



**RUFFNER
SCHOENBAUM
MURPHY
BANASZAK**

Jenny Settle Jackson
Jenny@rsmbllaw.com
(512) 298-1098 direct
Partner, Business Litigation

March 28, 2023

Keana Taylor
Upshaw PLLC
914 E. 25th Street
Houston, TX 77009

via email to: keanataylor@upshawpllc.com

Re: CONFIDENTIAL SETTLEMENT COMMUNICATION UNDER TRE 408,
regarding dispute between Megumi Hada/Stas Venglevski and Innovative
Accordion Music Productions

Dear Ms. Taylor:

Thank you for your time on the phone last week. I received your letter dated March 27, 2023, in which you demanded payment of more than \$13,000.

By way of background, Innovative Accordion Music Productions (IAMP) is a Texas Non-Profit Corporation and 501(c)(3) Charity. According to IAMP's Certificate of Formation, its charitable purpose is "to create, promote, and support educational activities and entertainment programs for accordion players and enthusiasts of all ages." Your clients are private individuals who are affiliated with a group called the Houston Accordion Orchestra. The Houston Accordion Orchestra (HAO) is not currently a Texas Non-Profit Corporation, nor is it a 501(c)(3) Charity. In the past the IAMP has sponsored the Houston Accordion Orchestra by providing financial and logistical support for HAO's annual retreat, which includes youth scholarships. Ms. Hada was previously the Vice President of IAMP's Board of Directors, but she was removed from that position due to a conflict of interest.

Mr. Venglevski and Ms. Hada recently expressed their desire to terminate the relationship between IAMP and the Houston Accordion Orchestra. Mr. Venglevski's text to that effect is enclosed for your convenience. Ms. Hada also sent a communication threatening defamation and legal action if IAMP did not immediately pay \$14,000 to Ms. Hada and to Mr. Venglevski. That correspondence is also enclosed.

There are a number of factual and legal issues with your clients' demand. Your demands are based on a fundamental misunderstanding of the law governing charities and charitable donations. I spent seven years in leadership roles with the Office of the

March 28, 2023

Page 2 of 3

Texas Attorney General's Consumer Protection and Financial Litigation and Charitable Trusts Divisions, which regulate charities and charitable donations in Texas.¹ Acquiescence to your clients' demands would violate numerous laws and regulations on non-profit governance.

Your letter demands payment of two types of funds: (1) the 2022 Donation from Mr. Venglevski and (2) the balance of the funds received through registration process for the January, 2023, HAO retreat. The accounting you provided for the Houston Accordion Orchestra Retreat omitted several expenses paid by the IAMP. Ms. Hada has also refused to provide IAMP with copies of the registration forms that memorialize the various donations at issue in your demand. The letter acknowledging Mr. Venglevski's gift of \$7,086.94 on March 2, 2022, states that the donation "will be used to support the Houston Accordion Orchestra, which will convene in Kemah, TX in January of 2023." The Houston Accordion Orchestra did convene in Kemah, TX, in January of 2023 and IAMP provided financial support for that event, fulfilling any obligations that existed regarding this donation. You also provided a document showing \$5,900 in donations made for youth scholarships, every penny of which was used by IAMP to subsidize registration fees for the HAO Retreat's youth participants. To the extent that Hada and Venglevski seek payment of any other funds provided to IAMP as a donation, those funds were donated to IAMP as the only 501(c)(3) charity in existence at the time of the retreat. Ms. Hada and Mr. Venglevski were then and are now private individuals unaffiliated with any organized nonprofit entity, and therefore they cannot legally receive charitable donations. If IAMP were to give either one of them any amount of money under the current circumstances, IAMP would potentially violate an array of state and federal laws and regulations on nonprofit governance.

As a non-profit organization, the IAMP is bound by fiduciary duties to act in the best interests of the organization and to uphold its mission. *E.g.*, Tex. Bus. Orgs. Code § 22.221. Gifts to charity must be used for the entity's charitable purposes. *E.g.* Tex. Bus. Orgs. Code § 22.054; Tex. Prop. Code § 123.001. Any distributions by the charity must be made in accordance with the purpose of the corporation as stated in the certificate of formation and in a manner consistent with the fiduciary responsibilities of the board of directors. Tex. Bus. Orgs. Code § 22.054; *Blocker v. State*, 718 S.W.2d 409, 415 (Tex. App. – Houston [1st Dist.] 1986, writ ref'd n.r.e.). Donations belong to the public interest in charity, not to the donor, and donors generally do not have the right to direct the operation of the charitable organization to which they donate funds. *McLennan Cty. Appraisal Dist. v. Am. Hous. Found.*, 343 S.W.3d 509, 512 (Tex. App. – Waco 2011, pet. denied). IAMP's tax exempt status as a 501(c)(3) organization could be jeopardized if it allows donated funds to inure the benefit of a private person or individual. IRS Compliance Guide for 501(c)(3) Public Charities at 4, IRS Publication 4221-PC (rev 3-

