



DOLCEFINO CONSULTING

August 9, 2021

Editor Jeanne F. Samuels
P.O. Box 153
Houston, TX 77001-0153

via email: editor@jhvonline.com

Dear Ms. Samuels,

On July 30, 2021, the Jewish Herald Voice published a letter to the editor from Steven Finkleman, the liaison from the Jewish Federation of Greater Houston Board to the Hebrew Free Loan Association of Houston (HFLA). In the letter, Finkleman opined that the HFLA provided the “highest level of transparency” and called HFLA’s transparency “well above the norm.” This letter appears to be part of a recent public relations campaign, likely funded in part with scarce donor resources, to attempt to refute reports done by my investigative media consulting firm on the financial irregularities and secrecy of the HFLA. These financial irregularities and this secrecy are simply inexcusable and frankly, an insult to the great history of the organization.

Mr. Finkleman did not return my phone calls, but I am sure he didn’t mean to imply that the Jewish Federation of Greater Houston endorses his personal opinion on HFLA. I have verified with the Chairman of the Federation that the Federation is not in a position as an organization to comment on the findings of our ongoing investigation.

While we can all applaud Mr. Finkleman’s personal contribution to Houston’s Jewish community in general, his comments about HFLA are ill informed at best.

As a long-time investigative reporter, I have investigated charitable organizations for more than four decades. I have been in litigation more than once to require a charity – including the Houston Livestock Show and Rodeo – to comply with Texas law. I am stunned that Mr. Finkleman has decided to attest to the “transparency” of the HFLA.

In February of 2020, Dolcefino Consulting requested inspection of financial records of the HFLA under Texas law, including their federal tax document – Form 990. HFLA apparently used donor funds to have an attorney respond to our request, refusing all compliance, and citing that the HFLA is a unique type of entity under Texas charity laws. If you are thinking about donating to the HFLA you should be wary of any organization which does not require full transparency to the public – especially donors.

Until a few years ago, the HFLA books were open to all who donated more than \$25. I personally made a donation, but HFLA was already well on its way to limiting transparency, even to donors.

In early 2020, the HFLA moved to change their rules so that only members of the organization can have

office 713-360-6911

wayne@dolcefino.com



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access to financial records. However, there's a big catch: new members had to be approved by a small group of existing members. This makes HFLA was more of a private club than a true charity.

Mr. Finkleman clearly did not actually look at the HFLA's 2019 Form 990 tax document – but Dolcefino Consulting did. After our review, we asked Patrick Durio, the former head of the Houston CPA Society, to review HFLA's financials and provide his expert opinion. Durio has warned of many red flags that donors should consider and his comments are included in our investigative reporting on HFLA, which is available on www.dolcefino.com and at Dolcefino Consulting on Facebook.

No financial professional could possibly ignore HFLA's failure to enforce its own conflict of interest policy in the organization. Did Mr. Finkleman not see the statement written in black and white on the HFLA 2019 tax document that said that HFLA does not “monitor and enforce compliance” with its conflict-of-interest policy?

Why is a conflict-of-interest policy important in any charity? To prevent corruption, favoritism, and insider dealing. In the case of HFLA, to prevent any official from being involved in the approval of any loans to relatives, business associates, or friends. It is also important to ensure that a charity doesn't simply limit the membership in the organization only to selected donors who support the charity's leaders.

The real “red flags” in HFLA are the numbers. Let's look at the 2019 tax return.

HFLA's 2019 Form 990 shows that the organization has \$360,000 in idle cash, while reporting on its website that there were total loans outstanding of only \$224,000. How can Mr. Finkleman claim that the HFLA is fulfilling its mission when HFLA is lending out less than 40% of the funds it has available to make loans to those in need?

That same tax return also says that 100% of the endowment (more than \$300,000 at the end of 2019) is invested in the Houston Jewish Community Foundation (HJCF) Index Growth Fund – a good investment. In 2019, HJCF's Index Growth Fund reported a return of 20%. Here is the problem: HFLA reports it made only half that return on the very same fund in the very same year. That is impossible, unless, as Durio worries, money was invested in other places. It is one of the reasons we asked to see the financial records.

