

**STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT**

Palmetto Youth Academy Charter	)	Docket No. 23-ALJ-30-0239-AP
School and Palmetto Youth Services, Inc.,	)	
	)	
Appellants,	)	
	)	
v.	)	FINAL ORDER
	)	
Florence County School District One,	)	
	)	
Respondent.	)	
_____	)	

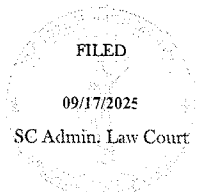
STATEMENT OF THE CASE

This matter is before the South Carolina Administrative Law Court (the ALC or the Court) pursuant to a notice of appeal filed by the Palmetto Youth Academy Charter School and Palmetto Youth Services, Inc. (collectively, Appellants or PYA) on June 16, 2023, after the Florence County School District One Board of Trustees (Respondent or District) denied PYA's charter renewal application, effective June 30, 2023. This court has jurisdiction over this appeal pursuant to § 59-40-90 of the South Carolina Code (2020); § 59-40-110(J) of the South Carolina Code (2020), and § 1-23-600(D) of the South Carolina Code (Supp. 2022).

On June 16, 2023, the Appellant filed a Motion for a Stay to allow it to continue operating as a school. A hearing was held on the Motion on August 17, 2023, at the ALC. This court denied the Motion for a Stay on August 18, 2023, finding that PYA failed to show it would suffer an unusual hardship if the Board's decision not to renew its charter was not stayed pursuant to S.C. Code Ann. § 59-40-110(J).

Thereafter, on August 8, 2023, the District, who was the PYA's sponsor and the entity entitled to PYA's assets pursuant to S.C. Code Ann. § 59-40-120, filed a verified petition asking this court to enjoin PYA's director, Yvonne Brown-Burgess and its Board, from wasting or using any more of PYA's assets, and to appoint a receiver because, the District alleged, the Appellants were continuing to operate the school without a charter and were utilizing PYA's fund balance and its property, all of which belonged to the District.

This court held an expedited hearing on September 11, 2023, and on September 22, 2023, the court issued an Order Granting Respondent's Request for Preliminary Relief. As part of the



order, the court issued an injunction preventing further activity related to the Appellants' accounts and operations, issued a writ of mandamus to compel the Appellants to participate in the District's closure protocol, and appointed John Edward Haas (Receiver) as receiver, charging him with taking custody and control of the property and assets of the Appellants.

BACKGROUND

PYA is a public charter school for at-risk students sponsored by the District. It is a non-profit corporation organized on November 27, 2001. On April 11, 2002, it amended its Charter to change its name to Palmetto Youth Services. The charter school was operated by Palmetto Youth Academy and Palmetto Youth Services. Its charter application was initially approved by the District's Board of Trustees in 2004. The charter school opened in August 2005 with 75 students in grades 3-6. Its charter was subsequently amended by the Board in 2014.

Yvonne Brown-Burgess is the registered agent for both entities at an address of 1209 N. Douglas Street, Florence, SC 29501. Yvonne Brown-Burgess acted as Director of the Charter School and was employed by the Appellants.

By its decision in Docket No. 10-ALJ-30-0631-AP dated May 4, 2012, this court adopted PYA's argument in that case that Palmetto Youth Academy and Palmetto Youth Service or Services were "one and the same." The ALJ's decision in that case was affirmed by the South Carolina Court of Appeals in *Palmetto Youth Acad. Charter Sch. v. Florence Cnty. Sch. Dist. 1 Bd. of Trs.*, 2013-UP-460, 2013 S.C. App. Unpub. LEXIS 560 (2013). In their pleadings in this matter, the Appellants confirm that the two entities are "one and the same."¹

Florence County School District One was the sponsor of the school pursuant to S.C. Code Ann. § 59-40-40(4). The District was the local school district in which the charter school was located. The charter school was first chartered in 2005, and its charter was renewed for ten years in 2013.

On January 31, 2023, PYA submitted its charter renewal application for approval. On March 6, 2023, following a series of discussions and information requests between the Appellants and the District, the superintendent sent PYA a Charter Non-renewal letter. PYA requested a hearing before the District Board on the decision.

¹ See e.g., Appellants' Return to Verified Petition for Preliminary Relief ¶5, 7, 8, 10.

A hearing was held on April 27, 2023, during which PYA's attorney and the District's attorney presented information and evidence for the record. Thereafter, on May 8, 2023, the District's Board voted to not renew PYA's charter. The grounds for the non-renewal were that PYA had less than 75% certified teachers, and that PYA did not meet its academic performance goals for 2022.

In its Non-Renewal Order dated May 18, 2023, the District Board added the following reasons as grounds for non-renewal: (1) PYA did not have a performing arts curriculum; (2) PYA did not enter student information into PowerSchool; (3) PYA did not issue report cards and interim reports to parents; and (4) PYA persistently committed material violations of its charter and the law from which the school was not exempted.

