

Charter school's new building renovated by company with ties to Turkish cleric

RACS

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A real estate holding company based in Syracuse cleared more than \$300,000 in profit at the expense of a charter school in Greece earlier this year, according to real estate and financial records obtained by the *Democrat and Chronicle*.

Both the company, Terra Science and Education Inc., and Rochester Academy Charter School, which opened in 2008 as the first local charter high school, have evident connections with each other, and broadly with the nebulous network of Fethullah Gulen, the reclusive and controversial Turkish cleric living in exile in rural Pennsylvania.

Both the school and Terra deny there is a connection, but the D& C investigation has found numerous examples of overlapped personnel, lax invoicing, a lack of auditing and shared community affiliations.

Many Gulen-suspected schools across the country have entered into questionable real estate transactions with related parties, something critics label an attempt to siphon off the public money charter schools receive for their pupils. The importance for Monroe County residents, though, is the disbursal of hundreds of thousands of public dollars to a

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Rochester Academy Charter School principal Mehmet Demirtas with a mural a student is in the process of painting in a classroom at former Our Mother of Sorrows School in Greece.

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connected organization.

Such transactions, while not illegal, point to an oversight weakness in charter schools, which rely more heavily on contracted space and services than traditional public schools.

The *Democrat and Chronicle* has rebuilt the timeline of the deal that generated the substantial return for Terra.

■ May 2016: Terra Science and Education Inc. buys a shuttered school building on Latta Road from Our Mother of Sorrows Church for \$700,000.

■ Terra spends between \$1.2 million and \$1.5 million in renovations.

■ August 2016 to June 2017: Rochester Academy Charter School (RACS) leases the building from Terra for \$30,000 a month, paying a total of \$300,000.

■ June 2017: RACS purchases the newly renovated building for \$2.5 million — at least \$300,000 more than Terra's costs for purchase and renovation, not including the lease payments.

The fat profit margin for Terra comes from public funding intended for the hundreds of students attending the school — about \$5 million in 2016-17, and growing as the school adds grade levels each year.

Under normal circumstances, if a developer turned a \$300,000 profit after owning a property less than one year and selling it to a public school, it would be evidence of ruthless commercial skill for the one party and hapless poor luck for the other.

When the evidence shows the two parties are connected, it is a different story.

The charter school said it couldn't have purchased the property any other way, because its charter had not yet been renewed and banks were wary to lend. It pointed out that the current mortgage payments will save it \$2.5 million in 15 years compared to the erstwhile lease payments.

It did, though, receive what it termed a reasonable mortgage offer several months before its charter re-authorization.

Rochester Academy Charter School insists it has no formal relationship with Terra, much less with Fethullah Gulen. The real story, its leaders say, is a graduation rate above 90 percent, one of the highest marks for schools serving mostly Rochester students.

"RACS is governed by seven independent board members; they make the decisions," the school's Executive Director Mehmet Demirtas said.

Demirtas and a number of other RACS leaders have connections with other Gulen-linked organizations. The RACS board president, Mahmut Gedemenli, was Terra's treasurer in 2010 and 2011, and two other leaders have been identified as representing Rochester's Turkish Cultural Center, an explicitly Gulenist organization.

"I may be a part of any social group, but that doesn't make the school whatever you call it," Demirtas said.

Rapid growth

Over the last 20 years, dozens of charter schools (a minority of the overall sector) have opened across the United States with a few things in common. They're run and partly staffed by Turkish-Americans with professional and personal ties to Gulenist organizations; they sign sizable contracts with Gulen-related entities; and they deny any Gulen affiliation.

Rochester Academy Charter School is one such school.

Allegations of a national or international Gulen network are based not on formal affiliations — RACS denies any connection whatsoever — but rather a well established pattern of tactics in procurement, hiring and real estate.

One is reliance on Gulen-suspected contractors such as Apple Educational Services, with which RACS has a \$15,000 no-bid annual contract for tablet computers. Likely Gulen schools elsewhere in New York have large

contracts with the company as well.

A 2013 audit from the New York State Comptroller found RACS had issued split payments to four related companies in a bid to avoid seeking board approval.

Demirtas said this month he couldn't recall who the four vendors were. The Comptroller's office, though, identified them as four arms of a New Jersey business co-founded in 2009 by Murat Kaval, the CEO of the openly Gulenist Peace Islands Institute and a former public relations officer for Apple Educational Services.

Another recurring pattern is the widespread use of H1-B skilled worker visas to recruit employees from Turkey. RACS has applied for five H1-B skilled worker visas since 2013, more than every other Rochester-area K-12 school combined.

