upon SA JOHNSON's retirement, OSBI Special Agent MARK DRUMMOND was assigned to continue the investigation. SA JOHNSON and SA DRUMMOND found the following information through witness interviews, the review of financial records, and audits conducted by the SA&I and other audit entities.

### CASE OVERVIEW

#### FORMATION OF COMMUNITY STRATEGIES, INC.

1. Community Strategies, Inc. dba: Epic One-on-One Charter School (Epic) was founded in Oklahoma City, Oklahoma in 2010 by CHANEY and HARRIS. Community Strategies Inc. is the nonprofit entity that consisted of a board of directors who governed Epic One-On-One Charter School and Epic Blended Charter School.



Epic Charter Schools, 50 Penn Place, Oklahoma City, Oklahoma

2. Community Strategies was formed from a former company named Oklahoma Consumer Education Foundation, that HARRIS had control over. HARRIS initiated a name change through the Oklahoma Secretary of State in March 2009. The initial board members for Community Strategies were HARRIS, ELIZABETH VAN ACKER (HARRIS' wife), and CHRIS CARD.
3. During a telephonic board meeting on May 24, 2010, HARRIS, VAN ACKER, and CARD resigned from the board and ROBERT STEM, PETER REGAN, DOUG SCOTT, and TRAVIS BURKETT were installed to serve as members of the board.

STEM, REGAN, SCOTT, and BURKETT were personal friends of CHANEY and HARRIS and were hand-picked to serve on the board.

4. The registered agent for Community Strategies was changed from HARRIS to SCOTT in January 2011.
5. CHANEY and HARRIS prepared agendas and commonly provided advice to board members during meetings including participating in board executive sessions (i.e. October 30, 2013; April 16, 2014; October 17, 2018.) Their actions, and behaviors were indicative of individuals with great influence over the school and the board. The board consistently voted unanimously during meetings, rarely questioning the recommendations given or actions taken by CHANEY, HARRIS, and Chief Financial Officer (CFO) BROCK.

a. (Action)	Vote	to Convene into Executive Session
Bobby Stem asked for unanimous consent to go into Executive Session. Board Chairman invited Michael Flory, David Chaney, Josh Brock, and Ben Harris into Executive Session. Board voted unanimously to go into Executive Session		

Community Strategies Board Minutes October 30, 2013

a. (Action)	Vote to Convene into Executive Session—Liberty Mitchell motioned to go into executive session, Seconded by Betsy Brown, motion carries 3-0, and the board invited Chuck Richardson, Ben Harris, Josh Brock, and David Chaney into the executive session.
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Community Strategies Board Minutes April 16, 2014

a. (Action)	Vote to Convene into Executive Session <i>Board Member Mitchell moved to convene into Executive Session. Board Member Reynolds seconded the motion. The motion passed unanimously. Present in executive session along with the Board Members was David Chaney, Ben Harris, and Board counsel Bill Hickman.</i>
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Community Strategies Board Minutes October 17, 2018

## INTERVIEW OF BOARD MEMBERS

### DUSTY CHANCEY

6. SA JOHNSON interviewed Dusty CHANCEY. Dusty CHANCEY was the superintendent of the Graham-Dustin Public School District (Graham), Okfuskee County (previously Graham Public School District). HARRIS approached Dusty CHANCEY in the fall of 2010 and asked if Graham would be willing to sponsor Epic as a charter school. Dusty CHANCEY presented HARRIS' proposal to

Graham's board and subsequently Graham accepted the proposal. Graham entered into a sponsorship contract with Community Strategies on December 6, 2010, which entitled Community Strategies to receive state appropriated funds for Epic from the Oklahoma State Department of Education (SDE).

7. Dusty CHANCEY had doubts about the sponsorship of Epic. He was concerned about the credentials of CHANEY and HARRIS because neither HARRIS nor CHANEY had a background in education administration. CHANEY held himself out as Epic's superintendent, but he did not have a superintendent certification.
8. In August 2011, Epic opened, and Dusty CHANCEY immediately had problems with the school. SDE complained Epic was operating sites from churches in Oklahoma City, which were outside of Okfuskee County, their authorized area. Epic did not perform required background checks on their instructors. Epic paid for extracurricular activities for Epic students in organizations whose coaches were not certified by the Oklahoma Secondary School Athletic Association. Epic was located in a church in Oklahoma City and paid \$90,000 for remodeling costs.
9. Dusty CHANCEY tried to correct problems at Epic, but CHANEY and HARRIS would appeal to SDE and SDE would back them up. When SDE did not back them up, CHANEY and HARRIS would have their attorney, BRAD CLARK, threaten to sue Graham. Around July 2011, CHANEY and HARRIS attempted to appease Dusty CHANCEY by appointing him to the board of Community Strategies. Per Dusty CHANCEY, being a board member turned out to be a "joke." At this time STEM was president of the board.
10. The board met quarterly at the facilities of Epic. CHANEY attended every board meeting and HARRIS attended most board meetings. CHANEY controlled the agenda. CHANEY gave a very brief explanation of each agenda item and STEM would call for a vote. Every item always passed without discussion or questions from the other board members.
11. Dusty CHANCEY wondered if the other board members were being paid by Community Strategies or if CHANEY had briefed them prior to the meetings. Dusty CHANCEY felt the other board members had already decided how there were going to vote, and that CHANEY discussed the items only for his sake. Dusty CHANCEY was the only member to ever ask questions.
12. In March 2012, Dusty CHANCEY resigned from the board of Community Strategies because he felt it created a conflict of interest with his duty as superintendent of Graham.

#### **ROBERT STEM**

13. During the course of the investigation, SA JOHNSON interviewed former Community Strategies board member ROBERT STEM. STEM stated that HARRIS

- recruited him to the Community Strategies board. STEM became the board Chairman because he was the only one who lived in Oklahoma City and would be available to sign required documents.
14. STEM admitted that he did not always know what he was signing. STEM signed the contract executing the agreement between Epic and EYS.
  15. STEM did not recall the details leading to EYS' selection to manage Epic. The Board did not take requests for proposals from other management companies and the Board may have made a mistake by not doing so.
  16. STEM later resigned from the board and opened a lobbying firm called Capitol Gains, LLC. Reviews of bank records for EYS revealed that CHANEY and HARRIS have paid STEM's company in excess of **\$520,000**.
  17. As the OSBI investigation continued into Epic and EYS, the school was in turmoil and Community Strategies began to realize they could not continue Epic under the management of EYS. HICKMAN and SCOTT reached out to School Board Partners, Inc. to assist in the restructuring and management of the Community Strategies board. As a result, all but one member of the Community Strategies board was replaced.
  18. On May 26, 2021, a Mutual Termination Agreement was reached between the new Community Strategies board and EYS. Per the Agreement EYS ceased to be the EMO for Epic effective June 30, 2021.
  19. SA DRUMMOND AND SA JOHNSON both reached out to Community Strategies board members who served prior to December 2020. As of June 15, 2022, with the exception of STEM and CHANEY, all other board members refused to be interviewed.

#### **EPIC YOUTH SERVICES, LLC**

20. EYS was a for-profit Education Management Organization (EMO) owned equally by CHANEY and HARRIS. CHANEY and HARRIS formed the company in February 2005.
21. At the July 12, 2010 Community Strategies board meeting, STEM, REGAN, SCOTT, and BURKETT authorized a contract between Epic and EYS. Per the contract, a fee equal to 10% of all revenue received by Epic, primarily from state and federal funds, was to be paid to EYS in exchange for management of Epic. This fee has generated more than \$69 million for the owners of EYS since 2013. The board authorized CHANEY to act as the superintendent of Epic and allowed him to negotiate contracts without board approval. CHANEY, as superintendent, had control over contracting for Epic and was co-owner of EYS, effectively controlling both sides of the financial transactions of Epic. CHANEY remained superintendent until June 30, 2019.

22. The Community Strategies board authorized BROCK to serve as the school's encumbrance clerk and Chief Financial Officer (CFO). BROCK served as the encumbrance clerk since the school's inception. BROCK was not a school employee but a contractor of EYS. BROCK was also the CFO of EYS, Epic California, and Community Strategies-CA, LLC, all organizations controlled by CHANEY and HARRIS. BROCK also effectively controlled both sides of the financial transactions of Epic.

v. Discussion and possible action to approve Josh Brock to serve as Encumbrance Clerk.

**Ben H: Renewal of a contract for Josh who has been the encumbrance clerk since the school's inception.**

Excerpt from Community Strategies Board Minutes, July 21, 2016

23. EYS, the for-profit, did not have separate office space and utilized office space and equipment owned by the state of Oklahoma and located within the administrative offices of Epic. There was no clear line of distinction between Epic the charter school and EYS the for-profit management company. CHANEY and HARRIS' other companies and associated entities also shared the address and/or location of Community Strategies/Epic.

COMMUNITY STRATEGIES DBA EPIC CHARTER SCHOOL 4101 NW 122ND ST SUITE B OKLAHOMA CITY OK 73120	EPIC YOUTH SERVICES LLC GENERAL FUND 4101 NW 122ND ST, SUITE B OKLAHOMA CITY OK 73120	Next Generation Education DBA EPIC Charter School 4101 NW 122nd Street Suite B Oklahoma City OK 73120
COMMUNITY STRATEGIES-CA LLC 4101 NW 122ND STREET OKLAHOMA CITY OK 73120	EDTECH LLC 4101 NW 122nd St., Suite B Oklahoma City, OK 73120	

Excerpt from mailing addresses of Epic, EYS, and related entities

24. EYS had zero employees prior to October 2018. CHANEY and HARRIS, EYS co-owners, and BROCK, EYS contractor, managed all aspects of the school including the bank accounts. Epic school employees and Community Strategies board members did not have access to bank accounts.

### **EPIC BLENDED CHARTER SCHOOL**

25. On May, 24 2017, Community Strategies entered into a charter contract with Rose State College to sponsor Epic Blended Charter Schools (Epic Blended). On May 24, 2017, Epic Blended also engaged EYS as their EMO. Both the charter contract with Rose State and the operating agreement with EYS were signed by SCOTT and approved by the Community Strategies board which ultimately placed control of Epic Blended with CHANEY and HARRIS.

26. Prior to receiving Community Strategies board approval, CHANEY made a presentation on May 18, 2017, to the Rose State College Board of Regents to approve a sponsorship for Epic Blended. A contract and documentation were presented by CHANEY to the Rose State board and the board voted to approve the charter. The presentation and vote were documented in the Rose State College Board of Regents meeting minutes.
27. Both One-on-One and Blended are separate *public schools* in the state of Oklahoma. They are supported predominately by state appropriated public funding and federal funds. Even though they are separate schools, One-on-One and Blended commonly shared teachers, administrative staff, and costs. The SA&I found during their investigative audit that the funds and staff for Epic Blended were comingled with Epic One-on-One. The Student Learning Fund for the two school districts was also combined.

**7.10 Commingling prohibited. The Charter School shall not commingle state funds disbursed to the Charter School with the funds of any other person or entity. The Charter School shall maintain separate and distinct accounting, auditing, budgeting, reporting, and record-keeping systems for the management and operation of the Charter School.**

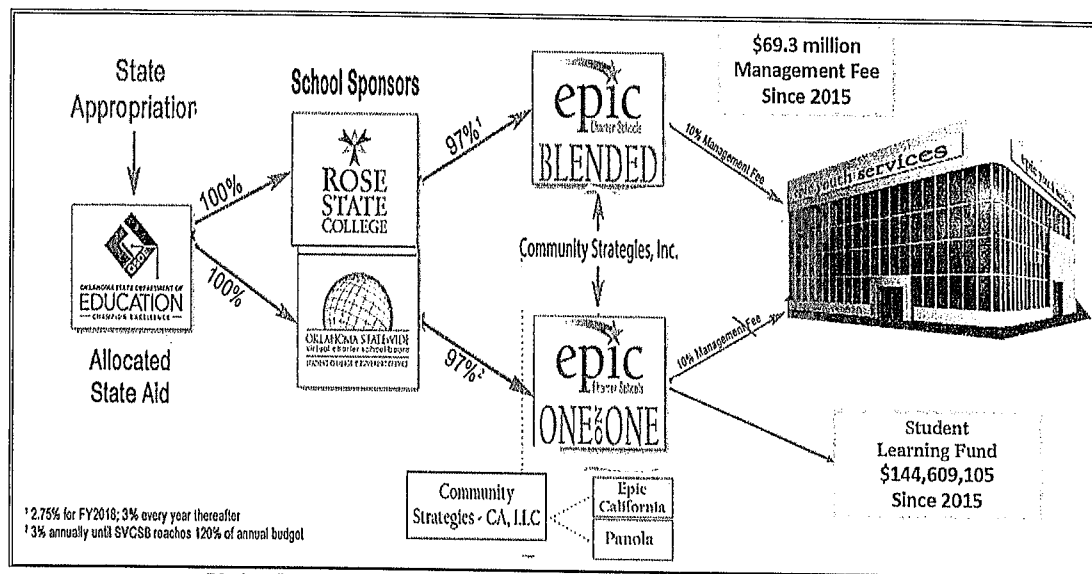
Excerpt from Community Strategies and SVCSB Charter Contract Section 7.10

28. SA DRUMMOND reviewed the bank account records for the Student Learning Fund payments and confirmed that payments for One-on-One and Epic Blended were combined into one account. Funds were commonly moved back and forth from the operating accounts of One-on-One and Epic Blended.
29. SA JOHNSON noted that the Rose State Vice President of Administrative Services, DR. KENT LASHLEY's wife AMANDA LASHLEY was the director of Principal Leadership Development at Epic.

### **FUNDING FOR EPIC CHARTER SCHOOLS**

30. From the SA&I Investigative Audit, interviews and review of other documents, SA DRUMMOND identified the flow of public funds to Epic Charter Schools and EYS. According to the SA&I report:

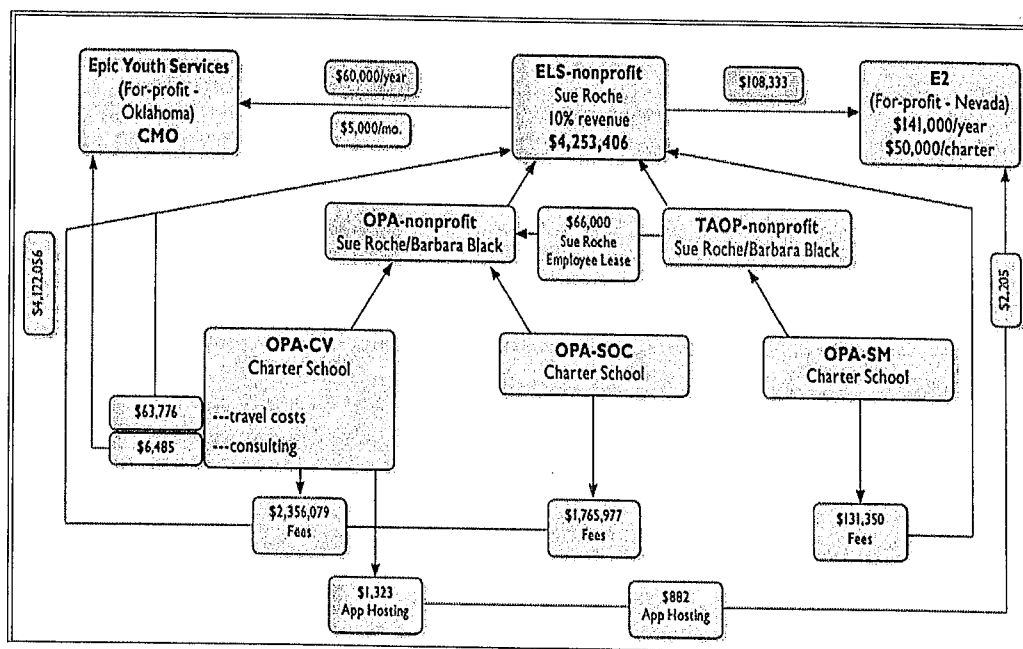
*One-on-One and Blended are predominantly funded by state appropriations, which are transferred from the Oklahoma State Department of Education (SDE) to the respective charter school sponsors on a monthly basis. Currently, three percent of those appropriations are retained by the sponsor and the remaining funds are transferred to the schools. Federal funds are transferred directly from SDE to the schools.*



(Updated) Excerpt from SA&I Investigative Audit Report, released October 1, 2020

## OXFORD PREPARATORY ACADEMY

31. SA DRUMMOND reviewed the California Fiscal Crisis & Management Assistance Team (FCMAT) audits of Epic Charter Schools California and Oxford Preparatory Academy (California) and discovered the following information.
32. In 2009 Oxford Preparatory Academy (OPA) of Chino, California, was granted non-profit status as a charter school. Edlighten Learning Solutions (Edlighten) was formed as a charter management organization that managed OPA in a similar fashion as EYS managed Community Strategies. In 2015, FCMAT was tasked with auditing OPA with respect to fraud, misappropriation of funds, and money laundering. The audit report was released November 22, 2016.
33. The audit report explained the complex business relationships between OPA and numerous other interrelated companies including Edlighten. The report indicated that Edlighten contracted with EYS for consulting services and also found that BROCK was the CFO for both Edlighten and EYS and had signing privileges on OPA's bank account. The complex scheme used at OPA was very similar to the structure created by CHANEY and HARRIS through EYS in Oklahoma.



