



## United States Department of Justice

### United States Attorney's Office Central District of California

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June 7, 2018

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DFuchs@gibsondunn.com  
JSSmith@gibsondunn.com

Re: Celerity Educational Group

Dear Counsel:

This letter sets forth the Non-Prosecution Agreement (“Agreement”) between the United States Attorney’s Office for the Central District of California (the “USAO”) and Celerity Educational Group, a California non-profit corporation headquartered in Los Angeles, California, and any and all subsidiaries of Celerity Educational Group (collectively “Celerity Education”). Celerity Education, by its undersigned attorney, and pursuant to the authority granted by its Board of Directors, enters into this Agreement with the USAO.

The USAO has notified Celerity Education that, based upon an investigation by the USAO; the Department of Education, Office of Inspector General (“ED-OIG”); the Federal Bureau of Investigation (“FBI”); the Internal Revenue Service-Criminal Investigations (“IRS-CI”); United States Postal Inspection Service (“USPIS”); the Department of Homeland Security, Homeland Security Investigations (“HSI”); the United States Secret Service (“USSS”); and the Los Angeles Unified School District, Office of Inspector General (“LAUSD-OIG”) (collectively, the “Investigating Agencies”), the USAO and Investigating Agencies have obtained evidence establishing that Celerity Education’s former executives engaged in the conduct described in Attachment A hereto. Celerity Education admits to, acknowledges, and condemns the acts of its former executives Vielka McFarlane and Grace Canada, as set forth in the Agreed Statement of Facts in Attachment A, and accepts responsibility for preventing such acts from recurring by entering into this Agreement, committing to its continued cooperation with the USAO’s investigation as described further herein, and implementing the corporate compliance program set forth in Attachment B.

The parties have agreed to the following terms and conditions of this Agreement:

### **Non-Prosecution for Criminal Liability**

1. In consideration of Celerity Education's entering into this Agreement and its commitment to: (a) admit to and not contest the facts set forth in Attachment A; (b) enforce the Compliance Program set forth in Attachment B for the purpose of ensuring that no conduct similar to the conduct described in Attachment A occurs again; (c) continue to cooperate fully with the USAO and the Investigating Agencies' investigation and prosecutions relating to the conduct described in Attachment A, and any related investigations and prosecutions; (d) agree that certain funds identified in paragraph 12 be used exclusively for the benefit of Celerity Education's existing charter schools; and (e) otherwise comply with the terms of this Agreement, the USAO agrees (1) not to prosecute Celerity Education for the conduct described in Attachment A; or (2) except for criminal tax violations as to which this Office cannot and does not make any agreement (including conspiracy to commit such violations chargeable under 18 U.S.C. § 371), not to prosecute Celerity Education for any other conduct at any time from July 2009 through the date of this Agreement, inclusive, where such conduct was within the subject matter of the investigation that led to this Agreement and was known to the USAO as of the date of this Agreement, including but not limited to, violations of 18 U.S.C. § 371 (conspiracy); 18 U.S.C. § 666(a)(1)(A) (theft concerning programs receiving federal funds); 18 U.S.C. § 1341 (mail fraud); 18 U.S.C. § 1343 (wire fraud); 18 U.S.C. § 1344 (bank fraud); 18 U.S.C. § 1956 (money laundering); and 18 U.S.C. § 1957 (engaging in monetary transactions in property derived from specified unlawful activity). This Paragraph does not provide any protection against prosecution by the USAO for illegal activities, if any, committed by Celerity Education or any of its subsidiaries after the effective date of this Agreement, nor does it provide any protection against criminal prosecution by the USAO for any illegal conduct that may have occurred prior to the effective date of this Agreement which is not described in this paragraph. In addition, this Paragraph does not provide any protection against criminal prosecution by the USAO of any present or former director, officer, employee, agent, or consultant of Celerity Education or its subsidiaries for any violations committed by them.

### **Breach of Agreement**

2. The parties understand and agree that if, in the three years following the effective date of this Agreement, the USAO determines in the reasonable exercise of its sole discretion, that Celerity Education or any of its employees, officers, or directors: (a) deliberately gave false, incomplete, or misleading testimony or information in the investigation that led to this Agreement; (b) committed any knowing and intentional criminal conduct relating to the misuse or misapplication of public funds after the effective date of this Agreement; or (c) otherwise deliberately violated any provision of this Agreement, including those set forth in Attachment B, Celerity Education shall, in the sole discretion of the USAO, be subject to prosecution for any federal criminal violation of which the USAO has knowledge, including a prosecution based upon the conduct specified in Attachment A and paragraph 1 above. Conduct by a Celerity Education employee who is not an officer or director will not constitute breach of this Agreement unless that employee acted in the course and scope of his or her employment, received training concerning this Agreement, and intended to benefit Celerity Education.

