



Report Highlights

Education Explosion, Inc. d/b/a Impact Charter School

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Why We Conducted This Audit

We received a complaint regarding the use of public funds by the school's Chief Executive Officer, Chakesha Scott. This audit was initiated to determine the validity of that complaint.

What We Found

Chief Executive Officer Diverted Charter School Funds to Nonprofit Corporation

Chakesha Scott is the Chief Executive Officer (CEO) of Education Explosion, Inc. (Education Explosion), a nonprofit corporation that operates under the trade name Impact Charter School. Ms. Scott was also the CEO or principal officer of Friends of Impact Charter School (FICS), another nonprofit corporation. It appears Ms. Scott used her position as CEO of Education Explosion to divert \$1,504,268 from Education Explosion to a FICS bank account she controlled and to divert \$171,659 to a third party on FICS' behalf. It appears Ms. Scott did not notify Education Explosion's Board of Directors (Board) about these transactions or, alternatively, misled the Board about the facts surrounding these transactions, and diverted these funds without their knowledge or approval. A portion of the funds diverted to FICS' bank account was used to make purchases for Ms. Scott and her family's personal benefit. By improperly diverting funds to FICS' bank account and using those funds for their personal benefit, Ms. Scott and her family may have violated the Louisiana Constitution and state and federal law.

CEO Diverted Fees Paid by Parents and Students to Nonprofit Corporation and Financial Accounts Not Associated with the School

It appears Ms. Scott used her position as CEO of Education Explosion to divert fees paid by students, parents, and others, totaling at least \$221,506, from Education Explosion to FICS and other financial accounts not associated with the school's bank accounts. These amounts appear to have been collected through electronic payment processors; however, the funds were subsequently remitted to FICS, transferred to Ms. Scott's personal accounts, remitted to unknown accounts not associated with Education Explosion, or used by Ms. Scott to make personal purchases. We also found that fees paid in cash, totaling at least \$71,487, were received but not deposited to Education Explosion's bank accounts. In addition, it appears that expenses related to these fees were paid by Education Explosion funds, which is almost exclusively comprised of public funds. As such, the revenues generated by Education Explosion should have been deposited in Education Explosion's bank accounts and used for school purposes. By failing to deposit funds generated by Education Explosion and using school funds for personal purposes, Ms. Scott and others may have violated the Louisiana Constitution and state and federal law.

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What We Found (Cont.)

School Contractor Appears to Have Shared Proceeds from School Contracts With the CEO

Education Explosion paid Friendly Finishing Maintenance Company LLC (FFM) \$604,308 for janitorial services, equipment rentals, supplies, and maintenance services from June 2018 to April 2024. It appears Nathaniel Harrison III, current FFM member, remitted portions of payments from Education Explosion to FFM to Ms. Scott and her sister, Philana Square. Bank records show Mr. Harrison issued electronic payments totaling \$41,625 to Ms. Scott from October 2020 to May 2024, as well as electronic payments to Ms. Square totaling \$9,000, from September 2023 to January 2024. In addition, bank records show Mr. Harrison withdrew at least \$198,650 in cash from payments received from Education Explosion, and text message records suggest he then made cash payments to Ms. Scott. If Mr. Harrison issued payments to Ms. Scott and her sister from the proceeds of school checks issued to FFM, Mr. Harrison, Ms. Scott, and Ms. Square may have violated state and federal law.

CEO May Have Used Charter School Funds for Work on Personal Residence

Education Explosion contracted with Sam Green, doing business as Sam Green & Sons Construction, to provide construction services for the school while Mr. Green was building Mr. and Ms. Scott's personal residence. According to school records, Education Explosion paid Sam Green & Sons Construction \$133,797 between July 2019 and November 2019 related to the construction of a modular classroom building that was largely constructed by another contractor. It appears Mr. Green may have overbilled Education Explosion for work on the modular building and used approximately \$105,997 of the proceeds for work on Ms. Scott's personal residence, including the installation of an in-ground swimming pool. Records also show Education Explosion funds were used to pay its lawncare vendor \$5,156 to install landscaping at Ms. Scott's personal residence. If Mr. Green overbilled Education Explosion to fund work performed on the Scotts' personal residence, Ms. Scott, Mr. Green, and others may have violated state and federal law.

CEO Used Charter School Funds for Personal Travel

Education Explosion's Board of Directors (Board) approved budgets for fiscal years ended June 30, 2022 and June 30, 2023, that included travel expenses totaling \$16,400 for Ms. Scott (CEO) and Mr. Scott (school principal). Credit card records show Ms. Scott used her Education Explosion credit card to incur at least \$130,494 in travel expenses over that timeframe for trips taken by Ms. Scott, Mr. Scott, and/or Ms. Scott's adult daughter, Courtney Scott, exceeding the approved travel budgets by \$114,094. Education Explosion did not maintain documentation to support the purpose of these trips and many of the travel expenses appear to be entirely personal in nature. Ms. Scott further appears to have used funds diverted from Education Explosion, including funds diverted to FICS, to pay for personal travel expenses for herself, Mr. Scott, and Courtney Scott. By improperly using Education Explosion funds for personal travel expenses, Ms. Scott, Mr. Scott, and Courtney Scott may have violated state and federal law.

What We Found (Cont.)

Charter School Funds Used to Lease and/or Purchase Vehicles Used by CEO

Ms. Scott used at least \$166,520 in Education Explosion funds for expenses related to the lease and/or purchase of a 2017 Acura MDX and a 2021 Land Rover Velar from August 2017 to April 2024. It appears Ms. Scott entered into these transactions on behalf of Education Explosion without the knowledge or approval of the Board and may have falsified the signature of a former Board member purportedly authorizing the purchase of the 2021 Land Rover Velar. It further appears that Ms. Scott and her daughter utilized these vehicles for personal purposes without the Board's knowledge, and the use of these vehicles were not properly recorded as compensation to Ms. Scott. Ms. Scott further appears to have diverted a \$5,278 insurance payment in relation to the 2017 Acura MDX. By entering into these transactions and personally utilizing these vehicles without Board knowledge or approval, Ms. Scott and others may have violated state and federal law.

Charter School Used Funds to Obtain, Repair, and Improve a Building the School Did Not Own

Records show that Education Explosion used school funds totaling at least \$129,493 to move a uniform store it did not own onto school property. This amount included payments Education Explosion made for Internet service, utilities, repairs, and capital improvements for the building from August 2018 to January 2024. We found that Ms. Scott's mother, Marilyn Webb, owned the building; however, tax sale title to the building was transferred to East Baton Rouge Parish in 2018 for non-payment of 2017 property taxes. During our audit, Ms. Scott withheld records from the LLA related to some of these transactions on the basis that the records and the building belonged to FICS. By using school funds to pay expenses related to a building that Education Explosion did not own and withholding records from LLA, Ms. Scott and others may have violated the Louisiana Constitution and state and federal law.

CEO May Have Used School Funds for Additional Personal Expenses

Records show Ms. Scott used her Education Explosion credit card to incur charges totaling \$88,607 that appear personal in nature from February 2021 to May 2024. These charges included \$84,570 in personal education expenses to an online university for Ms. Scott and possibly Mr. Scott; \$1,340 in cleaning service charges for Ms. Scott and Mr. Scott's personal residence; and, \$2,697 in charges for online personal training classes for Ms. Scott. If Ms. Scott used her Education Explosion credit card for personal expenses, Ms. Scott and Mr. Scott may have violated the Louisiana Constitution, and state and federal law.