



MPW Case Study – Steward International

Viceroy detail structure of MPW's JV with Ralph De La Torre including fake transactions, backdated statements, outright lies, and MPW implications in criminal probe.

PLEASE READ IMPORTANT DISCLAIMER – PAGE 3

February 8, 2023 – MPW's joint venture with Steward CEO, Ralph De La Torre, has been the subject of intense curiosity by MPW bulls and bears alike. Today, Viceroy Research will detail the JV's structure, the ownership of Steward Malta, and egregious, and likely criminal, payments made between MPW, Steward Systems, the JV, and various international entities.

- **Assets purchased by the JV were never transferred to the JV.** There appears to have been **no AML or KYC** checks.
- **The assets that the JV purportedly bought from Steward for \$200m were valued at \$27m.**
- **MPW & Steward uniformly deny they are related to “independent” Steward International and Steward Malta.** Viceroy's investigation shows that **Steward Malta's UBO is based in Steward's HQ**, and that **MPW appear to own 49% of Steward Malta**. MPW actively lies to investors.
- Steward Malta, its staff, and its concession are the **subject of broad international criminal inquiries**.

The JV

MPW closed a \$205m investment for 49% of a JV with Steward founder, Ralph De La Torre (“the JV”).

- This JV transaction is reported in more detail in the 2020 Steward Health Care System's (“**Steward Systems**”) financial statements. Steward claims that it divested Steward Health Care International Holdings Ltd (“**Steward International**”), a UK entity, to a joint venture controlled by Steward's “management equity holders” and MPW for \$200m.
 - **Total assets sold by system amounted to \$27m. MPW appears to have overpaid by 640%.**
- Filings of Steward International show that it was never transferred to the JV. Steward International was 100% owned by Steward Systems until its strike off in February 2022.
- At the date of the JV transaction, Steward International owned Steward Malta, who bears the controversial Malta concession.
 - Steward Malta lodged a 1-year backdated letter correcting a further 6-month backdated filing. It retrospectively stated that Steward Malta had been sold to Steward Spain, the “new and independent” Steward International.

Who Owns Malta?

MPW, Steward Systems uniformly deny that they have any commercial or legal relationship with Steward Malta, even via the JV. **Viceroy's research suggests this is a lie.**

- Dozens of filings pulled from Spanish business registries show that Steward Spain (the immediate parent of Steward Malta) is owned by a Delaware company called **Manolete Health Management LLC**.
 - A similarly named entity, **Manolete Health Limited**, was incorporated and immediately dissolved by **Ralph De La Torre** in the UK
 - It appears that Manolete Health Management LLC exists in a group of Delaware companies created one month before the JV transaction.
- **MPW also has a subsidiary titled “Manolete”**, also in Delaware, and **created only days before the date of the JV transaction**. It appears that this MPW subsidiary holds the 49% JV interest, including in Steward Malta.
- The UBO of Steward Spain, Steward Health Care International Investors LLC (“**Steward Investors**”), appears to hold the remaining 51% JV interest.
 - Steward Investors shares headquarters and staff with Steward Systems.