3. Celerity Education understands and agrees that it is within the sole discretion of the USAO to determine whether there has been a deliberate violation of this Agreement. Celerity Education understands and agrees that the USAO's exercise of its discretion as provided for in paragraph 2 of this Agreement is not reviewable by any court. In the event that the USAO preliminarily determines that Celerity Education has deliberately violated this Agreement, the USAO shall provide written notice to Celerity Education of that preliminary determination sufficient to notify Celerity Education of the conduct that constitutes the breach and shall provide Celerity Education with thirty calendar days from the date of that written notice in which to make a presentation to the USAO to demonstrate that no deliberate breach has occurred, or to the extent applicable, that the breach has been cured, or that the USAO in its sole discretion should, in any event, neither revoke the Agreement nor prosecute Celerity Education. The USAO shall thereafter provide written notice to Celerity Education of its final determination regarding whether a deliberate breach has occurred and has not been cured and whether the USAO will revoke the Agreement.

4. Celerity Education further understands and agrees that any prosecution following such determination may be premised on any information provided by Celerity Education and its employees, officers, and directors to the USAO and the Investigating Agencies, including any information provided pursuant to this Agreement, and any leads derived therefrom. Celerity Education agrees that, in any such proceeding, it will not seek to suppress the use of any such information, or any leads derived therefrom, under the United States Constitution, Federal Rule of Evidence 410, Federal Rule of Criminal Procedure 11(f), or any other rule; that it will not contradict in any such proceeding the Agreed Statement of Facts in Attachment A; and that it will stipulate to the admissibility of the Agreed Statement of Facts in Attachment A. Celerity Education further agrees that it shall not contest the authenticity of documents and materials provided to the USAO by Celerity Education and/or Celerity Education's subsidiaries in the course of the USAO's investigation, but Celerity Education otherwise may challenge the admissibility of any such materials in any prosecution of Celerity Education. By signing this Agreement, Celerity Education understands its rights regarding the use of this information under the United States Constitution, Federal Rule of Evidence 410; Federal Rule of Criminal Procedure 11(f), and knowingly and voluntarily waives those rights.

#### **Tolling of the Statute of Limitations**

5. For any criminal conduct relating to the subject matter of the investigation that led to this Agreement, Celerity Education agrees that the period of time from the effective date of this Agreement to three years after the effective date of this Agreement, inclusive, shall be tolled and excluded from any calculation of time for purposes of: (a) applying any federal statute of limitations; and (b) any constitutional, statutory, or common law defenses, claims, or arguments relating to pre-indictment delay. By this Agreement, Celerity Education expressly intends to and hereby does waive its rights to make a claim premised upon the statute of limitations, as well as any constitutional, statutory, or other claim concerning pre-indictment delay. Such waivers are knowing, voluntary, and in express reliance upon the advice of Celerity Education's counsel.

**Cooperation**

6. Celerity Education accepts, acknowledges, and condemns the acts of its former employees Vielka McFarlane and Grace Canada, as set forth in the Agreed Statement of Facts in Attachment A. Celerity Education further agrees that the factual statements set forth in the Agreed Statement of Facts in Attachment A are true and accurate to the best of its knowledge. Celerity Education condemns and does not condone the conduct set forth in the Agreed Statement of Facts in Attachment A, and has taken steps to cure the results of the conduct and prevent such conduct from occurring in the future, including the execution and implementation of the Corporate Compliance Agreement set forth in Attachment B.

7. During the term of this Agreement, Celerity Education will continue to cooperate fully with the USAO and the Investigating Agencies in any ongoing investigation of any entities and/or individuals associated with Celerity Education's charter schools, including the conduct described in Attachment A. Celerity Education agrees that its cooperation shall include, but is not limited to, the following:

a. timely provision to the USAO and the Investigating Agencies of all non-privileged documents and other materials in its custody, possession, or control that the USAO and/or the Investigating Agencies may request;

b. its best efforts upon sufficient notice to make available in a timely and voluntary manner to the USAO and/or the Investigating Agencies all present officers, directors, and employees for sworn testimony before a federal grand jury or in a federal trial, and interviews with federal law-enforcement authorities. Cooperation under this paragraph will include identification of witnesses not previously identified who, to the knowledge of Celerity Education, may have material information regarding the matters under investigation.

8. Celerity Education's obligation to cooperate pursuant to the preceding paragraph does not apply if a prosecution by the USAO is commenced against Celerity Education as a result of a breach of this Agreement.

9. Nothing in this Agreement is intended to request or require Celerity Education to waive its attorney-client privilege or work-product protections and no such waiver shall be deemed effected by any provision herein.

