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Former Mosdos executive in legal hot water

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CJN FILE PHOTO

Rabbi Zvi Yehuda Morgenstern, believed to be the primary fundraiser for the debt-plagued Mosdos Ohr Hatorah Orthodox Jewish day school in Cleveland Heights, has a criminal past.

And a litigious present: Morgenstern is a defendant in two lawsuits filed against Mosdos within the past two months.

According to the Cuyahoga County Court of Common Pleas website, Morgenstern – also known as Leon Morgenstern – pleaded guilty to sexual imposition and aggravated trespassing in February 1998.

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Morgenstern, former executive vice president of Mosdos Ohr Hatorah, was sentenced to six months in Cuyahoga County Jail on one count and 60 days on the other count, the website states. But Common Pleas Judge Kenneth Callahan suspended the sentences, and instead Morgenstern was to serve 18 months of probation, perform 100 hours of community service and receive psychological counseling.

In April, Morgenstern filed for expungement of his criminal record, according to the website. That case is still pending in the Cuyahoga County court.

Harvey Bruner, Morgenstern's attorney, said he could not comment on the charges from 1997.

Morgenstern, 59, is not listed as a registered sex offender in Cuyahoga County. Joe Frolik, spokesman for the Cuyahoga County Prosecutor's Office, said at the time Morgenstern was charged, he was not required to register.

A phone call to Morgenstern's Cleveland Heights home was not returned.

Mosdos Ohr Hatorah is about \$14 million in debt and has applied for a judicial dissolution in Cuyahoga County Common Pleas Court.

Victor Newman of Lakewood, N.J., filed a federal lawsuit June 26 in U.S. District Court, Northern District Court of Ohio in Cleveland. Newman is seeking \$305,060, plus interest and other costs.

Ronald Goldberg, a former resident of North Olmsted and Avon who lives in Chandler, Ariz., filed a lawsuit against Mosdos July 24 in Cuyahoga County Common Pleas Court, seeking \$270,000. Goldberg said that amount is the principal he loaned to Mosdos, via Morgenstern, in the early 1990s.

'He lost his compass'

In a telephone interview, Goldberg said about 200 people or families are owed money by Mosdos after receiving guarantees on interest-bearing loans. He believes Morgenstern, who solicited many of the loans, was running a "Ponzi" scheme.

"Rabbi Morgenstern was cutting deals with people, using people," he said. "His forte was being a fundraiser. He was always trying to bring in new blood. Somewhere along the line, he lost his compass."

Goldberg, 80, said he believes Morgenstern did what he knew how to do to help keep Mosdos afloat.

"I don't think Rabbi Morgenstern is a thief," Goldberg said. "I don't think a dollar went into his pocket. But I do believe he was a crook because he was on (Mosdos') payroll for over 20 years."

Bruner said Morgenstern denies any wrongdoing in the Mosdos case.

The Jewish Federation of Cleveland has not provided funding to Mosdos "because they (Mosdos) would not open their books to the Federation," Goldberg said.

Renee Chelm, the Federation's board chair, would only confirm that Mosdos is not a beneficiary agency of the Federation's annual Campaign for Jewish Needs.

"While the Jewish Education Center of Cleveland does support some educational programming at Mosdos, we have nothing to do with their financial underpinnings and cannot speak to their situation," Chelm said in an emailed statement.

According to the Federation's most recent annual report, all other Jewish day schools in Greater Cleveland – including The Agnon School and Fuchs Mizrahi School in Beachwood, Gross Schechter Day School in Pepper Pike and Hebrew Academy of Cleveland – are listed as partner agencies of the Federation.

'It was a win-win'

Goldberg said he met Morgenstern while studying at Telshe Yeshiva in Wickliffe in the early 1990s.

"He asked if I was interested in lending money," he said. "He said, 'If you are able to help Mosdos, we'll give you 8 percent (interest).' It was a heck of a lot better than you get at a bank. It was a win-win and I fell in line."

Goldberg said a 1099 form was never provided. He said he trusted Morgenstern.

"I never asked, and they never explained why," he said. "I'm pretty sure what they were doing was strictly illegal."

Goldberg, who said he was never an Orthodox Jew but “grew up Jewish” in Cincinnati, said he agreed to the loan because he “wanted to do something for the kids, so they could have a Jewish education.”

“I was always proud of that because I was doing something for my Jewish faith,” he said. “I rationalized that I was doing something honorable with my life.

“This money was for my sons and my grandchildren. I thought it was in the bank. But I robbed my grandchildren; I’ve affected their college education.”

Goldberg said he did receive monthly checks from Mosdos with 8 percent interest on his loan “for years,” often with a note from Morgenstern attached. The last time he received a “good check” was in March, he said. The check he received in April bounced, he said.

