IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	:	**CRIMINAL NO. _____**
v.	:	**DATE FILED: _____**
DOROTHY JUNE BROWN **JOAN WOODS CHALKER** **MICHAEL A. SLADE, Jr.** **COURTENEY L. KNIGHT** **ANTHONY SMOOT**	: : : : : :	**VIOLATIONS:** **18 U.S.C. § 371 (conspiracy to obstruct justice - 1 count)** **18 U.S.C. § 1343 (wire fraud - 52 counts)** **18 U.S.C. § 1512(b)(3) (witness tampering - 1 count)** **18 U.S.C. § 1512(c)(2) (obstruction of justice - 2 counts)** **18 U.S.C. § 1519 (obstruction of justice - 11 counts)** **18 U.S.C. § 2 (aiding and abetting)** **Notice of forfeiture**

SUPERSEDING INDICTMENT

COUNTS ONE THROUGH FOURTEEN

(Wire Fraud - Agora Cyber Charter School)

THE GRAND JURY CHARGES THAT:

At all times relevant to this superseding indictment, unless otherwise indicated:

Introduction

1. Defendant DOROTHY JUNE BROWN was an educator and the founder of five different schools, including the Agora Cyber Charter School ("Agora"). A "cyber charter school" was an independent public school established and operated under a charter from the Pennsylvania Department of Education ("PDE") which used technology in order to provide a significant portion of its curriculum and to deliver a significant portion of instruction to its

students through the Internet or other electronic means. Approval from PDE was required to operate a cyber charter school. PDE approved the Charter for Agora on or about June 29, 2005.

2. In or about November 2005, defendant DOROTHY JUNE BROWN and Person No. 1 formed The Cynwyd Group, LLC ("Cynwyd"), a private, limited liability company. Defendant BROWN became the sole owner of Cynwyd in or about May 2008.

3. Between in or about December 2007 and in or about October 2009, Cynwyd received approximately $5,637,073 in payments based on the purported existence of a management contract between Cynwyd and Agora.

Pennsylvania Charter School Law

4. The Commonwealth of Pennsylvania enacted Act 22 of 1997, also known as the "Charter School Law," in or about June 1997. The Charter School Law provided opportunities for individuals to establish and maintain schools that operate independently from the existing school district structure. The Charter School Law further provided that charter schools must be organized as public, nonprofit corporations, and that charters may not be granted to any for-profit entity.

5. In or about June 2002, the Commonwealth of Pennsylvania amended the Charter School Law to permit individuals to establish cyber charter schools.

6. Charter schools and cyber charter schools were funded with public school funds paid to the charter schools by students' districts of residence.

7. Under 24 P.S. §§ 17-1716-A(a) and 17-1749-A(a)(1) of the Charter School Law, the authority to decide matters related to the operation of a charter school or a cyber charter school was vested in the school's board of trustees. These matters included, but were not limited

to, budgeting, curriculum and operating procedures. The board of trustees also had the authority to employ, discharge and contract with necessary professional and nonprofessional employees.

The Founding of Agora

8. On or about October 1, 2004, defendant DOROTHY JUNE BROWN submitted an application to PDE for a charter to operate Agora (the "Original Application"). The Original Application stated in part that "[t]he charter school plans to contract with an external management company for assistance with financial management and other management functions of the school." A public hearing on the Original Application was held on or about December 16, 2004, where additional materials were presented to PDE.

9. On or about January 28, 2005, Person No. 4 from PDE sent a letter to defendant DOROTHY JUNE BROWN advising that PDE had decided not to approve BROWN's Original Application for a charter for Agora. However, the letter also advised that PDE would re-evaluate its decision after receiving additional information and documentation. One of the items PDE requested was a "[f]inalized management agreement [if Agora still plans to use an Educational Management Organization (EMO)]."

10. On or about May 2, 2005, defendant DOROTHY JUNE BROWN submitted a revised application to PDE for a charter to operate Agora (the "Revised Application"). The Revised Application stated in part that "[t]he charter school does not intend to contract with an external management company, however it does intend to contract out for payroll preparation, therapeutic services, and technical support, and auditing."

11. The Revised Application further provided that the Agora Board of Trustees would consist of seven members, and that an affirmative vote of a majority of the

members would be required to take action on certain items, including on "[e]ntering into contracts of any kind where the amount involved exceeds $200."

12. On or about June 29, 2005, PDE approved the Revised Application and granted a Charter to the Agora Board of Trustees (the "Agora BOT") to operate a public cyber charter school located in Philadelphia, Pennsylvania, for the period commencing on July 1, 2005 and ending on June 30, 2010. The Charter stated that "the granting of this Charter is specifically contingent upon operation of the cyber charter school in strict adherence to the terms of the Application submitted by the Board of Trustees on or about October 1, 2004, as amended with information and documents provided to the Department on or about May 2, 2005."

13. In granting the Agora Charter, PDE expressly stated in its written Opinion approving the Charter that Agora had reaffirmed that it would not employ an outside educational management organization.

The Agora By-Laws

14. To approve a charter for Agora, PDE required that Agora formulate and submit by-laws to govern the operation of the school. PDE approved the Agora By-Laws and relied upon them in granting the Agora Charter. Article IV of the Agora By-Laws provided, among other things, that the Board of Trustees "shall consist of not more than seven members," that "[a] majority of the members of the Board of Trustees shall constitute a quorum for the transaction of business," and that "[a] majority vote of the trustees present shall decide any questions."

15. Article IV of the Agora By-Laws further provided that "[n]o trustee shall maintain personal or business interests which conflict or which may be seen as conflicting with

those of [Agora]," and that "no trustee shall as a private person engage in any business transaction with the charter school of which he or she is a trustee, be employed in any capacity by the charter school of which he or she is a trustee, or receive from such charter school any pay for services rendered to the charter school."

16. Consistent with the Revised Application, Article VII of the By-Laws of Agora provided that "[a]n affirmative vote of a majority of the members of the Board of Trustees of the charter school, duly recorded, showing how each member voted, shall be used to take action on," among other items, "[e]ntering into contracts of any kind where the amount involved exceeds $200."

The Scheme

17. From in or about November 2005 through in or about October 2009, in Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendant

DOROTHY JUNE BROWN,

together with Person No. 1, devised and intended to devise a scheme to defraud the Agora Cyber Charter School, its numerous sources of public funding, and others, and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

Manner and Means

It was part of the scheme that:

18. Defendant DOROTHY JUNE BROWN and Person No. 1 formed Cynwyd in or about November 2005 and used it as a vehicle to obtain fraudulent payments from Agora. Between in or about December 2007 and in or about October 2009, Cynwyd received approximately $5,637,073 in fraudulent payments from Agora funds and, as a result of the

fraudulent payments, BROWN deprived Agora and its students of the use of the funds for educational purposes.

19. After the Agora Charter was approved in or about June 2005, defendant DOROTHY JUNE BROWN and Person No. 1 falsely represented to others that the Agora Board of Trustees had entered into a management contract with Cynwyd. BROWN further represented to others that, under the purported contract, Cynwyd was entitled to receive 7% of the "Qualified Gross Revenues" of Agora. In reality, the Agora BOT never voted to enter into any contracts with Cynwyd.

20. In order to make it falsely appear as if the Agora BOT had voted to enter into a management contract with Cynwyd, defendant DOROTHY JUNE BROWN and others created a variety of fraudulent documents, including a signed management contract between Cynwyd and Agora dated as of May 10, 2006 (the "Cynwyd-Agora Contract"). BROWN and Person No. 1 signed the contract on behalf of Cynwyd. At BROWN's request, Anthony Smoot (charged elsewhere in this superseding indictment) agreed to forge the signature of Smoot's cousin, Person No. 6, in order to make it falsely appear as if Person No. 6 had signed the Cynwyd-Agora Contract on behalf of the Agora BOT. BROWN also caused a forgery of the signature of Smoot's sister, Person No. 7, in order to make it falsely appear as if Person No. 7 had also signed the Cynwyd-Agora Contract on behalf of the Agora BOT. BROWN also directed others to create false board minutes and false board resolutions in order to make it appear as if the Agora BOT had discussed and voted upon entering into a contract with Cynwyd, when, in fact, the Agora BOT had not done so.

21. BROWN caused the Cynwyd-Agora Contract to state that the initial term of the contract would continue for a period of over ten years, up through June 30, 2016, despite the fact that the Agora Charter itself was for a period of only five years, ending on June 30, 2010.

22. BROWN also caused the Cynwyd-Agora Contract to state in part that "Cynwyd is in the business of operating and managing educational facilities and providing operational, accounting and financial services to such facilities and Cynwyd is willing to provide management services with respect to [Agora]." In truth, Cynwyd had no contracts with any other schools and had never provided operational, accounting and financial services to any entity.

23. In order to circumvent the "conflict of interest" provisions in the Agora Charter and the Agora By-Laws that prevented members of the Agora BOT from receiving pay for services provided to Agora, defendant DOROTHY JUNE BROWN directed the creation of false board minutes which made it appear as if BROWN had stepped down from a leadership position with Agora in July 2005, which was just a few weeks after the Agora Charter had been approved. BROWN further directed the creation of board minutes to make it appear as if the business affairs of Agora were being conducted, managed and directed by an independent board of trustees led by a board president in accordance with the requirements of Agora's Charter and Agora's By-Laws. In truth, BROWN herself continued to manage and direct the business affairs of Agora.

24. In order to falsely make it appear as if the business affairs of Agora were being directed by an independent board of trustees according to the Agora Charter and Agora By-Laws, defendant DOROTHY JUNE BROWN took the following additional actions, among others:

a. BROWN asked Person No. 5, an employee of the Laboratory Charter School of Communication and Languages ("Laboratory"), which was another school founded and controlled by BROWN, to serve for a period of time as President of the Agora BOT and presented documents for Person No. 5 to sign on behalf of the Agora BOT. However, in truth, Person No. 5 did not serve on the Agora BOT, let alone as President.

b. BROWN directed the creation of false board minutes indicating that Person No. 5 and other individuals, including Person No. 8, Person No. 9, Person No. 10 and Person No. 11, were present at and participated in Agora board meetings that never actually took place. Contrary to the false minutes fabricated at BROWN's direction, Person No. 8, Person No. 9, Person No. 10 and Person No. 11 did not actually serve on the Agora BOT.

c. BROWN caused the insertion into the false board meeting minutes of names of trusted employees from her other charter schools, including Joan Woods Chalker, Courteney L. Knight, Anthony Smoot (all charged elsewhere in this superseding indictment) and BROWN's personal secretary, Person No. 12, as persons who attended and participated in board meetings that never actually took place.

d. BROWN asked Person No. 13 to serve as Chief Executive Officer of Agora, and explained to Person No. 13 that Person No. 13 would have no actual responsibilities as the Agora Chief Executive Officer, would receive no compensation and would be serving in name only.