¹ <https://www.texasattorneygeneral.gov/divisions/charitable-trusts>

March 28, 2023

Page 3 of 3

2018)². In addition, members of nonprofit corporations have immunity from personal liability for the nonprofit's liabilities and debts. Tex. Bus. Orgs. Code § 22.152. If you were to file suit, you would be required to provide notice to the Texas Attorney General's Office of the proceeding so that they could review the action for compliance with applicable laws and standards, and the Attorney General may be awarded its costs and fees if it intervenes in such a lawsuit. Tex. Prop. Code § 123.003.

Because IAMP would like clarity around the termination of its dealings with Ms. Hada and Mr. Venglevski, and because you represented that Ms. Hada and Mr. Venglevski are in the process of forming their own nonprofit entity, IAMP proposes the following compromise. If the nonprofit entity is fully formed, meaning registered with the State of Texas as a nonprofit entity and granted 501(c)(3) status by the U.S. Internal Revenue Service, on or before October 15, 2023, IAMP will make a charitable donation in the amount of \$7,000.00 to that nonprofit entity. Any such donation will be restricted to IAMP's charitable purpose, which is "to create, promote, and support educational activities and entertainment programs for accordion players and enthusiasts of all ages." The proper formation and recognition of the nonprofit entity, and delivery of supporting documentation, are conditions precedent to the donation. To be clear, the documentation proving the valid formation must be delivered to IAMP on or before October 15, 2023, otherwise IAMP will use the funds to support its charitable purpose. This offer of compromise is expressly conditioned execution of the enclosed Settlement Agreement that memorializes this proposal.

IAMP is under no obligation to provide Hada, Venglevski, or anyone else affiliated with the Houston Accordion Orchestra with any funds. This offer is made solely to resolve the disputes raised by your clients and to allow all parties to move forward with this matter behind them while complying with the letter and spirit of the laws governing nonprofits and charitable donations.

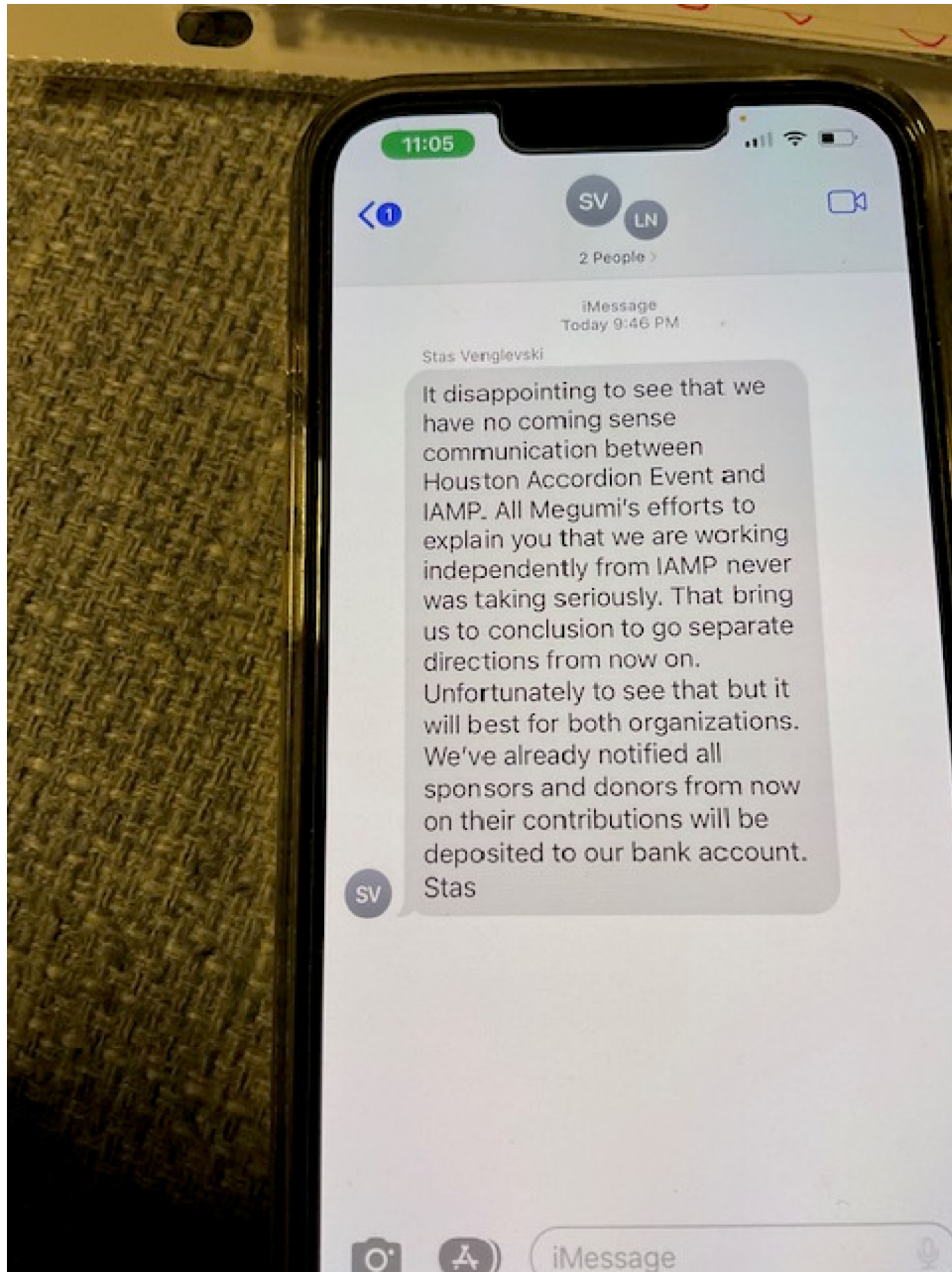
The offer remains open until 5:00 pm on Monday, April 3, 2023. The Settlement Agreement bearing both of your clients' signatures must be received by this deadline.