Excerpt from FCMAT Audit Report of August 3, 2017

34. The mailing address for Edlighten, 4101 NW 122<sup>nd</sup> Street, Suite B, Oklahoma City, OK, was the same address used by EYS and Epic. The report indicated that Edlighten commonly refused to cooperate with and provide documentation to auditors.
35. Emails between HARRIS, BROCK, and SUE ROSCH (the head of Edlighten and founder of OPA) showed that HARRIS directed ROSCH on school management procedures and employee roles. Emails also discussed how to expand operations and give bonuses to ROSCH for new charter schools approved with her assistance. Provided below is an excerpt from the email exchange between HARRIS and ROSCH.

On Sep 26, 2014, at 9:15 PM, Ben Harris <ben.harris@epiccharterschools.org> wrote: Nick has your credit card. Josh overnighted it to him. I text you that on Wed.

As I have said before nobody, including Nick, should work for both the school and the CMO. You are right. I will take a picture of receipts and send to Josh. I can do that easily. Will that work? Then at least he's not doing that for me. Then I will mail the originals to Josh once a month. Let me know if this sounds OK.

I have not developed a title yet because Josh and I are modeling to determine if the CMO can even afford to expand our role, etc.

Maybe help us expand and get a bonus for every new school you help get approved. Then you have an incentive and we can afford that with the increased income the schools will generate. Also, we can always move Jason to OPA.

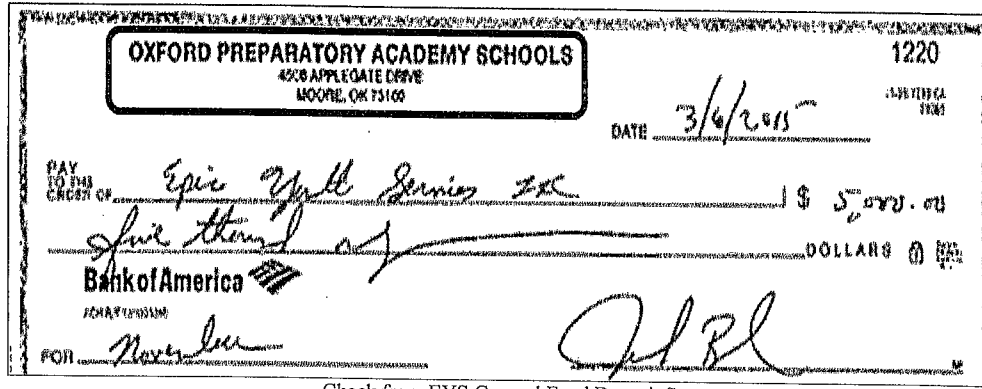
I am sure we can figure it out but we need to stop spending money until we can project out what we have already committed to.

PLEASE send me a balance sheet of the account monthly. We must get Joel off the payroll. When? Of course, he may be able to help with charters, somehow. I'll ask Becky.

Excerpt from email correspondence between Ben Harris and Sue Rosch



36. The above listed email provides further documentation that HARRIS' motivation was to expand his private business.
37. OPA paid EYS at least \$160,000 in consulting fees between 2013 and 2016.



38. In conclusion the FCMAT audit reported:

*Based on the evidence presented to FCMAT, there is sufficient documentation to demonstrate that fraud, mismanagement, and misappropriation of the charter school funds and assets may have occurred.*

39. Shortly after the audit report was released OPA's charter was revoked by California authorities.

#### **COMMUNITY STRATEGIES-CA, LLC AND EPIC CALIFORNIA**

40. CHANEY and HARRIS proposed the creation of the non-profit Community Strategies-CA, LLC (CS-CA) as a subsidiary of Community Strategies, as documented in the Community Strategies board minutes of November 19, 2015.
41. Epic was authorized by the Orange County Board of Education to commence operations of an online charter school for the 2016-17 school year. Epic Charter School California (Epic California) is operated by a board of directors known as Next Generation Education (NGE). NGE governs Epic California the same way that Community Strategies operates Epic One-on-One and Epic Blended. NGE had an operating agreement with Community Strategies-CA LLC (CS-CA).
42. CS-CA's Articles of Incorporation were signed by SCOTT on November 25, 2015.
43. CHANEY and HARRIS told the board that the Oklahoma and California schools would share the same administrative structure, and that expanding the brand to California would help Oklahoma. The minutes also stated that CS-CA "may possibly subcontract some responsibility to EYS if needed." CHANEY and

HARRIS directed and controlled the establishment and relationship between Community Strategies and CS-CA in a manner that would ultimately profit the expansion of their brand "Epic" to California at the expense of Oklahoma tax dollars.

**Doug Scott asked if Oklahoma dollars will be funneled into the CA company.**

**David Chaney stated no. That very question is why Epic has worked closely with McAfee & Taft to carefully structure the CA Comm Strat and CA charter school the way they have. Scott Delaney agreed and reiterated this. Scott Delaney also stated that the OK Comm Strat should talk to their attorney, Bill Hickman, before doing anything with the CA Comm Strat if they have any questions.**

**Ben Harris stated that the CA school could be a much bigger school than OK, and therefore could help OK with administrative costs in a large way.**


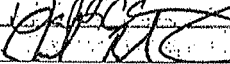
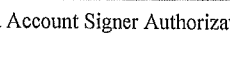
**Attorney Scott Delaney of McAfee & Taft explained that this model will help to reduce administrative costs for Epic, the CA charter school, and any other schools that they may develop potentially. OK Comm Strat would form a non-profit wholly owned company with OK Comm Strat as the sole member. In order to have the benefit of the CA Comm Strat having the same operational infrastructure as the OK Comm Strat, the OK**

All three clips are excerpts from Community Strategies Board Minutes, November 19, 2015

44. CS-CA was officially approved at the April 19, 2016, Community Strategies Special Board meeting. During this meeting, BURKETT resigned his position as a Community Strategies board member and was appointed as the sole member of the CS-CA Board of Managers. The Board of Managers consisted only of Burkett at this time. BURKETT was responsible for all decisions except for those powers reserved in an operating agreement between NGE and CS-CA.
45. The Operating Agreement between CS-CA and NGE was signed by Travis Burkett on April 13, 2016, six days before he resigned his position from the Community Strategies board. The Epic California school and the management of that school were established by CHANEY and HARRIS prior to the Community Strategies

board approval. CS-CA was primarily created to become the EMO for Next Generation Education dba Epic California. CS-CA is included in the Form 990 tax filings of Community Strategies.

46. CS-CA obtained a tax identification number on May 27, 2016 and established a bank account (#5604 at Bank of Oklahoma) with CHANEY, HARRIS, and BROCK as the only signers. This account was established to receive the 10% management fee of the Epic California school that was opened for enrollment in November 2016 under the authorization of the Orange County Board of Education.

<b>Bank of Oklahoma</b>		<b>Limited Liability Company Authorization Resolution</b>	
		#52	
<b>Account Number</b> [REDACTED] 04		JUN 10 2016	
COMMUNITY STRATEGIES-CA, LLC 4101 NW 122ND ST SUITE B			
C. If indicated, any person listed below (subject to any expressed restriction) is authorized to:			
<b>Name</b>	<b>Title</b>	<b>Signature</b>	<b>Facsimile Signature</b>
(A) BENJAMIN S HARRIS	Authorized Signer		
(B) DAVID CHANEY	Authorized Signer		
(C) JOSH BROCK	Authorized Signer		

Clip from CS-CA Bank of Oklahoma Account Signer Authorization

47. On November 15, 2016, the Community Strategies board appointed PRESTON STINSON and COLIN MARTIN as additional members CS-CA board members BURKETT, STINSON, and MARTIN had the authority to direct, manage and control the business of CS-CA but were never added to the bank account nor did they direct or manage the business of CS-CA. CHANEY, HARRIS, and BROCK continued to control the finances of the organizations that were being built to profit from state appropriated funds.
48. Even though CS-CA board member appointments had not yet been made by the Community Strategies board, in an October 21, 2016, letter to the Orange County Department of Education, Epic California represented that the CS-CA board of STINSON, MARTIN, and BURKETT had already been appointed.
49. CS-CA served as a "shell" company used by EYS to receive management fees from Epic California, in turn creating profits for CHANEY and HARRIS.
50. In STINSON's run for the Oklahoma House of Representatives in 2020, 55% of his campaign was funded by the political donations of HARRIS, CHANEY, BROCK, ELIZABETH VAN ACKER (HARRIS' spouse), LACI BROCK (Brock's spouse), and HICKMAN.

# OKLAHOMA ETHICS COMMISSION

Phone: (405) 521-9451 • Fax: (405) 521-4965 • Website: WWW.OK.GOV/ETHICS

## COMMITTEE SCHEDULE A - MONETARY CONTRIBUTIONS

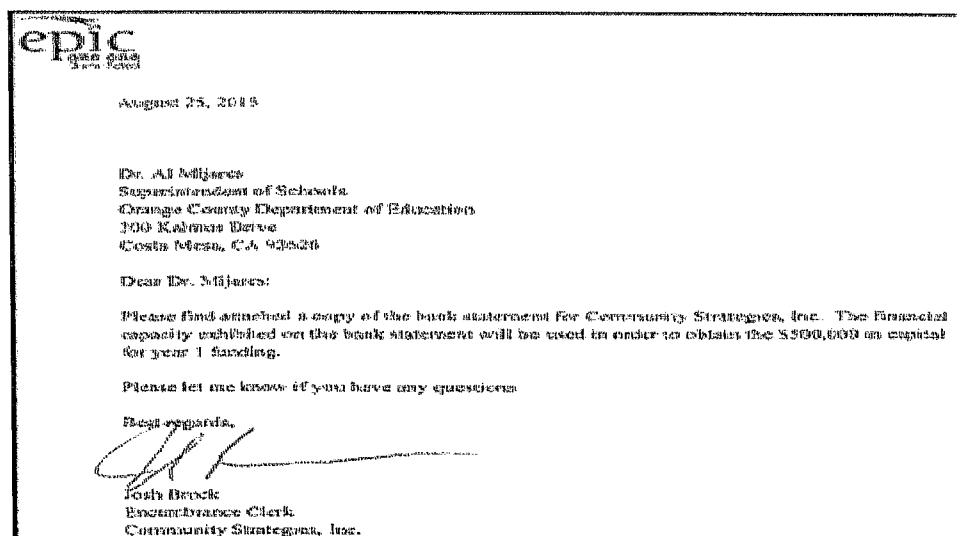
AMENDED: NO


Full Legal Name of Candidate (if applicable) <b>PRESTON STINSON</b>		Full Name of Committee <b>STINSON FOR HOUSE 2020</b>	
Type of Report <b>2020 PRE-GENERAL REPORT</b>		Reporting Period <b>08/11/2020 - 10/19/2020</b>	Ethics Number <b>10145</b>
8/24/2020	VAN ACKER, ELIZABETH 6417 N. PENNSYLVANIA AVE., NICHOLS HILL, OK 73116 CEO FIVE POINTS TECHNOLOGY	Monetary : Individual	\$2,800.00
8/24/2020	HARRIS, BENJAMIN 6417 N. PENNSYLVANIA AVE., NICHOLS HILL, OK 73116 OWNER EYS, LLC	Monetary : Individual	\$2,800.00
8/23/2020	CHANEY, DAVID 13517 COBBLESTONE CURVE RD., OKLAHOMA CITY, OK 73142 OWNER EYS, LLC	Monetary : Individual	\$2,800.00
8/24/2020	BROCK, JOSHUA 3108 HILLSIDE DR., EDMOND, OK 73012 OWNER JAB CONSULTING, LLC	Monetary : Individual	\$2,800.00
8/24/2020	BROCK, LACI 3108 HILLSIDE DR., EDMOND, OK 73012 HOMEMAKER SELF-EMPLOYED	Monetary : Individual	\$2,800.00

Excerpt from Oklahoma Ethics Commission electronic reporting system

## PLEDGING OF CAPITAL FOR EPIC CALIFORNIA

51. In August 2015, several months prior to the first discussion of a California charter school being noted in Community Strategies board minutes, the financial capacity of Community Strategies was pledged to be "used in order to obtain \$500,000 in capital for year 1 funding" for Epic-California. The funds in One-on-One's bank account consisted of Oklahoma taxpayer dollars. These funds were being pledged to assist in the creation of a public charter school in California.