25. Joan Woods Chalker and defendant DOROTHY JUNE BROWN together prepared various Agora board meeting minutes to falsely make it appear as if Agora board

meetings had been held and attended by individuals who never actually attended Agora board meetings.

26. BROWN caused the fabricated Cynwyd-Agora Contract to state that Cynwyd would act as manager of Agora, would supervise, direct and control the "day to day business activities, management and operation" of Agora, and would provide a wide variety of management services to Agora, including accounting services, staffing, teacher training, maintenance of Agora's books and records and a host of other services.

27. On or about May 11, 2006, despite the purported existence of a management contract between Cynwyd and Agora dated as of May 10, 2006, defendant DOROTHY JUNE BROWN signed another management contract on behalf of Cynwyd with K12 Pennsylvania LLC ("K12"). Under this contract (the "K12-Cynwyd Contract"), K12 agreed to perform "all business aspects and day-to-day management" of Agora. For providing these services, Cynwyd agreed that K12 would receive 15% of Agora's "Qualified Gross Revenues."

28. The K12-Cynwyd contract further provided that all Agora funds would be maintained in an "Operating Account" belonging to Agora over which representatives of K12 would have signature authority. The contract also stated that Agora would immediately transfer all funds and/or other revenues received by Agora from any source into the Operating Account.

29. After BROWN executed the K12-Cynwyd contract, K12 managed and operated Agora while BROWN and Cynwyd did little more than collect millions of dollars in "management fees" from Agora while providing little or no services to Agora.

30. Between in or about December 2007 and in or about February 2009, defendant DOROTHY JUNE BROWN submitted invoices to K12 that caused Agora to pay a total of approximately $2,637,073 in fraudulent "management fee" payments to Cynwyd. Up through in or about 2008, BROWN also received three full-time salaries for being the top executive officer of three other schools that she had founded and controlled.

31. In the spring of 2009, PDE conducted an audit of Agora that arose from complaints from parents of Agora students. As a result of the audit, on or about April 29, 2009, PDE advised Agora that it would no longer pay over any funds into Agora's Operating Account. On or about June 11, 2009, PDE further advised Agora that Agora had violated its Charter and by-laws, and that the Agora BOT had failed to comply with the Charter School Law. On or about June 22, 2009, PDE issued a notice of revocation of Agora's Charter, alleging, among other things, that the payments to BROWN and Cynwyd raised conflicts of interest, and that there was an absence of clear and credible evidence that Cynwyd rendered services to Agora. In or about June 2009, to continue her fraud and prevent PDE and K12 from stopping payments of Agora funds to Cynwyd, defendant DOROTHY JUNE BROWN and Cynwyd caused lawsuits to be filed in the United States District Court for the Eastern District of Pennsylvania. BROWN and Cynwyd caused the lawsuits to allege falsely that the Agora BOT had voted to enter into a contract with Cynwyd at a special board meeting held on May 6, 2006, when, in fact, it had not.

32. In or about October 2009, defendant DOROTHY JUNE BROWN and Cynwyd settled the lawsuits with K12 and PDE, including BROWN's fraudulent claims that Cynwyd was owed millions of dollars under the Cynwyd-Agora Contract. Based on the false representations by BROWN and Cynwyd that the Agora BOT had previously voted to enter into

a ten-year contract with Cynwyd at a special board meeting on May 6, 2006, K12 and PDE agreed to pay Cynwyd $3,000,000 from the Agora Operating Account. Under the settlement, Cynwyd agreed to terminate the Cynwyd-Agora Contract and the K12-Cynwyd Contract, and agreed that a replacement Board of Trustees for Agora would be appointed. At the time of the settlement, K12 and PDE did not know that the Agora BOT had never voted to approve the Cynwyd-Agora Contract.

33. On or about October 20, 2009, Cynwyd obtained approximately $3,000,000 in settlement payments from the Agora Operating Account based on the fraudulent Cynwyd-Agora Contract, and after that point, defendant DOROTHY JUNE BROWN and Cynwyd stopped having any relationship with Agora. BROWN continued to be the sole owner of Cynwyd at that time.

34. On or about each of the dates set forth below, in the Eastern District of Pennsylvania, and elsewhere, defendant

DOROTHY JUNE BROWN,

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

COUNT	APPROXIMATE DATE	DESCRIPTION
1	December 10, 2007	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 5429 issued to Cynwyd in the amount of $323,273.

COUNT	APPROXIMATE DATE	DESCRIPTION
2	February 20, 2008	Internet email communication from BROWN to Person No. 2 at PDE, attaching a copy of the K12-Cynwyd Contract.
3	March 28, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 10309 issued to Cynwyd in the amount of $200,000.
4	April 30, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 10582 issued to Cynwyd in the amount of $125,000.
5	May 23, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 10710 issued to Cynwyd in the amount of $200,000.
6	July 16, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 13362 issued to Cynwyd in the amount of $100,000.
7	September 9, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 13655 issued to Cynwyd in the amount of $463,800.
8	November 21, 2008	Internet email communication from BROWN to Person No. 3 advising that $1,699,434.52 was owed to Cynwyd.
9	December 2, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 14206 issued to Cynwyd in the amount of $250,000.
10	December 30, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 18136 issued to Cynwyd in the amount of $500,000.
11	February 4, 2009	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 18332 issued to Cynwyd in the amount of $500,000.
12	March 22, 2009	Internet email communication from BROWN to a Laboratory email account describing what Cynwyd does for Agora.
13	October 20, 2009	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from wire transfer of $1,700,000 into the Cynwyd bank account.

COUNT	APPROXIMATE DATE	DESCRIPTION
14	October 20, 2009	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from wire transfer of $1,300,000 into the Cynwyd bank account.

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS FIFTEEN THROUGH THIRTY-SEVEN

(Wire Fraud - Planet Abacus Charter School)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-7 of Counts 1-14 of this superseding indictment are incorporated here.

Introduction

2. Prior to founding Agora in or about 2005, defendant DOROTHY JUNE BROWN was the founder of at least one private school and at least two other public charter schools.

3. In or about 1983, defendant DOROTHY JUNE BROWN founded Main Line Academy, a private, non-profit school located at 124 Bryn Mawr Avenue in Bala Cynwyd, Pennsylvania. Main Line Academy was a school for students with learning disabilities and developmental delays. BROWN also served as Executive Director of Main Line Academy.

4. In or about 1998, defendant DOROTHY JUNE BROWN founded the Laboratory Charter School of Communication and Languages ("Laboratory"), a charter school with site locations at the following three addresses in Philadelphia, Pennsylvania: (1) 5901 Woodbine Avenue; (2) 800 N. Orianna Street; and (3) 5339 Lebanon Avenue. Laboratory included grade levels from kindergarten through the eighth grade. BROWN served as Chief Executive Officer of Laboratory from in or about 1998 through in or about October 2008.

5. In or about 2004, defendant DOROTHY JUNE BROWN founded the Ad Prima Charter School ("Ad Prima"), a public charter school with site locations at the following two addresses in Philadelphia, Pennsylvania: (1) 3556 Frankford Avenue; and (2) 5901

Woodbine Avenue. Ad Prima included grade levels from kindergarten through the fifth grade. BROWN served as Chief Executive Officer of Ad Prima from the opening of the school in or about 2004 through in or about October 2008.

6. The administrative offices of Main Line Academy, Laboratory and Ad Prima were all located at 124 Bryn Mawr Avenue in Bala Cynwyd, Pennsylvania, in the same building where students attended Main Line Academy.

7. Defendant DOROTHY JUNE BROWN hired defendant JOAN WOODS CHALKER as an employee of Main Line Academy beginning in or about 1989. BROWN also hired CHALKER to be an employee of Laboratory beginning in or about 1998. CHALKER also worked in various administrative positions directly under BROWN, including as "Office Manager" at 124 Bryn Mawr Avenue.

8. Defendant DOROTHY JUNE BROWN hired Anthony Smoot (charged elsewhere in this superseding indictment) to be the business manager for Main Line Academy and Laboratory in or about 2001. After BROWN founded Ad Prima, BROWN asked Smoot to serve as the business manager for that school as well. Smoot worked at the administrative offices at 124 Bryn Mawr Avenue.

9. Defendant DOROTHY JUNE BROWN hired Courteney L. Knight (charged elsewhere in this superseding indictment) to be a teacher at Laboratory in or about 2000.

10. Defendant DOROTHY JUNE BROWN hired Michael A. Slade, Jr. (charged elsewhere in this superseding indictment) to be a teacher at Laboratory in or about 2005. BROWN was Slade's great aunt.

11. Although Main Line Academy, Ad Prima and Laboratory were separate schools with separate funds that were allocated for the separate use of each school, defendant DOROTHY JUNE BROWN ran the schools without regard to their separate identities and separate resources and obligations. BROWN routinely mixed school resources, asked employees of one school to do work for a different school without compensation from that school, and caused numerous transfers of funds between and among the schools.

12. In or about July 2008, the Charter School Law was amended to provide that "[a] person who serves as an administrator for a charter school shall not receive compensation from another charter school or from a company that provides management or other services to another charter school." The term "administrator" was defined to include "the chief executive officer of a charter school and all other employes of a charter school who by virtue of their positions exercise management or operational oversight responsibilities."

13. In or about 2008, the last year that defendant DOROTHY JUNE BROWN served in the top executive positions for Main Line Academy, Laboratory and Ad Prima, BROWN received compensation in the approximate amounts of $228,507 from Main Line Academy, $123,151 from Laboratory and $107,211 from Ad Prima. During that same year, BROWN's private company, Cynwyd, received "management fee" payments in the approximate amount of $1,838,000 from Agora. Laboratory, Ad Prima and Agora were all funded through public funds paid by the school districts of students who were enrolled in the schools.

14. When defendant DOROTHY JUNE BROWN stepped down from Chief Executive Officer positions at Laboratory and Ad Prima in or about October 2008, she asked Person No. 14 to act as the Chief Executive Officer of Laboratory and asked Michael A. Slade,

Jr. to act as the Chief Executive Officer of Ad Prima. However, Person No. 14 and Slade served in those positions in name only while BROWN continued to manage and operate all of the schools.

