

SEC questions LA Unified on use of bonds for iPad project

April 17 2015, byChristine Armario

The Securities and Exchange Commission recently questioned Los Angeles Unified School District officials as part of informal inquiry into whether they properly used bond funds for a beleaguered \$1.3 billion project to provide an iPad for every student.

Lawyers for the nation's second-largest school district and an outside firm met at the SEC's Los Angeles office in late March to answer questions about the use of bonds for the iPad project and whether officials had publicly disclosed how the funds would be used.

"They asked us to come in and present to them on the bonds themselves," Thomas Zaccaro, a partner with the firm that presented information along with the district, said in an interview with The Associated Press on Thursday. "All in all, we don't see any issue with the disclosures."

Both SEC and LA Unified officials declined to comment. The SEC does not routinely confirm or deny the existence of an investigation.

Former LA Unified Superintendent John Deasy launched the initiative to provide an iPad for all of the district's 650,000 students, but it faced trouble from the start. Students found ways to bypass security installations and freely surf the internet. Teachers said they hadn't been properly trained to use the technology. Questions were raised after emails were disclosed showing Deasy had been in communication with vendors Apple and Pearson before the contracts were put to bid.

Deasy resigned under pressure in October. In December, FBI agents seized about 20 boxes of records from LA Unified as part of a federal grand jury probe.

On Monday, LA Unified general counsel David Holmquist sent a letter to Apple demanding it stop any further delivery of Pearson software and vowed to seek reimbursement for math and reading materials students have been unable to use. The vast majority of students still can't access Pearson material on their iPads, Holmquist said.

Pearson declined to comment.

At the SEC meeting on March 31, Zaccaro said he and district officials showed that LA Unified had publicly disclosed bond use for computer hardware and software through investor presentations, presentations to rating agencies and to the public in board and county meetings. He also said because general-obligation bonds are repaid through county tax revenues, there is no connection between how proceeds are used and how they are repaid.

"There was a lot of public disclosure about the use of proceeds," Zaccaro said.

Zaccaro said attorneys have not heard back from the SEC since.

© 2015 The Associated Press. All rights reserved.

Citation: SEC questions LA Unified on use of bonds for iPad project (2015, April 17) retrieved 25 April 2024 from <https://phys.org/news/2015-04-sec-la-bonds-ipad.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.