

## **Investigation of Reginald Hislop III<sup>i</sup>**

**Reginald Hislop III claims the following academic credentials<sup>ii</sup>:**

**Bachelor of Science Degree in Business Administration and Finance, Marquette University.**

Marquette University **confirms** that Reginald Hislop III graduated in 1982 with a B.S. degree in business.

**Master of Arts in Applied Mathematics, Marquette University.**

Marquette reports having **no record** that Reginald Hislop III has a master's degree of any kind from the university.<sup>iii</sup>

**Ph.D. Degree in Economics (Macro-Political, and Social Economics) from the University of Toronto Rotman School of Management.**

The University of Toronto reports that "Hislop/Reginald Hislop III has **no degree** from the Rotman School of Management or any other university program".<sup>iv</sup>

**Loyola University, Master of Business Administration Program Faculty Member. Reginald Hislop III claims he "... served on a number of different university faculties, teaching at the graduate level – usually business for a number of years, I taught in the MBA program at Loyola University."**<sup>v</sup>

The Quinlan School of Business, Loyola University, reports that they "**... are not familiar with Reginald Hislop III**".<sup>vi</sup>

**Reginald Hislop III has publicly stated that he has authored over 200 published articles and academic research papers.**<sup>vii</sup>

A comprehensive search of academic and nonacademic databases of publications revealed that Reginald Hislop III has **no academic publications**. He has only one publication, *The Politics of Medicare and Prescription Drug Costs*, Human Rights (Chicago Ill.), 2001, Vol. 28 (2), p. 15-23; Chicago Section of Individual Rights and Responsibilities of the American Bar Association. This is an opinion piece on adding drug benefits to Medicare, in an obscure publication, not related to the management of continuing care retirement communities.

## **Reginald Hislop III Claims to be an Ordained Methodist Minister<sup>viii</sup>**

Reginald Hislop III's **name has not been found** on any public lists of ordained Methodist ministers. **This claim needs to be documented.**

## **Board of Directors Memberships<sup>ix</sup>**

Reginald Hislop III has stated: **"I've served on over two dozen boards of directors as a director and as an officer. The mix ranges from nonprofit organizations to publicly traded companies. I currently serve on two boards (both private for-profit) ARC Capital and BW Strategies."**

**ARC Capital** is a commercial real estate acquisition and repositioning company located in Los Angeles, California, listing a team of nine people. This very small firm **does not list or appear to have a board of directors.**<sup>x</sup>

There are two BW Strategies companies: 1. BW Strategies, a Virginia based very small firm that provides messaging and digital demographic targeting consulting to political candidates. This company **does not list a board of directors and appears much too small to have one.** 2. BW Strategies (Blake-Wilder) of Florida is a small, fewer than ten employees, real estate acquisition and real estate targeting firm. This company **does not list a board of directors and appears much too small to have one.**<sup>xi</sup>

**A search of publicly traded boards of directors failed to find a Reginald Hislop III as a member.**

The claim to have **"... served on over two dozen boards of directors ..."** is **hard to believe.** While Reginald Hislop III has been on boards, serving on a board of directors is time consuming, and membership typically lasts for many years. Reg Hislop III should be **required to document this claim of over two dozen board of director memberships.**

## **Other biographical claims made by Reginald Hislop III:**

**"In 1979 I was drafted by the Minnesota Twins and ended up playing minor league ball in their organization, subsequently, the Chicago White Sox. I played in the Midwest League or as we used to call it the dirt circuit."**

The Minnesota Twins 1979 draft is a public record available online, **Reginald Hislop III Hislop is not among those drafted that year.**<sup>xixiii</sup>

When interviewed by a reporter<sup>xiv</sup>, Reginald Hislop III was asked, “What was your biggest break?” His answer: **“Tearing cartilage in my knee in spring training for the Chicago White Sox and then being designated non-roster after the season ended (1979). Caused me to complete my education and become serious about school.”**

The Chicago White Sox 1979 spring training roster is a public record available online, **Reg Hislop III is not listed as a player that year.**<sup>xv</sup>

**“I’m a veteran (Air Force enlisted) ... of the First Gulf War/Desert Storm.”**<sup>xvi</sup>

Reginald Hislop III, about age 30, claims to have served in Operation Desert Storm. However, he describes his activities at this time differently: “... I was in my late twenties, mid-way in my doctoral studies.”<sup>xvii</sup> Was he in the Air Force at this time, or a doctoral student? Claiming to be a military veteran during wartime is a serious statement. **He should be required to document this claim – or that he was a doctoral student at this time.** (Hislop was employed by VMP at the time of the First Gulf War/Desert Storm.)