10. With respect to any information, testimony, document, record, or tangible evidence provided to the USAO or Investigating Agencies pursuant to this Agreement, Celerity Education consents to any and all disclosures to other government agencies, whether agencies of the United States or other state or local agency, of such materials as the USAO, in its sole discretion, shall deem appropriate.

### **Notice of Cooperation**

11. The USAO agrees to bring to the attention of governmental authorities, including any state or local agencies, the facts and circumstances relating to the nature of the conduct underlying this Agreement, including the nature and quality of Celerity Education's cooperation and remediation, upon request by Celerity Education. By agreeing to provide this information to any such authorities, the USAO is not agreeing to advocate on Celerity Education's behalf, but rather to provide facts that may be evaluated independently by those authorities.

### **Future Use of Funds Recovered from Celerity Global Development**

12. On November 17, 2017, Celerity Education entered into a settlement agreement with Celerity Global Development ("Global"), in which Global agreed to pay Celerity Education \$3,719,711.53 to settle certain claims against Global, which, in part, related to the conduct described in Attachment A (the "2017 Settlement Agreement"). In order to redress the harm caused by the criminal conduct described in Attachment A, Celerity Education agrees that any funds recovered after July 1, 2018, from Global pursuant to the 2017 Settlement Agreement, shall be used exclusively to further Celerity Education's charitable mission and benefit its seven existing charter schools: Celerity Achnar; Celerity Cardinal; Celerity Himalia; Celerity Nascent; Celerity Octavia; Celerity Palmati; and Celerity Rolas. Celerity Education further agrees that funds recovered pursuant to the 2017 Settlement Agreement shall be used exclusively for purposes approved by Celerity Education's Board of Directors, and in accordance with all applicable state and federal rules and regulations.

13. Nothing in this Agreement shall be deemed an agreement by the USAO as to the maximum criminal fine or forfeiture that may be imposed if a prosecution by the USAO is commenced against Celerity Education as a result of a breach of this Agreement. The USAO shall not be precluded in such a prosecution from arguing that the Court should impose a higher fine or forfeiture. The USAO agrees, however, that in the event of a subsequent breach and prosecution, it will recommend to the Court that any funds recovered from Global and used in the manner set forth in paragraph 12 of this Agreement be offset against whatever fine or forfeiture the Court shall impose as part of its judgment. Celerity Education understands that such a recommendation will not be binding on the Court.

### **Corporate Compliance Agreement**

14. Celerity Education agrees to implement the Corporate Compliance Agreement set forth in Attachment B. Celerity Education will begin to implement the measures set forth in Attachment B within sixty (60) days of the effective date of this Agreement. Celerity Education agrees that it will maintain these measures at least through the three-year term of this Agreement.

### **Basis for Agreement**

15. The USAO enters into this Agreement based upon the following facts and circumstances: (a) Celerity Education's ongoing cooperation with the USAO and the Investigating Agencies since in or around January 2017; (b) Celerity Education's willingness to acknowledge and condemn the conduct of its former officers and employees, including Vielka McFarlane and Grace Canada; (c) the fact that Celerity Education has undertaken, and has agreed to undertake additional, remedial measures to ensure that similar conduct will not occur; and (d) the fact that Celerity Education's charter schools are responsible for educating thousands of students in at-risk neighborhoods in Los Angeles County, and Celerity Education has demonstrated a strong commitment to its students and academic achievement.

### **Statements to the Media and Public**

16. Celerity Education and the USAO agree that this Agreement will be disclosed to the public. Due to the USAO's ongoing investigation, however, Celerity Education agrees that it will not publicly disclose this Agreement until after any criminal charges relating to this investigation become public, or, if before any such criminal charges become public, without the USAO's prior written consent. The USAO's written consent shall not be unreasonably withheld if Celerity Education receives a request for inspection or copies of this Agreement pursuant to the California Public Records Act, court order, or other binding legal obligation.

17. Celerity Education agrees that it will not make any public statement contradicting any fact included in Attachment A. If the USAO notifies Celerity Education that it has preliminarily determined, in its sole discretion, that Celerity Education has made any such contradictory statement, Celerity Education may avoid a finding of breach of this Agreement by repudiating such statement, in a manner satisfactory to the USAO, both to the recipients of such statement and to the USAO within 48 hours after receipt of notice from the USAO. Celerity Education consents to the public release by the USAO of any such repudiation. Consistent with the above, Celerity Education may avail itself of any legal or factual arguments available to it in any litigation, investigation or proceeding (not involving the USAO), as long as doing so does not otherwise violate any term of this Agreement. This paragraph does not apply to any statement made by any individual in the course of any actual or contemplated criminal, regulatory or administrative proceeding or civil case initiated by any governmental or private party against such individual.