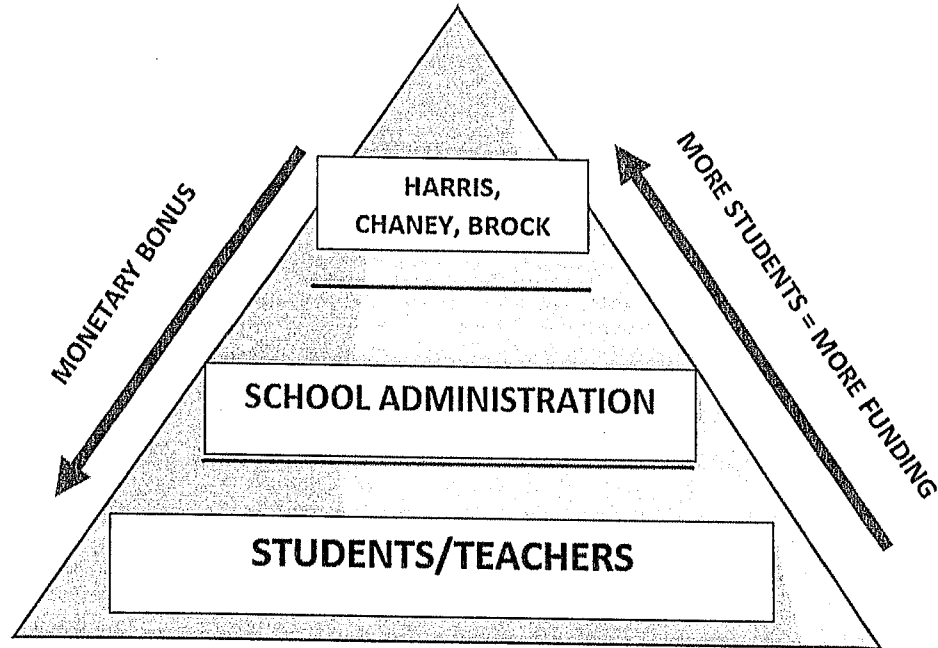
 <b>BANK OF OKLAHOMA</b>	
A Division of BOKF, NA P.O. Box 2300 Tulsa, OK 74102-0001 Member FDIC	<b>PRIMARY ACCOUNT</b> [REDACTED] 7583
<b>COMMUNITY STRATEGIES</b> DBA EPIC CHARTER SCHOOL 4101 NW 122ND ST SUITE B OKLAHOMA CITY OK 73120	Statement Period: 07-01-15 to 07-31-15  Direct Inquiries To: Comm'l Client Svcs 800-541-4844  www.bok.com
170 Images Provided Page 1 of 17	
<b>PUBLIC FUNDS INVESTOR CHK</b>	
ACCOUNT: [REDACTED] 7583	
Statement Period from 07-01-15 through 07-31-15	
\$ Starting Balance	4,267,553.35
+ 5 Deposits	17,719.22
- 184 Checks & Withdrawals	1,597,762.37
- Service Fees	.00
= Ending Balance	2,687,510.20

FCMAT Audit Report of August 3, 2017 supporting documentation

52. The pledging of public funds for the benefit of any creditors is a violation of Article 10 Section 15 of the Oklahoma Constitution.

### RECRUITMENT OF STUDENTS

53. Epic recruited teachers based on a pay scale where they were paid \$1,000 per student per year. Epic teachers and families of students were encouraged to recruit more students for Epic. Teachers were given pay bonuses for each student they recruited, and families were given a bonus credited to their Student Learning Fund account for each student they recruited. The bonuses were paid with state funds and created a situation similar to a pyramid scheme. The more students that were recruited the more money CHANEY and HARRIS made.
54. In a pyramid scheme low level investors recruit additional investors (students) and are paid a bonus dependent on the number of investors recruited. The bonus is a small portion of the money the management/owners at the top of the pyramid receive from the addition of each investor. Even though the low-level recruiters make money through their bonus payments, the owners/managers make more money. The difference with Epic is that low level investors (teachers/students) don't lose money because the money is provided by the State of Oklahoma for each student enrolled.



Source (OSBI/DRUMMOND)

55. Each student enrolled boosts the amount of state appropriated funding that Epic received, and in turn boosted the management fees paid to EYS. The population of the school directly affected the amount of money CHANEY and HARRIS made in management fees, and the more money that was sent to EYS for the Student Learning Fund. Learning fund money that was not used by students was not returned to the school.
56. The administration for Epic boasted some of the highest paid school administrative salaries in the state of Oklahoma. Most of the upper-level administration consisted of either family or personal friends of CHANEY, HARRIS, or BROCK. CHANEY and HARRIS convinced the administration through salary and bonuses to promote the recruitment of students by using teachers and current students to grow the school and increase their administrative fee. CHANEY and HARRIS often threw lavish parties and gave expensive gifts including bottles of whiskey worth thousands of dollars.
57. Epic's recruitment/bonus payment concept led to teachers at private schools becoming teachers for Epic and simultaneously enrolling their private school students as public-school students at Epic. The teachers were then paid by both entities. In emails obtained during the investigation between CHANEY and Epic staff members, CHANEY condoned and authorized the dual enrollment of students. These students came to be known as "ghost students".

58. In addition to the pyramid scheme, SA&I noted that Epic expended over \$2.6 million on advertising, media, and promotional mall playgrounds between April 2019 and July 2019. This money was purely spent to increase enrollment. As the pyramid scheme above noted, each student enrolled increased the amount of state appropriated funding that Epic received, which in turn increased HARRIS' and CHANEY's profits.
59. SA JOHNSON found evidence during the investigation that students from St. John's Christian Heritage Academy, St. Peter and Paul Catholic School, Bridge of Hope, and Rising High Christian Academy (RHCA) were dual enrolled with Epic.
60. Some parents whose children were enrolled in these schools had no knowledge their children were fraudulently enrolled in Epic. A parent confirmed her child was enrolled in RHCA, but never enrolled the child in Epic. An administrator of RHCA reported she had an "arrangement" with Epic that provided RHCA with supplies and services in exchange for the enrollment of RHCA students.
61. An interview with a former Epic teacher disclosed that many of her students were homeschooled by their parents and the parents provided their children's identities to Epic in exchange for products and services obtained through the Student Learning Fund. These parents were dubbed members of the "\$800 Club."
62. The teacher reported the situation to her superiors, CHARLOTTE UZZEL, SCOT TROWER and HARRIS. They instructed her to conceal the fact that the homeschooled students were not participating in Epic and gave them credit for "doing yard work," "participating in extracurricular activities," or "just talking with them on the phone."
63. At the April 30, 2013 meeting of Community Strategies, Epic's board, CANTRELL asked about the "percent of students that are homeschooled." CHANEY did not have an exact number but 'estimated' around 30%.

## **STUDENT LEARNING FUND**

### **HISTORY**

64. The Student Learning Fund was marketed by Epic as a program that allowed parents to have a choice in how some of the state appropriated funds for their student was spent. The amount of the allotment varied from time to time and ranged from \$800 to \$1,000 per student per year. The "Learning Fund" was defined in the Community Strategies and EYS *Operating Agreement* as seen here.

Learning Fund. EYS shall be responsible for managing the School's student learning fund (the "Student Learning Fund"). The Student Learning Fund is a fund that is allocated within the school budget on a per student basis, in the approximate amount of \$800 per student for a school year, that families are allowed to direct the spending of with the approval and consent of the School. The Board, or its designee, shall transfer the funds authorized for the Student Learning Fund to EYS to purchase and manage school assets and services on behalf of the school. The Board may, in its discretion, increase or reduce the amount allocated per student to the Student Learning Fund.

Excerpt from Community Strategies and EYS Operating Agreement, Section I

65. Epic was initially sponsored by the Graham Public School District (Graham). At that time funds from the Student Learning Fund were disbursed directly from Epic's general operating account. Payments were disbursed directly to parents and other individuals, who were not certified teachers, but provided some of the extracurricular activities that Epic gave students credit for. There was no oversight to ensure the money was spent on items or services that provided for the student's educational needs.
66. CHANCEY, the superintendent of Graham, complained to EYS and the board of Community Strategies, that Epic's process of providing payments directly to individuals who were not certified teachers from the school's operating account was inappropriate. CHANCEY contacted LAURA HOLMES, an attorney employed by the Center for Education Law (Law Center) to review the issue. The Law Center represented Graham in legal matters.
67. SA JOHNSON interviewed HOLMES, and she advised that she and CHANCEY met on May 8, 2012 with Epic representatives CHANEY, HARRIS, STEM, BROCK, and BRAD CLARK. Student Learning Fund payments were included as a topic of the meeting.
68. HOLMES told the representatives of Epic that State Appropriated Funds used to make payments on behalf of students for extracurricular activities, where the students received no elective credit violated the provisions of the Oklahoma State Constitution, Article 10, Sections 14 and 15. HOLMES told them the referenced sections restricted appropriated funds to public use and the payments from the Student Learning Fund were considered "gifts" to private individuals.
69. HOLMES was told that CHANEY and HARRIS were partners in EYS, a private educational management company. EYS had a contract with Epic and received a management fee. Someone from Epic suggested changing control of the Student Learning Fund from Epic to EYS with them making payments for extracurricular activities from their management fee. HOLMES agreed with the suggestion.
70. SA JOHNSON interviewed BROCK on two occasions. BROCK was the owner of JAB Consulting LLC (JAB). EYS contracted with BROCK through JAB to manage the financial aspects of EYS. BROCK prepared invoices for EYS and billed Epic



for “Instructional Services.” BROCK was also the CFO and Encumbrance Clerk for Epic. As the CFO of Epic, BROCK received the EYS invoices and prepared them for submission to Epic’s board of directors for approval. In essence, BROCK prepared and received payments for both entities.

71. BROCK admitted to participating in the meeting with HOLMES and CHANCEY. BROCK said HOLMES informed them the payments Epic made from the Student Learning Fund for extracurricular activities violated the provisions of the Oklahoma State Constitution.
72. After the meeting, BROCK and CHANEY discontinued making Student Learning Fund payments from the General Fund of Epic, and CHANEY opened a checking account at the Bank of Oklahoma (BOK) in August 2012 under the umbrella of EYS titled “EYS Learning Fund.” CHANEY, HARRIS, and BROCK developed a system to invoice Community Strategies for public funds to deposit into the outside BOK account and manage the Student Learning Fund.
73. BROCK and CHANEY were authorized signers on the account and EYS had exclusive control of the Student Learning Fund, depositing state appropriated funds into a private bank account, and maintaining those funds outside the purview of public oversight. The money in the Student Learning Fund account was public money that EYS was entrusted with for the specific purpose of the management and distribution of the funds to purchase curriculum, provide laptop computers, and pay for instructional services. Between July 1, 2015 and June 30, 2021, Epic paid EYS Student Learning Fund invoices totaling \$144,609,105.
74. Even though purchases made from the Student Learning Fund account were made using Epic’s tax identification number, CHANEY and HARRIS continuously made public comments that the money in the Student Learning Fund was their money to spend as they chose.
75. EYS did not claim the money received from the Student Learning Fund as income on their tax returns which is further evidence that the funds were public. CHANEY and HARRIS claimed the money as their private funds, concealing accounts and records from auditors, law enforcement, and the public.

### **FINANCIAL EXAMINATION**

76. As part of the investigation, it was necessary to examine bank records for Epic and EYS to track payments between the entities. Bank records from Epic One-on-One, Epic Blended, Next Generation Education, CS-CA and EYS were examined. Each Epic school maintained a separate checking account for operations.
77. EYS operated a “General Fund” bank account which was funded in large part by the 10% management fee. EYS also operated two different “Student Learning Fund” accounts which were funded by state appropriations held by EYS on behalf

of students enrolled with Epic. All of this funding was allocated to Epic for the education of Oklahoma children.

78. On October 1, 2020, SA&I released part one of their investigative audit of Epic. SA DRUMMOND reviewed the SA&I report and noted several findings from the report where Oklahoma funds were used to benefit EYS, Epic California, Panola Public Schools, and Pawhuska Public Schools.

### **FRAUDULENT STUDENT LEARNING FUND OVERPAYMENTS**

79. SA&I found that between FY 2015 and FY 2021, based on invoices they received from EYS, Epic paid \$144,609,105 which was deposited by EYS into the Student Learning Fund bank account. These invoices were prepared by BROCK as the CFO of EYS and received and paid by BROCK as the CFO for Epic. Until June 30, 2019, the purchase orders were approved by CHANEY, Epic superintendent and EYS co-owner. Beginning July 1, 2019, BANFIELD, as the superintendent of Epic, approved the purchase orders for the Student Learning Fund payments.
80. The two factors for calculating accurate Student Learning Fund invoice amounts were the annual dollar amount allocated per student and the student count. The annual dollar amount was board approved for each school year. Per EYS' own assertions in court documents, and as documented on invoices, and in an email, Student Learning Fund invoices should have been submitted for payment based on the student count from the First Quarter Statistical Report (FQSR), an SDE approved measurement of student enrollment.
81. Evidence supporting FQSR as the student count basis include:
- Invoice #LF24 dated May 14, 2014, indicated a final reconciliation of Student Learning Funds for FY 2014 was based on "2491 Epic One-on-One Students on FQSR."
  - Invoice #LF10-2020 dated December 21, 2020, showed the payment due the Student Learning Fund was "Based on Student Count from FQSR."
  - On July 16, 2020, Brock responded through an email that the Student Learning Fund was calculated on "enrollment as reported on the First Quarter Statistical Report".
  - In the court brief of CV-2020-554, as part of "ARGUMENT AND AUTHORITIES," EYS also states, "Even though the amount of money Community Strategies pays EYS is calculated based upon the number of students enrolled as of the FQSR...."
  - In a "Factual Background" statement included as part of an EYS brief filed in the SA&I vs. EYS court case (CV-2020-554), EYS indicated that "First Quarter

Statistical Report ("FQSR," i.e. the first 45 days of school)" was the student count that should have been utilized for Student Learning Fund payment calculations. The statement is shown here.

The amount that Community Strategies pays EYS to provide "Learning Fund" services fluctuates from year to year, but for the 2019-2020 school year the parties agreed that Community Strategies would pay EYS an amount equal to \$1000 per student reflected on the First Quarter Statistical Report ("FQSR", i.e. the first 45 days of school).

Excerpt from Oklahoma County District Court Case CV- 2020-554

82. Based upon FQSR student count and the board approved annual student allocation amount it was calculated that EYS received **\$14,073,450** in fraudulent Student Learning Fund payments.

#### **EMBEZZLEMENT OF STUDENT LEARNING FUNDS BY EYS**

83. CHANEY, HARRIS, and BROCK's concealment of public funds in the Student Learning Fund bank account allowed illegal transfers benefiting EYS to occur. The investigation revealed that on 52 separate occasions, between December 2014 and June 2021, public funds were transferred from the Student Learning Fund bank account (Bank of Oklahoma Account #1265 or # 3440) directly to the private EYS bank account (Bank of Oklahoma #7547). These 52 transactions resulted in the embezzlement of **\$3,279,785**.
84. The Charter School Operating Agreements between Community Strategies and EYS prohibited the use of the Student Learning Funds for any non-school purpose. The Agreements required that funds be used for the "benefit of the Charter School." The Agreements also stated that the Student Learning Fund was to be used "on behalf of the school." The Community Strategies meeting minutes did not indicate that the Board ever questioned the Student Learning Fund invoices.
85. Despite these requirements, **\$3,279,785** in Oklahoma taxpayer funds were transferred from the Student Learning Fund to the EYS general operating bank account and used similar to a line-of-credit at the convenience of EYS.
86. The 52 transactions were frequently made at times when EYS did not have sufficient operating cash to cover their private obligations. On August 8, 2018, a transfer of \$10,000 was made from Student Learning Fund Account 3440 to the EYS General Fund, which had been overdrawn on August 7, 2018, with a balance of -\$1,242.73.