### **The Oakwood Business Model:**

Continuing Care Retirement Communities such as Oakwood operate for financial stability with high levels of resident services. Although this isn’t openly discussed, seniors become residents at Oakwood for life; they come until the end of their life, they come to the community to die. The hope is to reside in Independent Living for as long as possible, to the end of life for most residents. Some, not an insignificant number, will require continuing care: Assisted Living, Skilled Nursing Assistance, or Memory Care. All residents reasonably expect high quality services such as life enrichment programs and activities, health and wellness services, social worker services, dining services, pharmacy services, and well-kept grounds and buildings.

All the resident services, and continuing care, are **expected** to require a subsidy. They are **NOT** anticipated to operate at breakeven or above financially. The business model depends on Independent Living resident revenue being able to pay all expenses, including the subsidy of resident services, continuing care, maintenance, and reinvestment in buildings and equipment. The source of this Independent Living income is comprised of service fees and net entrance fee payments. These fees are considerably more than direct Independent Living expenses as required by this business model. The **Key Success Factor** is a high proportion of Independent Living residents and apartments compared to continuing care units and beds. It has been the high ratio of independent living apartments to continuing care units and beds that has made Oakwood a top quartile financial performer for a number of years.

An Oakwood University Woods comprehensive development plan was completed in 2019. In keeping with Oakwood's business model and key success factor, Phase I of this development started with a new Independent Living apartment building. Unquestionably, this was the correct approach as the excess in service fees and net entrance fees would be available to subsidize the replacement of Hebron and Tabor. This comprehensive campus plan was professionally developed and sound. Unfortunately, Reg Hislop III killed this project, claiming that the corporation was in "dire" financial condition when it was financially in the top quartile<sup>xviii</sup> of accredited continuing care retirement communities. The fact of the sound financial condition of Oakwood in 2019, 2020, and 2021 can be confirmed by any outside expert who examines the corporations' financial statements. Hislop demonstrated a complete lack of understanding of the business model and key success factor of continuing care retirement communities such as Oakwood.

### **Self-Proclaimed Achievements of Reginald Hislop III<sup>xix</sup>:**

- **"I've added a hospice agency to Oakwood to provide end-of-life and palliative care services to residents. Next year, this agency should generate an additional \$1.5 to \$2 million in revenue."**

Reg Hislop often talks about diversifying and expanding revenue. What he doesn't seem to take into consideration are the expenses that come with this new revenue. Hospice is well compensated by Medicare and on the surface, it appears to be an attractive potential source of new revenue. Reg Hislop has hospice care experience at some level and should know that hospice care requires a scale that is unlikely to be achieved with the 12 beds Oakwood is dedicating to this service. Hospice requires 24 hours, 365 days a year, on-call physicians, registered nurses, social workers, pharmacists, and grief counselors (before death and after for family members). Hospice is not typically a direct admission to a facility; the care starts in home with frequent nurse and social worker visits. Equipment needs to be available to patients on demand. This includes hospital beds for in-home use, mobility equipment, special medical supplies such as catheters (hospice needs to change them as needed), pain medication drips, oxygen, and much more. If it was easy to make money through hospice service, there would be many organizations expanding into this service area – there are not. Reg Hislop is headed into a situation that is never likely to break-even financially, or even cover start-up costs paid for by residents. The operating shortfall MUST be subsidized by Independent Living residents under the Oakwood business model – there is no other choice. This is a decision that is likely to put financial stress on the corporation without a new independent living building.

- **"I've added a home health agency to Oakwood to provide home care and personal care services to our residents. Next year, the agency should generate an additional \$2 million in revenue."**

While Reg Hislop mentions applying care to residents, this addition was originally touted as being for the broader community, as well, not just residents. Reg Hislop is focused on additional “revenue” but is silent on the costs associated with this start-up venture. In the current labor market shortage for medical personnel such as nurses and Certified Nurse Assistants, the timing seems questionable for entering this market that has low margins and with many home health care organizations in risk of failure as they operate at a deficit. Home health care was not part of the comprehensive development plan for Oakwood with good reason. It is highly risky, and start-up costs are likely not to be covered let alone reaching breakeven. If this risky venture operates at a deficit, the shortfall will have to be subsidized by Independent Living service fees and net entrance fees. There is no other option under Oakwood’s business model. The decision to add a home health care agency is likely to put significant financial stress on the corporation.

