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STATE OF MICHIGAN  
IN THE CIRCUIT COURT FOR THE COUNTY OF WAYNE

COALITION TO DEFEND AFFIRMATIVE ACTION, INTEGRATION AND IMMIGRANT RIGHTS AND FIGHT FOR EQUALITY BY ANY MEANS NECESSARY (BAMN), DEFEND PUBLIC EDUCATION / SAVE OUR STUDENTS, DETROIT BOARD OF EDUCATION, CHRISTAL BONNER, NANCY BROWN, ROSILYN BROWN, PATRICK BURTON, WILBERT BYRD, ENID CHILDERS, SHIFONNE CLARK, NICOLE CONAWAY, STEPHEN CONN, TONJA ELLISON, REGINA DIXON, YOLANDA HARRIS, SHARON JAMISON, GREGORY JOHNSON, VERONICA FORD JOHNSON, KIMBERLY LIDDELL-LOVE, M. HEATHER MILLER, TIOMBE NAKENGE, GENA PORTER, KIMBERLY PORTER, JOYCE RICHARDSON, REGINA ROSS, JOEL SCOTT, LUCIANA (LUCY) SIMPKINS, LINDA SIMS, TODD WILLIAMS

Plaintiffs,

v

ROBERT BOBB, Emergency Financial Manager, Detroit Public Schools,  
Defendant.

GEORGE B. WASHINGTON (P 26201)  
JOYCE P. SCHON (P 73362)  
SHANTA DRIVER (P 65007)  
RONALD CRUZ (California Bar No. 267308)\*  
SCHEFF, WASHINGTON & DRIVER, P.C.

Attorneys for Plaintiffs  
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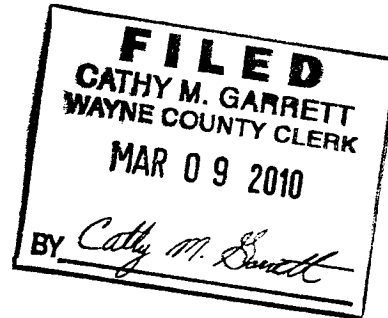
\*pro hac vice motion will be filed

COALITION TO DEPEND AFFIRMATIVE A  
Hon. Susan D. Borman 03/09/2010



10-002944-CZ

Case No. CZ



**PLAINTIFFS' VERIFIED COMPLAINT**  
**FOR DECLARATORY AND INJUNCTIVE RELIEF**

There is no other pending or resolved civil action arising out of the transaction or occurrence alleged in this complaint.

Pursuant to the Michigan Rules of Civil Procedure, the plaintiffs Coalition to Defend Affirmative Action, Integration and Immigrant Rights and Fight for Equality By Any Means Necessary (BAMN), Defend Public Education/Save Our Students, the Detroit Board of Education, et. al., by and through their attorneys, Scheff, Washington and Driver, P.C., hereby state as follows:

### INTRODUCTION

1. The plaintiffs seek preliminary and permanent injunctive and declaratory relief to void those aspects of the employment contract between the State of Michigan and Detroit Public Schools' Emergency Financial Manager Robert Bobb that authorize the Eli and Edythe Broad Foundation ("Broad Foundation") and other private foundations to provide one-third of Bobb's \$425,000 base salary.
2. By their provision of \$145,000 in "supplemental compensation" to Bobb, these foundations have assured that Bobb receives a base salary higher than that of the President of the United States, and two and one-half times greater than that of the Governor of Michigan.
3. By their provision of one-third of Bobb's salary, these foundations have rewarded Bobb for his past efforts and provided a strong incentive for his future efforts to carry out their publicly-stated agenda for "transforming" urban schools by closing traditional public schools and opening privately-managed charter schools.
4. Indeed, Eli Broad, the founder of the Broad Foundation, has publicly stated that his Foundation intends to induce officials to change policy. In his words, his Foundation is not in the "check-writing charity business," but is instead in the "venture

philanthropy business” (“We're In the Venture Philanthropy Business,” *Wall Street Journal*, Aug. 28, 2009).

5. Because Bobb has sole and virtually unreviewable control over the \$1.14 billion budget of the DPS, it is especially dangerous to allow the Broad Foundation and similar “venture philanthropists” to fund one-third of his salary.
6. Bobb’s contract with the State thus directly violates the prohibition against conflicts of interest contained in Article 4, Section 10 of the Michigan Constitution and MCL 15.302.
7. If allowed to stand, this contract, which is dangerous enough in itself, paves the way for private payments to purchase influence with members of school boards, the State Superintendent of Public Instruction, the Governor, the Attorney General, or any other elected or appointed official whom a private organization wants to subsidize in order to support actions that they believe are consistent with their interests.