No more loan repayments

On March 6, Goldberg received a letter from Mosdos indicating that the school had incurred more than \$13 million of “unsecured indebtedness comprised of unsecured loans” that have essentially covered the school’s operating deficits for many years. As a result, effective immediately, all repayments of “unsecured loans” would cease, the letter stated.

On March 19, Goldberg received another letter, signed by Rabbi Moish Tohn, in which he was asked to sign a release, discharging all indebtedness owed by Mosdos and agreeing not to make any claims in the future. Goldberg refused to sign it.

In the letter, Tohn indicated he had agreed to serve as Mosdos’ interim chief financial officer “to see the school through this difficult time.” He noted new board members and officers would be named.

Attempts to reach Tohn for comment were unsuccessful.

Mosdos’ entire board was replaced in the spring, said Harry Brown, a lawyer whose firm is representing Mosdos in the dissolution case.

“It was time for a change,” Brown said. “It’s not unusual for troubled entities to seek new leadership.”

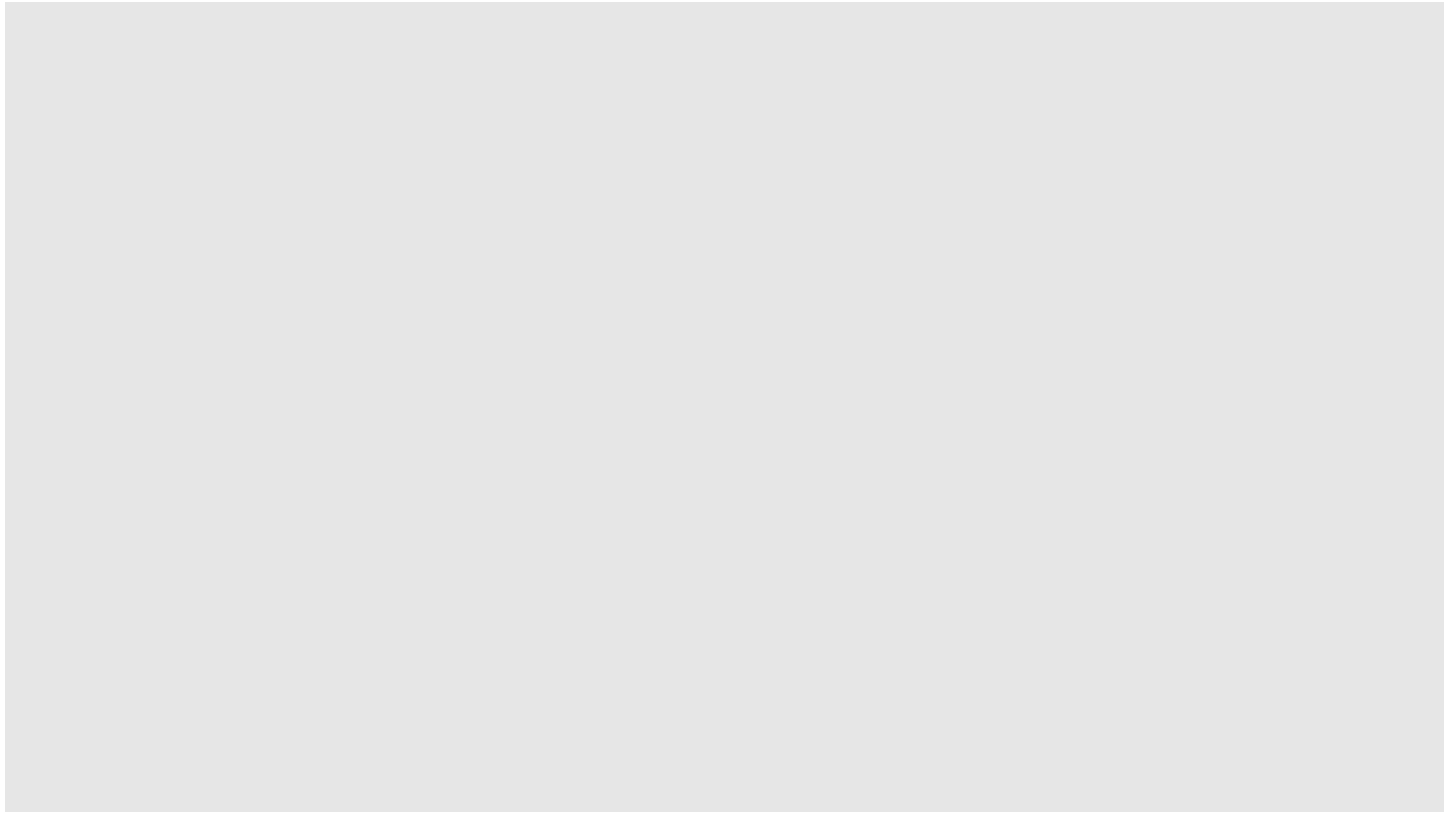
Goldberg, who moved to Arizona in 2007, said he is not optimistic he will get his money back, but he filed the lawsuit anyway because he wants “to bring tsoris (trouble) to (Mosdos’) front door.”

