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SANTA BARBARA
WESTLAKE VILLAGE

FILE NO.: 58809.006

January 26, 2016

VIA EMAIL & U.S. MAIL

Arthur M. Palkowitz, Esq.
Stutz Artiano Shinoff & Holtz
2488 Historic Decatur Road, Suite 200
San Diego, CA 92106

Re: Magnolia Educational and Research Foundation/Anaheim
Union High School District

Dear Mr. Palkowitz:

As you know, we represent the Magnolia Educational and Research Foundation (“Magnolia”).

On December 18, 2015, the Anaheim Union High School District (“AUHSD”) issued a press release titled “Anaheim Union High School District Calls For A Temporary Moratorium On Approval Of Charter Schools.” In this press release, Michael Matsuda, Superintendent of AUHSD, is quoted as follows: “. . . many charters operate in the shadows with no transparency, no accountability, and no public review.” The press release then continues as follows:

The superintendent cited the example of Magnolia Science Academy, one of two charter applications recently submitted to AUHSD. Magnolia Science Academy is one of the largest charter operators in America, with 155 campuses and ambitious expansion plans. According to an expose on *60 Minutes*, Magnolia Science Academy is overseen by Fethullah Gulen, a wealthy Turkish national who controls an international chain of Gulen schools.

The statements in this paragraph are untrue. In particular, the true facts are:

- Magnolia is not one of the largest charter operators in America;
- Magnolia has eleven (11) campuses, not 155;
- Magnolia is not overseen by Fethullah Gulen; and

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- Magnolia is not mentioned in the *60 Minutes* piece on Mr. Gulen.

My colleague Neal Millard has informed AUHSD of falsity of these statements, including information he provided in a telephone call on December 22, 2015 and emails dated December 22 and 23, 2015 to Pat Karlak, Public Information Officer for AUHSD. His December 23, 2015 email to Ms. Karlak demanded a public retraction and offered to provide any additional information needed to demonstrate the falsity of AUHSD's statements, but AUHSD has not only not retracted the false statements, it continues to promote them on its website, <http://new.auhsd.us/district/media/files>. Furthermore, others are now reprinting the false information in AUHSD's press release, including its republication by Voice of OC.

This is our final demand that AUHSD retract its false statements and pull the press release from its website. We further demand that AUHSD cease and desist from any further false statements, both verbal and written, about Magnolia. Unless AUHSD agrees to do so, in writing, by Monday, February 1, 2016, at 5:00 p.m., or unless other arrangements satisfactory to Magnolia are made, Magnolia has authorized and instructed us to take all appropriate legal action against AUHSD and its Superintendent. While Magnolia welcomes a vigorous public debate on the merits of charter school education, AUHSD has exceeded the boundaries of legitimate political discourse by the blatantly false statements in its press release.

To show you and your clients that Magnolia does not operate "in the shadows, with no transparency, no accountability, and no public review," we voluntarily provide the following information about Magnolia:

Magnolia is a California nonprofit corporation founded in 1997, engaged in operating charter schools. There is only one entity and that entity operates eleven schools in the counties of Los Angeles, Orange, San Diego and San Francisco. The eleven schools include one elementary school (grades K-5), four middle schools (grades 6-8), and six middle-high schools (grades 6-12).

Magnolia is run by a Board of Directors currently consisting of the following people:

Diana Gonzalez
Nguyen Huynh
Mustafa Kaynak
Ali Korkmaz
Serdar Orazov
Remzi Oten
Noel Russell-Unterburger
Saken Sherkhonov

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Umit Yapanel

Magnolia is operated by the following officers:

Caprice Young, Chief Executive Officer
Oswaldo Diaz, Chief Financial Officer
Alfred Rubalcava, Chief External Officer
Michelle Crumpton, Chief Academic Officer
Andy Gokce, Chief of Staff

Magnolia is not affiliated with or supported by Fethullah Gulen. It is an independent charter management organization and does not operate any other charter school in or outside of California other than the eleven schools previously mentioned. The audited financials of Magnolia are on its website, magnoliapublicschools.org. The website contains additional information about Magnolia that may be of interest but also shows its total independence. Although there are people serving on the Board who are of Turkish descent, and some of its teachers are of Turkish descent, all but one of Magnolia's officers are not Turkish and the students it teaches are primarily Hispanic.

Magnolia's eleven charter schools are public schools that accept all students who apply for admission. It does educate many students from the Turkish-American community in California, but neither the corporation nor any of the eleven schools themselves are associated with any Turkish organization or overseen by any foreign interests or individuals. Magnolia's funding comes from the traditional sources of funding enjoyed by other California charter schools, including funding from the State of California, local counties, as well as parents and other donors.

If you believe there is any factual support for the statements in AUHSD's press release we have described as false, please provide it to us immediately. Otherwise, we will assume that the false statements were made without any factual basis. AUHSD's false statements are damaging Magnolia and doing a disservice to its well-deserved reputation for excellence and to the community of underserved students who are benefiting from Magnolia's instruction.

This letter is without prejudice to Magnolia's assertion of any or all of its legal rights and remedies, all of which are expressly reserved.

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We look forward to hearing from you.

Very truly yours,

A handwritten signature in black ink that reads "Dan Woods". The signature is written in a cursive, slightly slanted style.

Dan Woods
for MUSICK, PEELER & GARRETT LLP

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cc: Dr. Caprice Young (via email)
Neal Millard, Esq. (via email)