

By JOSEPH G. LARIOSA

(Journal Group Link International)

CHICAGO, Illinois (JGLi) – The \$1,000 paid by NaFFAA to Minority Media Services owned by National NaFFAA chair Greg Macabenta were spent for the “professional services” for “news gathering, writing, editing, lay outting and trafficking (of news items) to *Philippine News*” on the “weekly full page editorial type report on the activities of NaFFAA for *Philippine News*” in 2002 and 2003.

Jon Melegrito, spokesman of the National Federation of Filipino American Associations, quoted Mr. Macabenta, who was also a NaFFAA officer at that time, as saying that the “Minority Media Services was commissioned to put out a weekly full-page editorial-type report on the activities of NaFFAA for *Philippine News*, which was willing to give NaFFAA a full page (publicity) for free as part of Alex’s (Esclamado) privileges as former owner. The work entailed newsgathering, writing, editing, lay outting and trafficking to *Philippine News*. It also entailed staff time and expenses on our part.

“For that I asked for compensation for my company because that constituted professional services.”

Mr. Macabenta said, “the full page NaFFAA News came out in the following *Philippine News*'

issues on the following dates: 6/15-11, 2002, 6/12-18, 2002, 7/03-9, 2002, 7/10-16, 2002, 7/17-23, 3003 (sic), 7/31-8/06, 2002, 8/14-20, 2002, 8/21-27, 2002, 9/18-24, 2002, 9/25-10/01, 2002, 10/09-15, 2002, 10/16-22, 2002, 10/23-29, 2002, 10/30-11/05, 2002, 11/06-12, 2002, 11/13-19, 2002, 11/20-26, 2002, 11/27-12/03, 2002, 12/04-10, 2002, 12/25, 2002-01/07, 2003 and other missing clips.

Mr. Macabenta said “Our agreement was for \$500 per issue. Needless to say, NaFFAA had no funds to cover that. I had to settle for what NaFFAA could pay, until the deal with *Philippine News* expired. I did ask NaFFAA members to volunteer to do the job, instead of me. No volunteers.”

For Mr. Macabenta settling to get paid \$1,000, NaFFAA saved at least \$9,000 from the deal.

It is not known if the \$1,000 given to Minority Media Services is part of the \$14,000 spent by NaFFAA for 2002 and \$1,748 for 2001 (for Advertising and PR).

Mr. Macabenta was reacting to questions posed by this reporter related to the NaFFAA's Financial Statements posted online recently by his critics, notably, Los Angeles, California, community activist Bobby M. Reyes and San Diego

,
California-based
publisher, Romy Marquez.

Messrs. Reyes and Marquez are seeking detailed accounting of the \$300,000 donated by Wells Fargo Foundation in 2002.

Criticisms against NaFFAA's financial records are being raised for the first time ahead of the Sept. 4-6, 2009, Region 3 conference in Chicago, Illinois.

Editor's Note: This is not the first time Bobby Reyes has claimed that there are financial improprieties in the NaFFAA. He raised first the issues of lack of accountability and absence of transparency in May 2000 and continued to expose the alleged financial scams in the NaFFAA year after year thereafter. It is only now that Mr. Reyes has obtained copies of the financial statements of the NaFFAA, which he described as contained "highly irregular entries."

In previous NaFFAA conventions, financial records have never been publicly discussed as it took NaFFAA officers a long time to produce audited financial reports.

IRS REQUIREMENT

According to the U.S. Department of Treasury's Internal Revenue Service, an organization exempt under § 501(c)(3), like NaFFAA, must make available for public inspection and copying any Form 990-T, Exempt Organization Business Income Tax Return, filed after August 17, 2006. Returns must be available for a three-year period beginning with the due date of the return (including any extension of time for filing). For this purpose, the return includes any schedules, attachments, or supporting documents that relate to the imposition of tax on the unrelated business income of the charity.

The documents being raised by critics for the first time are seven years old. But it is only being made public for the first time by some NaFFAA anonymous insiders to its critics.

Regarding the \$38,000 in 2002 and the \$20,000 in 2001 that Alex Esclamado, then NaFFAA's national chair, received from NaFFAA, Mr. Macabenta said they were NaFFAA's reimbursements for "outstanding advances from the National NaFFAA Chairman." He added, "I am aware of the considerable expenses of Alex and (his wife) Luly Esclamado incurred to organize NaFFAA, from literally driving and flying across the country to urge participation in the 1st National Empowerment Conference in late August 1997 up to the time he had to step down from his post due to a developing ailment."