- **“I’ve secured \$25 million in tax credits to rehabilitate and repurpose the Tower. The Tower languished with no plan. Tearing it down would have cost Oakwood more than \$2 million and displaced all of the current residents.”**

While specific plans for the renovated Tower have not been released, members of the management team have revealed enough to raise serious concerns about this initiative. In fact, if what has been told is accurate, the Tower, along with other risky expansions, has the real possibility of pushing the Oakwood corporation into insolvency and reorganization. Among other details, it is said that management of the Tower will be turned over to an “outside” organization which will completely manage this senior affordable housing building. As with other projects, Reg Hislop III doesn’t seem to understand that there will be direct costs to Oakwood associated with the new senior residents, projected to be 150 people in 130 affordable housing senior apartments. According to a former OLSM Board member, Dr. Robert Cole, the corporation could not subsidize 30 HUD low-cost contract Tower apartments even when there were up to 100 additional above market apartments to cover costs. Oakwood has experience with low-cost renters in the Tower, financially it wasn’t feasible with 30 reduced rent apartments. Hislop is now proposing 130 low-cost apartments, it is hard to understand what he is thinking. To make this situation worse, the outside management company will be collecting the rents, paying a relatively small “management” fee to Oakwood. With this plan, Oakwood MUST collect 100% of the rents as there will be costs to the corporation and campus with 150 new residents. Hislop is quoted as saying that the 150 low-cost renters will benefit Oakwood because they will buy meals, and fill prescriptions at the pharmacy. Once again, he demonstrates that he doesn’t understand the expenses associated with this new revenue. For example, food service is largely a variable cost - food and labor. Oakwood loses money on each plate of food that is served. This is consistent with the business model – residents subsidize their food service. However, the meals served to the 150 new low-cost residents will

also lose money on each plate; this will be subsidized by residents – this is unfair. The same is true with the pharmacy. Oakwood loses money on each prescription, again this is consistent with the corporation's business model for a service provided to residents and subsidized by them. Oakwood residents will be put in the position of subsidizing filled prescriptions by the new low-cost senior Tower residents. If Reg isn't careful, new residents won't want to come to Oakwood. The decisions being made by Reg Hislop III are not financially sound and put the future of Oakwood in jeopardy.

- **“I secured a key referral relationship with Attic Angel which will further lead to additional partnership opportunities, allowing Oakwood to expand its home health, hospice and pharmacy business to Attic and its residents. Such partnerships add millions of go-forward revenue/business opportunities to Oakwood.”**

Reg again is looking at opportunities to increase revenue, perhaps without considering the expenses associated with each of these services. For example, under the Oakwood business model; it is expected that the pharmacy service will need to be subsidized by Independent Living residents, this is normal to have a good service for residents. Each prescription filled is at a loss and needs a subsidy by residents. If Attic Angel residents use the Oakwood pharmacy, each prescription filled will have to be subsidized by Oakwood Independent Living residents. Hospice and home health are likely to operate at a deficit, needing a subsidy from residents. Adding Attic Angel residents to these services will only increase the needed subsidy from Oakwood Independent Living residents. Skilled nursing services are not mentioned by Reg, but Attic Angel has closed their Skilled Nursing Facility due to financial losses. If Attic Angel residents use the new Hebron skilled nursing and rehabilitation services, this will increase the subsidy needed from Oakwood Independent Living residents. Hislop clearly doesn't understand that it isn't possible to profitably add users to a service generating a loss; this only makes the situation worse. This is demonstrated by the operation of the existing Hebron when Medicaid patients were admitted in 2021, resulting in even greater losses – not usable new income as Reg Hislop III apparently thought.

- **“I created a preferred/Life Lease discount for residents when they need/use AL, Memory Care, or nursing care at either campus. Residents get a discount today that didn't exist before.”**

This “new” discount on continuing care has not been communicated broadly to residents. Continuing care already requires a subsidy; providing a general discount will benefit individuals using continuing care, but at the same time the discounts will increase the financial need to subsidize these services. Also, this new approach changes the Oakwood Continuing Care Retirement Community (CCRC) from a Type C to a Type B organization. This has major implications for the operation of Oakwood, and such a decision should only have been made

after careful, detailed analysis, and in consultation with residents. By definition, Type B CCRCs have higher entry and service fees than Type C CCRCs. Is this in the best interest of the long-term financial viability of Oakwood?

- **“I’m in the process of finalizing a plan to replace Tabor and add an adult day care program to the University Woods campus. The plan will cause the existing building to be replaced. I will securely finance the project as well, as I did with the Hebron replacement.”**

Hislop doesn’t seem to understand that the issue isn’t financing, it is providing the needed continuing care subsidy that will be needed for the new Tabor’s operation. Under Oakwood’s business model, one (or even two given the new Hebron error) new Independent Living apartment building needs to be constructed before initiating this project. New Independent Living apartment entrance fees and surplus service fees will be needed for the financial viability of the new Tabor. Also, is there a resident need for adult day care, or is this initiative intended to serve the broader Madison community?