### **Term of Agreement**

18. This Agreement shall be in effect for a period of three years from the effective date of the Agreement.

**Binding Nature of the Agreement**

19. The parties understand and agree that this Agreement is binding on Celerity Education and the United States Attorney's Office for the Central District of California, but that this Agreement does not bind any other federal agencies, or any state or local enforcement or regulatory agencies. The USAO will bring the cooperation of Celerity Education and its compliance with its obligations under this Agreement, its remedial actions, and any proactive measures to the attention of such agencies and authorities if requested to do so by Celerity Education.

**Successor Liability**

20. Celerity Education agrees that in the event it sells, merges, or transfers all or substantially all of its business operations as they exist during the term of this Agreement, whether such sale is structured as a stock or asset sale, merger, or transfer, it shall include in any contract for sale, merger, or transfer provisions binding the purchaser or any successor-in-interest thereto to the obligations described in this Agreement. Celerity Education expressly understands that the protections provided under this Agreement shall not apply to any acquirer or successor entities unless and until such acquirer or successor formally adopts and accepts this Agreement.

**Notice**

21. Any notice to Celerity Education under this Agreement shall be given by personal delivery, overnight delivery by a recognized courier service, or registered or certified mail, addressed to:

Maurice Suh, Esq.  
Douglas Fuchs, Esq.  
Jeremy Smith, Esq.  
Gibson, Dunn & Crutcher LLP  
333 South Grand Avenue  
Los Angeles, California 90071

**Required Signatures, Authorization and Corporate Seal**

22. By signing this Agreement, Celerity Education's duly-authorized representative and Celerity Education's counsel acknowledge that the terms set forth above accurately reflect the parties' understanding of the Non-Prosecution Agreement between Celerity Education and the USAO.

23. This Agreement may be executed in duplicate and a fax or scanned signature may be used as an original signature.

**Effective Date**

24. This Agreement is effective upon signature and execution by Celerity Education's duly-authorized representative and Celerity Education's counsel, and an Assistant United States Attorney.

**Complete Agreement**

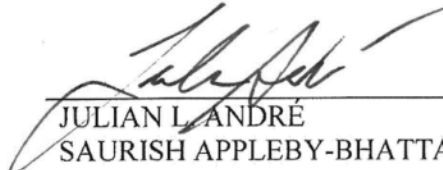
25. This Agreement sets forth the terms of the Non-Prosecution Agreement between Celerity Education. and the USAO. No promises, agreements, or conditions have been entered into other than those set forth in this Agreement. This Agreement supersedes prior understandings, if any, of the parties, whether written or oral.

26. No amendments or modifications to this Agreement shall be valid unless they are in writing and signed by the USAO, the attorneys for Celerity Education, and a duly-authorized representative of Celerity Education.

**FOR THE UNITED STATES ATTORNEY'S OFFICE FOR THE CENTRAL DISTRICT OF CALIFORNIA:**

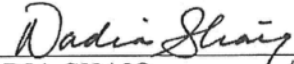
TRACY L. WILKISON  
Attorney for the United States,  
Acting Under Authority Conferred by 28 U.S.C. § 515

LAWRENCE S. MIDDLETON  
Assistant United States Attorney  
Chief, Criminal Division

  
\_\_\_\_\_  
JULIAN L. ANDRÉ  
SAURISH APPLEBY-BHATTACHARJEE  
Assistant United States Attorneys

6/12/18  
\_\_\_\_\_  
Date

**FOR CELERITY EDUCATIONAL GROUP**

  
\_\_\_\_\_  
NADIA SHAIQ  
President & Chief Executive Officer  
Celerity Educational Group

6/8/18  
\_\_\_\_\_  
Date



Gibson, Dunn & Crutcher LLP  
RE: Celerity Educational Group  
June 7, 2018  
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MAURICE SUH, ESQ.  
DOUGLAS FUCHS, ESQ.  
JEREMY SMITH, ESQ.  
Gibson, Dunn & Crutcher LLP  
Attorneys for CELERITY EDUCATIONAL GROUP

June 8, 2018

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Date

## Attachment A

### AGREED STATEMENT OF FACTS

1. At all times relevant to this Agreed Statement of Facts (“Statement”), Celerity Educational Group (“Celerity Education”) was a nonprofit California corporation, incorporated in 2004. Between in or about July 2009 and the present, Celerity Education operated several charter schools authorized by the Los Angeles Unified School District (“LAUSD”), the Compton Unified School District (“CUSD”), Los Angeles County Office of Education (“LACOE”), the California State Board of Education, and the Pasadena Unified School District (“PUSD”), including: Celerity Nascent; Celerity Dyad; Celerity Troika; Celerity Octavia; Celerity Cardinal; Celerity Palmati; Celerity Sirius; Celerity Exa; Celerity Rolas; Celerity Himalia, and Celerity Achernar (collectively, the “Celerity Charter Schools”).

