



L.K. "Trey" Harrell, III
Jeremy C. Martin
M. Alan Peace **
Taylor A. Peace
Erik T. Norton
George "Mick" Lusk, III

Robert W. Dibble, Jr. *
William Jennings (Bill) Buchanan *
Donald W. Tyler *
Thomas B. Jackson, III *
Jamie Anna Weller

*Of Counsel
**Certified Mediator/Arbitrator

April 3, 2023

VIA EMAIL ONLY

Edward Pritchard, Esq.
Pritchard Law Group
epritchard@pritchardlawgroup.com

Tyler Turner, Esq.
Turner & Caudell, LLC
tturner@turnercaudell.com

Re: Notice Regarding CAA State Funds

Dear Edward and Tyler:

I am writing on behalf of the South Carolina Public Charter School District (District) regarding the Charleston Advancement Academy (CAA) revocation process. As you know, the revocation hearing requested by CAA is scheduled for May 11, 2023. The purpose of the revocation hearing is for CAA to challenge the Notice of Revocation effective as of June 30, 2023, which requires the School to cease operations as of June 30, 2023. In addition, a hearing on the District's request for injunctive relief and a receiver in the Administrative Law Court is scheduled for April 24-25, 2023.

On March 21, 2023, the District requested a copy of CAA's most recent bank account statements by March 28, 2023. CAA provided some of the information before March 28, and the remainder of the requested information on Saturday, April 1, 2023. The financial documents show that CAA has approximately \$4 million in cash on hand, which is more than the School's

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budget for the current year. CAA therefore does not require any additional state funding to operate between now and June 30, 2023.

The District also has concerns regarding the internal controls in place by CAA for oversight of taxpayer funds. CAA documentation indicates that the Board Chair has access to school bank accounts from her mobile phone and CAA bank statements are directed to a post office box controlled by the Board Chair. This information corroborates prior information that the Board Chair has the capacity to, and at times does, exercise unilateral control over CAA finances. Several transactions in CAA financial records also require further explanation and context that are not available to the District at this time. These matters will be addressed by separate correspondence.

In accordance with the District's Closure Protocol and its oversight powers and duties, and consistent with the Court Order denying CAA's Motion for TRO dated February 26, 2020, please be advised the District intends to act prudently to safeguard taxpayer funds. Therefore, the District does not plan to transfer further state funds to CAA private bank accounts at this time. Federal funds will continue to be paid in accordance with the terms of the applicable federal program or grant. The District will revisit the situation after the revocation hearing or sooner if conditions warrant. If, at any time, the School contends that it requires access to additional state funds for operations, the School may request the District transfer additional state funds to its bank accounts.

Pursuant to S.C. Code Ann. § 59-40-140, the School should direct any challenge regarding the District's decision not to transfer funds to the School's bank accounts at this time to the South Carolina Department of Education.

Yours very truly,



Erik T. Norton

cc: John Payne, Board Chair, SCPCSD
Chris Neeley, Supt., SCPCSD
Michael Thom, Dep. Supt., SCPCSD