- **“Revenues across both campuses this year will be UP by \$2 million.”**

Hislop is focused on revenue; this is the wrong measure for the financial success of Oakwood. The key is the increase in cash, cash equivalents, and investments each year. Increasing revenue in continuing care and service that operate at a financial loss will only decrease the cash, cash equivalents, and investments of Oakwood.

- **“Rebuilt Oakwood’s debt structure and capital program, refinancing \$90 million of higher cost debt at 3%, adding \$30 million for Hebron replacement, at an interest and principal level that was the same as the payments being made prior. In so doing, I saved Oakwood over \$2 million across the projected life of the credit.”**

Reg Hislop makes a very superficial statement. The refinancing of Oakwood’s debt, including additional funds for the new Hebron and additional liquidity, is complex and requires careful analysis. The cost of clearing the SWAP, financing costs, and debt repayment schedules all need to be assessed for their impact on Oakwood’s future financial health. Question: Was it necessary to refinance the entire long-term debt of Oakwood because Thrivent wouldn’t allow new bonds to finance an SNF that likely will not cash flow?

- **“I’ve modernized benefits, revamped pay scales (none really existed prior) for staff, have started a health insurance program that will bring on-site medical clinics to each campus for our employees, improving their access to affordable, prevention oriented primary care.”**

What Hislop doesn't disclose is that Oakwood has one of the highest employee turnover rates in the industry, and he does not in general have the support of employees. A look at online employment sites, such as Indeed and Glassdoor, verify that employees rate Oakwood as not a favorable place to work under Reg Hislop's leadership.

- Reg Hislop understandably doesn't mention his highly risky decision to build a skilled nursing facility/rehabilitation center at a cost of over \$500,000 per bed. These facilities are not being built today for a very good reason; they lose money! The new Hebron was built for the broader Madison community as shown by the announcement of the project in the local press. This is yet another attempt to generate revenue without concern for the expenses associated with a Skilled Nursing Facility. If indirect costs, and future financing charges are allocated to this project, it is almost certain to operate at negative cash flow. This will require a subsidy from Independent Living residents probably for the life of the building. Given Oakwood's business model, this building should not have been constructed without a new Independent Living apartment building going up first.
- Hislop also doesn't highlight his decision in 2021 to **"move Oakwood's investments to active management," and "I'm going to substantially increase investment returns."** It is generally considered to be prudent to invest nonprofit investments conservatively and passively in income-generating securities. This strategy doesn't achieve high equity gains in a Bull Market (rapidly increasing in value), but also protects investment income in Bear Markets (rapidly decreasing equity markets). Reg Hislop's timing couldn't have been worse; the decline in market value has reduced the market value of Oakwood held equities by millions of dollars. Worse, Linda Johnson, Chief Financial Officer, reported that "there will be no investment income in 2022." It appears that Reg's unwise gamble with Oakwood's investments has caused millions of dollars in losses in market value, and investment revenue! While it isn't possible to give an estimate of investment and investment income currently, Linda Johnson reported to the Senate Financial Advisory Committee on May 22, 2022, that the Oakwood "...current cash and investment balance was \$60,189,644..." At the end of 2021, the cash, cash equivalent, and investment balance of Oakwood was \$79,089,112 (page 4 of the Audit Report). Linda is **reporting a reduction of <\$18,899,468>.**<sup>xx</sup> There is some confusion over whether the two figures are a direct comparison. However, there is a large reduction in cash, cash equivalents, and investments.
- **"I along with Linda Johnson, wrote-off millions of dollars of failed project plans – projects that had zero feasibility."**

The Phase I and Phase II Oakwood development plans were professionally developed, comprehensive in nature, and feasible. The developers of this plan understood Oakwood's business model that relies on Independent Living net entrance fees and service fees being more than direct expenses to subsidize the



remainder of campus services, continuing care, and future investment. Reg Hislop clearly has no comprehension of Oakwood's business model given this financially detrimental decision. **It can be shown that his harmful decision has a real possibility of driving the Oakwood corporation into insolvency, threatening the refundable portion of life leases.**

### **Hislop's toxic attitude toward Oakwood residents**

A key staff individual, whose name is being withheld, RN, BSN, DNS-CT, was hired as Executive Director of the Oakwood Village University Woods campus. She immediately demonstrated her competence and concern for the welfare of residents, building a close relationship with community members. After about six months on the job, she abruptly resigned from her position without a publicly stated reason for her departure. This alarmed many independent living residents given the high turnover rate of key staff since the arrival of Hislop as CEO. Two Independent Living residents<sup>xxi</sup> contacted her and asked if she would agree to meet to help them understand why she had resigned. The following are the notes from the "exit interview" with these two residents. The notes were sent to the individual to make certain they were accurate, and to ask if they could be shared with others. She replied that the quotes were accurate, and she gave approval to share them with others. She also said that she had not been given an exit interview by management.