If the NaFFAA Board passed a resolution 2002, authorizing the conversion of the amount into a liability to the National Chairman (Esclamado), hence, given a retroactive effect in 1997 financial statements, I would think the Board had a good reason for passing that resolution. If I did vote for it, I would not have regretted it then or now," Macabenta added.

He explained that "at the planning and strategy meeting that I convened in Washington DC, I specifically said that I was not averse to have NaFFAA members or officers earn a fee for funds they helped raise for the organization, to the extent allowed by law, the only condition being that the privilege would be open to everyone and all funds would be accounted for. While it is true that we are an organization of people willing to devote as much of our time, treasure and talent, there are realities, such as the need to reimburse or compensate a member or officer for needed services or expenses that are clearly beneficial to the organization. If the Board

authorized the stipend for the National Chairman, then the Board must have had a good reason for doing so. The fact is that, because of his efforts, Alex raised substantial sums that kept NaFFAA operational up to the time Loida Lewis took over as National Chair.

\$442,600 DONATIONS TO NaFFAA

In the case of Luly Esclamado, who was reimbursed by NaFFAA with \$18,000 in 2002 and \$27,500 in 2001, Mr. Macabenta said, "If, as you say, "professional services" were rendered, then the Board must have had a good reason for approving it."

Editor's Note: Mr. Macabenta and the other NaFFAA national executive officers (NEOs) continue to ignore the fact that Mrs. Luly Esclamado acted as the "assistant national treasurer" and she maintained custody of all the NaFFAA checks. This led elected NaFFAA National Treasurer Klaus Buntua to resign in 2001, as he did not like being a mere decorative item in the NaFFAA treasury. Mr. Reyes insists that the NaFFAA Board of Directors did not authorize any payment of stipends or professional-services fee to the Esclamado Couple.

In its financial report "for the year ended Dec. 31, 2002," NaFFAA collected grants from the following: \$300,000 from Wells Fargo Foundation; \$90,000 from Ford Foundation; \$25,000 from The Reginald F. Lewis Foundation; \$10,000 from TLC-LC, Inc.; \$10,000 Alston & Bird, LLP; \$5,000 from Edison International; and \$2,600 from various individuals for a total of \$442,600.

But the critics pointed out the bulk of the expenses were spent for consultant fees to the tune of \$137,000 in 2002 or nearly 30 percent of the income, \$42,088 for payroll and benefits; \$36,872 for travel; \$35,553 for conferences and meetings; and \$38,000 for stipend.

Total expenses for 2002 were \$407,937 and \$178,000 in 2001 or a grand total of \$585,000.

According to Dr. Joyce Bruce if \$442,600 is deducted from the total declared income of \$445,783, it should leave a balance of \$3,183 for NaFFAA.

Mr. Melegrito said all the expenses of NaFFAA are covered by receipts and are available upon request.

A check by the reporter confirmed that Greg Macabenta has nothing to do with the solicitation of the \$300,000 grants from Wells Fargo as claimed by Bobby Reyes.

Editor's Note: Bobby Reyes insists that Greg Macabenta was the "Tonto in the NaFFAA if Alex Esclamado was the federation's Lone Ranger." He is optimistic that federal authorities will confirm his allegation that Messrs. Esclamado and Macabenta were part of a conspiracy to defraud the NaFFAA in violation of the "Racketeer Influenced and Corrupt Organizations (RICO) Act." Mr. Reyes is scheduled to file with the United States Department of Justice his claim of the NaFFAA NEOs' violation of the RICO Act and the Internal Revenue Code.

Tim Hanlon, president of Wells Fargo Foundation, told this reporter in an email that his foundation had given NaFFAA two grants in 2002. One was in the amount of \$100,000 to support NaFFAA's annual conference and one was in the amount of \$200,000 to support general operating fund of NaFFAA.

Mr. Hanlon said "if someone was paid by NaFFAA after we donated funds directly to NaFFAA, I wouldn't have a way of knowing that. Dae Advertising had nothing to do with the grant request, not one thing. I met Alex Esclamado years ago, through Greenling Institute meetings, and he came to

Nothing is Missing from NaFFAA's \$300,000 - MabuhayRadio

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be directly for the funding. Until the last couple of days, I'd never even heard the name of Greg Macabenta. (lariosa_jos@sbcglobal.net)

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