DAILY ACCOUNT BALANCE					
Date	Balance	Date	Balance	Date	Balance
07-31	6,647.95	08-10	1,242.73-	08-24	176,811.81
08-03	147.95	08-15	7,676.66	08-27	23,436.81
<del>08-07</del>	<del>1,242.73-</del>	08-17	6,657.22	08-28	118,689.63
08-08	8,757.27	08-21	66,657.22	08-30	107,599.92
08-09	8,789.77	08-23	461,684.05	08-31	102,199.92

Excerpt from EYS General Fund Bank Account, August 8, 2018

87. Five of the 52 illegal transfers, totaling \$280,000, were made by wire transfer in August 2018.

- Aug 8, 2018 \$ 10,000 from Account #3440 to EYS Account 7546
- Aug 15, 2018 \$ 10,000 from Account #3440 to EYS Account 7546
- Aug 21, 2018 \$ 60,000 from Account #3440 to EYS Account 7546
- Aug 28, 2018 \$100,000 from Account #3440 to EYS Account 7546
- Aug 31, 2018 \$100,000 from Account #3440 to EYS Account 7546

EPIC YOUTH SERVICES LLC 4101 NW 122ND ST STE B OKLAHOMA CITY OK 73120	Tulsa, OK 74192-0001
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FREE SMALL BUSINESS CHCKG ACCOUNT: [REDACTED] 7547

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Statement Period from 08-01-18 through 08-31-18

Starting Balance	6,647.95
+ 9 Deposits	954,211.04
- 32 Checks & Withdrawals	858,659.07
- Service Fees	.00
Ending Balance	102,199.92

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DEPOSITS

Date	Amount
08-08 INTERNET XFER FROM CHKG [REDACTED] 3440	10,000.00
08-09 REFUND FEE	32.50
08-15 INTERNET XFER FROM CHKG [REDACTED] 3440	10,000.00
08-17 REFUND ONE OD FEE	32.50
08-21 INTERNET XFER FROM CHKG [REDACTED] 3440	60,000.00
08-23 DEPOSIT BRANCH	409,693.49
08-24 DEPOSIT BRANCH	264,452.55
08-28 INTERNET XFER FROM CHKG [REDACTED] 3440	100,000.00
08-31 INTERNET XFER FROM CHKG [REDACTED] 3440	100,000.00

Excerpt from EYS General Fund Bank Account August 2018

88. On April 30, 2019, the EYS General Fund had a balance of \$725.30. A transfer was issued on May 1, 2019, in the amount of \$65,164.14. The transferred funds were quickly converted to payments issued to Capital Gains, (former board member STEM's lobbying firm) and JAB. Capital Gains was paid \$7,000 on May 3, 2019, and JAB was issued a check in the amount of \$25,000.

89. In March 2019 three \$100,000 transfers occurred.

- March 15, 2019 \$100,000 from Account #3440 to EYS Account 7546
- March 19, 2019 \$100,000 from Account #3440 to EYS Account 7546
- March 28, 2019 \$100,000 from Account #3440 to EYS Account 7546

EPIC YOUTH SERVICES LLC 4101 NW 122ND ST STE B OKLAHOMA CITY OK 73120		Tulsa, OK 74192-0001	
		26	Page 1 of 2
FREE SMALL BUSINESS CHCKG		ACCOUNT: [REDACTED] 7547	
Statement Period from 03-01-19 through 03-31-19			
Starting Balance		89,865.54	
+	7 Deposits	1,408,412.80	
-	35 Checks & Withdrawals	530,384.02	
-	Service Fees	.00	
=	Ending Balance	959,894.41	
<b>DEPOSITS</b>			
Date		Amount	
03-11	DEPOSIT BRANCH	41,502.48	
03-15	INTERNET XFER FROM CHKG [REDACTED] 3440	100,000.00	
03-15	BANK OF OKLAHOMA REVERSAL 1	2.05	
03-19	INTERNET XFER FROM CHKG [REDACTED] 3440	100,000.00	
03-28	INTERNET XFER FROM CHKG [REDACTED] 3440	100,000.00	
03-28	DEPOSIT BRANCH	696,992.07	
03-29	DEPOSIT BRANCH	370,006.29	

Excerpt from EYS General Fund Bank Account March 2019

90. The remaining 44 transactions not shown are similar in nature and were wire transferred from the public funds in the Student Learning Fund bank accounts to EYS' private bank account.
91. EYS continued to embezzle funds after SA&I began the audit process. There were periodic repayments of embezzled funds, but the amount repaid did not always match the amount taken. The difference between embezzled funds and repaid funds totaled \$1.153 million on October 1, 2019. Account records showed there was a large number of payments back to the Student Learning Fund just prior to the release of the SA&I report. SA&I was not aware of the transfers because they were denied access to the Student Learning Fund bank account by EYS.

### FRAUDULENT TRANSFERS TO EPIC CALIFORNIA & PANOLA

92. Further review of the Student Learning Fund account identified numerous transactions where state appropriated funds were improperly managed and spent by CHANEY, HARRIS, and BROCK. This includes four transactions, one through CS-CA, totaling **\$195,000** that were transferred from the Student Learning Fund to Epic California and an additional **\$100,000** that was transferred through CS-CA to Panola Public Schools.

Date	Amount
2/22/17	\$50,000
5/26/17	\$60,000
1/31/18	\$50,000
2/20/18	\$35,000
<b>Total</b>	<b>\$195,000</b>

93. The SA&I report detailed emails between HARRIS, BROCK, PAUL MACGREGOR, and KARL YODER that facilitated a \$50,000 wire transfer on February 22, 2017, from the Student Learning Fund to Epic California. YODER requested the transfer as a loan on the Promissory Note so that Epic California would have funds to make payroll. BROCK sent a follow-up email when the funds were transferred.

**From:** Karl Yoder [mailto:[karl@charteradmin.com](mailto:karl@charteradmin.com)]  
**Sent:** Tuesday, February 21, 2017 3:56 PM  
**To:** josh.brock  
**Cc:** Ben Harris; Paul MacGregor  
**Subject:** Need \$50k wire ASAP

Hi Josh –

We need that \$50k off the Promissory Note balance ASAP as previously discussed. If we don't get it by Wednesday we will be short on payroll.

**From:** Josh Brock <[josh.brock@epiccharterschools.org](mailto:josh.brock@epiccharterschools.org)>  
**Sent:** Wednesday, February 22, 2017 7:59:40 AM  
**To:** Karl Yoder  
**Subject:** RE: Need \$50k wire ASAP

I'm wiring today; I just wanted to understand the process.

Thanks,

Josh

FCMAT Audit Report of August 3, 2017 supporting documentation

94. The Promissory Note referenced in YODER's email referred to the \$500,000 in state funding held by Epic (Oklahoma) that was pledged as collateral to secure funding from the State of California for Epic California.
95. During interviews with OSBI, two Epic employees stated they witnessed HARRIS admit to loaning money from the Student Learning Fund to both Epic California and to EYS. This conversation occurred during an executive session of the Community Strategies board. Additionally, on March 22, 2021, HICKMAN, Epic legal counsel, sent a letter to SDE admitting EYS "loaned" money to Epic California, noting that the money had been repaid. Redacted EYS General Fund

bank statements were provided to SDE as evidence (Aug 2018, Nov 2018, Dec 2018, May 2019). Hickman's statement also indicated that "...as of May 21, 2019, the EYS Student Learning Fund account has been repaid in full and made whole."

96. Per unredacted Student Learning Fund bank statements subsequently obtained by the OSBI, it was evident that the information presented by Hickman to SDE was false and that EYS transferred more money out of the Student Learning Fund to EYS than allegedly repaid. The evidence provided SDE was redacted to conceal the truth.
97. On June 26, 2017, a transfer totaling \$100,000 was made from the Student Learning Fund to CS-CA's bank account and was then wired to Panola Public Schools. More than two years later, Panola Public Schools made a \$100,000 payment to CS-CA. There was no evidence these funds were specifically for the repayment of the June 26, 2017, nor that the \$100,000 was ever returned to the Student Learning Fund.
98. A review of Panola Public Schools bank accounts by the SA&I revealed that BROCK and CHANEY were both signers on the Panola bank account.
99. The Charter School Operating Agreements between Community Strategies and EYS prohibited the use of the Student Learning Fund for any non-school purpose. The Agreements required that funds be used for the benefit of the Charter School. Despite this requirement, **\$295,000** in Oklahoma taxpayer funds were transferred from the Student Learning Fund to Epic California, CS-CA, and via CS-CA to Panola Public Schools.

#### **EYS ILLEGAL USE OF EPIC EMPLOYEES**

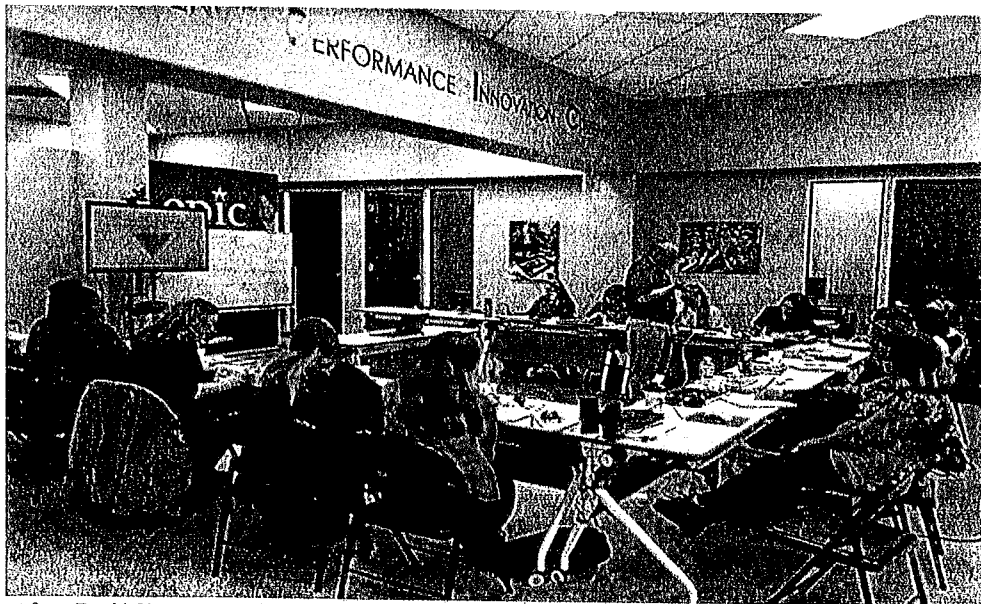
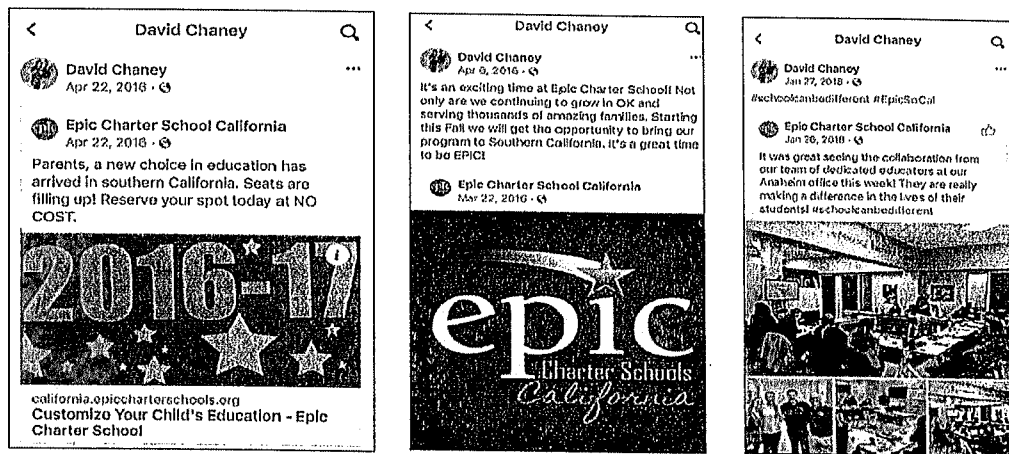
100. The investigation revealed that Epic's employees, who are Oklahoma public school employees, were used to staff and perform administrative duties for the benefit of Epic California as well as two additional Oklahoma public schools in Panola and Pawhuska. Investigators found that failure to pay for these services resulted in the embezzlement of **\$714,586**.

School	Amount
Epic California	\$662,716
Panola Public Schools	\$40,759
Pawhuska Public Schools	\$11,111
Totals	\$714,586

#### **EPIC CALIFORNIA**

101. CHANEY and HARRIS led discussions in the November 4, 2015 and April 19, 2016 Community Strategies board meetings approving CS-CA as a subsidiary and the sharing of administrative costs between Epic Oklahoma and Epic California schools, effectively approving the illegal use of Epic resources for the CHANEY and HARRIS Epic California expansion.

102. Services were provided by Epic employees to Epic California for more than three years without any payments being made to Epic. Despite the fact that Epic California was making payments to CS-CA for some of the services provided during FY 2017 through FY 2020, CS-CA did not make payments to Epic until SA&I discovered the service contract and subpoenaed proof of payment for invoices to CS-CA for services provided on behalf of Epic California resulting in an embezzlement of **\$209,640**. Not only did CS-CA fail to remit these payments to Epic, instead, they diverted these funds to EYS.
103. CHANEY promoted the expansion of Epic California on his personal social media account, documenting that BANFIELD and Oklahoma employees were used for California purposes.



Excerpt from David Chaney's Facebook Account - BANFIELD provides training to Epic California (David Chaney Facebook)



104. In April 2020, when CS-CA was confronted with the unpaid invoices, the CS-CA bank account balance was less than \$12,000 at which time CHANEY wrote a check from EYS back to CS-CA for \$150,000 so the invoices to Epic could be paid.

EPIC YOUTH SERVICES LLC  
GENERAL FUND  
4101 NW 122ND SUITE D  
OKLAHOMA CITY, OK 73120

2720

DATE 4/28/2020

PAY TO THE ORDER OF Community Strategies - CA, Inc. \$150,000.00

authentic sign

BANK OF OKLAHOMA  
www.boOk.com

MEMO

D.A. Chaney

Check from EYS General Fund Bank Account

105. The methodology for creating the invoice amounts substantially understated the actual cost of the support provided by Epic to CS-CA. The invoices failed to account for the cost of Epic employee benefits. Using the same percentage allocation Community Strategies applied to salaries in their original invoicing, an additional \$69,320 should have been billed to account for the cost of employee benefits. This resulted in CHANEY and HARRIS receiving \$69,320 in additional state resources without payment.
106. The contract between Epic and CS-CA did not reflect the actual costs incurred by Epic while providing services to CS-CA for Epic California. The contract was based on applying the ratio of Epic California students to total Epic students, between 1.3% and 2.75%, to the salaries of all Epic employees providing support to Epic California.
107. The employee costs calculated via the cost allocation system constituted a small percentage of actual costs. In FY 2020 and FY 2021, two Epic employees spent virtually 100% of their time working for Epic California with a combined payroll costs totaling \$390,006, yet under the cost allocation method CS-CA only invoiced for \$6,250 in total costs for these two employees. This resulted in an underbilling for these two years, an embezzlement of at least \$383,756.
108. Investigators noted that CHANEY was Epic's superintendent until June 30, 2019, and co-owner of EYS during the time period services were provided to Epic California. CHANEY, HARRIS, and BROCK were signers on the CS-CA bank account. The CFO for Epic, BROCK, was also the CFO for CS-CA, the entity tasked with paying the same invoices to Epic. He was both the senders of the invoices and the receiver. HARRIS and BROCK were also signers on the Epic California Bank Account #4752 during the period of these transactions.

## PANOLA PUBLIC SCHOOL

109. Similar to Epic California, Epic provided administrative staff to perform work on behalf of Panola Public Schools. The value of the salary and benefits provided to Panola Public Schools between 2018 and 2020 totaled **\$40,759**.
110. In 2017, CHANEY, HARRIS, and BROCK negotiated a Charter Conversion Contract between CS-CA and Panola Public Schools. The contract was signed by STINSON on behalf of CS-CA and RANDY CAULEY on behalf of Panola Public Schools.
111. At the May 24, 2017 Community Strategies board meeting, CS-CA entered into an Intercompany Agreement with Community Strategies to utilize Epic employees to support Panola Public School operations. The Agreement stated that CS-CA would reimburse Epic for the services provided to Panola.

### **4. Action**

- a. Discussion and possible action to conditionally approve the Panola Conversion Plan and Management Agreement upon the approval of Panola Public Schools Board of Education.