Further, it is impossible to understand Mr. Finkleman's contention that the HFLA “provides the highest level of transparency,” and that the HFLA exhibits “the highest-level fiduciary responsibility”. In 2019, the President of HFLA was Houston attorney David Loev – a man who, according to court records, was fined \$50,000 by the SEC and has a long history of representing companies and individuals who paid civil and criminal penalties for financial misconduct. That makes any charity decision to include him in financial decision making simply indefensible.

The Vice President of HFLA until a few weeks ago was another Houston-area attorney – Yigal Saghian.



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After our first investigative report aired Loev and Saghian asked a Houston judge to issue a gag order that would keep their deposition testimony a secret from HFLA's donors – a request that Judge Robert Schaefer denied. Just hours after the gag order was denied, Saghian resigned as Vice President of HFLA. I have seen the depositions and I understand their concern. In his deposition testimony, Saghian could not immediately define an endowment, answer whether a charity files a tax return, or define the term fiduciary responsibility.

The depositions were given in a lawsuit discovered during our investigation. The lawsuit was filed by donor Adam Siegel against HFLA member Jerry Tarnopol for an alleged assault that occurred at an HFLA board meeting in April of 2019. Tarnopol is heard on tape dismissing the donation made in memory of Siegel's mother to seed the endowment, slapping Siegel and cursing him and his family. Tarnopol's comments are available on www.dolcefino.com for all donors and members of the Jewish Community to listen to. What is further appalling is the fact that the HFLA president, David Loev, and treasurer Lawrence Kam, supported an HFLA action to use donor funds to indemnify Tarnopol. Surely even Mr. Finkleman can see that this is a clear-cut breach of fiduciary duty.

It is also inexcusable for HFLA officials to run from legitimate questions posed in front of Dolcefino Consulting's cameras. Those running from legitimate questions include HFLA President Paul Wainstein, who first promised transparency and then hid from questions like every other HFLA official has. You can see the conduct of these HFLA officials on www.dolcefino.com.

HFLA is a charity that has sadly lost its way and has chosen secrecy over transparency under its current leadership. I have seen in the past – storied charity organizations destroyed by public scrutiny. This destruction occurs not because of the legitimate questions but because charity leaders become self-absorbed and fail to make the necessary changes to inspire confidence and continued donations.

In recent weeks I have reached out to Jewish leaders, including some of the synagogue rabbis, to help me reform HFLA, and to save it from its unfortunate leadership and financial mismanagement. The need is great for an organization like HFLA but not as the organization stands.

HFLA can trot out Mr. Finkleman (who should now disclose his family's relationship with HFLA Board Members) and a few other friends, in a public relations campaign to discredit legitimate financial questions. They can feign transparency. The best example of this imagined transparency is the addition of a fragment of the 2019 financial audit to HFLA's website. Take a look. HFLA only wants you to see the first page, not the entire audit. This contrived transparency is part of a pattern.

Finally, friends of HFLA have used social media to suggest that my investigation is motivated by some kind of anti-Semitism. That is simply beyond the pale. Senior members of the Jewish Community know that I was a member of Beth Israel in my youth and that I was President of the entire BBYO Jewish Youth Community



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of Houston in high school. Regardless of my upbringing in the Jewish community, I am a fundamentalist when it comes to charity organizations: total transparency is the only righteous result.

We began investigating HFLA after learning of the mistreatment of an important Jewish donor Adam Siegel. I have met with Mr. Siegel and he loves what HFLA could be and is prepared to continue to financially support free loans for fellow Jews in his mother's memory, but not this HFLA.

After more than a year of investigation, I do not blame him.

Respectfully,

A handwritten signature in cursive script that reads "Wayne Dolcefino".

Wayne Dolcefino
Dolcefino Consulting