

logo not found or type unknown

Former Gubernatorial Candidate Moleto Smith to Come Under Scrutiny During Investigation of East End Medical Center

Investigations / **Published On June 12, 2023 06:54 AM /**

Janeke Simon **June 12, 2023**

Image not found or type unknown



In August 2022, then-East End Medical Center executive director Moleto Smith Jr. appeared before the Senate seeking \$800,000 to supplement STEEMCC's operations for Fiscal Year 2023. By. V.I. LEGISLATURE

The investigation ordered into the operations of the St. Thomas Eastern Medical Center Corporation (STEEMCC), which reported serious financial difficulties and irregularities in governance to lawmakers on the Committee of Health, Hospitals and Human Services last week, is expected to bring scrutiny to the tenure of Moleto Smith, the former chief executive officer and executive director who was reportedly relieved from his position earlier this year after over 8 years in the post.

Testifying before the Committee, Chair of STEEMCC's governing board Kurt Callwood, as well as its Chief Financial Officer Steven Mayers, said that there were a number of key decisions taken within the organization that the board had no idea about.

One was that the company had been paying two chief financial officers for a period of several years — a retiring executive reportedly kept receiving remuneration for the position even after their replacement had been hired and had begun work. "The board had no knowledge of it," said Callwood, who has been sitting on the all-volunteer board for the better part of a decade before recently being appointed chair. "We heard rumors for years and asked about it, and then finally dug up ... some contracts after the executive director was put on administrative leave."

Mr. Callwood pointed to what appears to have been a deliberate attempt to keep the board in the dark. "On the board minutes, you'll see board members were asking questions multiple times, multiple times, multiple times," he told lawmakers. "The answers were never forthcoming as to whether or not this person was on staff." Mr. Mayers took over as CFO approximately two months ago.

In response to questions from senators as to how STEEMCC's financial position could have deteriorated so rapidly - from a \$1 million cash surplus in 2019 to a \$3 million deficit today - without the board's knowledge, Mr. Callwood said that he learned from former employees that there were deliberate efforts to deceive the 30-member volunteer oversight body.

Although never mentioned by name, Mr. Smith's influence in keeping the board ignorant was heavily implied. "Other employees [are] coming to us now who are telling us that there were actual lies told to the board," Mr. Callwood disclosed. He said that the employees were being asked to change figures on reports presented to the board, and that they were being "threatened and intimidated with statements like 'I got a lot of friends and family around here', etc etc."

Another drain on STEEMCC's finances has been the \$70,000 a month in rent for its current facilities, in addition to a lease that has reportedly ballooned in cost from \$4,000 to \$16,000 per month over six years, while the property remains completely undeveloped. Mr. Callwood told senators that the board did approve the initial lease for \$4,000 but was surprised by the additional \$12,000 increment, which he discovered a year and a half ago.

It wasn't until then, Mr. Callwood said, that a raft of illnesses among board members and their families meant that he was holding several interim positions on the board at the same time. Then, he began to notice discrepancies in the information that was coming from the facility's management.

"I think if that hadn't happened, I would never have gotten to see what was underneath some of the papers," he told lawmakers. "That's where about a year and a half ago to two years, I started saying wait a minute, the pattern I am seeing here, which was different than the pattern I was seeing in Finance Committee meetings, told me that we would be coming to a bankruptcy state by about between July to September of last year."

People initially laughed at Mr. Callwood when he raised the alarm about the organization's dire financial circumstances, he said, because his conclusion was so different to the figures being presented by the then-executive director Moleto Smith, who [ran for governor](#) twice unsuccessfully. However, Callwood said that his instincts told him that something was seriously wrong. "I'm not a financial person, but I can see patterns," he said. Things came to a head at a budget meeting last year, Mr. Callwood said, when the majority of the board finally realized that something was seriously wrong with STEEMCC's finances. Part of what took the board so long to

come to this conclusion, Mr. Callwood estimated, is because of the nature of its makeup. Thirty unpaid civilians, he said, have an “awesome, terrible responsibility” for which they are reliant on the guidance and judgment of experts in the field.

Absent that sound, professional guidance from people with integrity, Mr. Callwood implied, things got way off track. “What we're finding is that all over the place, things that should have been in place, that we were told were in place, are not in place or not findable,” he said. For example, the board found out via an audit that no unemployment, compensation, or employee benefits were paid to employees following a round of layoffs in 2017. Even after being assured that the deficiencies had been rectified, Mr. Callwood claimed that proof that the fix had been made was not forthcoming from management.

Despite the bleak picture being painted by Callwood, questioning by Senate President Novelle Francis brought the admission from STEEMCC’s CFO that the most recent audit performed, of financial year 2022, did not throw up the kind of red flags that might have been expected from an organization currently experiencing financial chaos. “They didn't have any of the ... kind of findings that you'd expect for an organization of this with this level of difficulty,” Mr. Mayers told Francis. “However, the auditors did recognize that there was a going concern issue for the organization, which meant that ... the organization didn't appear to be able to sustain itself for the next 12 months.”

Before Senator Ray Fonseca, in his role as committee chair ordered the investigation into STEEMCC’s operations, its board chair invited a probe into the organization by relevant government authorities. “The doors are open, the file cabinets are open, anybody within the government who has authority can come in there and look,” Mr. Callwood implored. “I'm going to come up with a plan so that none of this ever happens again.”

Consortium journalists have been attempting to reach Mr. Smith for comment but he has not responded.

[In August 2022](#), while he was still executive director of STEEMCC, Smith appeared before the Senate seeking \$800,000 to supplement the medical facility's operations for Fiscal Year 2023.

He said the funds would help meet the gap in uncompensated care, to account for the increased cost of service delivery and employee compensation as well as to support the expansion of services offered at the facility. “The impact is that the gap would widen unless otherwise funded through other means, particularly through the Legislature,” he said.