On June 16, 2023, the Appellants appealed the District Board's decision to this court and filed a Motion for a Stay to permit PYA to continue operating. After a hearing, this court denied the Appellants' Motion for a Stay.

On August 8, 2023, the District sought an injunction against PYA's director, Yvonne Brown-Burgess, and its Board from wasting or using PYA's assets, and to appoint a receiver to prevent the Appellants from continuing to use PYA's fund balance and its property to operate an unlicensed school. After a hearing, the court issued an Order on September 22, 2023, enjoining Ms. Brown-Burgess or any member of the PYA Board from engaging in further activity related to the Appellants' accounts and operations. The court's order also contained a writ of mandamus compelling the Appellants to participate in the District's closure protocol, and appointed John Edward Haas as receiver, charging him with taking custody and control of the property and assets of the Appellants. The Appellants moved for reconsideration of this order, which the court denied on October 13, 2023.

The Appellants filed a Motion to Withdraw Appeal on September 13, 2024.

DISCUSSION

In considering whether to grant the Appellants' Motion to Withdraw Appeal, the court must consider efforts of the Receiver. Mr. Haas has worked diligently to identify the school's assets. He has recovered more than five hundred thousand dollars in funds, together with a parcel of land that the school improperly attempted to convey to a third party. He has also identified a number of additional assets that have been distributed and against which the school or the District, as its

successor, may have claims. Due to the temporary nature of his engagement, he does not desire to pursue all of the possible claims. He believes that the District, as the proper owner of those assets, is better suited to exercise discretion and judgment in determining what claims should be pursued based upon the cost and potential benefit of pursuit.

On January 10, 2025, the Receiver filed his most recent report. The report noted:

- a. The school owned a 2019 GMC Yukon XL and placed it into service on or about November 1, 2018. That vehicle, while purchased with the school's funds, has the title held in Yvonne Brown-Burgess's name.
- b. The Receiver recovered property that was deeded to the Prayer Tabernacle "The Place of Refuge" Church, TMS No 00146-01-027, by action in the Court of Common Pleas.
- c. The school also owned the land and buildings described as TMS #s 90070-07-007 and 008, which is the property at 1209 North Douglas Street, Florence, SC.
- d. The Receiver has transferred physical possession of the property to Florence One pending an Order from this court allowing him to act as Receiver to convey the property to Florence One.
- e. He has recovered cash, which the Receiver is holding, net of expenses, in the amount of \$437,532.92.
- f. All cash and rights to cash or claims that the school had or has are property of Florence County School District One.
- g. The costs of the receivership to date have been \$74,800.34.
- h. Florence School District One has an ownership interest in any other personal property including furniture, fixtures, and supplies of PYA and PYS and has a right to impose a constructive trust on this property or pursue other civil actions to recover other property not found on the PYA premises or seek damages.
- i. The Receiver previously noted substantial bonus payments to several PYA employees immediately after the school closure, which seemed inappropriate.

S.C. Code Ann. § 59-40-120 provides that: "Upon dissolution of a charter school, its assets may not inure to the benefit of any private person. Any assets obtained through restricted agreements with a donor through awards, grants, or gifts must be returned to that entity. All other assets become property of the sponsor." The Appellants have offered no evidence that there was any restricted agreement with a donor for the acquisition of any asset.

The Receiver noted in his January 20, 2025, report that all real and personal property, as well as any claims for the return of any improperly distributed funds or assets of the Appellants, became the property of the District by operation of law pursuant to S.C. Code Ann. § 59-40-120.

All of the school's assets, as of its closure on June 30, 2023, became the property of the District, its sponsor.

Pursuant to this court's order of September 23, 2023, the Receiver is authorized to take all action necessary to transfer property or claims for property to the District, including the execution of required deeds, titles, bills of sale, and assignments of claim.

At this juncture, the Appellants have moved to withdraw their appeal, and the Receiver advises that he is at a point where the assets are identified as well as they may ever be, considering the condition of the books and records that he has been able to locate and identify. The Receiver's activities are documented fully in the multiple periodic reports that he has provided to the court.

Counsel for the Appellants advises that the Appellants dispute only one of the Receiver's conclusions relating to the assets obtained. Those funds are \$114,400.00, which reflected two checks drawn from PYA's bank account purportedly for Ms. Brown-Burgess's purpose of purchasing service credits in the South Carolina Retirement System's pension plan. Notably, the Receiver concluded, "As of July 1, 2023, Ms. Brown-Burgess was no longer an active member of the State Retirement System and, thus, could not purchase service credits. Upon dissolution of PYA's charter on July 1, 2023, the \$114,400.00 could not inure to the benefit of Ms. Brown-Burgess. S.C. Code Ann. § 59-40-120. This money is the property of Florence School District One."²

To allow the dismissal of the case, the resolution of the disputed claim, and the release of the Receiver by this court, the Receiver has filed an Interpleader action pursuant to Rule 22, SCRCP in the Court of Common Pleas for Richland County. The action named Florence School District One, Palmetto Youth Academy, Palmetto Youth Services, and Yvonne Brown-Burgess as Defendants. The Receiver shall deposit the disputed sum with the court and then be discharged from liability as to the claims pursuant to Rule 22(b), SCRCP.