Former Gulen-suspected school employees elsewhere have alleged they were forced to give up part of their salary in exchange for the visa, a charge those schools have denied.

Demirtas said the school has used the H1-B visas simply to recruit for workforce needs it could not fill locally, including a science teacher and IT administrator.

More generally, he wrote in an email: "We routinely network with other local and regional charter schools, as well as social organizations. To imply that these professional and social intersections are inappropriate is irresponsible."

Questions swirl around affiliation

Whether a school's affiliation with Fethullah Gulen is cause for alarm depends on one's view of Turkish domestic politics.

Gulen, 76 years old and living in exile in the Poconos, is the leader of a politically moderate Sunni Muslim movement called Hizmet. There are hundreds of Gulenist organizations around the world, mostly advocating for interfaith dialogue, education and human rights. In Rochester, they include the Turkish Cultural Center and Peace Islands Institute Upstate New York on Dewey Avenue.

Gulen and Turkish president Recep Tayyip Erdogan were once allies, but Erdogan now views Gulen as a conspirator and criminal, heading a 'deep state' of wealthy, influential Turks. He has pressed the U.S. government to extradite Gulen back to Turkey, so far unsuccessfully.

In particular, Erdogan believes Gulen to have masterminded an unsuccessful coup attempt in 2016, a charge Gulen denies. The *Wall Street Journal* reported in November that Erdogan's representatives met with Michael Flynn, a Turkish government lobbyist and the former U.S. national security director, to discuss kidnapping Gulen for a \$15 million bounty and taking him back to Turkey to face charges.

Erdogan, for his part, has imprisoned tens of thousands of people on political charges in the last two years and drastically restricted internet access and the freedom of the press. An April 2017 referendum greatly expanded his powers as president following a campaign marked by the widespread imprisonment and intimidation of dissidents.

The Turkish government has sponsored a public relations campaign in the United States criticizing Gulen, culminating in a book on Gulen schools called *Empire of Deceit*. Its first volume runs 652 pages.

Evans, the RACS attorney, said allegations of a Gulenist connection smack of racism.

"The notion is that because these people are all Turkish, maybe all Islamic, and they're doing stuff together, it must be a problem," he said. "It really plays into a base level of xenophobia that frankly I'm stunned to see repeating itself."

There is another Turkish community organization in Rochester, the Turkish Society of Rochester. Its president, Ersin Erman, said he has no communication whatsoever with the charter school or the Turkish Cultural Center.

Asked about the school's alleged Gulen affiliation, he said: "I have my opinions and views, but I think I'd rather keep them private. If you ask someone at the Turkish Cultural Center, you'll get a different response."

He questioned, though, why there would be so many schools in New York and across the country with predominantly Turkish leaders.

"I would never dream of sending my kids to those (Gulen) schools," Erman said. "I'm sure they have qualified teachers and everything, but what's the underlying purpose? ... You have all Turkish-American administrators; is their goal just education?"

RACS' answer to that last question is a resounding yes.

"Our concern is with preparing our students for college," founding board member William Middleton said. "What we're trying to do — succeeding in doing — is taking students from RCSD who come in with horrific deficits and getting them into colleges and universities."

Skirting impropriety

International political intrigue aside, the RACS lease is only the latest example of a Rochester-area charter school skirting financial impropriety with a lease or purchase arrangement.

In January 2013, a state comptroller's audit pointed to a potential conflict in Eugenio Maria de Hostos Charter School's lease with an arm of the Ibero-American Action League, a nonprofit organization that sponsored the school's founding and remains closely affiliated to it. The auditors deemed it "questionable whether the lease agreements were in the school's best interests."

Two other charter schools, Discovery Charter School and Exploration Elementary Charter School for Science and Technology, lease space from an affiliated organization, the Education Success Network. A 2016 *Democrat and Chronicle* investigation found numerous irregularities in the relationships between the various entities in the Education Success Network umbrella.

Discovery, for instance, was paying well above the median rate per square foot at the time for rent. One man, Joseph Martino, sat on the boards of several interrelated organizations and sometimes voted on resolutions or signed documents involving more than one of them.

RACS received state approval earlier this year to expand to grades K-12. It is looking into further renovating its Latta Road property to add elementary students; in the meantime, those children will likely attend school in temporary space off Lyell Avenue.

Terra Science and Education, Demirtas said, is not involved.

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Students from Rochester Academy Charter School use the former Our Mother of Sorrows Church as a gym in Greece.

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Rochester Academy Charter School principal Mehmet Demirtas.



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