15. In or about July 2009, defendant DOROTHY JUNE BROWN moved Michael A. Slade, Jr. to the Chief Executive Officer position at Laboratory, and she asked Knight to act as the Chief Executive Officer of Ad Prima.

The Founding of Planet Abacus

16. In or about 2005, defendant DOROTHY JUNE BROWN submitted an initial charter school application to the School District of Philadelphia (the "School District") to open and operate the Planet Abacus Charter School ("Planet Abacus"). The School District was governed by a five-member School Reform Commission (the "SRC"), which was authorized to approve applications for the creation of charter schools in Philadelphia, Pennsylvania.

17. On or about February 15, 2006, the SRC adopted Resolution SRC-9, which authorized the School District to grant a charter for Planet Abacus pursuant to certain conditions set forth in the resolution, including requirements that Planet Abacus submit additional application materials.

18. The application materials submitted by defendant DOROTHY JUNE BROWN described the "founding coalition" of Planet Abacus to consist of BROWN herself, BROWN's husband (Person No. 15), defendant JOAN WOODS CHALKER, Slade, Knight, Smoot and Person No. 16. BROWN further stated in the application that "[a] seven member Board of Trustees will be selected by June of 2006." In response to a question on the application as to whether an external management organization would be employed, BROWN stated, "Planet

Abacus has not yet determined whether of [sic] not it will hire an outside management organization. This decision will be made when the charter is approved. If the determination is made to use an external organization, a contract will be submitted at that time."

19. On or about July 1, 2007, the School District granted the Charter for Planet Abacus for a term commencing on July 1, 2007 and ending on June 30, 2012, unless terminated sooner pursuant to the terms of the Charter and applicable laws.

20. To govern Planet Abacus, the Planet Abacus Charter provided that the "Charter Board shall be responsible for the operation of the Charter School and shall decide all matters relating to the Charter School." Regarding "Management Contracts," the Planet Abacus Charter explicitly stated the following: "Prior to the execution of any agreement for the management or operation of all or substantially all of the Charter School's functions, or all or substantially all of the Charter School's instructional, curricular and senior administrative functions (any such agreement, a "Management Agreement"), the Charter Board shall submit a true, correct and complete copy of the proposed Management Agreement to the School District for its review and comment." This provision of the Planet Abacus Charter was intended to give the School District an opportunity to ensure that the terms of any proposed management agreements did not raise any conflicts of interest or otherwise pose problems with respect to the governance and operation of the school.

21. Planet Abacus was funded by public funds paid by the School District of Philadelphia based on the number of students enrolled at the school. The Planet Abacus Charter required that an independent audit of Planet Abacus and its accounts be conducted annually.

Under the Charter School Law, failure to meet generally accepted standards of fiscal management or audit requirements was a basis for terminating a school's charter.

22. In or about September 2007, Planet Abacus began operating at 6649 Tulip Street in Philadelphia, Pennsylvania, a building which it rented from Main Line Academy. At defendant DOROTHY JUNE BROWN's request, defendant JOAN WOODS CHALKER served as Chief Executive Officer of Planet Abacus.

The Planet Abacus By-Laws

23. To approve a charter for Planet Abacus, the School District required that Planet Abacus formulate and submit by-laws to govern the operation of the school. The School District approved the Planet Abacus By-Laws and relied upon them in granting the Planet Abacus Charter and in agreeing to provide funding for the school. Article IV of the Planet Abacus By-Laws provided, among other things, that the Board of Directors "shall have full power to conduct, manage and direct the business and affairs of [Planet Abacus] and all powers of [Planet Abacus] are hereby granted to and vested in the Board of Directors." Article IV further provided that the Board of Directors "shall consist of not more than seven members," that "[a] majority of the members of the Board of Directors shall constitute a quorum for the transaction of business," and that "all votes shall be by voice and shall require a majority of those voting to pass a motion."

24. Article IV of the Planet Abacus By-Laws further provided that "[n]o Director shall maintain substantial personal or business interests which conflict or which may be seen as conflicting with those of [Planet Abacus]."

The Scheme to Defraud

25. From in or about June 2007 through on or about April 22, 2011, defendants

DOROTHY JUNE BROWN and
JOAN WOODS CHALKER

devised and intended to devise a scheme to defraud the Planet Abacus Charter School ("Planet Abacus") and the School District of Philadelphia, and to obtain money and property from Planet Abacus by means of knowingly false and fraudulent pretenses, representations, and promises.

Manner and Means

It was part of the scheme that:

26. Defendant DOROTHY JUNE BROWN formed AcademicQuest, LLC (hereinafter "AcademicQuest") in or about June 2007 as a vehicle to obtain fraudulent payments from Planet Abacus. BROWN was the sole owner of AcademicQuest. From in or about December 2007 to in or about April 2011, BROWN, defendant JOAN WOODS CHALKER and others caused Planet Abacus to make approximately $705,561.62 in fraudulent payments to AcademicQuest and BROWN.

A. The Management Contracts.

27. After the School District approved the Planet Abacus Charter in July 2007, defendant DOROTHY JUNE BROWN falsely represented to others that the Planet Abacus Board of Trustees had entered into a management contract with AcademicQuest. BROWN further represented to others that, under the purported contract, AcademicQuest was entitled to receive 15% of the "Qualified Gross Revenues" of Planet Abacus, and that AcademicQuest was

entitled to receive an additional 2% of the "Qualified Gross Revenues" if a percentage of students' test scores increased by a certain amount. In reality, the Planet Abacus BOT had never voted to enter into any contracts with AcademicQuest.

28. In order to falsely make it appear as if the Planet Abacus BOT had voted to enter into a management contract with AcademicQuest, defendant DOROTHY JUNE BROWN and others created a variety of fraudulent documents, including at least two signed management contracts between AcademicQuest and Planet Abacus dated as of March 5, 2007. The first management contract contained signatures of BROWN, on behalf of AcademicQuest, and Person No. 17, who was purported to have been serving as the President of the Planet Abacus BOT at the time the contract was executed, as well as witness signatures from Person No. 12, BROWN's personal secretary ("AQ Management Contract #1"). The second contract, which was nearly identical to the first, contained signatures of BROWN and Person No. 17, as well as witness signatures from Smoot ("AQ Management Contract #2"). In truth, Person No. 17 was not a member of the Planet Abacus BOT, let alone its President, as of March 5, 2007.

29. "Conflict of interest" provisions in the Planet Abacus Charter and in the Planet Abacus By-Laws forbade defendant DOROTHY JUNE BROWN from serving as a board member on the Planet Abacus BOT while, at the same time, receiving "management fee" payments from Planet Abacus through AcademicQuest. The Planet Abacus Charter further prohibited members of the Planet Abacus BOT or their immediate family from doing business with Planet Abacus. In order to circumvent these "conflict of interest" provisions and to execute her fraudulent scheme, BROWN took steps to falsely make it appear that a Planet Abacus board existed as of at least February 2007, that BROWN was not a member of the board, and that the

business affairs of Planet Abacus were being conducted, managed, and directed by the board independently of BROWN. In truth, there was no board managing the affairs of Planet Abacus at that time, nor at the time that the management contract with AcademicQuest was purportedly executed. It was BROWN herself who managed and directed the business affairs of Planet Abacus during that time.

30. The Planet Abacus Charter required that Planet Abacus maintain various records of the school, including meeting minutes of the Planet Abacus BOT, on-site at the Planet Abacus facility for inspection by the School District and its representatives and agents. Under the Charter, Planet Abacus was required to provide ongoing access to the records to ensure that the school was complying with the Charter and with the Charter School Law. In order to perpetuate the fraud and to conceal the fact that defendant DOROTHY JUNE BROWN herself had been directing the affairs of Planet Abacus, BROWN and others, including defendant JOAN WOODS CHALKER, caused the creation of false board minutes and false board resolutions. These false documents made it appear that an independent Planet Abacus BOT had held meetings and had conducted business, without BROWN's involvement, starting as early as on or about February 5, 2007. In falsified minutes for what was purported to have been the first meeting of the Planet Abacus BOT, held on February 5, 2007, Person No. 17 is listed as presiding over the meeting, and the other four board members listed as being present included Person No. 7, Person No. 13, Person No. 18 and Person No. 19. In reality, Person No. 17 and Person No. 7 were not involved in the Planet Abacus BOT at that time, and Person No. 13, Person No. 18, and Person No. 19 never served as board members of the Planet Abacus BOT.

31. Defendant DOROTHY JUNE BROWN also caused the creation of falsified board meeting minutes that made it appear as if the Planet Abacus BOT had discussed and had approved a management contract between Planet Abacus and AcademicQuest at a board meeting held on March 5, 2007. In reality, no Planet Abacus board meeting took place on that date. One set of falsified board minutes listed Person No. 7, Person No. 13, Person No. 17, Person No. 18, Person No. 19, and Person No. 20 as present at a March 5, 2007 board meeting. Those same falsified board minutes stated in part as follows:

> [**Management Organization:** [Person No. 17] reminded the Board that several Board members have been investigating the advisability of turning over some of the administrative tasks involved in conducting school business to a management organization. . . .
> After studying the literature available and discussing several alternative management systems, the Board reached a consensus that it would be advisable to contract with Academic Quest management system to assume responsibility for: 1) selecting educational materials, 2) hiring and supervising staff, 3) overseeing expenditures and supervising budgeting and auditing practices, 4) preparing periodic reports as required by the state and the School District of Philadelphia and 5) other tasks as needed. The contract for these services had been mailed to the members of the Board on June 8, 2006.
>
> After some discussion of the relative advantages and disadvantages of using a management organization as opposed to hiring and training a full administrative staff to do the needed work, the Board voted in favor of hiring Academic Quest management organization.
>
> [Person No. 18] moved and [Person No. 7] seconded the motion that the Board contract with Academic Quest to assume responsibility for all management responsibilities not reserved by law to the Board.
>
> Voice vote: all ayes; no nays. Motion carried.

In reality, no such board meeting took place on March 5, 2007, and the Planet Abacus BOT never discussed or voted upon entering a contract with AcademicQuest. At that time, Person No. 7,

Person No. 17, and Person No. 20 were not yet involved in the Planet Abacus board. Person No. 13, Person No. 18, and Person No. 19 never served on the Planet Abacus BOT.

32. Defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER and others prepared various other Planet Abacus board meeting minutes to falsely make it appear as if Planet Abacus board meetings had been held and had been attended by individuals who never actually attended Planet Abacus board meetings. They also prepared numerous falsified board resolutions to make it appear that the board had discussed and had voted upon various actions that had never been discussed or voted upon. BROWN and CHALKER caused the creation of the fabricated documents in order to falsely make it appear as if an independent Planet Abacus BOT, as opposed to BROWN, was directing and conducting the business of Planet Abacus.

33. To further falsely make it appear as if the Planet Abacus BOT had been meeting and voting on matters that it had not voted upon, defendant JOAN WOODS CHALKER asked Person No. 13 to sign various documents as "Secretary" of the Planet Abacus BOT, even though Person No. 13 was not actually a member of the board, let alone an officer of the board.

34. To further falsely make it appear as if the Planet Abacus BOT had been meeting and voting on matters that it had not voted upon, defendant DOROTHY JUNE BROWN asked Person No. 17 to serve as "President" of the Planet Abacus BOT. Although Person No. 17 agreed to serve as "President," he served in name only, and BROWN and defendant JOAN WOODS CHALKER continued to direct the business affairs of Planet Abacus. BROWN and CHALKER asked Person No. 17, as "President" of the Planet Abacus BOT, to sign numerous falsified documents, including backdated documents, on behalf of the Planet Abacus BOT.

Person No. 17 routinely signed documents presented by BROWN and CHALKER without reviewing the documents before signing them. Anthony Smoot also routinely asked Person No. 17 to sign blank checks on behalf of Planet Abacus.

35. By creating false records to make it appear that Person No. 17 and the Planet Abacus BOT were directing the affairs of Planet Abacus, as opposed to defendant DOROTHY JUNE BROWN, BROWN was able to perpetuate and conceal her fraud. Specifically, BROWN concealed the fact that the "management contract" between Planet Abacus and BROWN's private company raised "conflict of interest" issues and otherwise violated the Charter and the Charter School Law. Any such violations could have caused the School District to terminate the Charter, which would have ended the fraud, preventing BROWN's private company, AcademicQuest, from collecting its "management fee" payments.

36. From in or about December 2007 through in or about March 2009, defendant DOROTHY JUNE BROWN caused Planet Abacus to make "management fee" payments to AcademicQuest under the fabricated management contract. However, rather than use significant resources or funds from her private company, AcademicQuest, to manage and operate Planet Abacus, BROWN largely operated Planet Abacus by directing the employees of other schools she controlled, such as Laboratory, Ad Prima and Main Line Academy, to provide services to Planet Abacus. The salaries of those employees were paid with public funds provided to those schools to further the education of students at those schools. By improperly using the resources of those other schools for the management of Planet Abacus, BROWN was able to avoid incurring costs to AcademicQuest, and thus was able to maximize her own enrichment from the fraudulent proceeds of the management contract. In doing so, BROWN deprived the

students at Laboratory, Ad Prima and Main Line Academy from enjoying the benefits of the resources that had been allocated to those schools.

B. <u>The Consulting Contracts.</u>

37. The Planet Abacus Charter provided that, before executing a management contract, the Planet Abacus BOT was required to submit the proposed management contract to the School District for review and comment. Contrary to the terms of the Charter, the fabricated management contract between Planet Abacus and AcademicQuest was not submitted to the School District. In or about July 2009, when defendant DOROTHY JUNE BROWN was advised during an audit of Planet Abacus that the "management contract" with AcademicQuest could violate the Planet Abacus Charter because it had not been submitted to the School District, BROWN took numerous steps to perpetuate and conceal her fraudulent scheme. In particular, BROWN attempted to make it appear as if the payments received by AcademicQuest were for "consulting" services made under a "consulting contract," as opposed to "management" services made under a "management contract."

38. In or about January 2009, an auditor, Person No. 21, from an auditing firm, Company No. 1, began conducting an audit of Planet Abacus's first year of operation. This audit was performed pursuant to the requirements of the Planet Abacus Charter and the Charter School Law to ensure that Planet Abacus was complying with generally accepted standards of fiscal management. During the audit, in or about July 2009, Person No. 1 questioned whether the "management contract" between AcademicQuest and Planet Abacus, without prior review by the School District, had violated the Planet Abacus Charter. In response to the concerns raised by the auditor, defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER, along

with Anthony Smoot, Courteney L. Knight, Michael A. Slade, Jr. and others took actions to extend the fraudulent scheme by causing the creation of a new set of falsified contracts, falsified board meeting minutes, falsified resolutions, and other falsified documents, all in an effort to falsely make it appear as if the Planet Abacus BOT was making payments to AcademicQuest under a "consulting contract," as opposed to a "management contract."

39. In or about 2009, after the auditor had raised concerns about the existence of the "management contract," defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER, along with Person No. 19, had a meeting in BROWN's office during which they fabricated a "consulting contract" between Planet Abacus and AcademicQuest dated as of March 5, 2007 ("AQ Consulting Contract #1). As was his custom, Person No. 17 had already signed the document as "President" of Planet Abacus without reviewing it. BROWN signed the contract on behalf of AcademicQuest. CHALKER forged the signature of Person No. 19's sister, Person No. 23, as a witness to Person 17's signing of the contract. Person No. 19 forged the signature of her aunt, Person No. 22, as a witness to BROWN's signing of the contract. Neither Person No. 22 nor Person No. 23 had given permission for their names to be signed by others on AQ Consulting Contract #1. Person No. 22 had actually passed away in 2005, two years before the date of the contract.

40. Defendant DOROTHY JUNE BROWN, Knight and others also fabricated at least two additional signed versions of backdated "consulting contracts" between Planet Abacus and AcademicQuest. One was dated as of March 9, 2007 and was signed by BROWN on behalf of AcademicQuest, by Person No. 17 on behalf of Planet Abacus, and by Knight as a witness to Person No. 17's signing of the contract ("AQ Consulting Contract #2"). AQ

Consulting Contract #2 also contained a forged signature of Person No. 19 as witness to BROWN's signing of the contract. The other "consulting contract" was dated as of March 16, 2007, and was signed by BROWN on behalf of AcademicQuest, by Person No. 17 on behalf of Planet Abacus, by Knight as a witness to Person No. 17's signing of the contract, and by Person No. 19 as a witness to BROWN's signing of the contract ("AQ Consulting Contract #3").

41. Defendant DOROTHY JUNE BROWN caused the fabricated "consulting contracts" to have the same fee structure as the "management contracts" that BROWN had previously fabricated. As with the "management contracts," the "consulting contracts" provided that AcademicQuest was entitled to receive 15% of the "Qualified Gross Revenues" of Planet Abacus, and AcademicQuest was entitled to receive an additional 2% of the "Qualified Gross Revenues" if a percentage of students' test scores increased by a certain amount.

42. In or about August 2009, in a further effort to make it falsely appear to auditors of Planet Abacus and to the School District that the Planet Abacus BOT had approved a "consulting contract" in March 2007, defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER fabricated a letter from BROWN addressed to Person No. 17 that was backdated to make it appear as if the letter had been written on March 9, 2007. In the fabricated letter, BROWN stated in part the following:

> Dear [Person No. 17]:
>
> It has just come to my attention that my assistant inadvertently selected the wrong contract template on which to construct the agreement between Planet Abacus Charter School and AcademicQuest. I signed the contract dated March 5, 2007 because you told me it was approved by the Board as we had previously discussed and no changes were recommended. I, in an effort not to delay you, signed the contract without reading it. At the end of the day, I read the contract and discovered the error. The contract I signed on the 5th of March is a management contract. I told you earlier, and I repeat I am not

interested in managing another school. However, I am interested in providing consultant services to Planet Abacus.

BROWN asked Person No. 19 to type the letter for BROWN, and after Person No. 19 finished typing it, BROWN signed the fabricated letter.

43. In or about August 2009, defendant DOROTHY JUNE BROWN also caused the creation of falsified board meeting minutes to make it appear as if the Planet Abacus BOT held a special board meeting on March 16, 2007 for the purpose of voting on a "consulting contract" with AcademicQuest. BROWN asked Person No. 19 to type up the falsified meeting minutes, which stated that Person No. 7, Person No. 17 and Person No. 20 were present at the meeting as board members, and that Person No. 24 was present as an "Honorary Member." None of those people attended a Planet Abacus BOT meeting on that date. The falsified minutes further stated in part the following:

> [Person No. 17] stated that Dr. Brown contacted him by way of a letter in which she described a discrepancy in the AcademicQuest Contract. Although she discussed with the Board a Service Contract and the Board approved a Service contract the template used to produce the contract was that of a management contract. The contract has been corrected and resubmitted to the Board for review. Dr. Brown has asked to address the Board to apologize for this error, and answer any concerns Board members might have.
>
> Dr. Brown addressed the Board. There was an in depth review of the corrected copy of the Consulting contract and Board concerns were answered. [Person No. 7] made a motion seconded by [Person No. 17] to approve the contract revision.
>
> The Board by unanimous voice vote approved the Service Contract between AcademicQuest and The Planet Abacus Charter School.

In truth, no "consulting contract" was ever presented to the Planet Abacus BOT. These falsified board minutes were created by BROWN and others to perpetuate the fraudulent scheme in response to the concerns raised by the auditor.

44. Defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER and others also caused the creation of falsified board resolutions, other falsified board meeting minutes and other falsified documents to make it falsely appear as if the Planet Abacus BOT had discussed and had voted to approve a "consulting contract" with AcademicQuest.

45. On or about August 28, 2009, Smoot provided falsified documents to the auditor (Person No. 21), including a falsified board resolution and the falsified March 16, 2007 board meeting minutes, to make it appear as if AcademicQuest had a "consulting contract," and not a "management contract" with Planet Abacus. However, despite receiving the falsified documents, the auditor requested that Planet Abacus obtain a legal opinion as to whether the AcademicQuest contract constituted a "management contract." Rather than provide the auditor with the information and materials he had requested, Smoot and defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER used a different accounting firm, Company No. 2, to conduct and complete the Planet Abacus audit.

46. In or about February 2010, defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER, along with Smoot, caused the auditors at Company No. 2 to receive falsified board meeting minutes, falsified resolutions and other falsified records, including altered AcademicQuest invoices, in order to make it falsely appear as if payments made by Planet Abacus to AcademicQuest were being made pursuant to a board-approved consulting contract.