David Chaney described that Panola had announced that they were going to close their school on social media about a month or so ago after FY2017. He mentioned that it is a shrinking district. He mentioned that we reached out to the Superintendent and the Board and pitched the idea of doing a conversion school. It was mentioned that CS - CA LLC would take over management of the school. He mentioned that we will use digital curriculum. Ben Harris mentioned the structure is identical to the school in California.

Mike Cantrell made a motion to approve; Liberty Mitchell made a second. The motion approved unanimously.

- b. Discussion and possible action to approve Intercompany Agreement RE: Panola Charter School between Community Strategies - CA LLC and Community Strategies, Inc.

David Chaney mentioned the contract is with CS - CA LLC but that we wanted to bring to the board as the parent.

Mike Cantrell made a motion to approve; Liberty Mitchell made a second. The motion approved unanimously.

Excerpt from Community Strategies Board Minutes, May 24, 2017

112. Epic used state employees for the benefit of Panola. SA&I subpoenaed proof of payment in April 2020, for the services rendered. Epic provided two invoices totaling \$24,712 that reflected Epic employees had been providing services for Panola for almost three years without Epic receiving any payment from CS-CA.
113. These invoices understated the actual cost of the support Epic provided Panola. The invoices failed to account for the cost of Epic employee benefits. Using the same percentage allocation applied to salaries, an additional \$7,740 was owed to Epic. This amount was not paid by CS-CA to Epic, thereby increasing the profits of EYS.

114. Following SA&I's subpoena, CS-CA continued to illegally use Epic employees for Panola services for FY 2020, at a cost of \$8,306. Epic received payment for these invoices on July 13, 2020, five days after proof of payment was subpoenaed.
115. CHANEY was Epic's superintendent until June 30, 2019, and co-owner of EYS during the entire time period services were provided to Panola. The CFO for Epic, BROCK, was also the CFO for Panola and for CS-CA. He was both the sender of the invoices and the receiver. CHANEY and BROCK were signers on the Panola bank account during the period CS-CA was involved in the management of the school.
116. CHANEY, HARRIS, and BROCK benefited a total of **\$40,759** by using Epic employees in the management of Panola.

#### **PAWHUSKA PUBLIC SCHOOL**

117. In 2018, CHANEY and HARRIS used CS-CA to enter into an agreement to provide a foreign language instructor to Pawhuska High School. CS-CA "borrowed" an Epic employee and entered into an agreement to receive payment for their services without the authority to do so. No evidence was located that this contractual arrangement to "loan" an Epic employee to CS-CA was ever brought before or approved by the Community Strategies board.
118. CS-CA invoiced Pawhuska for the instructor's services on January 31, 2019, March 31, 2019, and October 22, 2019, for a total of \$11,111. Pawhuska paid CS-CA \$10,000 on July 3, 2019, but CS-CA did not remit the \$10,000 to Epic until April 12, 2020, almost a year later. CS-CA remitted the final \$1,111 to Epic on April 13, 2020, six months after the invoice date. When SA&I subpoenaed proof of payment for the Pawhuska invoices, EYS provided fake invoices.

#### **USE OF EPIC EMPLOYEES FOR STUDENT LEARNING FUND OPERATIONS**

119. Since its inception, instead of being operated and managed by EYS, the Student Learning Fund has been managed and operated using Epic employees that are paid with public dollars. These employees were also housed in state funded workspaces, paid for with public dollars, and used equipment (computers, office furniture...) paid for with public funds.
120. Prior to December 2020, the *Charter School Operating Agreements* between EYS and Epic (Blended and One-on-One) Article III Section I (Obligations of EYS) states that EYS was responsible for the management of the Student Learning Fund.

I. Learning Fund. EYS shall be responsible for managing the School's student learning fund (the "Student Learning Fund"). The Student Learning Fund is a fund that is allocated within the school budget on a per student basis, in the approximate amount of \$800 per student for a school year, that families are allowed to direct the spending of with the approval and consent of the School. The Board, or its designee, shall transfer the funds authorized for the Student Learning Fund to EYS pursuant to the invoice schedule set forth in Exhibit "A." The Board may, in its discretion, increase or reduce the amount allocated per student to the Student Learning Fund.

Excerpt from Community Strategies and EYS Operating Agreement, Section I

121. As per an analysis conducted by Epic at the request of SA DRUMMOND, the cost of employees providing Student Learning Fund support (i.e. working for EYS) between FY 2017 and FY 2021 exceeded \$2.7 million dollars. This cost did not include the cost for office space, computers, and utilities, nor did it include the cost of "other fringes." The "other fringes" and cost of other resources (computers, office space...) would need to be added to the \$2.7 million dollars in order to determine the true cost to the state of Oklahoma for providing services to Epic.
122. The analysis provided by Epic encompassed all 12 months of FY 2021. A new Operating Agreement that became effective December 2020 redefined the responsibilities of EYS, only charging EYS with the responsibility for "managing the Charter School's employees who work with the Student Learning Fund." The Agreement also added new language stating that, "Charter School employees who work with the Student Learning fund do not work for EYS but instead work only for the Charter School."
- EYS shall also be responsible for managing the Charter School's employees who work with the Learning Fund. Charter School employees who work with the Learning Fund do not work for EYS but instead work only for the Charter School.*
123. These changes were made after EYS was confronted about their use of public employees for their private company. Once again, the Community Strategies board acted contrary to the best interest of Epic by allowing EYS to modify their contract to benefit CHANEY and HARRIS.
124. Interviews with Epic employees revealed that CHANEY and HARRIS organized and authorized the public-school employees in the Student Learning Fund department to perform work for their private company. Most employees did not understand the line between EYS as a private company and Epic because CHANEY and HARRIS directed every aspect of the school. When BANFIELD was appointed as superintendent of Epic in 2019 he continued to authorize public school employees to perform work for EYS to manage the Student Learning Fund.

## USE OF CREDIT CARDS

### BROCK's CREDIT CARDS

125. From the inception of Epic, BROCK's personal American Express and Visa credit cards were used by school employees to make purchases for the Student Learning Fund. BROCK issued reimbursement payments from the Student Learning Fund account to himself and made payments on the accounts from his personal bank accounts.
126. BROCK routinely waited to make payments on his credit card until it approached his credit limit despite receiving reimbursements that substantially exceeded the charges.
127. There were no indications that payments on BROCK's accounts were made by anyone other than BROCK. There were no direct payments made on the credit cards from the Student Learning Fund accounts; instead, BROCK made direct payments on the account from his personal bank accounts and then received payments via checks from the Student Learning Fund bank accounts.
128. The difference between personal and Student Learning Fund purchases was determined as per redacted statements SA&I obtained from EYS via Crowe and Dunlevy through the court case filed in Oklahoma County District Court, CV-2020-554.
129. Per the court, EYS was directed to provide the credit card statements supporting purchases made from the Student Learning Fund. Each AMEX and VISA statement was to be redacted in the presence of an SA&I employee by an attorney from Crowe & Dunlevy. The firm was provided a copy of the charges to be redacted from BROCK and the statements were redacted in SA&I's presence. The unredacted charges were totaled to determine the amount that BROCK represented he was due reimbursement.
130. A review of the credit card account statements revealed that between August 2014 and November 2018, Student Learning Fund expenditures totaling \$1,889,486 were charged to BROCK's American Express and Visa credit cards. During the same time period BROCK issued himself reimbursement payments directly from the Student Learning Fund bank account made payable to "JOSH BROCK" and/or "JAB CONSULTING, LLC" totaling \$2,942,242 resulting in illegal overpayments to BROCK of **\$1,052,755**.

### CHANEY's CREDIT CARD

131. During the investigation, it was found that beginning in November 2018 an American Express (AMEX) credit card issued jointly in CHANEY's name and that of a company, IAQS Inc. dba Filtartec, was repeatedly used to make Student Learning Fund purchases. These purchases were made by Epic Student Learning

Fund Managers. The credit card payments were made by EYS directly from the Student Learning Fund account and by CHANEY.

132. Twenty-eight (28) cards were issued on the CHANEY/IAQS' AMEX account incurring charges totaling \$6,948,010. Most cards were in the name of Epic employees, but CHANEY also maintained his own card on the same account. CHANEY used his card to make personal purchases including political contributions and vacations. CHANEY used the Student Learning Fund as a line-of-credit to cover his personal charges. His personal reimbursements were not made timely, resulting in extended periods of time where the Student Learning Fund financed his personal activities
133. On September 20, 2018, CHANEY made a \$5,400 political contribution to JOY HOFMEISTER, the State Superintendent of Public Instruction using his AMEX account.
134. CHANEY used his AMEX account for contributions to PRESTON STINSON and STEPHANIE BICE on August 23, 2020 and August 24, 2020, respectively. The full minimum payment of \$536,000, for the account was paid the following month on September 22, 2020, from the Student Learning Fund bank account.
135. On the AMEX card, CHANEY's personal purchases exceeded his personal payments and applied credits resulting in personal expenses illegally being paid with public funds totaling **\$377,835**.
136. In addition, the investigation also identified numerous purchases made on CHANEY's AMEX card that benefited Epic California. The purchases were made by a Student Learning Fund employee who worked full time during FY 2021 managing the Student Learning Fund for Epic California. The employee made purchases totaling **\$562,969** during FY 2021 that benefited California students that were paid for with Oklahoma tax dollars.
137. There is also substantial additional evidence supporting the fact that the employee also made purchases on behalf of Epic California during FY 2019 and FY 2020. During those years her work hours were divided between the California and Oklahoma Schools. Possibly more than \$400,000 in additional charges could be attributed to Epic California. These purchases were also paid from the Oklahoma Student Learning Fund account.
138. The AMEX card accumulated points at a rate of 1 point per dollar spent (5 points per travel dollar). Points could be applied as a statement credit where 10,000 points equaled \$60 or the points could be used with select vendors such as Amazon and PayPal, where 10,000 points equaled \$70. No points were used for statement credits. CHANEY used points to pay for personal expenses at Amazon and PayPal totaling \$9,720. There were **5,703,605** points available on the card as of the May 18, 2021, statement with a value of **\$39,925** (based on \$70 per 10,000 points). Most

if not all of the accumulated points were earned as the result of Student Learning Fund purchases and were retained by CHANEY.

139. Numerous Student Learning Fund purchases were made using Epic's Tax Identification Number even though they were made with BROCK or CHANEY's personal credit cards.

#### **SUBMISSION OF FALSE INVOICES**

140. EYS submitted false invoices to Epic in request for payment of services rendered under their *Operating Agreement*. The *Agreement* allowed for a 10% management fee to be paid to EYS based on all revenues received by Epic. EYS was contractually due the management fee. Beginning in July 2019, 70 O.S. § 5-200(B) required Epic to report to SDE itemized expenditure information to SDE for the goods or services provided by EYS, their EMO.
141. EYS submitted itemized invoices to Epic, but the invoices submitted were not based on the actual costs of goods or services. Instead they reflected fictitious percentages for goods and services provided to Epic that had no correlation to actual costs.
142. SA&I provided the following table as an example, which documented the total amount paid to EYS based on invoices beginning in July 2019 through May 2020.

Description	One-on-One	Percentage	Blended	Percentage	Total
Certified Salaries	\$ 114,607.52	1.1%	\$ 67,647.90	1.1%	\$ 182,255.43
Advertising	\$ 297,687.06	3.0%	\$ 175,708.83	3.0%	\$ 473,395.92
Travel	\$ 89,306.11	0.9%	\$ 52,712.65	0.9%	\$ 142,018.77
Other Technical Services	\$ 363,178.22	3.6%	\$ 214,364.77	3.6%	\$ 577,543.03
Accounting Services	\$ 133,959.18	1.3%	\$ 79,068.97	1.3%	\$ 213,028.16
Non-Certified Salaries	\$ 297,687.06	3.0%	\$ 175,708.83	3.0%	\$ 473,395.92
Technology Services	\$ 6,380,922.23	63.5%	\$ 3,766,318.59	63.5%	\$ 10,147,241.45
Data Processing	\$ 741,240.78	7.4%	\$ 437,514.96	7.4%	\$ 1,178,755.81
Management Services	\$ 260,476.18	2.6%	\$ 153,745.21	2.6%	\$ 414,221.42
Professional Education Services	\$ 744,217.67	7.4%	\$ 439,272.06	7.4%	\$ 1,183,489.80
Rental Services	\$ 74,421.76	0.7%	\$ 43,927.20	0.7%	\$ 118,348.97
Land & Building Rental	\$ 297,687.06	3.0%	\$ 175,708.83	3.0%	\$ 473,395.92
Construction Services	\$ 223,265.31	2.2%	\$ 131,781.63	2.2%	\$ 355,046.96
Food Service Management	\$ 37,210.92	0.4%	\$ 21,963.55	0.4%	\$ 59,174.47
Total	\$ 10,055,867.06	100.0%	\$ 5,935,443.98	100.0%	\$ 15,991,310.04

Excerpt from SA&I Investigative Audit Report, released October 1, 2020

INVOICE					
Epic Youth Services, LLC			INVOICE # 87 DATE: 1/28/2020		
2410 W Memorial Road Suite C #407 Oklahoma City, OK 73134					
CUSTOMER: EPIC CHARTER SCHOOL 4101 NW 122nd Street Suite B Oklahoma City, OK 73120					
SHIPPING METHOD		SHIPPING TERMS		DELIVERY DATE	
QTY	ITEM #	DESCRIPTION	JOB	UNIT PRICE	LINE TOTAL
1		Certified Salaries		\$26,043.97	\$26,043.97
1		Advertising		\$67,646.68	\$67,646.68
1		Travel		\$20,294.00	\$20,294.00
1		Other Technical Services		\$82,528.94	\$82,528.94
1		Accounting Services		\$30,441.00	\$30,441.00
1		Non-Certified Salaries		\$67,646.68	\$67,646.68
1		Technology Services		\$1,450,006.50	\$1,450,006.50
1		Data Processing		\$168,440.22	\$168,440.22
1		Management Services		\$59,190.84	\$59,190.84
1		Professional Education Services		\$169,116.69	\$169,116.69
1		Rental Services		\$16,911.67	\$16,911.67
1		Land & Building Rental		\$67,646.68	\$67,646.68
1		Construction Services		\$50,735.01	\$50,735.01
1		Food Service Management		\$8,455.83	\$8,455.83
SUBTOTAL					\$2,285,104.71
SALES TAX					
TOTAL					\$2,285,104.71

EYS Invoice to Epic

143. SA DRUMMOND reviewed the monthly invoices EYS submitted for FY 2020 and compared them with bank records for the EYS General Fund account for the same time period. EYS did not expend any money for Construction Services, Food Service Management, Land & Building Rental, or Rental Services. Additionally, as SA&I pointed out in their audit, Epic One-on-One is a virtual school and would not have expenses related to Food Service Management.
144. SA DRUMMOND worked with SA&I to further compare the FY 2020 invoices to the EYS General Fund bank statements. In FY 2020, EYS invoiced **\$17,517,701** to Epic using false invoices with identical object codes for all twelve months.
145. During the same time period, a review of EYS General Fund expenditures showed that approximately \$5 million was actually spent on goods and services related to Epic costs that would have been associated with the fulfillment of their *Operating Agreement*. Of the remaining funds paid to EYS under the false invoices, at least \$9.8 million was profit for the co-owners of EYS, CHANEY and HARRIS, as well as CFO BROCK.
146. Per the 2019 tax return filed by EYS, \$14.3 million was paid to EYS by Epic in calendar year 2019, with \$9.8 million of that paid out in "guaranteed payments" or profits to CHANEY and HARRIS. Of the remaining approximately \$5 million, the return reflected that only \$111,974 was spent on "Charter Management." Although



the 2019 tax return does not match the exact time period of the FY 2020 invoices, the reporting supports the fact that EYS (CHANEY and HARRIS) was not using revenue received through the false invoices provided to Epic for management of the school.