2. Between July 1, 2009, and June 30, 2017, the Celerity Charter Schools applied for and received federal and state funds (“public funds”). During this same period, Celerity Education received approximately \$261,751,677 in revenue from the Celerity Charter Schools, including approximately \$31,013,838 in federal funds awarded to the Celerity Charter Schools and then transferred to Celerity Education’s bank accounts.

3. At all times relevant to this Statement, Celerity Education understood that any expenditures of federal and state funds received by the Celerity Charter Schools had to comply with applicable rules and regulations governing the use of those funds. Celerity Education further understood that, to be allowable, public funds received by the Celerity Charter Schools could only be expended for the benefit of the Celerity Charter Schools. Additionally, at all times relevant to this Statement Celerity Education understood that the public funds received by the Celerity Charter Schools were subject to certain restrictions, and that applicable regulations prohibited the use of these public funds for personal purposes of the Celerity Charter Schools’ or Celerity Education’s employees, among other categories of prohibited expenditures.

4. VIELKA MCFARLANE (“MCFARLANE”) founded Celerity Education in 2004 and served as its Chief Executive Officer (“CEO”) from its inception until approximately April 2015. GRACE CANADA (“CANADA”) was Celerity Education’s CEO from April 2015 through the end of the period relevant to this Statement (June 30, 2017), taking over that position from defendant MCFARLANE. Before becoming Celerity Education’s CEO, CANADA was the principal for Celerity Nascent, then the Director of School Services for Celerity Education, and subsequently the Senior National Vice President for Celerity Education.

5. In their former capacities as Celerity Education’s executives and officers, MCFARLANE and CANADA intentionally misapplied and without authority knowingly converted to the use of another person or entity not the rightful owner, or caused Celerity Education to intentionally misapply and without authority knowingly convert to the use of another person or entity not the rightful owner, public funds received by and intended for the exclusive benefit of the Celerity Charter Schools in the following ways, among others:

a. On or about April 16, 2013, at MCFARLANE’s direction, Celerity Education transmitted by interstate wire \$250,000—comprised in substantial part of public funds

that had been provided to the Celerity Charter Schools for the benefit of their students—to fund a non-refundable deposit for the purchase of a commercial office building located at 4601–4671 Hilton Corporate Drive, Columbus, Ohio (the “Ohio Property”) by Celerity Development, LLC (“Celerity LLC”).

b. On or about June 14, 2013, at the direction of MCFARLANE, Celerity Education transmitted by interstate wire \$1,496,325.98—comprised in substantial part of public funds that had been provided to the Celerity Charter Schools for the benefit of their students—to pay the closing balance for Celerity LLC’s purchase of the Ohio Property.

c. On or about June 18, 2013, MCFARLANE and CANADA, on behalf of Celerity Education, obtained a \$1,500,000 loan from Pacific Western Bank. That loan was secured against all of Celerity Education’s property, accounts, and current and future rights to payment, which necessarily included all of the Celerity Charter Schools’ public funds. All, or substantially all, of the \$1,500,000 loan funds received from Pacific Western Bank would not have been necessary had Celerity Education’s funds not been used to purchase the Ohio Property.

d. Thereafter, at the direction of MCFARLANE, Celerity Education agreed to accept an unsecured promissory note dated June 30, 2013 from Celerity LLC for \$1,746,326 on terms that were materially less favorable than the terms of Celerity Education’s \$1,500,000 loan from Pacific Western Bank.

e. On or about September 30, 2013, via a check signed by MCFARLANE and CANADA, Celerity Education paid \$157,956.84—comprised in substantial part of public funds that had been provided to the Celerity Charter Schools for the benefit of their students—to reimburse Celerity Global Development (“Global”) for the vast majority of the monthly rent, security deposit, and renovation expenses incurred, as of that date, for Global’s lease of a sound-stage in Canoga Park, California, which Celerity Education used infrequently.

6. MCFARLANE and CANADA never disclosed to Celerity Education’s Board of Directors (the “Board”) that public funds received by and intended for the benefit of the Celerity Charter Schools had been used in the ways set forth in subparagraphs 5(a) through 5(e), above, and these uses of public funds were never authorized by the Board.

7. Celerity Education’s Board did not knowingly approve the use of Celerity Education’s credit cards for personal purposes by MCFARLANE or any person associated with MCFARLANE, including expenditures related to other enterprises MCFARLANE may have created, supported, or otherwise engaged in on her own or with associates, such as her family members or friends.