### **REASONS FOR HER RESIGNATION**

1. Her professional and personal standards have made it impossible for her to work with this administration, particularly Reg.
2. There are needed systemic changes. Patient care is substandard. Her efforts to improve patient care to follow state mandated regulations were always rejected. This included suggestions to improve the serious issue that there was no supervisory staff available at Tabor during off hours (evenings and weekends). (Example: one night the fire department came for an issue about a patient but stayed there because nobody was in charge. If she had not come in at three am to take care of this, this would have been reported to the state and Oakwood's assisted living facility would have been shut down.)
3. Reg disrespects residents. He publicly and repeatedly calls them "ignorant old geezers" and "idiots" and uses this language in front of outsiders (architects, lawyers, others). He does not like residents ("hates them") and told outside bodies not to listen to them.
4. Reg disrespects service providing support staff. There is not enough support staff to meet resident and patient needs.

5. Reg is not concerned about transferring current skilled nursing facility permanent residents, those not coded as skilled nursing patients but living at Hebron. There is no provision to meet their needs in the new facility. His advice is to totally disregard their needs. He states to staff and to others that “they’ll be dead by the time the building opens. And if they aren’t, we’ll just transfer them somewhere else.”
6. Reg has no regard for Covid or its spread. He believes in natural immunity and wants nothing said about Covid on campus. He will adhere only to basic Dane County regulations because he must. (Example: he came to a staff event while sick with either Covid or the flu. Example: She had to “fight” to reopen the Covid wing when a Hebron resident tested positive. There seemed to be no concern if Covid spread throughout the facility.)
7. For the final month of her employment, she was not included in administrative meetings, even when decisions were affecting areas of which she was in charge.
8. She did not want to be associated with below standard policies because it would jeopardize her license.

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<sup>i</sup> Prepared by *Concerned Residents of Oakwood University Woods*: Robert Frykenberg, Terry Gibson, W. Lee Hansen, Phil Hardacre, Julie Hayward, Stan Payne, Robert Pricer, Ed Reid, Ginny Shannon.

<sup>ii</sup> Outlook (Oakwood), Summer 2020, page 15.

<sup>iii</sup> Burkhardt, Sarah, University Advancement, Marquette University.

<sup>iv</sup> Kumpenhower, Tys, University Archivist, Archives and Records Management Service, University of Toronto.

<sup>v</sup> Outlook (Oakwood), Summer 2020, page 14.

<sup>vi</sup> McCoy, Pamela, Associate Dean, Graduate Programs, Quinlan School of Business, Loyola University, Chicago.

<sup>vii</sup> Hislop, Reg, <https://rhislop3.com>, Author tab: “...author of over 200 published articles and research papers.”

<sup>viii</sup> Outlook (Oakwood), Fall/Winter, page 12.

<sup>ix</sup> Outlook (Oakwood), Summer 2020, page 14.

<sup>x</sup> <https://arccapitalpartners.com>.

<sup>xi</sup> <https://bwstrategies.com>; <https://blakewilderstrategies.com>.

<sup>xii</sup> Outlook (Oakwood), Fall 2020.

<sup>xiii</sup> The Baseball Cube, 1979 Minnesota Draft Class.

<sup>xiv</sup> Wichita Business Journal, April 14, 2015.

<sup>xv</sup> <https://www.ebay.com>, 1979 Chicago White Sox vs. Detroit Tigers Spring Training Program w/Rosters.

<sup>xvi</sup> Reginald Hislop III email to W. Lee Hansen, dated January 12, 2021.

<sup>xvii</sup> Outlook (Oakwood), Spring 2020, page 128.

<sup>xviii</sup> Special Senate Financial Advisory Committee, Bulletins 1, 2 & 3, following the financial evaluation methodology of CARF (the accrediting agency for CCRCs), Baker Tilly, and Ziegler.

<sup>xix</sup> Reg Hislop email to Phil Hardacre dated October 18, 2022.

<sup>xx</sup> Johnson, Linda, Oakwood CFO, briefing of the Resident Senate Financial Advisory Committee, May 22, 2022.

<sup>xxi</sup> Hilde Adler and Ginny Shannon.