147. HARRIS stated in a recorded interview with SA&I, that if the legislature found out what their employee count was, they would “bludgeon us about our fees.” HARRIS also stated that “the other thing you won’t find is any economic gain from our company for the Learning Fund. So we’ve never taken a payment from the Learning Fund.”
148. During an interview with BANFIELD, he admitted that he knew the invoices EYS submitted to Epic did not provide actual cost breakdowns. BANFIELD was not part of the creation of the invoices and could not verify the services that EYS claimed on the invoices because he did not have access to the finances. Per BANFIELD, he only signed off on the documents at the request of CHANEY and HARRIS. BANFIELD knew that the invoices would always add up to the 10% management fee. BANFIELD believed CHANEY and HARRIS took the 10% fee amount and worked backwards to break it down. He believed that the categories that EYS used on the invoices were appropriate but the amounts they charged were not appropriate.
149. After EYS and Epic parted ways under a Mutual Termination Agreement dated May 26, 2021, PAUL CAMPBELL was appointed as the Community Strategies board president. CAMPBELL stated during interviews that the services allegedly provided by EYS in FY 2021, costing more than \$32 million, were replaced with direct vendor contracts for comparable technology, computer and data processing services for less than \$5 million. This resulted in a savings to the school of approximately \$27 million, further evidence that EYS had not provided the contracted services presented on their false invoices.
150. As part of the investigation, OSBI contracted with Cotton and Company LLP (Cotton) to provide forensic accounting services. SA Drummond reviewed EYS General Fund bank records dating back to September 2013 and reported that EYS received over **\$69.3 million** in management fees. Out of the **\$69.3 million**, HARRIS individually received more than \$24.8 million, CHANEY received more than \$23.2 million, and BROCK received more than \$7.1 million, resulting in a combined total of **\$55.1 million** being paid directly to CHANEY, HARRIS, and BROCK. This left **\$14.2 million** for the management of the school between 2013 and 2021 of which **\$2,344,839** was paid to Five Points Technology Group Inc., the business of VAN ACKER (HARRIS’ spouse). Five Points was a business used for the management of Epic’s website and software development.
151. Cotton identified \$13,902,203 in payments from the EYS General Fund to vendors, who were assigned a “High Risk” level. Cotton identified “High Risk” as the following.

**High Risk:** These vendors could not be verified by open-source data (i.e., the vendor does not have an internet presence), the operations of the vendor are unclear or unable to be determined, the vendor provides services that are not relevant to running an educational institution, or the amounts paid to the vendor appeared excessive in comparison to amounts charged by vendors providing similar services.

• Abigail Harris	Related-Party	\$24,000
• Adams & Associates	Legal Services/Law Firms	\$1,350
• Capital One Carpay	Auto Loan/Lease Payments	\$6,397
• Robert Stem DBA Capitol Gains	Related-Party	\$442,326
• Crowe & Dunlevy	Legal Services/Law Firms	\$426,002
• EdTech LLC	Related-Party	\$9,560,000
• Five Points Technology Group	Related-Party	\$2,344,849
• Ford Motorcredit	Auto Loan/Lease Payments	\$72,146
• Foundation for Economic Prosperity	Donation/Contribution	\$50,000
• Gregory Scott	Related-Party	\$635,096
• Hertzog Conger Cason	Legal Services/Law Firms	\$1,894
• Hickman Law Group	Legal Services/Law Firms	\$1,953
• Jack Harris	Related-Party	\$36,000
• Tim Kimry/John Hardeman Chapter 13 Trustee	Personal Loan/Advance/Bankruptcy	\$86,406
• Josh Chaney	Related-Party	\$275
• Kevin J. Calvey PC	Legal Services/Law Firms	\$10,000
• Klingenberg & Associates	Legal Services/Law Firms	\$3,600
• Law Offices of Young, Minnie, & Corr	Legal Services/Law Firms	\$83,338
• Lea Pugh & Associates PLLC	Legal Services/Law Firms	\$80,841
• Mercedes Benz of Oklahoma City	Auto Loan/Lease Payments	\$10,000
• Scott Mitchell	Related-Party	\$10,000
• The Professional Basketball Club LLC	Donation/Contribution	\$39,730
<b>Total</b>		<b>\$13,902,203</b>

Excerpt from Cotton and Company LLP forensic report to OSBI

152. Even though there was an *Operating Agreement* in place allowing for the payment of a 10% management fee to EYS, 21 O.S. § 358 states:

*It shall be unlawful for any person, firm, corporation, association or agency to make, present, or cause to be presented to any employee or officer of the State of Oklahoma, or to any department or agency thereof, any false, fictitious or fraudulent claim for payment of public funds upon or against the State of Oklahoma, or any department or agency thereof, knowing such claim to be false, fictitious or fraudulent.*

### **CONCEALING PROFITS**

153. Historically, when CHANEY and HARRIS received their 10% management fee from Epic it was deposited into the EYS General Fund. “Guaranteed payments” were then made out of this account to CHANEY and HARRIS as profit. The memo line of the following check shows “GP Jan” describing a “guaranteed payment” for the month of January.

EPIC YOUTH SERVICES LLC  
GENERAL FUND  
4101 NW 122ND SUITE B  
OKLAHOMA CITY, OK 73120

00-3/1030 2482

DATE 1/24/2019

PAY TO THE ORDER OF Ben Harris \$ 1,208,000.00  
one million two hundred eighty-eight thousand DOLLARS

BANK OF OKLAHOMA  
www.bok.com

MEMO DPG Del 20

Check from EYS General Fund Bank Account

154. This payment method continued until July 2019 when 70 O.S. § 5-200(B) went into effect requiring the itemization of management invoices. EYS then attempted to disguise their “guaranteed payments” as legitimate management expenses. The memo line now contained a description that matched their false invoices. The following payment to HARRIS depicts that he provided \$208,000 of “Data Processing” services.

EPIC YOUTH SERVICES LLC,  
GENERAL FUND  
4101 NW 122ND SUITE B  
OKLAHOMA CITY, OK 73120

00-3/1030 2449

DATE 8/27/2019

PAY TO THE ORDER OF Ben Harris \$ 208,000.00  
two hundred eight thousand DOLLARS

BANK OF OKLAHOMA  
www.bok.com

MEMO Data Processing Del 20

Check from EYS General Fund Bank Account

155. In late 2019, after SA&I requested Student Learning Fund documentation and began challenging the authenticity of management invoices, EYS created EDTECH, LLC, a “shell company” to conceal their profits.
156. Business partners CHANEY and HARRIS filed the EDTECH, LLC Articles of Organization with the Oklahoma Secretary of State on December 10, 2019. A business bank account was opened on January 15, 2020. CHANEY, HARRIS, and BROCK were authorized signers on the newly opened bank account.
157. On January 23, 2020 EYS paid EDTECH \$800,000 in “Contract” pay.

<b>EPIC YOUTH SERVICES LLC</b> <b>GENERAL FUND</b> 4101 NW 122ND SUITE B OKLAHOMA CITY, OK 73120		60-9/1039 2588
DATE <u>1/23/2020</u>		
PAY TO THE ORDER OF <u>EDUTECH LLC</u>	\$ <u>800,000.00</u>	
<u>eight hundred thousand</u>		DOLLARS
<b>BANK OF OKLAHOMA</b> www.bok.com		
MEMO <u>Contract</u>	<u>DA2. Ch</u>	

Check from EYS General Fund Bank Account

158. CHANEY, HARRIS, and BROCK received the first three checks issued from EDTECH's newly established bank account on the same day the \$800,000 was paid. CHANEY and HARRIS were paid \$350,000 each and BROCK \$100,000. Instead of making these payments through the EYS General Fund, the \$800,000 was filtered through EDTECH's bank account and instantly converted into "guaranteed payments (GP)" or profit to CHANEY, HARRIS, and BROCK.

<b>EDTECH LLC</b> PO BOX 950152 OKLAHOMA CITY, OK 73195		000001 DATE <u>1/23/2020</u>
PAY TO THE ORDER OF <u>Ben Harris</u>	\$ <u>350,000.00</u>	
<u>three hundred fifty thousand</u>		DOLLARS
WATERMARK BOK		
MEMO <u>GP</u>	<u>DA2. Ch</u>	

EDTECH LLC  
PO BOX 950152  
OKLAHOMA CITY, OK 73195  
DATE 1/23/2020 000002

PAY TO THE  
ORDER OF David Chaney \$ 350,000.00  
three hundred fifty thousand 00 DOLLARS

WATERMARK  
BANK

MEMO GP

*[Signature]*

EDTECH LLC  
PO BOX 950152  
OKLAHOMA CITY, OK 73195  
DATE 1/23/2020 000003

PAY TO THE  
ORDER OF JAB Consulting LLC \$ 100,000.00  
one hundred thousand only DOLLARS

WATERMARK  
BANK

MEMO 100 Payout

*[Signature]*

All three checks from EDTECH LLC Bank Account

159. Between January and September 2020, EYS paid EDTECH \$11,210,000, of which 80% consisted of management fees that EYS had received from Epic. The funds were primarily converted into payments to CHANEY, HARRIS, and BROCK, or to JAB. They received at least \$7,600,000 in profits through EDTECH and ceased to receive profits payments from EYS.
160. The transfer of funds from EYS to EDTECH was an attempt to represent that the payments to CHANEY, HARRIS and BROCK were for legitimate contract services. The process was an effort to conceal actual profits and circumvent reporting requirements to SDE required by law as of July 1, 2019.

### INDEPENDENT AUDITS

161. Subsequent to the release of SA&I's investigative audit, Epic obtained their annual independent financial audits for FY 2021, for Epic One-on-One and Epic Blended, performed by Arledge & Associates, P.C. These audit reports covered the final year that Epic was under the management of CHANEY and HARRIS.

162. The audit report of Arledge & Associates, P.C. included several findings of substantial wrongdoing and reinforced the reported concerns of SA&I and the OSBI.

**Finding 2021-001 – Maintenance of proper control environment**

**Criteria:** A properly functioning control environment has 5 essential principles relating to it:

- 1) The organization demonstrates a commitment to integrity and ethical values.
- 2) The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.
- 3) Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.
- 4) The organization demonstrates a commitment to attracting, developing, and retaining competent individuals in alignment with objectives.
- 5) The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

**Condition:** Previous management did not set an appropriate “tone at the top” to ensure ethical behavior and ensure that the structures designed were in alignment with the objectives of Epic.

**Cause and Effect:** Prior to May 2021, Epic was managed by individuals who also controlled Epic Youth Services (“EYS”). EYS charged management fees to Epic without outlining specific services provided. The management of EYS also served in management roles for Epic and approved payments to EYS. Additionally, management of Epic, and consequently, EYS, were allowed to appoint board members for Epic. This circular relationship created a conflict of interest between EYS and Epic where approvals were made without appropriate scrutiny for payments to EYS.

**Recommendation:** We recommend that Epic have a management and a board that would be completely independent of any vendors and that related parties be appropriately disclosed to the board prior to the approval of any payment or contract. Additionally, we recommend that the board enforce any conflict of interest policy for themselves as well as the management of Epic. Finally, we recommend that the relationship with EYS be terminated.

**Finding 2021-003 – Monitoring of Student Learning Funds**

**Criteria:** Amounts remitted for student learning funds by the State of Oklahoma are approved for specific uses for the students and should be used for those purposes.

**Condition:** Upon receipt of the Student Learning Funds by Epic, amounts remitted for Student Learning Funds were remitted to EYS and were not monitored by the management of Epic.

**Cause and Effect:** As the funds were transferred to EYS, it is unknown whether or not funds were used according to specified purposes by the student and it is also unknown how much of the funds were utilized. As a result, there could be unused funds that should be returned to Epic or student activities that were approved that were not allowed under school policy and/or state statute.

**Recommendation:** We recommend that the Student Learning Funds be retained and monitored by Epic to ensure that funds are used for valid purposes in accordance with state appropriations.

**Finding 2021-004 -- Payments to Epic Youth Services for Administration**

**Criteria:** Per Title 70 of State Statutes, Schools are required to comply with the following requirements:

- 1) (Chapter 1, Section 18-124) Any school district with an average daily attendance (ADA) of more than one thousand five hundred (1,500) students for the preceding year which expends for administrative services in the 2005-06 school year or any school year thereafter, less expenditures for legal services, more than five percent (5%) of the amount it expends for total expenditures, less expenditures for legal services, shall have the amount which exceeds the five percent (5%) withheld the following year from the Foundation and Salary Incentive Aid for Epic. (Chapter 1

Section 5.200) Contracts for educational management organizations require itemized expenditure information for the goods or services provided by the management organization as defined by the Oklahoma Cost Accounting System ("OCAS") expenditure codes.

- 2) (Chapter 1 Article III Section 3-136) Estimates or prorated amounts are not permitted for expenditures under OCAS.
- 3) (Chapter 1 Article XVIII) Administrative services mean costs associated with:
  - a. Staff for the board of education
  - b. Secretary/clerk for the board of education
  - c. Staff relations
  - d. Negotiations staff
  - e. Immediate staff of the superintendent, any elementary superintendent, or any assistant superintendent
  - f. Any superintendent, elementary superintendent, or assistant superintendent
  - g. Any employee of a school district employed as a director, coordinator, supervisor, or who has responsibility for the administrative functions of the school.
  - h. Any consultant hired by the school district.

**Condition:** EYS charged a standard rate for administrative services of 10% to Epic. These expenses were not itemized on invoices submitted and the costs were estimated by each line item on the invoice.

**Cause and Effect:** Payments were made totaling \$52,478,358 to Epic Youth Services during the fiscal year ending June 30, 2021. The invoices submitted did not comply with the requirements outlined by Title 70 under state statutes nor with the requirements noted under the Uniform Guidance. As a result, expenditures under these invoices may not have been allowable as administrative services.

**Recommendation:** We recommend that management deny approval through their control processes for any invoices not meeting the established criteria outlined in Title 70 of Oklahoma State Statutes and within the Uniform Guidance.

Excerpt from Epic Financial Audit Report FYE June 30, 2021- Arledge & Associates, P.C.

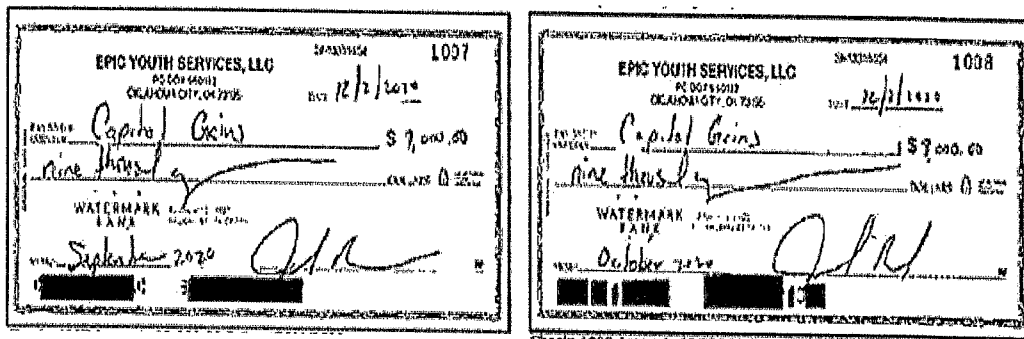
163. Prior to FY 2021, CBEW Professional Group, LLP, CHUCK CROOKS, CPA, conducted 12 audits of Epic One-on-One and Epic Blended. These audits did not include any audit findings.
164. In reaction to the SA&I audit, Community Strategies hired LINDA LADD as their internal auditor. LADD performed a limited review of the Student Learning Fund and communicated to the board that there were no reportable issues. She also presented to SDE that SA&I's audit findings had no merit.
165. During an interview with OSBI, LADD stated her only audit of the Student Learning Fund was a contract audit for the school. LADD never audited the

financial aspect of the Student Learning Fund herself and never had access to the records of EYS. LADD revealed she is a relative of BROCK.

