



# Department of Justice

Acting United States Attorney Lawrence G. Brown  
Eastern District of California

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**UNITED STATES SETTLES CLAIMS ARISING OUT OF ST. HOPE ACADEMY'S  
SPENDING OF AMERICORPS GRANTS AND EDUCATION AWARDS**

***Federal Suspension of St. HOPE Academy, Kevin Johnson & Dana Gonzalez Will Be  
Terminated***

SACRAMENTO, Calif. – Acting United States Attorney Lawrence G. Brown announced today that St. HOPE Academy has agreed to pay \$423,836.50 to settle allegations that St. HOPE did not appropriately spend AmeriCorps grant awards and education awards in accordance with the terms of grant requirements and did not adequately document its expenditures of grant awards. The amount of the civil settlement represents one-half of the \$847,673 in AmeriCorps grant funds received by St. HOPE Academy. During the relevant time period, Sacramento Mayor Kevin Johnson was Chief Executive Officer of St. HOPE and Dana Gonzalez was the Executive Director of St. HOPE. Under the terms of the agreement, which includes mandatory grant administration training for Mayor Johnson and Ms. Gonzalez, suspension from federal programs will be terminated.

“The agreement reached strikes a proper balance between accountability and finality. St. HOPE Academy must pay a significant amount for its improper handling of AmeriCorps funds. The lifting of the suspension against all parties, including Mayor Johnson, removes any cloud whether the City of Sacramento will be prevented from receiving much-needed federal stimulus funds,” said Acting U.S. Attorney Brown.

According to Assistant United States Attorney Kendall J. Newman, the lead government attorney in the case against St. HOPE, AmeriCorps grant funds were awarded by the State of California to St. HOPE and administered by St. HOPE during 2004 through 2007. Additionally, AmeriCorps members were entitled to Education Awards if they fulfilled their service requirements for St. HOPE according to the terms of the grant requirements. The United States contends that St. HOPE did not appropriately spend the grant awards according to the terms of the grant requirements and did not adequately document its expenditures of the grant funds.

On September 28, 2008, the Debarment and Suspension Official for the Corporation for National and Community Service (the “Corporation”), notified St. HOPE, Johnson, and Gonzalez that they were suspended from participation in federal procurement and non-procurement programs for a temporary period of time pending completion of an investigation by the United States Attorney’s Office, or conclusion of any legal or debarment proceedings resulting from the investigation of the alleged misuse of federal funds provided in support of the AmeriCorps grants.

In settlement, St. HOPE acknowledged that it did not adequately document a portion of its

expenditures of the grant awards. The settlement terms are:

- St. HOPE will make an initial payment of \$73,836.50 by electronic transfer within five business days from today;
- Kevin Johnson will pay \$72,836.50 of the initial payment by St. HOPE, with possible repayment to Johnson by St. HOPE when it is financially able to do so; and
- Dana Gonzalez will pay \$1,000.00 of the initial payment by St. HOPE.
- St. HOPE has entered into a stipulated judgment for \$350,000.00, plus five percent annual interest, payable at \$35,000 annually for 10 years, the final payment of which will include interest.

Within five business days from today:

- Johnson and Gonzalez shall each register to take an online course offered by Management Concepts titled “Cost Principles”;
- Johnson and Gonzalez will provide written proof to the Corporation of having registered for the course.

Within 120 days from today:

- Johnson and Gonzalez will complete the course; and
- Johnson and Gonzalez will provide written verification under oath of having completed the course.

As part of the settlement, the Corporation will terminate the suspension of St. HOPE, Johnson, and Gonzalez from participation in federal procurement and non-procurement programs upon all of the following occurring:

- The settlement agreement having been signed by all parties;
- St. HOPE having made the Initial Payment of \$73,836.50;
- St. HOPE having signed the Stipulated Judgment;
- Johnson and Gonzalez having made payments to St. HOPE; and
- Johnson and Gonzalez having provided verification of having registered for the “Cost Principles” course.

Additionally, the Corporation will not institute debarment proceedings against St. HOPE with respect to the AmeriCorps grants so long as it complies with the terms of the settlement agreement. The Corporation also will not institute debarment proceedings against Johnson and Gonzalez with respect to the AmeriCorps grants so long as they comply with their obligations under the settlement agreement, including certification of the course completion.

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