47. On or about each of the dates set forth below, in the Eastern District of Pennsylvania, and elsewhere, defendants

DOROTHY JUNE BROWN and
JOAN WOODS CHALKER

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

COUNT	APPROXIMATE DATE	DESCRIPTION
15	December 24, 2007	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1021 issued to AcademicQuest in the amount of $75,156.22.
16	December 24, 2007	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1022 issued to AcademicQuest in the amount of $25,052.07.
17	December 24, 2007	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1043 issued to AcademicQuest in the amount of $19,053.33.
18	January 22, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1311 issued to AcademicQuest in the amount of $17,478.88.
19	March 17, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1324 issued to AcademicQuest in the amount of $17,418.91.
20	April 21, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1338 issued to AcademicQuest in the amount of $19,191.26.
21	June 11, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1064 issued to AcademicQuest in the amount of $39,925.93.
22	June 11, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1060 issued to AcademicQuest in the amount of $21,657.20.
23	July 18, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1366 issued to AcademicQuest in the amount of $22,249.32.

COUNT	APPROXIMATE DATE	DESCRIPTION
24	July 18, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1070 issued to AcademicQuest in the amount of $35,605.20.
25	August 19, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1096 issued to AcademicQuest in the amount of $52,766.64.
26	September 9, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1375 issued to AcademicQuest in the amount of $34,184.84.
27	October 14, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1396 issued to AcademicQuest in the amount of $46,497.48.
28	December 5, 2008	Internet email communication from BROWN to BROWN account, attaching draft version of contract between AcademicQuest and Planet Abacus.
29	December 26, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1139 issued to AcademicQuest in the amount of $68,339.96.
30	December 26, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1140 issued to AcademicQuest in the amount of $39,857.26.
31	February 17, 2009	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1150 issued to AcademicQuest in the amount of $25,671.02.
32	February 17, 2009	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1152 issued to AcademicQuest in the amount of $23,273.13.
33	March 17, 2009	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1163 issued to AcademicQuest in the amount of $22,584.66.
34	December 28, 2009	Internet email communication from BROWN to BROWN account, attaching AcademicQuest document regarding "consulting" services.

COUNT	APPROXIMATE DATE	DESCRIPTION
35	December 29, 2009	Internet email communication from BROWN to BROWN account regarding "consulting" services to be provided by AcademicQuest.
36	May 6, 2010	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 2408 issued to AcademicQuest in the amount of $43,914.32.
37	April 22, 2011	Interstate wire transmission through Wells Fargo Bank, resulting from clearing of check no. 2948 issued to BROWN in the amount of $55,683.99.

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS THIRTY-EIGHT THROUGH FORTY-ONE

(Wire Fraud - Agora Cyber Charter School)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-16 of Counts 1-14 of this superseding indictment are incorporated here.

2. In or about July 2005, defendant DOROTHY JUNE BROWN opened a business checking account in the name of the Agora Cyber Charter School (the "Initial Agora Account"). BROWN set up the Initial Agora Account so that she would have signature authority over the account.

3. On or about May 11, 2006, defendant DOROTHY JUNE BROWN signed a contract on behalf of The Cynwyd Group, LLC, in which Cynwyd entered into a contract with K12 Pennsylvania LLC ("K12"). The K12-Cynwyd contract provided that all Agora funds would be maintained in an "Operating Account" belonging to Agora over which representatives of K12 would have signature authority, and it further provided that Agora would immediately transfer all funds and/or other revenues received by Agora from any source into the Operating Account.

The Scheme to Defraud

4. From in or about May 2006 through in or about August 2007, defendant

DOROTHY JUNE BROWN

devised and intended to devise a scheme to defraud the Agora Cyber Charter School ("Agora") and its sources of funding, and to obtain money and property from Agora by means of knowingly false and fraudulent pretenses, representations, and promises.

Manner and Means

It was part of the scheme to defraud that:

5. Despite the provisions in the K12-Cynwyd Contract that was executed on May 11, 2006, BROWN did not disclose the existence of the Initial Agora Account to K12, did not immediately transfer funds from the Initial Agora Account to the Operating Account, and continued to control the Initial Agora Account through in or about 2009.

6. On or about February 6, 2007, defendant DOROTHY JUNE BROWN falsely represented herself to be the Chief Executive Officer of the Agora Cyber Charter School in a contract with the Pennsylvania Department of Education ("PDE") for the purpose of fraudulently obtaining funds that were allocated to Agora through a charter school implementation grant. BROWN also caused Person No. 5 to be falsely represented in the contract as the "President" of the Agora BOT, even though BROWN knew that Person No. 5 was not in fact a member of the Agora BOT.

7. In or about April 2007, when defendant DOROTHY JUNE BROWN received a check from PDE for $205,500 in funds that had been allocated to Agora through the implementation grant (the "PDE Check"), BROWN failed to disclose the receipt of the funds to K12, as required under the K12-Cynwyd Contract.

8. On or about April 27, 2007, defendant DOROTHY JUNE BROWN deposited the PDE Check into the Initial Agora Account. BROWN subsequently signed checks from the Initial Agora Account causing approximately $43,505 to be paid to herself and approximately $1,000 to be paid to Anthony Smoot (charged elsewhere in this superseding indictment), even though BROWN was not the Chief Executive Officer of Agora and did not

have the authority to write the checks and cause the payments from Agora funds. BROWN also improperly caused approximately $87,935.63 to be paid to the Ad Prima Charter School and approximately $29,986.62 to be paid to the Laboratory Charter School of Communication and Languages from the funds that had been allocated to Agora.

9. At defendant DOROTHY JUNE BROWN's direction, Anthony Smoot prepared invoices in support of the fraudulent payments that were made from the implementation grant funds that had been awarded to Agora. The invoice in support of the $43,505 payment to BROWN, which was dated June 15, 2007, stated that Agora owed BROWN $16,000 for "Community Awareness Services from July 2005 to June 2007," that it owed BROWN $11,000 for "Assessment Services from July 2005 to June 2007," and that it owed BROWN $16,505 for "Instruction-Pupil & Parent Training on materials and Technology 7/05-6/07." During the same time period that BROWN was purportedly providing the above services to Agora in her individual capacity, Agora was being charged separately by BROWN's private company, the Cynwyd Group, LLC, under a purported "management agreement" dated as of May 10, 2006 for providing the same services. None of the payments to BROWN or Cynwyd had been authorized by the Agora BOT.

10. On or about each of the dates set forth below, in the Eastern District of Pennsylvania, and elsewhere, defendant

DOROTHY JUNE BROWN,

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate

commerce the signals and sounds described below for each count, each transmission constituting a separate count:

COUNT	APPROXIMATE DATE	DESCRIPTION
38	August 6, 2007	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1017 issued to Anthony Smoot in the amount of $1,000.
39	August 7, 2007	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1015 issued to defendant DOROTHY JUNE BROWN in the amount of $43,505.
40	August 29, 2007	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1014 issued to Ad Prima in the amount of $29,986.62.
41	August 29, 2007	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 1016 issued to Laboratory in the amount of $87,935.63.

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS FORTY-TWO THROUGH FIFTY

(Wire Fraud - Laboratory Charter School)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-7 of Counts 1-14 and paragraphs 2-15 of Counts 15-37 of this superseding indictment are incorporated here.

2. In or about July 2008, defendant DOROTHY JUNE BROWN hired Person No. 25 to do work for BROWN's private company, The Cynwyd Group, LLC. BROWN asked Person No. 25 to work from within the administrative offices at 124 Bryn Mawr Avenue, where Person No. 25 continued to work from in or about July 2008 through in or about October 2009.

3. The Laboratory Charter School of Communication and Languages ("Laboratory") was funded by public funds paid to Laboratory by the School District of Philadelphia based on the number of students enrolled at Laboratory. The funds were paid to Laboratory for the benefit of Laboratory and its students.

The Scheme to Defraud

4. From in or about July 2008 through in or about October 2009, defendant

DOROTHY JUNE BROWN

devised and intended to devise a scheme to defraud the Laboratory Charter School of Communication and Languages and the School District of Philadelphia, and to obtain money and property from Laboratory by means of knowingly false and fraudulent pretenses, representations, and promises.

Manner and Means

It was part of the scheme that:

5. From in or about July 2008 through in or about October 2009, defendant DOROTHY JUNE BROWN caused Person No. 25 to be paid approximately $37,000 from funds belonging to the Laboratory Charter School of Communication and Languages for services that Person No. 25 had not actually rendered to Laboratory.

6. By causing Laboratory to pay funds to Person No. 25 for work done for the benefit of Cynwyd and defendant DOROTHY JUNE BROWN, BROWN deprived Laboratory and its students of the use of those funds to educate Laboratory students.

7. Defendant DOROTHY JUNE BROWN directed Person No. 25 to submit false invoices to the Business Manager for Laboratory, Anthony Smoot (charged elsewhere in this superseding indictment), stating that Person No. 25 had provided services to Laboratory that Person No. 25 had not in fact provided to Laboratory.

8. Defendant DOROTHY JUNE BROWN directed Anthony Smoot to pay Person No. 25 with Laboratory funds, even though BROWN knew that Person No. 25 had not provided the services to Laboratory that were reflected in the invoices. In truth, BROWN hired and used Person No. 25 to assist BROWN with the operations of her private company, Cynwyd, which BROWN was using at the time as a vehicle to defraud the Agora Cyber Charter School.

9. On or about each of the dates set forth below, in the Eastern District of Pennsylvania, and elsewhere, defendant

DOROTHY JUNE BROWN,

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

COUNT	APPROXIMATE DATE	DESCRIPTION
42	July 22, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 8308 issued to Person No. 25 in the amount of $3,500.
43	August 5, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 8313 issued to Person No. 25 in the amount of $2,750.
44	August 20, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 8324 issued to Person No. 25 in the amount of $2,500.
45	September 9, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 8329 issued to Person No. 25 in the amount of $1,750.
46	September 19, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 8336 issued to Person No. 25 in the amount of $2,000.
47	October 6, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 8350 issued to Person No. 25 in the amount of $2,500.
48	October 15, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 8357 issued to Person No. 25 in the amount of $2,500.
49	October 28, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 8369 issued to Person No. 25 in the amount of $2,750.
50	November 18, 2008	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 8385 issued to Person No. 25 in the amount of $1,500.

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS FIFTY-ONE THROUGH FIFTY-TWO

(Wire Fraud - Laboratory Charter School)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-7 of Counts 1-14, paragraphs 2-15 of Counts 15-37 and paragraphs 2-3 of Counts 42-50 of this superseding indictment are incorporated here.