166. On May 6, 2021, the Eighteenth Multicounty Grand Jury of Oklahoma issued *Interim Report Number 13* addressing “several overriding concerns” of Epic and related entities. The concerns mirrored those of the SA&I audit report and of the OSBI including:
- a. the intentional diversion of public funds;
  - b. the obfuscation of public employees; and
  - c. a lack of cooperation with oversight entities.

### POLITICAL INFLUENCE

167. Former Community Strategies board member STEM owns Capitol Gains, LLC, and is a registered lobbyist. Between March 2014 and May 2021 Capitol Gains received regular monthly payments ranging from \$5,000 to \$9,000 from CHANEY and HARRIS and/or EYS, totaling more than **\$520,000**.



Checks from EYS General Fund Bank Account

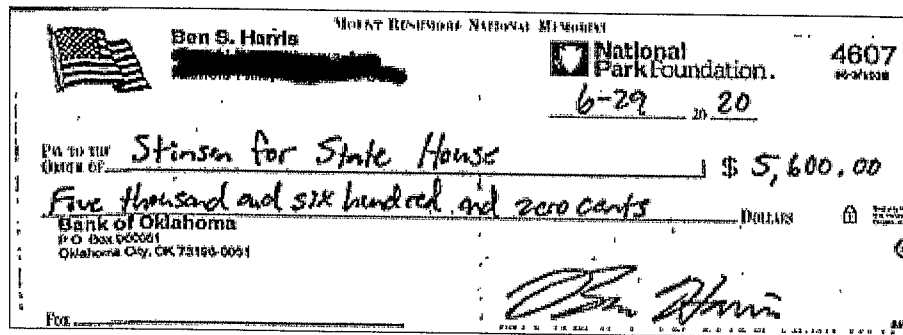
168. MATHEW HAMRICK, a personal friend of CHANEY, served on the Statewide Virtual Charter School Board (SVCSB), the sponsor of Epic One-on-One. HAMRICK ran for the District 45 State Senate seat during a special election held on August 8, 2017. He received political donations from CHANEY, BURKETT, and other Epic related individuals who provided 55% of his campaign funding.
169. HAMRICK filed an affidavit as part of a “Friend of the Court” amicus brief on behalf of EYS and in opposition to SVCSB’s and SA&I’s position in a lawsuit filed by SA&I against EYS. The lawsuit was filed by SA&I requesting access to Student Learning Fund records.
170. Former CS-CA board member STINSON ran for the Oklahoma House of Representatives in 2020. CHANEY, HARRIS, and other EYS related parties provided at least \$28,000 to his campaign. STINSON commented in a *Tulsa World* article on his ties to HARRIS stating:



Asked to address the appearance that a significant amount of influence in his campaign is coming from a single interest group, Stinson responded that it all stems from the support of Harris and his wife VanAcker, whom he described as “family friends for years.”

“He (Harris) thought that my business background and education would be beneficial for the state, and encouraged me to run, and agreed to help with a contribution. I never spoke with Josh or Laci Brock or with David Chaney about contributing prior to their actually making a contribution, but I do know them, and my assumption is that they agreed with Ben’s assessment,” Stinson said. “In the overall picture, the contributions from the Epic folks have been helpful, but they’ve only amounted to about 10% of the money raised and spent in the campaign.”

Excerpt from Tulsa World Article, August 21, 2020



Check from Ben Harris Bank Account

171. CHANEY’s AMEX credit card was used to pay Oklahoma Council on Public Affairs, OCPATHINK.org, a total \$100,000 between December 8, 2019 and April 30, 2020. This organization became a vocal opponent of SA&I subsequent to the release of their investigative audit. The credit card used for these charges was partially paid from the Student Learning Fund.

12/08/19	OCPATHINK.ORG +14056021667	OKLAHOMA CITY	CK	\$25,000.00
04/30/20	OCPATHINK.ORG +14056021667 PAY OVER TIME OPTION	OKLAHOMA CITY	CK	\$25,000.00 ♦
01/30/21	OCPATHINK.ORG +14056021667	OKLAHOMA CITY	CK	\$25,000.00
02/17/21	OCPATHINK.ORG +14056021667 PAY OVER TIME OPTION	OKLAHOMA CITY	CK	\$25,000.00 ♦

Excerpt from David Chaney/IAQS American Express Credit Card Statements

172. CHANEY, HARRIS, BROCK, and other EYS/Epic related parties made numerous political donations, some of which were paid with CHANEY's AMEX credit card. As previously noted, CHANEY's card was partially paid from Student Learning Fund.

173. The following list of political donations occurred between 2014 and 2020. The list includes donations from CHANEY'S AMEX card account and other donations by CHANEY, HARRIS, and BROCK listed on the Oklahoma Ethics Commission website. It is not inclusive of all donations from CHANEY, HARRIS, and BROCK'S personal bank accounts.

INIT2 LLC	\$ 85,120	Ralph Shortey	\$ 2,000	Katharine Henke	\$ 1,000	Greg Babinec	\$ 500
Joy Hofmelster	\$ 52,138	Ross Ford	\$ 2,000	Kenton Patzkowsky	\$ 1,000	Jadine Nollan	\$ 500
Preston Stinson	\$ 28,000	Sean Roberts	\$ 2,000	Kevin McDugle	\$ 1,000	Jason Dunnington	\$ 500
Vote Safe	\$ 25,800	Zack Taylor	\$ 2,000	Kevin West	\$ 1,000	Jason Reese	\$ 500
Chris Kannady	\$ 14,800	Nicole Miller	\$ 1,750	Kilmyn Easley-Graf	\$ 1,000	Joseph Silk	\$ 500
Stephanie Bice	\$ 14,700	Aysha Pittman	\$ 1,500	Kyle Hilbert	\$ 1,000	Josh West	\$ 500
Mike Hunter	\$ 13,486	Chuck Strohm	\$ 1,500	Larry Boggs	\$ 1,000	Kevin Calvey	\$ 500
Gary Richardson	\$ 10,800	Janet Barresi	\$ 1,500	Margie Alfonso	\$ 1,000	Mark Lawson	\$ 500
Governor J. Kevin Stitt	\$ 10,800	We Mean Business PAC	\$ 1,500	Marilyn Stark	\$ 1,000	Mike Osburn	\$ 500
Mary Fallin	\$ 10,500	Maverick PAC	\$ 1,125	Mark Lepak	\$ 1,000	Robert Cleveland	\$ 500
Kevin Wallace	\$ 10,300	Anthony Moore	\$ 1,000	Mike Sanders	\$ 1,000	Ryan Martinez	\$ 500
John Paul Jordan	\$ 9,750	Bill Coleman	\$ 1,000	Rande Worthen	\$ 1,000	Scott Martin	\$ 500
Paul Rosino	\$ 5,600	Brent Howard	\$ 1,000	Rick West	\$ 1,000	Steve Cortes	\$ 500
Roy Chaney	\$ 5,500	Brian Hill	\$ 1,000	Robert Manger	\$ 1,000	Steven Vaughan	\$ 500
Mick Cornett	\$ 5,400	Carol Bush	\$ 1,000	Ronny Johns	\$ 1,000	Todd Thomsen	\$ 500
Rhonda Baker	\$ 5,400	Cyndi Munson	\$ 1,000	Rusty Cornwell	\$ 1,000	Travis Dunlap	\$ 500
Jason Anthony	\$ 5,000	Dan Hicks	\$ 1,000	Scot McEachin	\$ 1,000	Cliff Aldridge	\$ 250
Jason Sansone	\$ 5,000	Daniel Pae	\$ 1,000	Shawn Howard	\$ 1,000	Dan Sullivan	\$ 250
John Doak	\$ 5,000	Danny Williams	\$ 1,000	Sherrie Conley	\$ 1,000	Judge Don Andrews	\$ 250
John Jordan	\$ 5,000	David Bullard	\$ 1,000	Stan May	\$ 1,000	Leonard Ryan	\$ 250
Oklahoma Speaker's Ball	\$ 5,000	David Smith	\$ 1,000	Steve Bashore	\$ 1,000	Mathew Hamrick	\$ 200
Paul Jordan	\$ 4,750	David Tackett	\$ 1,000	T.J. Marti	\$ 1,000		
Stephanie Bice	\$ 3,500	Denise Crosswhite Hader	\$ 1,000	Tammy Townley	\$ 1,000		
David Kim	\$ 3,000	Eddy Dempsey	\$ 1,000	Tammy West	\$ 1,000		
Frank Simpson	\$ 3,000	Garry Mize	\$ 1,000	Terry O'Donnell	\$ 1,000		
Jason Smalley	\$ 3,000	Gary Sims	\$ 1,000	Todd Russ	\$ 1,000		
Kim David	\$ 3,000	Gary Stanislowski	\$ 1,000	Tommy Hardin	\$ 1,000		
Matt Pinnell	\$ 3,000	George Faught	\$ 1,000	Toni Hasenbeck	\$ 1,000		
Greg Treat	\$ 2,700	Greater Oklahoma PAC	\$ 1,000	Trey Caldwell	\$ 1,000		
Avery Frix	\$ 2,500	Grow Oklahoma PAC	\$ 1,000	Ty Burns	\$ 1,000		
Jason Sansone	\$ 2,500	Jack Beall	\$ 1,000	Wayne Shaw	\$ 1,000		
Dan Newberry	\$ 2,000	Jay Steagall	\$ 1,000	Wendi Stearman	\$ 1,000		
James Grego	\$ 2,000	Jeff Boatman	\$ 1,000	Chad Caldwell	\$ 500		
Jim Olsen	\$ 2,000	John Symcox	\$ 1,000	Chelsey Branham	\$ 500		
Jonathan Echols	\$ 2,000	John Michael Montgomery	\$ 1,000	Chip Carter	\$ 500		
Marty Quinn	\$ 2,000	Judd Strom	\$ 1,000	Darin Chambers	\$ 500		
				Total \$460,119			

Political donations reported on credit card statements and the Oklahoma Ethics Commission electronic reporting system.

174. On May 26, 2020, a payment was made from the EYS General Fund to the State Chamber of Oklahoma for \$22,000. Six days earlier, the State Chamber filed an *Amicus Curiae Brief* as part of the SA&I court case (CV-2020-554). Their brief was in opposition of SA&I's subpoena to obtain Student Learning Fund records. CHANEY served on the Board of Directors for the State Chamber.

EPIC YOUTH SERVICES LLC  
GENERAL FUND  
4101 NW 122ND SUITE B  
OKLAHOMA CITY, OK 73120

08-3/1039 2727

DATE 5/26/2020

PAY TO THE ORDER OF State Chamber of Oklahoma for \$ 22,000.00

twenty-two thousand only DOLLARS

BANK OF OKLAHOMA  
www.bok.com

MEMO Twice

Check from EYS General Fund Bank Account

FILED IN DISTRICT COURT  
OKLAHOMA COUNTY

IN THE DISTRICT COURT OF OKLAHOMA COUNTY  
STATE OF OKLAHOMA

STATE OF OKLAHOMA, ex rel.,  
OFFICE OF STATE  
AUDITOR AND INSPECTOR

Petitioner,

v.

EPIC YOUTH SERVICES, LLC,

Respondent.

RICK WARREN  
COURT CLERK

59

Case No. CV-2020-554

STATE CHAMBER OF OKLAHOMA'S  
APPLICATION FOR LEAVE TO FILE AMICUS CURIAE BRIEF

Excerpt from Oklahoma County District Court Case CV- 2020-554

175. Three months later EYS wrote another check to the State Chamber of Oklahoma for \$33,252.55.

EPIC YOUTH SERVICES LLC  
GENERAL FUND  
4101 NW 122ND SUITE B  
OKLAHOMA CITY, OK 73120

08-3/1039 2810

DATE 8/12/2020

PAY TO THE ORDER OF State Chamber of Oklahoma \$ 33,252.55

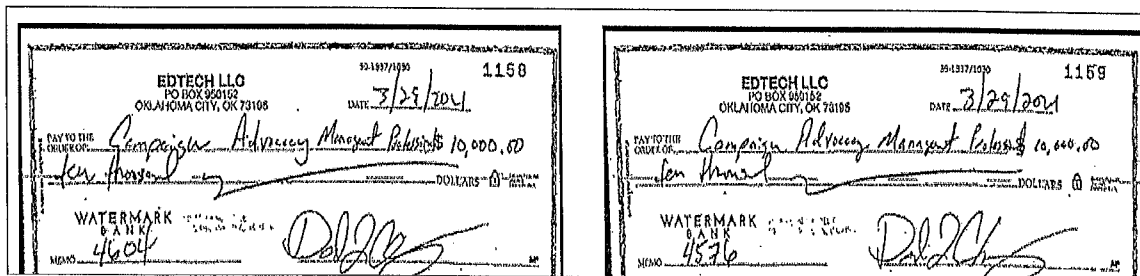
thirty-three thousand two hundred fifty two and 55/100 DOLLARS

BANK OF OKLAHOMA  
www.bok.com

MEMO





Check from EYS General Fund Bank Account

176. A maximum donation of \$5,600 was made to State Senator Paul ROSINO's campaign on October 3, 2020, two days after SA&I released their report on Epic. ROSINO then authored Senate Bill 895 which sought to limit the authority of the State Auditor, control how they reported investigative audit findings, and significantly cut their funding.
177. CHANEY and HARRIS used their financial and political resources to influence the re-election of State Senator RON SHARP. HARRIS made payments from his personal bank account to an opposition research company known as Cannon Research Group (CANNON). CANNON produced negative campaign mailers regarding SHARP during the 2020 election period. HARRIS also made large donations to Political Action Committees that were formed to produce negative information on SHARP.
178. Two payments from EDTECH totaling \$20,000 to Campaign Advocacy Management Professionals (CAMP) "Fount Holland" produced negative SHARP campaign ads.



Checks from EDTECH LLC Bank Account

## 2020 Official Conservative Index Report

CAREER IN REVIEW	
	<b>MEMBER</b> Ron Sharp
	<b>OFFICE</b> State Senate
	<b>DISTRICT</b> 17
	<b>YEARS</b> 2013-2020


OKLAHOMA CONSERVATIVE PROJECT.COM

47%-50%

### ANALYSIS SUMMARY:

According to the Oklahoma Constitution and American Conservative Union,

**Ron Sharp is the *most liberal* Republican senator in Oklahoma.**



Not authorized by any candidate or candidate committee. Authorized and paid for by The Oklahoma Conservative Project, LLC, 2030 NW Expressway, Suite 200, Oklahoma City, OK, 73112 (405) 432-0501.