#### **PARTIES**

8. The plaintiff Coalition to Defend Affirmative Action, Integration and Immigrant Rights and Fight for Equality By Any Means Necessary (BAMN) is a voluntary unincorporated association organized for the purpose of building a new civil rights movement and opposing attacks upon affirmative action and integration.
9. The plaintiff Defend Public Education/Save Our Students is a voluntary unincorporated association and a political caucus of teachers within the Detroit Federation of Teachers. The caucus opposes more charters and the privatization of the Detroit Public Schools.

10. The plaintiff Detroit Board of Education is the elected governing body of the Detroit School District.
11. The plaintiffs Nancy Brown, Patrick Burton, Wilbert Byrd, Enid Childers, Shifonne Clark, Nicole Conaway, Tonja Ellison, Regina Dixon, Yolanda Harris, Sharon Jamison, Kimberly Liddell-Love, Gena Porter, Kimberly Porter, Joyce Richardson, Regina Ross, Joel Scott, Luciana (Lucy) Simpkins, Linda Sims are teachers in the Detroit Public Schools and members of the Defend Public Education/Save Our Students caucus.
12. The plaintiff Christal Bonner is a teacher in the Detroit Public Schools, a member of the Defend Public Education/Save Our Students caucus, a citizen of Detroit and the parent of six students in the Detroit Public Schools.
13. The plaintiff Rosilyn Brown is an accompanist in the Detroit Public Schools and a member of the Defend Public Education/Save Our Students caucus.
14. The plaintiff Stephen Conn is a teacher in the Detroit Public Schools, a member of the Defend Public Education/Save Our Students caucus, a citizen of Detroit, and the parent of a student in the Detroit Public Schools.
15. The plaintiff Gregory Johnson is a teacher in the Detroit Public Schools and a member of the Defend Public Education/Save Our Students caucus. He has two grandchildren who are students in the Detroit Public Schools.
16. The plaintiff M. Heather Miller is a teacher in the Detroit Public Schools, a member of the Defend Public Education/Save Our Students caucus, a citizen of Detroit, and the parent of a student in the Detroit Public Schools.

17. The plaintiff Veronica Ford Johnson is a counselor in the Detroit Public Schools and a member of the Defend Public Education/Save Our Students caucus.
18. The plaintiff Tiombe Nakenge is a citizen of Detroit.
19. The plaintiff Todd Williams is a citizen of Detroit.
20. The defendant Robert Bobb is the Emergency Financial Manager appointed by the State of Michigan for the Detroit Public Schools.

### **STATEMENT OF FACTS**

21. As the Emergency Financial Manager for the Detroit Public Schools (DPS), Bobb has unilateral public authority to control the District's \$1.14 billion budget, with the power to profoundly affect the futures and possibilities for Detroit's young people and therefore for all Detroit residents.
22. Bobb's salary has been established in his contract with the State of Michigan effective March 2, 2010 (Exhibit 1, Section 11.1). This incorporated and renewed his previous contract. (Exhibit 2)
23. The contract includes \$145,000 in "supplemental compensation and living expense incentive payments" from private sources, including \$56,000 from the Eli and Edythe Broad Foundation ("the Broad Foundation") and \$89,000 from undisclosed private sources. More than one-third of Bobb's salary comes from private entities (Ex 1, Section 11.1).
24. The Broad Foundation aggressively promotes the spread of charter schools nationwide. Since 1999, it has "invested" more than \$370 million toward "educational initiatives."

25. The Broad Foundation contributes funds directly to charter school companies, including KIPP academies and the Green Dot network. It also provides financial rewards to school districts that establish charter schools.
26. Eli Broad, billionaire and founder of The Broad Foundation, told the *Wall Street Journal* in an interview that he is not "...in the check-writing charity business. We're in the venture philanthropy business." ("We're In the Venture Philanthropy Business," *Wall Street Journal*, Aug. 28, 2009).
27. Indeed, The Broad Foundation's website states that it has the mission of "dramatically transforming" urban schools:  
  
The Eli and Edythe Broad Foundation's mission is to *dramatically transform* urban K-12 public education through better governance, management, *labor relations*, and *competition*. (Emphasis added.)
28. In Bobb's first year in office, he has acted in a manner consistent with the agenda of the Broad Foundation by closing public schools, contracting with charter companies, and granting contracts to other private entities, often without a valid bidding process.
29. Moreover, during the last year, Bobb has demanded concessions from all school employees, including \$10,000 in deductions from teachers' pay to float an interest-free loan to the District.
30. Numerous students, parents, teachers, and Detroit's democratically-elected school board have vigorously opposed Bobb's decisions because they are not in the best interest of students or of the District and because they have advanced the privatization of DPS.
31. But the students, parents, teachers and school board have no means for influencing the conduct of Bobb.