2. At all times material to this superseding indictment:

a. Laboratory had a policy regarding vacation leave which awarded employees of Laboratory a set number of vacation days per year, depending upon the employee's number of years of employment. Under the vacation leave policy, a terminating employee would be paid in full for earned and unused vacation leave. However, the policy further provided that unused vacation days could not be accumulated beyond June 30 of the year following the year in which they were earned.

b. Laboratory had a policy regarding sick leave which awarded employees of Laboratory up to ten sick days per year. Under the sick leave policy, the amount of sick leave earned by employees was not cumulative.

c. Defendant DOROTHY JUNE BROWN was an employee of Laboratory from in or about June 1998 through in or about October 2008. During that time, BROWN served as Laboratory's Chief Executive Officer.

d. Defendant JOAN WOODS CHALKER was an employee of Laboratory from in or about June 1998 through in or about August 2007. During that time, CHALKER served as a "Site Director" for Laboratory.

e. During the periods that defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER were employed by Laboratory, BROWN and CHALKER split their time and work among multiple schools, including Main Line Academy, Ad Prima, and Agora. As a result, BROWN and CHALKER did not actually work as full-time employees of Laboratory, even though BROWN caused them to be paid by Laboratory as if they were full-time Laboratory employees.

The Scheme to Defraud

3. From at least in or about April 2009 through on or about May 29, 2009, defendants

DOROTHY JUNE BROWN and
JOAN WOODS CHALKER

devised and intended to devise a scheme to defraud the Laboratory Charter School of Communication and Languages and the School District of Philadelphia, and to obtain money and property from Laboratory by means of knowingly false and fraudulent pretenses, representations, and promises.

Manner and Means

It was part of the scheme that:

4. Defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER caused themselves to be paid approximately $214,095.34 from funds belonging to Laboratory under the false pretense that BROWN and CHALKER were owed those funds based on accumulated vacation and sick days dating back to their initial employment with Laboratory in 1998, even though BROWN and CHALKER were not actually entitled to the funds.

5. By causing Laboratory to pay $214,095.34 to defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER for benefits that they were not entitled to receive, BROWN and CHALKER deprived Laboratory and its students of the use of those funds to educate Laboratory students.

6. After defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER had resigned from Laboratory, BROWN and CHALKER fabricated documents regarding Laboratory's leave policies to make it falsely appear as if Laboratory had a special benefits policy applicable to employees "at or above the level of site director," which covered BROWN and CHALKER, providing that unused vacation and sick days would be allowed to accumulate for them without limitation.

7. Defendant DOROTHY JUNE BROWN directed Anthony Smoot (charged elsewhere in this superseding indictment) to fabricate Laboratory leave records to falsely make it appear as if leave records had been kept regarding the number of vacation and sick days used by BROWN and defendant JOAN WOODS CHALKER dating back to 1998, when, in fact, no such records existed.

8. Defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER caused Anthony Smoot to write and sign a Laboratory check payable to BROWN in the amount of $144,939.10 and a Laboratory check payable to CHALKER in the amount of $69,156.24 as "final benefit payouts," even though BROWN and CHALKER were not entitled to receive those funds.

9. On or about each of the dates set forth below, in the Eastern District of Pennsylvania, and elsewhere, defendants

DOROTHY JUNE BROWN and
JOAN WOODS CHALKER,

together with Anthony Smoot (charged elsewhere in this superseding indictment), for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

COUNT	APPROXIMATE DATE	DESCRIPTION
51	May 11, 2009	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 8496 issued to CHALKER in the amount of $69,156.24.
52	May 29, 2009	Interstate wire transmission through Wachovia Bank in North Carolina, resulting from clearing of check no. 8495 issued to BROWN in the amount of $144,939.10.

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT FIFTY-THREE

(Conspiracy to Obstruct Justice)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-16 and 18-33 of Counts 1-14, paragraphs 2-24 and 26-46 of Counts 15-37, and paragraphs 2 and 4-8 of Counts 51-52 are incorporated here.

2. At all times material to this superseding indictment:

a. Special agents of the Federal Bureau of Investigation ("FBI") and special agents of the Department of Education, Office of Inspector General ("ED/OIG"), beginning in or about May 2008, conducted a criminal investigation into the activities of Person No. 1 and a charter school based in the Northeast section of Philadelphia ("Company No. 3"), which Person No. 1 controlled, as well as other companies and individuals associated with Person No. 1 and Company No. 3, including Kevin O'Shea (charged elsewhere), and Rosemary DiLacqua (charged elsewhere). A related grand jury investigation regarding these matters began in or about May 2008, first regarding [Company No. 3], and then expanded to address the other subjects outlined above. This investigation of the grand jury and of the FBI and ED/OIG is referred to collectively in this superseding indictment as "the 2008 investigation."

b. The 2008 investigation revealed that one of Person No.1's business partners was defendant DOROTHY JUNE BROWN, and that Person No. 1 and BROWN had formed The Cynwyd Group, LLC in or about 2005. As a result, grand jury subpoenas were issued between in or about May 2008 and in or about October 2008 to entities known to be affiliated with BROWN, including Cynwyd, AcademicQuest, Agora, Planet Abacus, Laboratory, Ad Prima and Main Line Academy (the "2008 Grand Jury Subpoenas"). The 2008 Grand Jury

Subpoenas required the production of documents and records, including financial records and contracts, of the subpoenaed entities. The 2008 Grand Jury Subpoenas also specifically required the production of all documents and records relating to, among other entities, Cynwyd.

c. Based on information obtained during the course of the 2008 investigation, an additional grand jury investigation was opened in approximately March 2010 with a focus on the criminal activities of defendant DOROTHY JUNE BROWN, The Cynwyd Group, LLC and AcademicQuest, LLC ("the 2010 grand jury investigation"). More specifically, the 2010 grand jury investigation supplemented the ongoing criminal investigation conducted by the FBI and ED/OIG into, among other things, whether BROWN, Cynwyd, AcademicQuest, and others, defrauded Agora, Planet Abacus, Laboratory, Ad Prima and Main Line Academy (collectively, the "Brown School Entities") and their sources of funding; whether BROWN and others had caused the Brown School Entities to make illegal loans and transfers of funds to each other and other entities; whether the respective boards of the Brown School Entities had voted to approve contracts, leases, loans and other actions affecting the finances of the Brown School Entities, including contracts with BROWN's private companies; and whether Cynwyd and AcademicQuest actually provided services to the schools that had made payments to them.

d. As part of the 2010 grand jury investigation, subpoenas were issued to The Cynwyd Group, LLC and AcademicQuest, LLC in or about February 2012, requiring the production of various records, including, among other items, contracts, financial records, lease agreements, and attorney billing records. The subpoena issued to AcademicQuest also required the production of records regarding Person No. 22 and Person No. 23, who were the individuals

whose purported signatures appeared as witnesses on a "consulting contract" dated as of March 5, 2007 between Planet Abacus and AcademicQuest.

e. As the Business Manager for Planet Abacus, Laboratory, Ad Prima and Main Line Academy, defendant ANTHONY SMOOT maintained control over most of the financial records for those schools.

f. Defendant JOAN WOODS CHALKER, defendant COURTENEY L. KNIGHT, and defendant MICHAEL A. SLADE, Jr., regularly worked with defendant DOROTHY JUNE BROWN at the administrative offices at 124 Bryn Mawr Avenue and generally reported to BROWN with respect to matters affecting the administration of the Brown School Entities.

The Conspiracy

3. From in or about August 2008, or earlier, through in or about April 2012, in the Eastern District of Pennsylvania and elsewhere, defendants

DOROTHY JUNE BROWN,
JOAN WOODS CHALKER,
MICHAEL A. SLADE, Jr.,
COURTENEY L. KNIGHT and
ANTHONY SMOOT

conspired and agreed, together with each other, and with others known and unknown to the grand jury, to commit an offense against the United States, that is, to obstruct justice by altering, destroying and falsifying records, and engaged in various overt acts in furtherance of the conspiracy, in violation of Title 18, United States Code, Sections 1512(b)(3), 1512(c)(2) and 1519.

Manner and Means

It was a part of the conspiracy that:

4. Defendants DOROTHY JUNE BROWN, JOAN WOODS CHALKER, MICHAEL A. SLADE, Jr., COURTENEY L. KNIGHT, and ANTHONY SMOOT, together and with others, altered records and fabricated a large number of documents in an effort to make it falsely appear as if the boards of trustees of the Brown School Entities had taken actions in accordance with their respective by-laws on various matters, including on entering into contracts, on making loans to other entities, and on authorizing various expenditures.

5. Defendants DOROTHY JUNE BROWN, JOAN WOODS CHALKER, MICHAEL A. SLADE, Jr., and COURTENEY L. KNIGHT, together and with others, held meetings to discuss the alteration and fabrication of records of the Brown School Entities, including of board meeting minutes and of board resolutions. Pursuant to BROWN's directions, CHALKER, SLADE and KNIGHT, together and with others, altered and fabricated records of the Brown School Entities, including board meeting minutes, to make it appear as if various individuals had served on the boards of Brown School Entities and had attended board meetings of those schools, when, in fact, the individuals had not served on the boards or had not attended the board meetings.

6. Defendants DOROTHY JUNE BROWN, JOAN WOODS CHALKER, MICHAEL A. SLADE, Jr., COURTENEY L. KNIGHT, and ANTHONY SMOOT, together and with others, fabricated various contracts and board resolutions that had been backdated to make it falsely appear as if the Planet Abacus BOT had approved a contract with AcademicQuest, when, in fact, it had not. BROWN and SMOOT also fabricated a contract that had been backdated to

make it falsely appear that the Agora BOT had approved a contract with The Cynwyd Group, LLC, when, in fact, it had not.

7. Defendant DOROTHY JUNE BROWN recruited others to join the conspiracy by rewarding them with high level administrative positions at the charter schools she controlled, by causing them to be paid six-figure salaries, and by enabling them to use school funds and resources for their own personal benefit. In one instance, BROWN permitted her great nephew, defendant MICHAEL A. SLADE, Jr., who was an employee of Laboratory at the time, to spend over $40,000 of Main Line Academy funds on a truck for SLADE's own personal use. BROWN also permitted SLADE to use school credits cards to charge tens of thousands of dollars for personal expenses, including meals, gas and car washes.

8. Defendant MICHAEL A. SLADE, Jr., caused the creation of documents that made it appear as if Person No. 8 had been serving on the Agora BOT in 2005, 2006 and 2007, when, in fact, SLADE knew that Person No. 8 had not actually served on the Agora BOT during those years.

9. Defendant DOROTHY JUNE BROWN directed defendant ANTHONY SMOOT to alter past invoices of AcademicQuest, to make it falsely appear as if the invoices had been issued for "consulting services" rather than "management services."

