

**VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED**

September 24, 2008

Jules C. Alcouffe  
Registered Agent  
St. HOPE Academy  
1659 Greenbrier Road  
West Sacramento, CA 95691

St. HOPE Academy  
3400 Third Avenue.  
Sacramento, CA 95817

**Re: Grantee: St. HOPE Academy**

**AmeriCorps Awards: State of California Grants**

<u>Number</u>	<u>Period of Funding</u>	<u>Federal Share</u>
03AFHCA002Y11-F102	July 1, 2004-Dec. 31, 2005	\$271,009
03AFHY12-F102	July 1, 2005-Dec. 31, 2006	\$277,651
06AFHY13-F102	July 1, 2006-Dec. 31, 2007	\$258,674

**NOTICE OF SUSPENSION**

Dear Mr. Alcouffe:

Under the Federal regulations on Suspension and Debarment, 2 CFR Parts 180 and 2200, the Corporation for National and Community Service (Corporation), an agency of the United States Government, hereby notifies you, as required under 2 CFR 180.615 and 180.715, of its decision to suspend St. HOPE Academy from participation in Federal procurement and nonprocurement programs and activities. This Notice is served upon St. HOPE Academy through you in your capacity as its Registered Agent. The name of St. HOPE Academy will be entered into the Excluded Parties List System, thereby giving governmentwide effect to your suspension. This suspension is for a temporary period pending the completion of an investigation, or the conclusion of any legal or debarment proceedings resulting from the investigation. (See 2 CFR 180.760 for other details regarding the time limits for suspension.)



I have determined that there exists adequate evidence to suspect a cause for debarment listed under 2 CFR 180.800(b) through (d), and that immediate action is necessary to protect the public interest. This suspension is based upon information that I have received from the Corporation's Office of Inspector General (OIG) relating to the use of Corporation grant funds awarded to St. HOPE by the State of California, as listed above, as part of AmeriCorps grant funding for the period from September, 2004, through August, 2007. Although the OIG investigation is ongoing, thus far the information I have received is adequate to allow me to suspect that there has been on St. HOPE's part a willful failure to perform in accordance with the terms of a public agreement (2 CFR 180.800(b) (1)), and other causes of so serious or compelling a nature that it affects your present responsibility (2 CFR 180.800(d)). The evidence is adequate to suspect that St. HOPE Academy, acting through its officers and employees, have committed irregularities which seriously reflect on the propriety of further Federal Government dealings with your institution.

St. HOPE's AmeriCorps application requested grant funds to support AmeriCorps members to tutor elementary and high school students, help redevelop one building a year in Oak Park, and coordinate logistics, public relations and marketing for the Guild Theatre and Art Gallery in Sacramento, CA.

Specifically, however, the evidence reveals that St. HOPE engaged in a pattern of conduct in which Corporation grant funds were diverted for uses outside the scope of the grant. This improper conduct is indicative of either a fundamental lack of understanding of how to administer Federal grant funds and policy, or the inability to do so. This conduct also may indicate a disregard for the terms of the grant agreement and the applicable cost principles, administrative, and prohibited activity regulations (2 CFR 230 (A-122); 45 CFR 2543; and 45 CFR 2520.65, respectively). The diversion of grant funds is so serious a violation of the terms of a grant agreement that immediate action via suspension is required to protect the public interest and restrict the offending parties' involvement with other Federally-funded programs and activities.

The evidence reveals that Corporation grant funds were diverted and used in the following manner:

*1. Recruiting students for St. HOPE Academy*

Evidence provided by OIG demonstrates that grant-funded AmeriCorps members were directed to actively recruit students for enrollment into St. HOPE Academy, which was outside the scope of the grant and therefore an impermissible activity.

*2. Political Activities relating to the Sacramento Board of Education Election*

Evidence provided by OIG demonstrates that St. HOPE improperly engaged grant-funded AmeriCorps members to participate in political activities relating to the election of candidates to the Sacramento Board of Education, in violation of the Corporation's AmeriCorps regulation prohibiting political activities. (45 CFR 2520.65 (a) (5) and (6)).

*3. Traveling to New York to promote the expansion of St. Hope operations in Harlem*

OIG evidence demonstrates that grant-funded AmeriCorps members were assigned to and participated in a trip to New York City from June 26 to July 16, 2006, to recruit students for a new charter school St. HOPE was planning to open in Harlem, and that the trip was not within the scope of the grant agreement. Therefore, it was an impermissible activity.

*4. Personally Benefitting President and then-CEO Kevin Johnson*

OIG investigators obtained evidence demonstrating that grant-funded AmeriCorps members were assigned to perform personal services for Mr. Johnson's personal benefit, including driving him to personal appointments, washing his car, and running personal errands which were outside the scope of the grant agreement and therefore impermissible.

*5. Supplementing staff salaries by converting grant funds designated for AmeriCorps members*

According to evidence provided by OIG, St. HOPE Academy enrolled two employees, [REDACTED] and [REDACTED], into the AmeriCorps program for the 2004/2005 grant year. [REDACTED] salary was then paid through the AmeriCorps program. In addition, she received a living allowance and an education award. Although St. HOPE continued to pay [REDACTED] salary, it was supplemented by both an AmeriCorps living allowance and an education award. Under Corporation-funded programs, only individuals serving in approved AmeriCorps positions are eligible for financial benefits, including living allowances and education awards, described in the regulations. (45 CFR 2522.240) Therefore living allowance costs and education award certifications associated with [REDACTED] and [REDACTED] employment were improper diversions of federal funds.

*6. Performing Clerical and Front Office Duties*

St. HOPE Academy improperly used members to perform non-AmeriCorps clerical and other services for the benefit of St. HOPE. OIG evidence demonstrates that grant-funded AmeriCorps members were diverted to serve as receptionists, perform clerical work, staff the school store and perform other routine clerical and cleaning duties to the benefit of the school, which were activities outside the scope of the grant and therefore were impermissible.

Based upon my review of the evidence discussed in this notice, I conclude that the evidence is adequate to suspect the existence of one or more causes for debarment and that immediate action is necessary to protect the public interest. Therefore, St. HOPE Academy is hereby suspended from participation in Federal procurement and nonprocurement programs and activities.

In accordance with 2 CFR 180.720-745, within 30 calendar days of your receipt of this notice, you may submit, in person, in writing, or through your representative, information and argument in opposition to this suspension, including specific facts that contradict the statements contained in this notice. The Corporation has been advised by the U.S. Attorney's Office that substantial interests of the government in pending or contemplated proceedings based on the same facts as the suspension would be prejudiced by conducting fact-finding. Therefore, as provided under 2 CFR 180.735(a)(4), no additional opportunity to challenge the facts will be permitted.

Please send all written correspondence to me at the following address:

William Anderson  
Deputy CFO for Financial Management  
Corporation for National and Community Service  
1201 New York Avenue, 8<sup>th</sup> Floor  
Washington, DC 20525

Please be aware that the Corporation's receipt of regular mail is slow due to the irradiation procedures that continue to be conducted by the U.S. Postal Service; to facilitate our receipt of any written correspondence you wish to send, you are encouraged to send correspondence via an alternative means—e.g. overnight mail or fax at 202-606-3467. Also, if you have any questions, or wish to arrange for an in-person presentation, please contact me at 202-606-6980.

Sincerely,

A handwritten signature in cursive script that reads "William Anderson". The signature is written in dark ink and is positioned above the typed name and title.

William Anderson  
Debarment and Suspension Official  
Corporation for National and Community Service