## Attachment B

### **CELERITY EDUCATIONAL GROUP COMPLIANCE PROGRAM**

The following Celerity Educational Group Compliance Program (hereinafter, "Compliance Program" has been prepared pursuant to a concurrently executed Non-Prosecution Agreement between Celerity Educational Group ("Celerity Education") and the United States Attorney's Office for the Central District of California ("United States" or the "USAO"). Celerity Education agrees and understands that its compliance with all the terms and standards set forth in this Attachment B is a condition of the Non-Prosecution Agreement.

#### **I. Applicability and Purpose**

A. The Compliance Program applies to the use of public funds awarded to the charter schools operated by Celerity Education. The purpose of the Compliance Program is to ensure: (1) that Celerity Education does not intentionally or knowingly use public funds awarded to Celerity Education's charter schools in a manner that violates any applicable federal or state statutes, rules, or regulations; and (2) that Celerity Education has established processes for ensuring that any public funds awarded to Celerity Education's charter schools are used in an appropriate manner, and that its officers, directors, and employees are aware of and comply with the statutes, rules, and regulations that apply to charter schools' uses of public funds.

B. The Compliance Program is not intended to replace any other United States or state statute, rule, or regulation.

C. This Compliance Program shall be incorporated into the Non-Prosecution Agreement by reference, and compliance with the terms of the Compliance Program will be a condition of the Non-Prosecution Agreement. Deliberate, intentional, or knowing failure to comply with any part of this Compliance Program may be a basis for the USAO's seeking to revoke or modify the Non-Prosecution Agreement.

D. Any documents required by this Compliance Program shall be provided to the designated signatory for the USAO upon request.

E. Any proposed modifications to this Compliance Program must be made in writing and signed by Celerity Education and a designated signatory for the USAO.

#### **II. The Compliance Program**

As part of the Compliance Program, Celerity Education shall implement the following requirements:

1. Celerity Education's Board of Directors will maintain a separate Audit and Compliance Committee (the "Audit Committee"), which shall be responsible for providing oversight of management regarding: (a) Celerity Education's systems of internal controls, policies, and risk management; (b) the integrity of Celerity Education's financial statements; (c) Celerity Education's compliance with legal and regulatory requirements and ethical

standards; and (d) the engagement, independence and performance of Celerity Education's independent auditors.

2. Celerity Education shall revise its policies and procedures to require a mechanism for employees to anonymously report questionable or suspicious activities to the Audit Committee.

3. Celerity Education shall revise its policies and procedures to require that a standardized report be presented to the Audit Committee, at least once per quarter, identifying the total of Celerity Education's accounts payable, accounts receivable, and any debt instruments.

4. Celerity Education shall revise its policies and procedures to adopt the then-current charter-school policy regarding ethics and conflicts of interest (the "Conflicts-of-Interest Policy") promulgated by the Los Angeles Unified School District ("LAUSD"). To the extent the Conflicts-of-Interest Policy is inconsistent with the requirements of the authorizing agency for any of Celerity Education's charter schools, such charter schools will be exempt from this requirement.

5. In addition to any annual audits required by federal and state statutes, rules, and/or regulations, Celerity Education shall have an outside auditor conduct semi-annual audits of Celerity Education's compliance with its financial policies and procedures, and shall provide copies of the semi-annual audits to each of its authorizing agencies.

6. Celerity Education shall not purchase any land outside of the County of Los Angeles.

7. Celerity Education shall not make any loans to third-parties, except in connection with the financing of facilities for Celerity Education's charter schools within Los Angeles County.

8. Celerity Education shall hold semi-annual mandatory trainings for all of Celerity Education's management (including its executives, officers, and the principals and administrators in training for Celerity Education's charter schools within Los Angeles County) to be conducted by legal counsel, which will provide training on Celerity Education's policies and procedures, including the Conflicts-of-Interest Policy, and an overview of significant, applicable federal and state statutes, rules, and/or regulations regarding the use of public funds.

9. Celerity Education shall hold annual mandatory trainings for all members of its Board of Directors, to be conducted by legal counsel, which will provide training on Celerity Education's policies and procedures, including the Conflicts-of-Interest Policy, and an overview of significant, applicable federal and state statutes, rules, and/or regulations regarding the use of public funds.

10. Any contract for services exceeding \$100,000 entered into after the commencement of this Compliance Program in accordance with the provisions of the Non-Prosecution Agreement, shall require approval from the Board of Directors. Before entering into any such contract, Celerity Education must post a public request-for-proposal regarding the

subject of the contract on its website, and management must present to the Board of Directors its analysis of and recommendations regarding any proposals received in response to the request-for-proposal. This paragraph does not apply to contracts for services provided directly to students, including but not limited to, contracts for special education and disability-related services.