While this court has jurisdiction to appoint and supervise a receiver, since the case needs to be resolved, the court has determined that it is appropriate to dismiss the appeal with prejudice and terminate the Receiver after he completes the transfer of all assets and claims he has identified and that are in his control to the District and deposited the disputed funds that are the subject of the interpleader action with the registry of the Court of Common Pleas for Richland County. That dismissal will be effective once the Receiver files his final report to this court.

² Report of the Receiver, January 10, 2025, p. 3.

The Appellants are obligated, pursuant to this court's Order of September 22, 2023, to pay all costs of the receivership. The District shall have a judgment against the Appellants for \$74,800.34 plus any additional fees and costs that the Receiver has incurred in filing the interpleader action.

The Appellants are also obligated to remit specific fees and costs to the District by virtue of this court's contempt Order dated July 12, 2024, in the amount of \$4,543.25.

The School District shall, therefore, have a judgment against the Appellants for \$79,343.59, which is the total of these obligations, plus any additional fees and costs that the Receiver incurred in filing the interpleader action.

The Receiver shall issue Special Warranty Deeds to the District for the following properties:

ALL those certain pieces, parcels, or lots of land, with improvements thereon, lying and being situate in the City and County of Florence, State of South Carolina, known as Tract A containing 0.62 acres and Tract B containing 0.14 acres, all as shown on that certain survey plat prepared for Palmetto Youth Home, by Nesbitt Surveying Co., Inc. dated June 21, 2005, and being filed of record in Plat Book 89 at page 224.

This being the same property conveyed to Palmetto Youth Services, a non-profit corporation by Carolina Power & Light Company, a North Carolina public service corporation d/b/a Progress Energy Carolinas, Inc., dated May 26, 2006, and recorded June 15, 2006, in Book B018 at Page 117

TMS # 90070-07-007 and 008

And,

ALL that certain piece, parcel, or tract of land lying, being, and situate in the County of Florence, State of South Carolina, shown and designated as a tract containing 47.31 acres on a plat prepared for Palmetto Youth Service dated August 21, 2018, and being recorded herewith in Plat Book 106 at Page 990 in the office of the Clerk of Court for Florence County. Said Plat being incorporated herein by reference thereto for a more complete and accurate description thereof.

This being the Property conveyed to Palmetto Youth Service by Deed of Earnest R. Allen and Sterling R. Allen and Debra A. Shelton dated August 29, 2018, and recorded in the office of the Clerk of Court for Florence County on August 31, 2018, in Book 761 at Page 1319\

TMS No. 00146-01-027

The Respondents filed a motion for contempt, which has been argued, but this court has not yet issued an Order. Since this court is granting the Appellants' Motion to Withdraw Appeal

and dismissing this case, it will take no action on the Respondent's motion, and it shall be dismissed.

ORDER

Based on the foregoing,

IT IS HEREBY ORDERED that:

1. The Receiver shall transfer all assets, claims, and real property held by the Appellants, Palmetto Youth Academy and Palmetto Youth Services, as of June 30, 2023, to Florence County School District One except for the sum of \$114,400.00, which shall be deposited with the Court of Common Pleas for Richland County in the interpleader action. The Receiver is authorized to execute all documents that he deems necessary to complete and perfect these transfers, including deeds, bills of sale, assignments, and the like.
2. Florence County School District One shall have a judgment against the Appellants, Palmetto Youth Academy and Palmetto Youth Services, jointly and severally in the amount of \$79,343.59, plus any additional fees and costs that the Receiver incurs in filing the interpleader action.
3. Upon completion of these transfers and his discharge from the interpleader action, the Receiver, John Edward Haas, shall be released and relieved of his duties and obligations as receiver in this matter.
4. The Appellants' Motion to Withdraw Appeal is **GRANTED** and this case is **DISMISSED WITH PREJUDICE**.

AND IT IS SO ORDERED.



S. Phillip Lenski
Administrative Law Judge
South Carolina Administrative Law Court

September 17, 2025
Columbia, South Carolina

CERTIFICATE OF SERVICE

I, Erika S. Easler, hereby certify that I have this date served this Order upon all parties to this cause by depositing a copy hereof, in the United States mail, postage paid, or by electronic mail to the address provided by the party(ies) and/or their attorney(s).



Erika S. Easler
Judicial Law Clerk

September 17, 2025
Columbia, South Carolina