I look forward to working with you toward resolution of this matter.

Very truly yours,
/s/ Jenny Settle Jackson

Enclosures *as stated*

² Available online <https://www.irs.gov/pub/irs-pdf/p4221pc.pdf>.



11:05



1

SV

LN



2 People >

iMessage
Today 9:46 PM

Stas Venglevski

It disappointing to see that we have no coming sense communication between Houston Accordion Event and IAMP. All Megumi's efforts to explain you that we are working independently from IAMP never was taking seriously. That bring us to conclusion to go separate directions from now on. Unfortunately to see that but it will best for both organizations. We've already notified all sponsors and donors from now on their contributions will be deposited to our bank account.

SV

Stas



iMessage





Jenny Jackson <jenny@rsmbllaw.com>

Fwd: Re: Request for the financial support for HAOR2024

----- Original Message -----

From: Megumi Hada <meghada33@gmail.com>

To: ShirleyJ@vjeverica.com

Cc: Stas Venglevski <stasvenglevski@wi.rr.com>, Jim Rice <jimricevt@gmail.com>

Date: 03/06/2023 10:28 AM EST

Subject: Re: Request for the financial support for HAOR2024

Dear Shirley,

Please contact me if you would like to resolve this short of becoming involved in a legal battle. I trusted you to honor the verbal agreement and that's why we gave you money. I'd like to remind you that the accordion world is a small world, and it would be best to resolve this amicably. \$14,000 the amount I believe is due to be paid. And we would like to have a written explanation of why you believe it is not due to us.

Megumi

On Mon, Mar 6, 2023 at 12:39 AM Megumi Hada <meghada33@gmail.com> wrote:

Dear Shirley,

I received your decision.

First of all, please take out all Houston Accordion Orchestra contents from the IAMP website immediately.

Our lawyer will contact you for the next step.

Megumi Hada

Megumi Hada

On Sun, Mar 5, 2023 at 9:23 AM <ShirleyJ@vjeverica.com> wrote:

Hello Meg,

Thank you for your proposal.

After much consideration, the IAMP Board of Directors has decided that this proposal is not accepted.

Sincerely,

Shirley Johnson
IAMP President
512-680-0422
ShirleyJ@Vjeverica.com
www.InnovativeAccordions.org

On 03/01/2023 2:14 PM EST Megumi Hada
<meghada33@gmail.com> wrote:

Dear Shirley,
Attached the request of \$3,000.00 for financial support for arranging orchestra music. Please let me know whether this is available.
Best regards,
Megumi