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Department of Justice

U.S. Attorney's Office

Central District of California

FOR IMMEDIATE RELEASE

Monday, May 20, 2019

Charter School Founder and CEO Sentenced to 2½ Years in Federal Prison for Misappropriating \$3.2 Million in Public Education Funds

LOS ANGELES – The founder and ex-chief executive officer of Celerity Educational Group, a Koreatown-based non-profit owner and operator of charter schools, was sentenced today to 30 months in federal prison for conspiring to misappropriate approximately \$3.2 million in public education funds allocated to some of her company's schools.

Vielka Maritza McFarlane, 56, of Sylmar, was sentenced by United States District Judge R. Gary Klausner, who told her, "If you want to help your students, you can teach them that if they make mistakes, they have to pay the price and be responsible for their own actions."

McFarlane, who pleaded guilty on January 8 to one count of conspiracy to misappropriate and embezzle public funds, founded Celerity Educational Group in 2004 and served as its CEO until April 2015. Between April 2012 and April 2017, McFarlane also was CEO of Celerity Global Development, a non-profit California corporation, which provided various management services to the Celerity charter schools in exchange for a percentage of the schools' revenues.

From July 2009 to April 2017, McFarlane and her co-conspirators caused the Celerity charter schools and Celerity Educational Group to falsely certify to federal, state and local authorities that they were complying with all rules and regulations governing the use of public funds that they received. McFarlane used public funds – money that should have been spent on educational purposes at Celerity charter schools in Los Angeles, Compton and Pasadena – for a variety of personal expenses and improper expenditures.

Those expenses included unauthorized first-class airfare and foreign travel, luxury items purchased from shops in Beverly Hills and Tokyo, expensive meals at high-end restaurants, airfare and lodging for herself, her family members, and others in January 2013 to attend President Barack Obama's second inauguration, and customized recreational bicycles for the use of McFarlane and her spouse.

"Every dollar defendant spent on herself and her family members, whether it was for alcoholic drinks at expensive restaurants or checked bags for her trip to Washington, D.C., for a presidential inauguration, was a dollar less for the underserved yet deserving children of the Celerity Charter Schools and an insult to the hardworking individuals of Los Angeles who pay their taxes to help fund these needed schools," prosecutors wrote in the government's sentencing papers.

From late 2012 to June 2014, McFarlane also conspired to use approximately \$3 million in public funds – a substantial portion of which came from the United States Department of Education – awarded to Celerity's charter schools in Los Angeles to purchase and renovate an office building in Columbus, Ohio, where she oversaw the founding of a separate charter school.

McFarlane also used public funds awarded to the Celerity charters schools in 2013 to pay \$157,957 for the security deposit, monthly rent and renovations at a soundstage and recording studio in Canoga Park, which was rarely used by the Celerity charter schools. McFarlane pursued a proposal to allow a digital-production company to use the studio space in exchange for 200,000 shares in the digital-production company, which would have been issued to a separate for-profit media-production business called The Muse Collective.

She admitted in her plea agreement that the payments for her personal use, the Ohio property purchase, and the Canoga Village studio were improper; she lacked authorization to make those payments and expenditures; and the payments violated rules, regulations and laws governing the use of public funds that the Celerity charter schools received.

Grace Canada, another Celerity executive, has pleaded not guilty to a 23-count federal grand injury indictment alleging conspiracy and wire fraud, among other offenses. She is scheduled to go to trial on November 12.

In June 2017, the U.S. Attorney's Office entered into a Non-Prosecution Agreement with Celerity Educational Group, now known as ISANA Academies, in which ISANA recognized and acknowledged the misconduct committed by McFarlane, agreed to cooperate fully with the government's investigation, and agreed to implement certain reforms designed to ensure that similar conduct does not occur again.

By entering into the Non-Prosecution Agreement, the U.S. Attorney's Office recognized that ISANA is responsible for educating thousands of students from underserved neighborhoods throughout Los Angeles County, and has demonstrated a strong commitment to its students and their academic achievement. The reforms now implemented by ISANA should allow it to continue serving its students and communities. The United States Attorney's Office recognizes the cooperation of ISANA and its board of directors throughout its ongoing investigation.

This case was investigated by the United States Department of Education, Office of Inspector General; the Federal Bureau of Investigation, the United States Postal Inspection

Service; IRS Criminal Investigation, U.S. Immigration and Customs Enforcement's Homeland Security Investigations, and the United States Secret Service. The Los Angeles Unified School District's Office of Inspector General was also part of the investigative team and has played an instrumental role in the ongoing investigation.

This case is being prosecuted by Assistant United States Attorneys Julian L. André and Valerie L. Makarewicz of the Major Frauds Section.

Component(s):

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