10. Defendant DOROTHY JUNE BROWN caused the creation of documents to make it falsely appear that her private companies, Cynwyd and AcademicQuest, had more employees and more staff members than they actually had, and provided more services than they actually did.

11. Defendant DOROTHY JUNE BROWN directed defendant ANTHONY SMOOT, together with others, to create backdated payment authorization forms in order to make it appear that various past payments had been properly authorized by the Brown School Entities, when, in fact, they had not.

12. Defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER caused the creation of documents to make it falsely appear as if BROWN and CHALKER had been entitled to receive approximately $214,095.34 in funds belonging to Laboratory based on vacation and sick days that purportedly had been accumulated by BROWN and CHALKER.

13. Defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER held meetings together with others to discuss how they could prevent the communication of information to law enforcement regarding the fabrication of records and regarding other efforts by them and others to commit fraud and obstruct justice.

Overt Acts

In furtherance of the conspiracy, defendants DOROTHY JUNE BROWN, JOAN WOODS CHALKER, MICHAEL A. SLADE, Jr., COURTENEY L. KNIGHT, ANTHONY SMOOT, and others known and unknown to the grand jury, committed the following overt acts in the Eastern District of Pennsylvania, and elsewhere:

14. On or about August 8, 2008, defendant DOROTHY JUNE BROWN caused the fabrication of false Agora board meeting minutes for a board meeting purportedly held on May 9, 2006.

15. On or about August 21, 2008, defendant DOROTHY JUNE BROWN caused the fabrication of false Agora board meeting minutes for a board meeting purportedly held on April 25, 2006.

16. On or about March 11, 2009, defendant DOROTHY JUNE BROWN caused the fabrication of false Agora board meeting minutes for a board meeting purportedly held on May 6, 2006 and at which the Agora BOT had purportedly voted to approve a contract between Agora and The Cynwyd Group, LLC.

17. On or about May 20, 2009, defendant DOROTHY JUNE BROWN caused a facsimile to be sent to an attorney, Person No. 26, for the purpose of causing law firm billing records from 2007 to be altered so that the records would no longer reflect the fact that Person No. 26 had performed work on a "management agreement" between AcademicQuest and Planet Abacus in or about June 2007, a fact which would have undercut BROWN's efforts to make it falsely appear as if such an agreement was executed on behalf of the Planet Abacus board months earlier on March 5, 2007.

18. On or about July 28, 2009, defendant JOAN WOODS CHALKER fabricated a Planet Abacus board resolution dated March 5, 2007 and titled "RESOLUTION APPROVING CONTRACTING WITH ACADEMICQUEST FOR CONSULTING SERVICES."

19. On or about August 20, 2009, defendant JOAN WOODS CHALKER fabricated a letter dated March 15, 2007 from defendant DOROTHY JUNE BROWN to Person No. 17.

20. On or about October 13, 2009, defendant JOAN WOODS CHALKER fabricated a "consulting contract" dated as of March 5, 2007 between Planet Abacus and AcademicQuest.

21. On or about December 21, 2009, defendant JOAN WOODS CHALKER fabricated a Laboratory policy document backdated June 25, 2007 to make it falsely appear as if Laboratory had a policy retroactive to September 1998 that permitted Laboratory management employees, such as CHALKER and defendant JUNE BROWN, to carry forward and accumulate any unused vacation, compensation or sick time and receive payments for that time.

22. On or about February 3, 2010, at the direction of defendant DOROTHY JUNE BROWN, defendant ANTHONY SMOOT altered a set of invoices of AcademicQuest for dates ranging from September 30, 2007 through February 28, 2009 by changing the fees described in the invoices from "management fees" to "consulting fees."

23. On or about February 28, 2010, defendant MICHAEL A. SLADE, Jr., fabricated a document regarding "School Owned Vehicles" of Main Line Academy to make it falsely appear that Main Line Academy had adopted a policy on July 1, 2005 that permitted staff members to be provided with vehicles for transportation.

24. On or about March 25, 2010, defendant JOAN WOODS CHALKER fabricated an "Emergency Loan Agreement" between Main Line Academy and Planet Abacus for $50,000 ("ELA #1") and an "Emergency Loan Agreement" between Laboratory and Planet Abacus for $75,000 ("ELA #2").

25. On or about March 31, 2010, defendant JOAN WOODS CHALKER fabricated an "Emergency Loan Agreement" dated November 20, 2003 between Main Line

Academy and Ad Prima for $15,000 ("ELA #3"), and an "Emergency Loan Agreement" between Ad Prima and Laboratory dated July 2004 for $300,000 ("ELA #4").

26. On or about March 31, 2010 at approximately 11:37 p.m., defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER caused ELA #3 and ELA #4 to be sent via facsimile to attorneys representing Ad Prima, Main Line Academy and Laboratory so that ELA #3 and ELA #4 could be provided to a federal grand jury pursuant to grand jury subpoenas.

27. On or about April 5, 2010, defendant DOROTHY JUNE BROWN presented her secretary, Person No. 12, with a lease agreement dated as of November 28, 2007 between The Cynwyd Group, LLC and AcademicQuest, LLC, and BROWN instructed Person No. 12 to sign the lease agreement on behalf of AcademicQuest, using a fictitious name.

28. On or about April 6, 2010, defendant COURTENEY L. KNIGHT sent an email to defendant MICHAEL A. SLADE, Jr., attaching a falsified board resolution created by KNIGHT to make it falsely appear as if the Ad Prima board of trustees had authorized a loan of up to $100,000 from Ad Prima to Agora.

29. On or about May 5, 2010, defendant JOAN WOODS CHALKER fabricated false Planet Abacus board meeting minutes and a false board resolution for a board meeting purportedly held on February 5, 2007.

30. On or about May 6, 2010, defendant JOAN WOODS CHALKER attempted to conceal evidence from the FBI and ED/OIG, including a fabricated board resolution dated March 5, 2007 titled "Resolution Prohibiting Charter School Board Members and their Families from Doing Business with the School."

31. In or about April 2012, defendant DOROTHY JUNE BROWN met with Person No. 19 and attempted to persuade Person No. 19 that Person No. 19 and Person No. 19's sister, Person No. 23, should falsely state to law enforcement officers that Person No. 23 had given permission to Person No. 19 to sign Person No. 23's name on a "consulting contract" between AcademicQuest and Planet Abacus.

All in violation of Title 18, United States Code, Section 371.

COUNT FIFTY-FOUR

(Obstruction of Justice)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-2 and 4-31 of Count 53 are incorporated here.

2. On or about March 11, 2009, in the Eastern District of Pennsylvania, defendant

DOROTHY JUNE BROWN

knowingly altered and falsified records, documents, and tangible objects, that is, board meeting minutes dated May 6, 2006 for a meeting of the Agora Board of Trustees, with the intent to impede, obstruct, and influence the investigation and proper administration of a matter within the jurisdiction of the Federal Bureau of Investigation and the Department of Education, Office of Inspector General, which are agencies of the United States, and aided, abetted, counseled, commanded, induced, and procured the same.

In violation of Title 18, United States Code, Sections 1519 and 2.

COUNT FIFTY-FIVE

(Obstruction of Justice)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-2 and 4-31 of Count 53 are incorporated here.

2. On or about July 28, 2009, in the Eastern District of Pennsylvania, defendants

DOROTHY JUNE BROWN and
JOAN WOODS CHALKER

knowingly altered and falsified records, documents, and tangible objects, that is, a Planet Abacus Charter School board resolution dated March 5, 2007 and titled "RESOLUTION APPROVING CONTRACTING WITH ACADEMICQUEST FOR CONSULTING SERVICES," with the intent to impede, obstruct, and influence the investigation and proper administration of a matter within the jurisdiction of the Federal Bureau of Investigation and the Department of Education, Office of Inspector General, which are agencies of the United States, and aided, abetted, counseled, commanded, induced, and procured the same.

In violation of Title 18, United States Code, Sections 1519 and 2.

COUNT FIFTY-SIX

(Obstruction of Justice)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-2 and 4-31 of Count 53 are incorporated here.

2. On or about October 13, 2009, in the Eastern District of Pennsylvania, defendants

DOROTHY JUNE BROWN and
JOAN WOODS CHALKER

knowingly altered and falsified records, documents, and tangible objects, that is, a "consulting contract" dated as of March 5, 2007 between Planet Abacus Charter School and AcademicQuest, LLC, with the intent to impede, obstruct, and influence the investigation and proper administration of a matter within the jurisdiction of the Federal Bureau of Investigation and the Department of Education, Office of Inspector General, which are agencies of the United States, and aided, abetted, counseled, commanded, induced, and procured the same.

In violation of Title 18, United States Code, Sections 1519 and 2.

COUNT FIFTY-SEVEN

(Obstruction of Justice)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-2 and 4-31 of Count 53 are incorporated here.

2. On or about December 21, 2009, in the Eastern District of Pennsylvania, defendants

DOROTHY JUNE BROWN and
JOAN WOODS CHALKER

knowingly altered and falsified records, documents, and tangible objects, that is, a policy document of the Laboratory Charter School of Communication and Languages titled, "Evaluation, Benefits, and Entitlements of Administrative at or Above the Level of Site Director Including the Chief Administrative Officer," with the intent to impede, obstruct, and influence the investigation and proper administration of a matter within the jurisdiction of the Federal Bureau of Investigation and the Department of Education, Office of Inspector General, which are agencies of the United States, and aided, abetted, counseled, commanded, induced, and procured the same.

In violation of Title 18, United States Code, Sections 1519 and 2.

COUNT FIFTY-EIGHT

(Obstruction of Justice)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-2 and 4-31 of Count 53 are incorporated here.

2. On or about February 3, 2010, in the Eastern District of Pennsylvania, defendants

DOROTHY JUNE BROWN and
ANTHONY SMOOT

knowingly altered and falsified records, documents, and tangible objects, that is, a set of invoices of AcademicQuest, LLC for dates ranging from September 30, 2007 through February 28, 2009, with the intent to impede, obstruct, and influence the investigation and proper administration of a matter within the jurisdiction of the Federal Bureau of Investigation and the Department of Education, Office of Inspector General, which are agencies of the United States, and aided, abetted, counseled, commanded, induced, and procured the same.

In violation of Title 18, United States Code, Sections 1519 and 2.

COUNT FIFTY-NINE

(Obstruction of Justice)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-2 and 4-31 of Count 53 are incorporated here.