32. The Broad Foundation and the other donors to Bobb's salary do have a means to influence Bobb, however.
33. In particular, shortly after Bobb demanded sacrifice and austerity from every other employee of the District, he demanded and got an \$81,000 annual raise.
34. Perhaps because state officials feared that it would be outrageous to loot the funds of the DPS to pay such an exorbitant salary, the Broad Foundation and other currently unknown private organizations, who were evidently pleased with Bobb's work in closing schools and opening charters, agreed to provide "supplemental compensation" for Bobb's salary.
35. These private foundations and organizations increased their share of Bobb's salary from \$84,000 in 2009 to \$145,000 per year in 2010.
36. Solely because of their "supplemental compensation," Bobb's current salary of \$425,000 now stands far above the \$228,000 average base salary for the superintendent of an urban school district.
37. By accepting "supplemental compensation" as part of his own salary from organizations that have a clear agenda of "transforming" urban schools in defined ways, Bobb cannot perform his duties objectively and in the sole pursuit of the public interest.
38. Instead, in 2009 and in 2010, Bobb has carried out the publicly-stated goals of The Broad Foundation, which has argued for "strong leadership" over and against the democratic will of communities, and the privatization of school districts through the establishment of privately-run charter schools.

39. It flies in the face of common sense, to permit private organizations to pay the salaries of public officials, let alone a public official with unilateral authority over a budget of \$1.14 billion, and over the education of Detroit's children.
40. If the Broad Foundation is permitted to pay for one-third of Bobb's salary, then any public official can have his or her salary partially if not wholly provided by private foundations or corporations.
41. The Michigan Constitution, Michigan statute, and obvious considerations of public policy require the voiding of those aspects of Robert Bobb's employment contract with the State of Michigan that are funded by private organizations, including the Broad Foundation.

### **CAUSE OF ACTION**

#### **VIOLATION OF MICHIGAN CONFLICT-OF-INTEREST STATUTE AND MICHIGAN CONSTITUTION**

42. The allegations of the preceding paragraphs are repeated as if fully set forth herein.
43. Michigan Constitution, Article IV, Section 10 states:

No member of the legislature nor any state officer shall be interested directly or indirectly in any contract with the state or any political subdivision thereof which shall cause a substantial conflict of interest.

44. By statute, the Michigan Legislature has also declared that:

No...state officer shall be interested directly or indirectly in any contract with the state or any political subdivision thereof which shall cause a substantial conflict of interest.

M.C.L. 15.302.

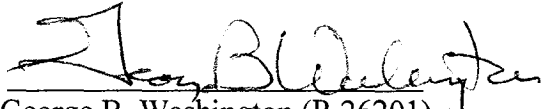


45. By statute, the Michigan Legislature has conferred upon this Court the power to void any contract which violates the statutory or constitutional provision. M.C.L. 15.305(1).
46. By providing that Bobb, who has sole control over \$1.14 billion, will receive a substantial part of his salary from private foundations that have definite views as to how that budget should be spent, Bobb's employment contract causes a direct, obvious and substantial conflict of interest.
47. By providing compensation from private organizations to Bobb personally, the contract that Bobb has negotiated for himself violates Article IV, Section 10 of the 1963 Constitution and MCL 15.302.
48. The plaintiffs seek immediate injunctive relief because no remedy of damages is sufficient to prevent the standing conflict of interest and its harm to the public.

WHEREFORE, plaintiffs request that this Court issue preliminary and permanent injunctive relief voiding those aspects of Bobb's employment contract with the State that authorize the Broad Foundation and other private foundations to provide \$145,000 of Bobb's salary, and prohibiting him from receiving directly or indirectly any portion of his salary or benefits from the Broad Foundation or from any other private foundation or organization. The plaintiffs also request such further relief, including attorneys' fees and costs, as is just and equitable.

By Plaintiff's Attorneys,

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BY: 

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Dated: March 9, 2010