

DAVID Y. IGE  
GOVERNOR



CATHERINE PAYNE  
CHAIRPERSON

STATE OF HAWAII  
**STATE PUBLIC CHARTER SCHOOL COMMISSION**  
**(‘AHA KULA HO‘ĀMANA)**

<http://CharterCommission.Hawaii.Gov>  
1111 Bishop Street, Suite 516, Honolulu, Hawaii 96813  
Tel: (808) 586-3775 Fax: (808) 586-3776

April 17, 2018

VIA EMAIL and CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Douglas Flaherty, Purported Governing Board President  
Purported Governing Board Members  
Ka‘u Learning Academy  
P.O. Box 809  
Naalehu, Hawaii 96772

Re: **Notice of Prospect of Revocation**

Dear Mr. Flaherty and the purported Governing Board of Ka‘u Learning Academy:

This Notice of Prospect of Revocation is issued to Ka‘u Learning Academy (KLA) pursuant to §8-505-16, Hawaii Administrative Rules (HAR), and in accordance with the action taken at the State Public Charter School Commission’s General Business Meeting on April 12, 2018.

Under §302D-18(g), Hawaii Revised Statutes (HRS), the Commission took action to initiate the revocation of Ka‘u Learning Academy’s charter contract due to:

- (1) significant concerns over material and substantial violations of the terms, conditions, standards, and/or procedures required under its Charter Contract;
- (2) failure to meet or make sufficient progress toward performance expectations set forth in the contract;
- (3) failure to make generally accepted standards of fiscal management; and
- (4) substantial violations of material provisions of law from which the charter school is not exempted, including but not limited to:

**Financial and Operational Irregularities**

**Applicable Contract provision(s)**

- lack of internal controls and additional oversight as described in

2.1, 9.4

the independent auditor's report, including the use of school moneys, checks and debit card(s) for employee personal expenses;

- accounting does not follow Generally Accepted Accounting Principles (GAAP); 9.1
- failure to comply with collective bargaining agreements, Department of Labor laws and regulations in the hiring, termination, and compensation of employees and other persons who were paid to complete work for KLA; 1.3, 10.1, 9.4
- failure to properly report and transmit employee union dues to the requisite employee union including but not limited to the: Hawaii State Teachers Association, Hawaii Government Employees Association, and United Public Workers; 10.1
- failure to comply with teacher licensing requirements in the hiring and employment of non-licensed unqualified personnel as teachers; 10.3

**Enrollment Discrepancies**

**Applicable Contract provision(s):**

- enrollment of students outside of grades authorized by the charter contract, resulting in the overpayment of per-pupil funds to the school, as well as potentially affecting the educational rights of those students incorrectly enrolled. 5.3, 5.7, 3.2
- failure to report knowledge of these enrollment discrepancies to the Commission within 48 hours, as required by the Charter Contract 11.9.2

**Records**

**Applicable Contract provision(s):**

- failure to properly maintain student records, as evidenced by inconsistent documentation including student grades and other requisite academic and required student health records. 6.7.1
- failure to maintain accurate and complete personnel and payroll information and to provide such information to the Employer 1.3, 11.6

Union Benefits Trust Fund and the Hawaii State Employees' Retirement System to ensure each employee receiving such benefits qualifies for such benefits;

<b>Governing Board</b>	<b>Applicable Contract provision(s):</b>
<ul style="list-style-type: none"><li>• failure to comply with Governing Board HRS 302D-12 statutory member composition requirements;</li></ul>	1.3
<ul style="list-style-type: none"><li>• failure to follow HRS 302D-12 open meeting and governing board requirements, as well as the school's own bylaws as to the election of new members to the governing board, calling into question the legal authority of the past and current governing board;</li></ul>	1.3
<ul style="list-style-type: none"><li>• failure to follow the school's own policies and procedures, including enrollment policy, fiscal policy, conflicts of interest policy;</li></ul>	
<ul style="list-style-type: none"><li>• fidelity to Hawaii Department of Education statewide assessment procedures and protocols, leading to possible test fraud;</li></ul>	4.3
<b>Personnel</b>	<b>Applicable Contract provision(s):</b>
<ul style="list-style-type: none"><li>• failure to conduct criminal history background checks;</li></ul>	10.6
<ul style="list-style-type: none"><li>• hiring of inexperienced and unqualified non-instructional employees/agents to engage in the activities and operating requirements;</li></ul>	10.5
<b>Health and Safety</b>	<b>Applicable Contract provision(s):</b>
<ul style="list-style-type: none"><li>• Failure to submit an annual and standard School Fire Inspection Report for the school's facilities.</li></ul>	6.5.1, 7.3

During the discussion and deliberation by the Commission at its general business meeting, the Commission raised concerns regarding the various issues brought to its attention by former employees, members of the public as well as by the current purported governing board.

Douglas Flaherty, Governing Board President  
Governing Board Members  
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Under HAR §8-505-16, KLA has thirty (30) days from the date of notification<sup>1</sup> or Monday, May 21, 2018, to respond to this Notice of Prospect of Revocation. The school also has the option of requesting a hearing on this matter, in accordance with HAR §8-505-20, and may request legal representation, subject to Section 28-8.3, HRS. For more details, we refer you to HAR §8-505, Subchapters 4 and 5.

The Commission will be notifying KLA's parents and staff of the Commission's decision and the process that will occur. The Commission will also be posting information on our website in order to provide the most updated information to the public. If you have procedural questions, please contact Chief Operations Officer Yvonne Lau ([Yvonne.Lau@spcsc.hawaii.gov](mailto:Yvonne.Lau@spcsc.hawaii.gov)) or (808) 586-3775.

Throughout this process, the Commission will remain committed to work with KLA, its students and families, and community in a respectful and cordial manner that puts the interests of the school's students at the forefront.

Sincerely yours,



Catherine Payne  
Chairperson



Sione Thompson  
Executive Director

c: Josh DeWeerd, Acting Director, Ka'u Learning Academy (VIA EMAIL)

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<sup>1</sup> KLA's charter school contract provision 14.7 Notices. Unless otherwise specified by law, any written notice required to be given by a Party to this Contract shall be delivered: (a) personally; (b) by United States first class mail, postage prepaid, to the Parties' mailing addresses first indicated in this Contract; or (c) via a compliance management system, as described under Sec. 12.1. A notice shall be deemed to have been received three business days after mailing or at the time of actual receipt, whichever is earlier. Parties are responsible for notifying each other in writing of any change of mailing address. (Date of Notice: April 17, 2018 + 3 business days = April 20, 2018 + 30 days = Sunday, May 20, 2018, thus next business day is Monday, May 21, 2018).