### **III. Non-Compliance**

This Compliance Program does not in any way release Celerity Education from its obligations under any applicable state or federal statutes and/or regulations, and does not limit imposition of any sanctions, penalties, or any other actions, available under those state or federal statutes and/or regulations. The Compliance Program shall be part of the Non-Prosecution Agreement and adherence to it will be an enforceable condition. Deliberate, intentional, or knowing failure to comply with any part of this Compliance Program may be a violation of the Non-Prosecution Agreement and may be grounds for the revocation or modification of the Non-Prosecution Agreement.

### **IV. Documentation Available for Inspection**

Celerity Education shall ensure that all documentation required by this Compliance Program is maintained and available for inspection by its charter schools' authorizing agencies and a designated representative of the USAO.

### **V. Term**

This Compliance Program shall be in effect for the three-year term of the Non-Prosecution Agreement, each term running concurrently to the other.

### **VI. Self-Enforcement**

Celerity Education further agrees that it will undertake and implement the necessary procedures to ensure that this Compliance Program is diligently followed by all employees, managers, and other employees during the term of the Non-Prosecution Agreement.

### **VII. Revisions/Modifications**

The requirements of this Compliance Program, including the dates and time periods mentioned herein, shall be strictly complied with. Should Celerity Education be unable to comply with any of the deadlines, Celerity Education shall immediately notify a designated representative of the USAO in writing of the reasons for non-compliance and of Celerity Education's plan for compliance as soon as possible.

### VIII. Reports

All reports, documents, and correspondence required under this Compliance Program to be sent to the USAO shall be sent to the following offices:

U.S. Attorney's Office  
Central District of California  
ATTN: AUSA Julian L. André & AUSA Saurish Appleby-Bhattacharjee  
312 N. Spring Street, 11th Floor  
Los Angeles, CA 90012  
Julian.L.Andre@usdoj.gov  
Saurish.Bhattacharjee@usdoj.gov

Department of Education  
Office of Inspector General  
ATTN: Special Agent Ivan Anthony  
One World Trade Center, Suite 2300  
Long Beach, CA 90831  
Ivan.Anthony@ed.gov

All reports, documents, notices, and correspondence from the USAO to Celerity Education concerning this Compliance Program shall be sent to the following office:

Maurice Suh, Esq.  
Douglas Fuchs, Esq.  
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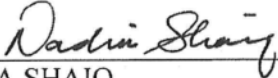
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**IX. Certifications**

Celerity Education has read this Compliance Program carefully and understands it thoroughly. Celerity Education enters into this Compliance Program knowingly and voluntarily, and therefore agrees to abide by its terms. By her signature below, the corporate representative agrees that she is duly authorized by Celerity Education's Board of Directors to enter into and comply with all of the provisions of this Non-Prosecution Agreement.

  
\_\_\_\_\_  
NADIA SHAIQ  
President & Chief Executive Officer  
Celerity Educational Group

6/8/18  
\_\_\_\_\_  
Date

As counsel for CELERITY EDUCATIONAL GROUP, I have discussed with my corporate client and its duly authorized representative the terms of this Compliance Program and have fully explained its requirements. I have no reason to doubt that my client is knowingly and voluntarily entering into this Compliance Program.


  
\_\_\_\_\_  
MAURICE SUH, ESQ.  
DOUGLAS FUCHS, ESQ.  
JEREMY SMITH, ESQ.  
Gibson, Dunn & Crutcher LLP  
Attorneys for CELERITY EDUCATIONAL GROUP

June 8, 2018  
\_\_\_\_\_  
Date

On behalf of the United States Attorney's Office for the Central District of California, the following agree to the terms of the Compliance Program:

TRACY L. WILKISON  
Attorney for the United States,  
Acting Under Authority Conferred by 28 U.S.C. § 515

LAWRENCE S. MIDDLETON  
Assistant United States Attorney  
Chief, Criminal Division

  
\_\_\_\_\_  
JULIAN L. ANDRÉ  
SAURISH APPLEBY-BHATTACHARJEE  
Assistant United States Attorneys

6/12/18  
\_\_\_\_\_  
Date



## EXHIBIT A

In any criminal prosecution or regulatory action brought by the United States, and in support of the Non-Prosecution Agreement dated August 2, 2018, the United States Attorney's Office for the Southern District of Texas (the "District") and Waste Management of Texas, Inc., its subsidiaries, divisions, and affiliates, (hereinafter referred to as "Waste Management of Texas"), agree to the following factual statements which shall be admissible against Waste Management of Texas. Waste Management of Texas is an indirect subsidiary of Waste Management, Inc.

Waste Management, Inc. is North America's leading provider of integrated environmental solutions to manage and reduce waste from collection to disposal while recovering valuable resources and creating clean, renewable energy. Headquartered in Houston, the company serves nearly 20 million municipal, commercial, industrial, and residential customers through a network of 367 collection operations, 355 transfer stations, 273 active landfill disposal sites, 16 waste-to-energy plants, 104 recycling plants, and 111 beneficial-use landfill gas projects.

