

## Attorney General files lawsuit against ECOT's former officers

In January, the ESC of Lake Erie West (ESC), which was the sponsor of the Electronic Classroom of Tomorrow (ECOT), voted to suspend the operation of the community (charter) school. ECOT suspended operations and closed shortly afterward.

Since that time, many of the 13,000 students who were served by ECOT have either registered with new schools or returned to their districts of residence. And ODE is continuing with its efforts to recover overpayments made to ECOT for students who were not participating in classes, in order to return funds to the districts.

The most recent development is the [lawsuit](#) filed in August by Attorney General Mike DeWine against the founder and other officials of ECOT, and against ECOT's operator and management company, seeking to recover public funds disbursed by ECOT. The lawsuit seeks any funds:

- Received by ECOT for students not properly attending school with ECOT.
- Paid to Altair Learning Management I (Altair) and IQ Innovations (IQ), two companies with which ECOT's founder, William Lager, had substantial ties that were doing business with ECOT.
- Received by Lager from ECOT's contracts with Altair and IQ.

It also seeks the penal amount of the treasurer's bond issued to ECOT's former treasurer.

The lawsuit was filed against Lager, Altair and IQ. The other defendants are five of ECOT's former officers, including the superintendent, treasurer, and education management information system director.

The lawsuit alleges that ECOT's contracts with IQ, and any payments made by ECOT to Altair and IQ, were prohibited by Ohio law because of Lager's substantial interest in the companies. The lawsuit argues that, because they violated their fiduciary duty to the school as public officials, ECOT's officers are strictly and personally liable for these payments and other disbursements. Finally, the lawsuit alleges that Lager violated the Ohio Corrupt Practices Act (OCPA). If he is found to have violated OCPA, Lager could be personally liable for three times the damages connected with the violations.

OSBA will continue to monitor this and other legal action against ECOT.