2. On or about February 28, 2010, in the Eastern District of Pennsylvania, defendants

DOROTHY JUNE BROWN and
MICHAEL A. SLADE, Jr.

knowingly altered and falsified records, documents, and tangible objects, that is, a document regarding "School Owned Vehicles" of Main Line Academy to make it falsely appear that Main Line Academy had adopted a policy on July 1, 2005 that permitted staff members to be provided with vehicles for transportation, with the intent to impede, obstruct, and influence the investigation and proper administration of a matter within the jurisdiction of the Federal Bureau of Investigation and the Department of Education, Office of Inspector General, which are agencies of the United States, and aided, abetted, counseled, commanded, induced, and procured the same.

In violation of Title 18, United States Code, Sections 1519 and 2.

COUNT SIXTY

(Obstruction of Justice)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-2 and 4-31 of Count 53 are incorporated here.

2. On or about March 24, 2010, in the Eastern District of Pennsylvania, defendant

COURTENEY L. KNIGHT

knowingly altered and falsified records, documents, and tangible objects, that is, an Ad Prima board resolution agreeing to lend up to $100,000 to the Agora Cyber Charter School for use in the 2005-2006 school year, with the intent to impede, obstruct, and influence the investigation and proper administration of a matter within the jurisdiction of the Federal Bureau of Investigation and the Department of Education, Office of Inspector General, which are agencies of the United States, and aided, abetted, counseled, commanded, induced, and procured the same.

In violation of Title 18, United States Code, Sections 1519 and 2.

COUNT SIXTY-ONE

(Obstruction of Justice)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-2 and 4-31 of Count 53 are incorporated here.

2. On or about March 25, 2010, in the Eastern District of Pennsylvania, defendants

DOROTHY JUNE BROWN and
JOAN WOODS CHALKER

corruptly obstructed, influenced, and impeded an official proceeding, and attempted to do so, in that defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER caused to be created an "emergency loan agreement" between Main Line Academy and Planet Abacus for $50,000, and an "emergency loan agreement" between Laboratory and Planet Abacus for $75,000, in an effort to fabricate evidence that the boards of trustees of those schools had authorized the transfer of funds between the schools, and aided, abetted, counseled, commanded, induced, and procured the same.

In violation of Title 18, United States Code, Sections 1512(c)(2) and 2.

COUNT SIXTY-TWO

(Obstruction of Justice)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-2 and 4-31 of Count 53 are incorporated here.

2. On or about March 31, 2010, in the Eastern District of Pennsylvania, defendants

DOROTHY JUNE BROWN and
JOAN WOODS CHALKER

corruptly obstructed, influenced, and impeded an official proceeding, and attempted to do so, in that defendants DOROTHY JUNE BROWN and JOAN WOODS CHALKER caused to be created an "emergency loan agreement" dated November 20, 2003 between Main Line Academy and Ad Prima for $15,000, and an "emergency loan agreement" dated July 2004 between Ad Prima and Planet Abacus for $300,000, in an effort to fabricate evidence that the boards of trustees of those schools had authorized the transfer of funds between the schools, and aided, abetted, counseled, commanded, induced, and procured the same.

In violation of Title 18, United States Code, Sections 1512(c)(2) and 2.

COUNT SIXTY-THREE

(Obstruction of Justice)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-2 and 4-31 of Count 53 are incorporated here.

2. On or about April 5, 2010, in the Eastern District of Pennsylvania, defendant

DOROTHY JUNE BROWN

knowingly altered and falsified records, documents, and tangible objects, that is, a lease agreement dated as of November 28, 2007 between The Cynwyd Group, LLC and AcademicQuest, LLC, with the intent to impede, obstruct, and influence the investigation and proper administration of a matter within the jurisdiction of the Federal Bureau of Investigation and the Department of Education, Office of Inspector General, which are agencies of the United States, and aided, abetted, counseled, commanded, induced, and procured the same.

In violation of Title 18, United States Code, Sections 1519 and 2.

COUNT SIXTY-FOUR

(Obstruction of Justice)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-2 and 4-31 of Count 53 are incorporated here.

2. From on or about April 6, 2010 through on or about April 8, 2010, in the Eastern District of Pennsylvania, defendants

MICHAEL A. SLADE, Jr., and
COURTENEY L. KNIGHT

knowingly altered and falsified records, documents, and tangible objects, that is, a Laboratory board resolution agreeing to lend up to $100,000 to the Agora Cyber Charter School for use in the 2005-2006 school year, with the intent to impede, obstruct, and influence the investigation and proper administration of a matter within the jurisdiction of the Federal Bureau of Investigation and the Department of Education, Office of Inspector General, which are agencies of the United States, and aided, abetted, counseled, commanded, induced, and procured the same.

In violation of Title 18, United States Code, Sections 1519 and 2.

COUNT SIXTY-FIVE

(Obstruction of Justice)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-2 and 4-31 of Count 53 are incorporated here.

2. On or about May 5, 2010, in the Eastern District of Pennsylvania, defendants

DOROTHY JUNE BROWN and
JOAN WOODS CHALKER

knowingly altered and falsified records, documents, and tangible objects, that is, board meeting minutes dated February 5, 2007 for a meeting of the Planet Abacus Board of Trustees, with the intent to impede, obstruct, and influence the investigation and proper administration of a matter within the jurisdiction of the Federal Bureau of Investigation and the Department of Education, Office of Inspector General, which are agencies of the United States, and aided, abetted, counseled, commanded, induced, and procured the same.

In violation of Title 18, United States Code, Sections 1519 and 2.

COUNT SIXTY-SIX

(Obstruction of Justice)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-2 and 4-31 of Count 53 are incorporated here.

2. On or about May 6, 2010, in the Eastern District of Pennsylvania, defendant

JOAN WOODS CHALKER

knowingly altered, destroyed, mutilated, and concealed, and attempted to conceal, records, documents, and tangible objects, that is, a board resolution of the Planet Abacus Charter School Board of Trustees dated March 5, 2007 and titled "Resolution Prohibiting Charter School Board Members and their Families from Doing Business with the School," with the intent to impede, obstruct, and influence the investigation and proper administration of a matter within the jurisdiction of the Federal Bureau of Investigation and the Department of Education, Office of Inspector General, which are agencies of the United States, and aided, abetted, counseled, commanded, induced, and procured the same.

In violation of Title 18, United States Code, Sections 1519 and 2.

COUNT SIXTY-SEVEN

(Witness Tampering)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-2 and 4-31 of Count 53 are incorporated here.

2. In or about 2009, at the request of defendant DOROTHY JUNE BROWN, Person No. 19 forged the signature of Person No. 19's sister, Person No. 23, as a witness to Person 17's signing of a "consulting contract" dated as of March 5, 2007 between Planet Abacus Charter School and AcademicQuest, LLC (the "AQ Consulting Contract #1").

3. On or about February 10, 2012, the FBI served a grand jury subpoena on AcademicQuest. The grand jury subpoena specifically required the production of, among other items, "[a]ll documents, electronic files, correspondence, electronic mail, and any other records regarding [Person No. 23] and [Person No. 22] (the individuals whose signatures appear as witnesses on the contract dated March 5, 2007 between Planet Abacus Charter School and AcademicQuest), to include all contact information, all current or prior addresses, all telephone numbers, all email addresses, and any other information identifying those individuals."

4. In or about March 2012, counsel for Person No. 19 was contacted by the United States Attorney's Office for the Eastern District of Pennsylvania in order to set up an interview of Person No. 19.

5. In or about April 2012, defendant DOROTHY JUNE BROWN asked Person No. 19 to meet with her. At the time, BROWN knew that counsel for Person No. 19 had been contacted in order to set up an interview as part of the ongoing criminal investigation. During her meeting with Person No. 19, BROWN asked Person No. 19 to contact Person No.

19's sister, Person No. 23, and ask Person No. 23 to state falsely that Person No. 23 had given permission to Person No. 19 to sign Person No. 23's name on AQ Consulting Contract #1.

6. In or about April 2012, in Philadelphia, in the Eastern District of Pennsylvania, defendant

DOROTHY JUNE BROWN

corruptly persuaded, attempted to corruptly persuade, and engaged in misleading conduct toward Person No. 19, by attempting to persuade Person No. 19 that Person No. 19 and Person No. 23 should falsely state to law enforcement officers that Person No. 23 had given permission to Person No. 19 to sign Person No. 23's name on AQ Consulting Contract #1, with intent to hinder, delay, or prevent the communication to law enforcement officers of information relating to the possible commission of Federal offenses, that is, wire fraud, in violation of Title 18, United States Code, Section 1343, and obstruction of justice, in violation of Title 18, United States Code, Section 1519.

In violation of Title 18, United States Code, Section 1512(b)(3).

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Section 1343 (wire fraud), set forth in this superseding indictment, defendants

DOROTHY JUNE BROWN and
JOAN WOODS CHALKER

shall forfeit to the United States of America any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of such offenses, including, but not limited to, the sum of $6,756,157.21.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the Court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

A TRUE BILL:

_____

GRAND JURY FOREPERSON

Peter F. Schenck for

ZANE DAVID MEMEGER
United States Attorney

Table of Unnamed Persons in Superseding Indictment

Person	Description
1	Co-Founder with BROWN of The Cynwyd Group, LLC ("Cynwyd")
2	Employee of the Pennsylvania Department of Education ("PDE")
3	Employee of K12 Pennsylvania, LLC ("K12")
4	Employee of PDE
5	Employee of the Laboratory Charter School of Communication and Languages ("Laboratory")
6	Cousin of SMOOT
7	Sister of SMOOT
8	Person listed as Board Member of Agora Cyber Charter School ("Agora")
9	Person listed as Board Member of Agora
10	Person listed as Board Member of Agora
11	Person listed as Board Member of Agora
12	Secretary of BROWN
13	Chief Executive Officer of Agora
14	Chief Executive Officer of Laboratory
15	Husband of BROWN
16	Person listed as member of "founding coalition" of Planet Abacus Charter School ("Planet Abacus")
17	Person listed as President of the Board of Planet Abacus
18	Person listed as Board Member of Planet Abacus

19	Person listed as Board Member of Planet Abacus
20	Person listed as Board Member of Planet Abacus
21	Auditor from Company No. 1
22	Aunt of Person No. 19
23	Sister of Person No. 19
24	Person listed as "Honorary Member" of Board of Planet Abacus
25	Employee hired by BROWN to work for Cynwyd
26	Attorney

Companies

1	Auditing Firm
2	Auditing Firm
3	Charter school based in the Northeast section of Philadelphia