From July 2008 through April 2012, at least three managers employed by Waste Management of Texas, at one location at 1901 Afton in Houston, Texas, conspired to knowingly encourage and induce aliens to come to, enter or reside in the United States knowing or in reckless disregard of the fact that such coming to, entry, or residence was or would be in violation of law.

This conspiracy continued a long trend at the 1901 Afton location of Waste Management, dating back to the year 2003, in which unauthorized aliens worked at Waste Management of Texas as contract laborers. A five-year investigation conducted by agents with the Department of Homeland Security Investigations ("HSI") revealed that Waste Management of Texas hired various staffing agencies to provide contract laborers. These staffing agencies "re-hired" employees already working as contract laborers at the Afton location knowing or in reckless disregard of the fact that the alien was not authorized to work in the United States at the direction of Waste Management of Texas managers working at the Afton location. This manner of hiring enabled Waste Management of Texas managers to maintain their preferred helper workforce to maximize profits and productivity.

On January 31, 2012, three Waste Management of Texas managers directed the "firing" of at least ten employees they knew to be unauthorized aliens purportedly because the aliens failed to supply documentation establishing they were legally present and authorized to work in the United States. During the "termination" process, the Waste Management of Texas managers directed unauthorized aliens to assume the identity of actual U.S. citizens or individuals who had legal status to reside and work in the United States. The Waste Management of Texas managers and a co-conspirator also devised an identity theft scheme providing the terminated aliens with names and identifiers of individuals legally permitted to work in the United States to use for employment and payroll purposes. At the direction of Waste Management of Texas managers, these aliens were then "rehired" by a co-conspirator employed at the staffing company under their assumed identities.

In April 2012, HSI Houston executed a search warrant at the Waste Management of Texas Afton location and discovered sixteen (16) unauthorized aliens working on site. The Government's investigation revealed that the ongoing conspiracy involved the employment of over one-hundred (100) unauthorized aliens.

The Government's investigation also revealed that Waste Management of Texas managers actively implemented the identity theft and unlawful employment schemes on a regular basis

throughout the duration of the conspiracy by: 1) supplying aliens with identities of other people to use; 2) supplying the aliens with PIN numbers that corresponded with the false identities they were assuming which were used to calculate payroll; and 3) covering up the illegal schemes by ensuring that business records, such as schedules, route sheets, attendance and pay roll records reflected the false identity an unauthorized alien employee was assuming.

It is estimated that the proceeds derived by Waste Management of Texas in utilizing the unauthorized alien workforce at the Afton location during this time period was at least \$5,527,091.55.

Three Waste Management of Texas managers were ultimately charged in a federal indictment with, among other offenses, conspiracy to encourage or induce aliens to come to, enter or reside in the United States knowing or in reckless disregard of the fact that such coming to, entry, or residence was or would be in violation of law and ten counts of encouraging or inducing aliens to come to, enter or reside in the United States knowing or in reckless disregard of the fact that such coming to, entry, or residence was or would be in violation of law 8 U.S.C. §§ 1324(a)(1)(A)(v), 1324(a)(1)(A)(iv) and 1324(a)(2)(B)(ii).

Two Waste Management of Texas managers were convicted following a two-week trial of all counts charged in the indictment. One was sentenced to 94 months imprisonment; the other to 87 months imprisonment. The other Waste Management of Texas manager cooperated with the Government, pled guilty pursuant to plea agreement and was sentenced to 27 months imprisonment.

Waste Management of Texas cooperated with the Government's criminal investigation. Waste Management of Texas retained and consulted with immigration counsel. Waste Management of Texas conducted an internal investigation to investigate the presence of unauthorized aliens in its work force. Waste Management of Texas has demonstrated a desire to prevent future hiring of unauthorized aliens. The Waste Management of Texas managers intentionally thwarted a pre-existing immigration compliance program to engage in the previously described criminal conduct. To that end, employees of Waste Management of Texas are now subject to enhanced compliance programs designed to uncover unauthorized aliens who seek to gain employment through identity fraud or other unlawful means, and to closely monitor for similar misconduct by any staffing agency hired to provide labor. Waste Management of Texas must now comply with an internal immigration compliance program and directives from a management-level immigration compliance task force.

The Southern District of Texas and Waste Management of Texas have concluded that a Non-Prosecution Agreement is an appropriate resolution of the investigation against Waste Management. Waste Management of Texas will continue its ongoing immigration related compliance program in order to avoid the hiring or continued employment of unauthorized aliens. The parties agree that nothing in the Non-Prosecution Agreement or any other documents filed herein is, or should be in any way construed as, an acknowledgment of any civil liability or criminal culpability on the part of Waste Management of Texas or any of its directors, officers, management, or other employees.