TRIPLE STD  
US POSTAGE  
PAID  
OKLAHOMA CITY, OK  
110641777

## Official Voting Record Analysis Issues: Taxes/Labor Unions

### SUMMARY

✓ **RON SHARP**  
VOTED 15 TIMES TO RAISE YOUR TAXES AND FEES,  
TOTALING MORE THAN \$1 BILLION<sup>1</sup>

✓ **RON SHARP**  
VOTED MULTIPLE TIMES TO FORCE TEACHERS TO PAY UNION  
DUES, EVEN IF THEY DIDN'T WANT TO BE PART OF THE UNION<sup>2</sup>

✓ **RON SHARP**  
ACCEPTED CONTRIBUTIONS FROM LABOR UNIONS  
THAT SUPPORT JOE BIDEN FOR PRESIDENT<sup>3</sup>

**RON SHARP IS THE MOST  
LIBERAL REPUBLICAN STATE  
SENATOR IN OKLAHOMA.**

SOURCES: OKLAHOMA CONSTITUTION AND AMERICAN CONSERVATIVE UNION



**RON SHARP  
CONSERVATIVE  
INDEX SCORE:**



<sup>1</sup> HB 2593, 4/22/2014; SB 845, 5/24/2017; HB 1010XX, 3/28/2018; HB 1010XX, 3/28/2018; HB 2433, 5/28/2017; HB 2562, 5/22/2014; HB 2433, 5/28/2017; SB 170, 5/8/2017; HB 1033XX, 3/27/2018; HB 1011XX, 3/28/2018; HB 1844, 4/24/2017; HB 1449, 5/25/2017; HB 2128, 5/25/2017; SB 1010, 5/23/2016

<sup>2</sup> HB 1749, 3/28/2015; SB 060, 3/5/2018

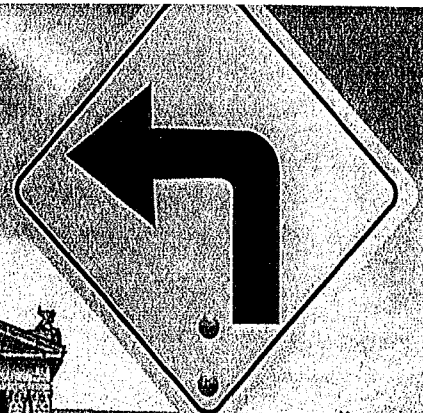
<sup>3</sup> CONTRIBUTIONS FROM LABOR UNIONS TOTALLED \$4,500.00, ACCORDING TO OFFICIAL CAMPAIGN FINANCE RECORDS, 2011-PRESENT. THIS AMOUNT INCLUDES \$1,500.00 FROM THE AFL-CIO AND \$1,500.00 FROM THE AMERICAN FEDERATION OF TEACHERS, BOTH OF WHICH ENDORSED JOE BIDEN FOR PRESIDENT.

When Ron Sharp got to the legislature,  
he took a **SHARP LEFT** turn.

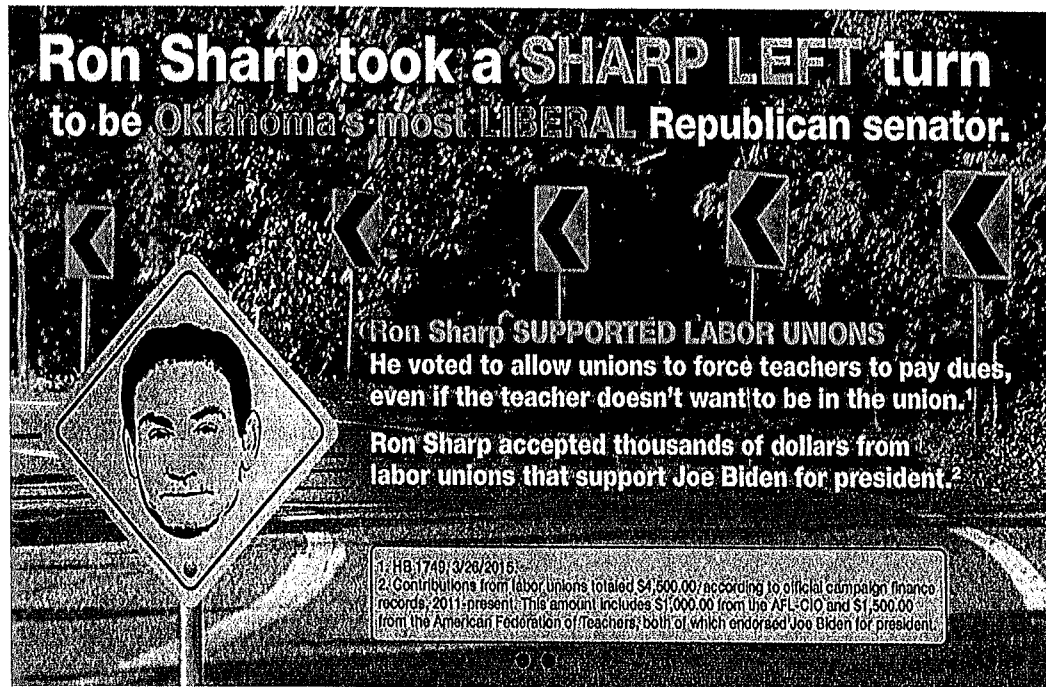


**Oklahoma's  
MOST LIBERAL  
Republican senator:**

According to the  
Oklahoma Constitution and  
American Conservative Union



Read the full report at [OklahomaConservativeProject.com](http://OklahomaConservativeProject.com)



Political Mailers used in Anti- Ron Sharp Campaign

179. CHANEY and HARRIS supported other political action committees, lobbying firms and public relation organizations.

BUSINESS	DATE OF PAYMENTS	TOTAL PAID
Prosperity Alliance, Inc.	Jan 2020 – March 2021	\$744,500
Conservatives for a Great Broken Arrow, Inc.	June 2020 – Oct 2020	\$450,000
Uppercase PR, LLC	July 2019 – Feb 2020	\$156,000
Amber Integrated, LLC	April 2020 – July 2020	\$35,000
Tomahawk Strategies, LLC	July 2019 – April 2020	\$35,000
Totals		\$1,420,500

## LAWSUITS

180. CHANEY and HARRIS have used their financial resources to file multiple civil lawsuits to protect their business model and sources of funding.
181. RON SHARP was an Oklahoma State Senator and former Oklahoma teacher. SHARP was very vocal about Epic's use of state appropriated funding for the Student Learning Fund and other aspects of the operation of Epic. SHARP authored several bills which sought to limit how funds are expended by charter schools to bring them in line with traditional brick and mortar schools. SHARP authored a statement that Epic was not following the law regarding enrollment

practices. HARRIS and CHANEY through attorney HICKMAN convinced the Community Strategies board to use state appropriated funding to file a libel lawsuit against SHARP in 2019. The lawsuit was subsequently dismissed, and SHARP was ultimately awarded compensation through a countersuit.

182. The relationship between Community Strategies and EYS ended on June 30, 2021 through a mutual termination agreement. In December 2021, EYS filed a lawsuit against Community Strategies in Oklahoma County District Court (CJ-2021-5272). In the mutual termination agreement EYS agreed to provide reasonable assistance with data migration for 90 days. EYS asserted that the agreement extended their contract, and the school should compensate them with 10% of collected revenues for the schools (One on One and Blended). EYS was seeking additional payments totaling \$6,840,275.78. The case was unresolved at the time this affidavit was written.
183. The relationship between Community Strategies and CS-CA ended on June 30, 2021, and CS-CA re-organized as a separate entity. HARRIS and CHANEY are still involved with CS-CA and Epic California. In August 2021, CS-CA sent Community Strategies an invoice in the amount of \$430,573.11 for work that four (4) Epic California employees allegedly performed for Epic. When the invoice was not paid by Community Strategies, CS-CA filed a civil lawsuit on March 11, 2022, in Oklahoma County District Court against Community Strategies (CJ-2022-1133). The case was unresolved at the time this affidavit was written.
184. Community Strategies was sued by four families whose children were allowed to be dual enrolled in a private school and Epic (CV-2019-2239 Oklahoma County District Court). Epic had commonly allowed the dual enrollment of private and sectarian students. Epic unenrolled the students based on a revised provision in Epic's contract with the SVCSB. The families sued due to the loss of the amenities provided by Epic. The suit was subsequently dismissed.
185. After EYS denied SA&I access to Student Learning Fund records, SA&I subpoenaed the records. EYS continued noncompliance with the subpoena which led SA&I to file a MOTION FOR AN ORDER COMPELLING COMPLIANCE WITH AN ADMINISTRATIVE SUBPOENA in Oklahoma County District Court on March 5, 2020 (CV-2020-554).

### **LACK OF COOPERATION**

186. The lack of cooperation and the roadblocks constructed by Community Strategies, CS-CA, their subsidiary, their charter management organization, and their legal counsels were unprecedented in the experience of OSBI and SA&I. The legal counsel of Community Strategies, EYS, and CS-CA erected barriers around personnel and records limiting access to both. Most interviews had to be conducted in the presence of legal counsel and many individuals refused to be interviewed at all.

## CONCLUSION

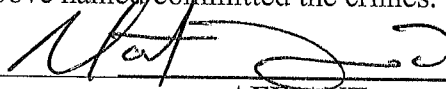
187. Through the use of cooperating sources, interviews, surveillance, analysis of financial data, computer forensics, and other investigative techniques, investigators identified the criminal enterprise, including CHANEY and HARRIS in a leadership role, with BROCK, and BANFIELD in logistical roles.
188. Beginning as early as May 2010 and continuing through approximately July 2021, CHANEY, HARRIS, BROCK, and BANFIELD, knowingly and willfully conspired to commit the following acts in violation of Oklahoma Statutes.
- a. RACKETEERING, by acting in association with others as previously listed, by conducting and/or participating in, directly or indirectly, the affairs of a criminal enterprise through a pattern of racketeering activity as defined in Title 22 O.S. § 1402; CHANEY and HARRIS built a business connected to a public school that was designed to provide a profit predominantly from state and federal revenue. The profit margin of the business was based upon the amount of students enrolled in the school.
  - b. CONSPIRACY, by entering into an agreement with CHANEY, HARRIS, and others associated with the criminal enterprise of an embezzlement scheme, to conduct and/or participate in a pattern of racketeering activity including but not limited to the offenses of Embezzlement of State Funds, and/or Computer Fraud/Unlawful Use of a Computer System, 21 O.S. §1953.
  - c. EMBEZZLEMENT, CHANEY, HARRIS, and BROCK took money from the Student Learning Fund account that was appropriated for the education of Oklahoma children enrolled at Epic and used it for their personal use. They used funds from the same account to expand their business into California and other Oklahoma schools. CHANEY, HARRIS, and BROCK also used state funded school employees and resources for the benefit of their private business. By the use of state appropriated funding for purposes other than what it was appropriated for, there is probable cause to believe that CHANEY, HARRIS, and BROCK committed the crime of embezzlement 21 O.S. § 1451.
  - d. OBTAINING MONEY BY FALSE PRETENSE, Based on the investigation there is probable cause to believe CHANEY and HARRIS knowingly and intentionally acting jointly and together created a system of financial gain at Epic to entice and promote fraudulent acts by teachers, administrators and parents of home school students to wrongfully create and conceal the existence of "ghost students" on the rosters at Epic for the purpose of unlawfully generating and diverting State Appropriated Funds to their own personal use.
  - e. UNLAWFUL RECEIPT OR ACQUISITION OF PROCEEDS DERIVED FROM VIOLATION OF THE OKLAHOMA STATUTES, by knowingly



receiving or acquiring proceeds and concealing said proceeds that were derived from unlawful activity, specifically from the criminal enterprise of the embezzlement of state funds.

- f. USE OF A COMPUTER TO COMMIT A FELONY, by using cellular telephones and/or computers to commit felonious crimes including but not limited to conspiracy and racketeering with co-defendants, by communicating by telephone and email with other co-defendants about embezzlement activities, electronically submitting bogus invoices to SDE, and the wire transfer of funds between accounts.
- g. SUBMITTING FALSE INVOICES TO STATE, based upon interviews and documentation describing the preparation and submittal of inaccurate and incomplete invoices to the State Department of Education, there is probable cause to believe CHANEY, HARRIS, BROCK, and BANFIELD committed the crime of Submitting False Invoices to the State in violation of 21 O.S. 358.

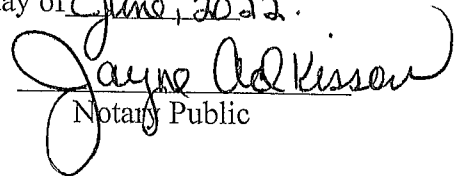
Based on this information, the undersigned prays that this Honorable Court issue a finding of fact that probable cause exists to believe the crimes of **Racketeering, 22 O.S. § 1402, Embezzlement of State Funds, 21 O.S. § 1451, Obtaining Money by False Pretense, 21 O.S. § 1542, Conspiracy to Commit a Felony, 21 O.S. § 421, Violation of the Computer Crimes Act, 21 O.S. § 1953, Submit False Documents to the State, 21 O.S. § 358, Unlawful Proceeds, 21 O.S. § 2001**, have been committed and there is probable cause to believe that the defendant above named committed the crimes.



AFFIANT

STATE OF OKLAHOMA)  
COUNTY OF OKLAHOMA) SS.

Subscribed and sworn to before me this 23rd day of June, 2022.



Notary Public

My Commission Expires:

4-26-2023

3004488

FINDING OF PROBABLE CAUSE

David Lee **CHANEY**

I have read the above and forgoing affidavit and find the probable cause exists for the arrest and further detention of the above-named arrested person on the alleged crimes (check one or more as applicable)

- ☒ Racketeering, 22 O.S. § 1402
- ☒ Conspiracy to Commit a Felony, 21 O.S. § 421
- ☒ Embezzlement of State Funds, 21 O.S. § 1451
- ☒ Obtaining Money by False Pretense, 21 O.S. § 1542
- ☒ Violation of the Computer Crimes Act, 21 O.S. § 1953
- ☒ Submit False Documents to the State, 21 O.S. § 358

And set bail in the amount of \$ 250,000.00 , for the Alleged Crime(s) as reflected above.

Benjamin Scott **HARRIS**

I have read the above and forgoing affidavit and find the probable cause exists for the arrest and further detention of the above-named arrested person on the alleged crimes (check one or more as applicable)

- ☒ Racketeering, 22 O.S. § 1402
- ☒ Conspiracy to Commit a Felony, 21 O.S. § 421
- ☒ Embezzlement of State Funds, 21 O.S. § 1451
- ☒ Obtaining Money by False Pretense, 21 O.S. § 1542
- ☒ Violation of the Computer Crimes Act, 21 O.S. § 1953
- ☒ Submit False Documents to the State, 21 O.S. § 358

And set bail in the amount of \$ 250,000.00 , for the Alleged Crime(s) as reflected above.

Joshua Aaron **BROCK**

I have read the above and forgoing affidavit and find the probable cause exists for the arrest and further detention of the above-named arrested person on the alleged crimes (check one or more as applicable)

- ☒ Racketeering, 22 O.S. § 1402
- ☒ Conspiracy to Commit a Felony, 21 O.S. § 421
- ☒ Embezzlement of State Funds, 21 O.S. § 1451

- ☒ Obtaining Money by False Pretense, 21 O.S. § 1542
- ☒ Violation of the Computer Crimes Act, 21 O.S. § 1953
- ☒ Submit False Documents to the State, 21 O.S. § 358

And set bail in the amount of \$ 250,000.00, for the Alleged Crime(s) as reflected above.

The undersigned Judge of this Court, upon sworn testimony and/or Affidavit, hereby determines there to be a probable cause to detain the defendant.

DATED this 23rd day of June, 2022.

  
\_\_\_\_\_  
JUDGE OF THE DISTRICT COURT