“My lawyer, Ellen Kramer, does not give me a lot of confidence it’s going to go my way,” he said. “She’s not offering me a lot of encouragement.

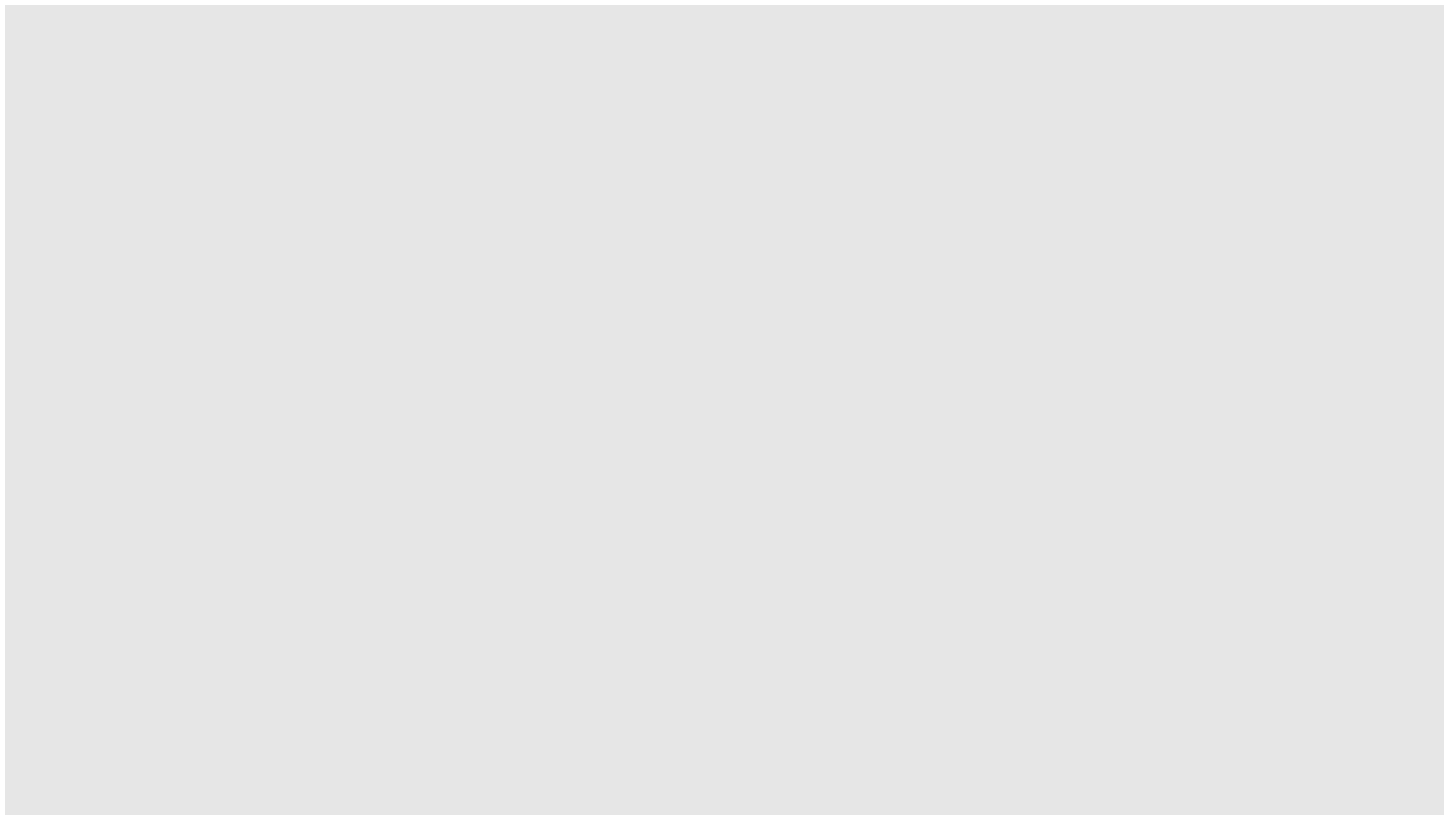
“This has been an emotional thing for me. (Mosdos) will open its doors under a different name, and life will go on for them. But I have not an ounce of respect for them, the way they operate. And 200 families are out a lot of gelt (money).”

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