

Written by

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## The News UpFront: (TOP STORY) as of Saturday, August 29, 2009

In an apparent show of hands, at least 34 officers and members of NaFFAA expressed their support for past and incumbent officials. The act threw a monkey wrench on a proposal for an internal investigation of NaFFAA. Noticeable, however, was the absence of a co-founder who had denounced the goings-on behind closed doors and reported that \$450,000 had been stolen from the organization. The 34 signatories announced their intent in a manifesto posted online. Critics call it an "official coverup". It seems it did little to erase wide public perception that NaFFAA was drowning in huge financial scandals. ***(Editor's Note: The passing of the said "manifesto" is illegal, as the NaFFAA Ruling Clique could not muster a quorum of its National Board in the teleconference.)*** Aug. 27, 2009,

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### *BOARD UPHOLDS FINANCIAL REPORT*

**NaFFAA Rejects In-House Investigation Into Alleged Fraud,**

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## **Defends Payments to Esclamado Couple and Macabenta**

By ROMEO P. MARQUEZ

The author is a member, Investigative Reporters and Editors (IRE) and the Asian-American Journalists Association (AAJA)

S AN DIEGO – Officials and senior members of the National Federation of Filipino American Associations (NaFFAA) threw out a proposal for an in-house investigation of alleged financial improprieties involving money grants estimated at a minimum of \$450,000 to upwards of \$1-million.

Already faced with dwindling corporate and public support, a shrinking membership base and lack of funds, the officers acted swiftly to restore

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confidence in the organization, promising a vague set of "initiatives to build NaFFAA's resources and capacity".

The NaFFAA officialdom also tried to contain damage to its reputation and arrest its downward spiral by expressing confidence in the past and present NaFFAA chairs who were initially linked with a \$300,000 money grant from Wells Fargo Bank and Wells Fargo Foundation.

The 34 signatories to a manifesto signed on Aug. 27 and released on Friday (Aug. 28) did not include NaFFAA's own whistleblower, Ernie Gange of Philadelphia, a NaFFAA co-founder, who has exposed allegations of fraud in expending the Wells Fargo grant, and has appealed for help in locating \$450,000 he said had been stolen from NaFFAA.

Editor's Note: Please see the reproduction in the User's Comments of an e-mail sent to the NaFFAA's Communications Director by Bobby Reyes wherein the lack of quorum in the Aug. 27<sup>th</sup> teleconference made impossible the passing of the said manifesto.

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The manifesto upheld the audited financial report by a private company detailing NaFFAA's revenues and expenditures in 2002, practically trashing a suggestion by regional NaFFAA chair in New York, J. T. Mallonga, to create a board of inquiry to investigate widespread allegations of financial improprieties.

Atty. Mallonga himself was a signatory, implying he had agreed to dump his own proposal and to vouch for the integrity of the NaFFAA officials.

"Our audited financial reports x x x will belie any charge of fraud, misrepresentation or fiscal impropriety," NaFFAA national treasurer Ludy Corrales said, according to an official press statement by NaFFAA spokesman Jon Melegrito.

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Ms. Corrales had earlier trounced NaFFAA critics as "bullsh\_tters" and called their demand for copy of financial report as "bullsh\_t".

Neither Ms. Corrales nor Mr. Melegrito explain why it took NaFFAA seven years to bare the contents of the financial report, the basic document long demanded to be released by investigative journalist Bobby Reyes of Los Angeles.

Mr. Gange, on the other hand, publicized parts of the documents this month and posted the relevant information online, forcing NaFFAA to speak out.

Sustaining the financial report has rendered Atty. Mallonga's proposal moot. But it did not erase a lingering suspicion of wrongdoing by NaFFAA's top officials, including founding chair

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Alex Esclamado and incumbent chair Greg Macabenta.

The financial report showed that Mr. Esclamado, who is now retired, had been paid \$38,000 -- labeled as stipend -- in 2002 for securing the Wells Fargo grant. He pocketed another \$20,000 the year before.

His wife, Lourdes M. Esclamado, had received \$18,000 in 2002 and another \$27,500 in 2001 for what was billed as "professional services". Earlier this month, Mrs. Esclamado stressed she had no knowledge of the \$300,000 grant her husband had negotiated with Wells Fargo.

Editor's Notes: As a standard operating procedure, payments to top officers of public-benefit corporations require a Board resolution to make them legal. Ernie Gange, a NaFFAA

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cofounder, says that he could not recall any Board resolution from 2000 to 2002 that authorized the said payments to the Esclamado couple. This website will arrange an interview between Mr. Gange and Romy Marquez to verify the former's allegation.

Mr. Macabenta, who was so vehement in denying getting money from Wells Fargo, was the recipient of \$1,000 paid out to his company, the Minority Media Services Inc., by NaFFAA. He has previously admitted making money from "professional" deals with Wells Fargo bank supposedly two years before NaFFAA's birth in 1997.

Mr. Macabenta's advertising solicitor for his *Filipinas* magazine, Lorna Dietz, also a NaFFAA "online coordinator", had insinuated a link between the Wells Fargo grant and the financial well-being of the publication, saying if that money truly existed, *Fil*  
*ipinas*  
would not have financial problems.

Mr. Reyes, on the other hand, claimed the payments made to the Esclamado couple and Mr. Macabenta were "illegal".

"As I have stated," he explained, "the law on public-benefit entities (non-profit foundations) -- like the NaFFAA -- prohibits the payment of salaries and/or commissions to its officers or Board members -- unless they are also full-time or part-time employees of the said entity".

The Esclamados and Mr. Macabenta were practically cleared by those who signed the manifesto, which was apparently drawn up after a telephone conference on Thursday, Aug. 27.

**\* Editor's Note: The validity of the manifesto is now in question for the lack of a quorum .**



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The NaFFAA board members, according to a press statement, "strongly repudiated baseless accusations of financial misconduct by their executive officials x x x widely circulated in some Filipino-American newspapers and in the Internet".

"We strongly condemn all the malicious attempts by certain individuals in our community to impugn our national chairman's character and integrity, and by inference the integrity of the National Federation of Filipino American Associations as an institution," the manifesto declared. # # #

This “Breaking News” was sent by Romeo P. Marquez, editor, *Philippine Village Voice*

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