

May 27, 2012

## **U. of Texas Scandal Shows Power of Media to Spotlight Lavish Nonprofit Spending**

*By Pablo Eisenberg*

Robert Riggs deserves an apology and a thank you.

Mr. Riggs was a television journalist who put his career on the line in 2008 when he uncovered signs of wrongdoing by the much-revered veteran leader of one of Texas's most powerful and prestigious nonprofit institutions.

Although he was widely denounced for raising questions about Kern Wildenthal, the longtime head of the University of Texas Southwestern Medical Center in Dallas, Mr. Riggs has now been vindicated.

An independent audit report released in April found that Dr. Wildenthal had inappropriately used hundreds of thousands of dollars of the medical center's funds for personal expenses.

When the audit was finished this spring, Dr. Wildenthal resigned the two jobs he had taken after he stepped down as president of the center in 2008, a position he had held for 22 years. He gave up his role as head of the medical center's fundraising arm and as special assistant to the man who succeeded him as the center's leader, Daniel Podolsky. Dr. Wildenthal, who now holds a tenured faculty job at the medical school, continues to defend his actions, saying all of his spending was necessary as part of his work at the Southwestern Medical Center.

The episode in Texas is not simply another example of high-profile abuse of tax-subsidized spending. It also raises fundamental questions about the lax nature of America's regulation of hospitals and other charitable organizations and its heavy reliance on courageous journalists to serve as watchdogs.

For Mr. Riggs, the cost of his reporting was high. He was one of three people laid off later in 2008 when the CBS affiliate in Dallas said it faced money problems. He and others have speculated that he lost his job largely because of the heat the station came under when he started airing reports about Dr. Wildenthal's questionable practices. Among the spending he discovered were lavish travel and

entertainment expenses, such as \$160,000 for expensive French wines, \$30,000 for Velvet Creme popcorn as gifts for donors, and more than \$20,000 on club memberships in Dallas and London.

Both Mr. Riggs and the *Dallas Morning News* also revealed that the hospital maintained a confidential list of politicians, celebrities, government leaders, donors, and other wealthy or prominent people who as patients would be eligible for special access and treatment.

When Mr. Riggs broadcast his reports, he was widely criticized by Dallas's leading donors and members of the city's business and social scene. Few other journalists tackled the story at the time, probably because they were intimidated by the powerful forces protecting Dr. Wildenthal from criticism. And few nonprofit leaders spoke out to condemn the spending abuses or the questionable two-tier system in which rich people could get more-attentive care than everyone else.

I, too, was roundly criticized when I reported on the allegations at the Southwestern Medical Center for a column in these pages, so I know how difficult things were for Mr. Riggs. Four years later, as the truth emerged publicly, no institution or person has had the decency to apologize to Robert Riggs for the lamentable treatment he received.

But the power of journalists to shed light on abuses became clear again when the *Dallas Morning News* in 2011 was able to document a series of concerns about more than \$700,000 of inappropriate spending by Dr. Wildenthal. As part of its reporting process, the newspaper sent a long set of questions to Dr. Wildenthal. The newspaper made it clear that it had found numerous allegations of wrongful spending that added to the picture Mr. Riggs had painted.

The newspaper's questions prompted the University of Texas's trustees to commission an independent investigation. The results were published in a 365-page audit by the Paul Hastings law firm that cost taxpayers \$500,000.

The report says that "Dr. Wildenthal routinely mingled his personal and business expenses" and that he "exercised questionable judgment in making discretionary decisions on spending within UTSW's broad mandate."

Citing the 20 trips he made outside the United States from 2005 to 2010, the audit goes on to say, "There was no legitimate business purpose or benefit to UT Southwestern for some of Dr. Wildenthal's foreign travel."

The audit confirmed reports by the *Morning News* that Dr. Wildenthal's trips to Copenhagen, Nice, and Barcelona and those to England and New Zealand were not related to the center's business.

The report adds that many of Dr. Wildenthal's expenditures lacked the documentation the university requires for reimbursements. It condemns the poor oversight by university officials and internal auditors and recommends much stricter financial and management controls.

The report's language, befitting a lawyer's natural caution, is much softer than that of the newspaper, which did not mince words about Dr. Wildenthal's nonbusiness-related expenditures on opera, his wife's travel and other reimbursements, his expenses for dues to music and cultural organizations, and other costs to build up two wine cellars at UT Southwestern and for his personal interests. Dr. Wildenthal says the newspaper's coverage has been unfair.

After the audit was released, university officials told Dr. Wildenthal to repay the medical center for every cent of his inappropriate spending.

The concerns the audit raised about inappropriate reimbursements led to fallout for two other people. Both Charles Chaffin, chief audit executive for the University of Texas system, and Robert Rubel, Southwestern's director of internal audit, have resigned from their positions.

Despite the audit's findings, Dr. Wildenthal remains a popular figure in Dallas and especially among donors. They are quick to defend his record, noting that he raised millions of private dollars and provided the leadership that has made the center an outstanding medical institution.

William T. Solomon, chair of the Southwestern Medical Foundation, went so far as to send a letter to the University of Texas questioning its motives for investigating Dr. Wildenthal and criticizing the *Dallas Morning News* for its coverage.

Soon after the newspaper published its findings in April, supporters of Dr. Wildenthal took out ads praising him. One was from a group of Nobel Prize winners at the Southwestern Medical Center. In mid-May, H. Ross Perot paid for a full-page ad calling Kern Wildenthal a "true American hero."

What's wrong with these Dallasites? One would expect civic leaders to denounce a man who engaged in lavish spending of taxpayer money. Instead, they seem to care only that Dr. Wildenthal was a successful fundraiser. They show few signs that they value personal integrity and honor and a sense of community values.

Watching how Dallas's establishment has responded serves as a strong reminder of the need to strengthen government regulation of charitable organizations. It's clear that nonprofit executives won't worry about loss of public support when they know they can count on a city's most influential leaders to back them up even when they make serious mistakes.

But as long as state and federal regulators aren't given the resources to do more to monitor misdeeds, it's important to thank the investigative journalists. Strong news organizations are one of the few mechanisms that support public accountability.

*Pablo Eisenberg, a regular Chronicle contributor, is a senior fellow at the Georgetown Public Policy Institute. His e-mail address is [pseisenberg@verizon.net](mailto:pseisenberg@verizon.net).*