MPW's JV Structure

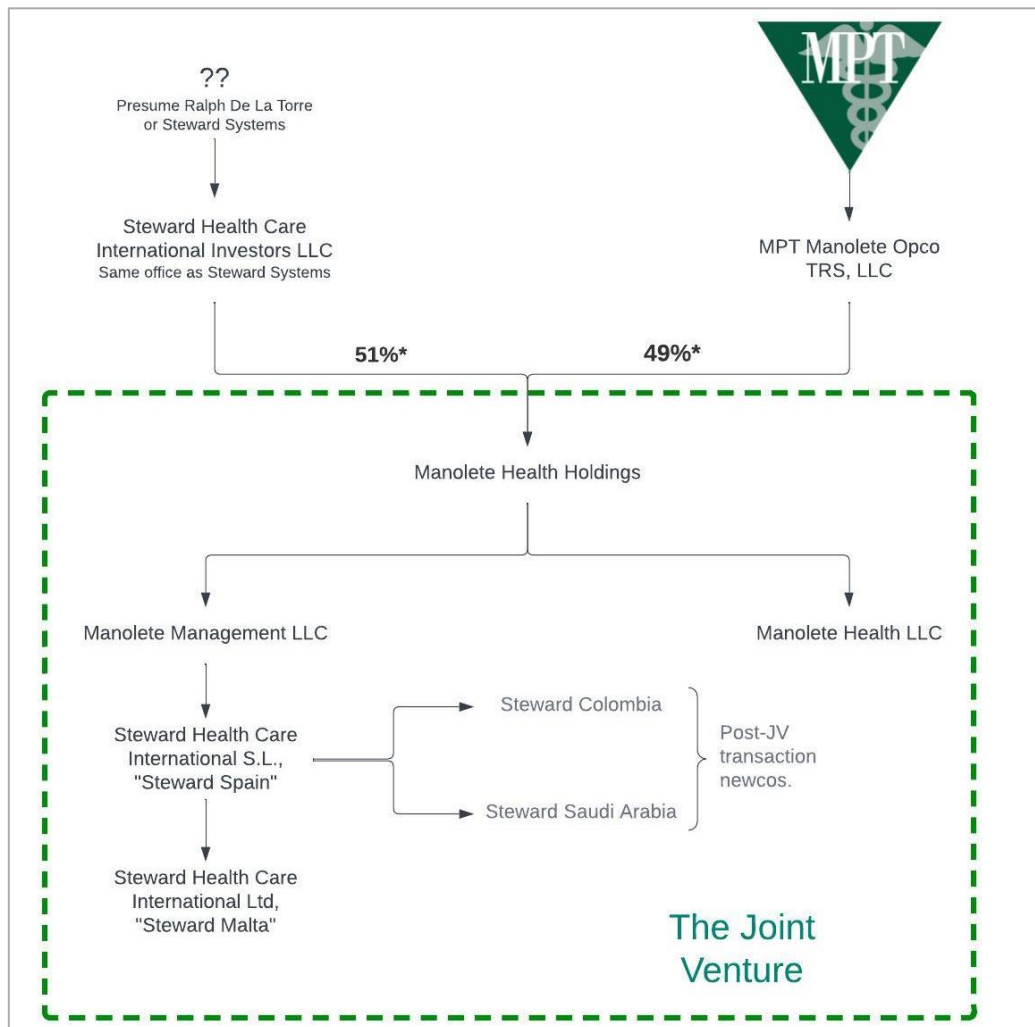


Figure 1 – Viceroy Analysis - estimates

Who Wants Malta?

Put simply, Steward purchased a Maltese hospital concession obtained through corruption while retaining the key actors in that corruption. Viceroy will show in this section how the same individuals that brokered the Vitals deal came to work for Steward in their international campaign.

- Steward purchased the Maltese hospital concession knowing it was **connected to corrupt practices**.
- Vitals had **no reliable accounting records** to speak of.
- The individuals behind those corrupt practices would remain involved with Steward, either directly in Ernst's and Asad Ali's case or indirectly with Shaukat Ali cheerleading projects in eastern Europe.
- Vitals was systematically looted by its shareholders and had no intention or capability of ever fulfilling the concession.
- Maltese courts will present a decision on revoking the Steward's concession which have been a significant source of problems.
- Steward has repeatedly claimed that its Maltese operations are loss-making when seeking further funding from the government.

A background to the Malta concession scandal is also annexed to this report.



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Viceroy encourage any parties with information pertaining to misconduct within Medical Properties Trust, its affiliates, or any other entity to file a report with the appropriate regulatory body.

We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on viceroy@viceroyresearch.com.

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1. Investment in Steward Health Care International Ltd

On May 11, 2020, MPW closed a **\$205m investment for 49% of a JV** with Steward founder, Ralph De La Torre, to “**invest in select international hospitals**” (“**the JV**”). The JV was said to have purchased “rights and existing assets related to all present and future international opportunities previously owned by Steward”.

MPT closed in mid-May on a \$205 million investment to own 49% of a joint venture with Steward CEO and Founder Dr. Ralph de la Torre and members of his management team organized to **invest in select international hospitals**. The distinct entity simultaneously purchased from Steward the rights and existing assets related to all present and future international opportunities previously owned by Steward for strategic, regulatory, and risk

Figure 2 – MPW Q2 2020 Results Announcement – Jul 30, 2020¹

Related to this transaction, MPW also announced that it would invest a **further** “\$100 million in a portfolio of three hospitals in underserved areas of Colombia”. These would be operated by the JV.

management purposes. In a transaction expected to close in the fourth quarter, **MPT expects to invest \$100 million in a portfolio of three hospitals in underserved areas of Colombia** to be operated by the new joint venture.

Figure 3 – MPW Q2 2020 Results Announcement – Jul 30, 2020

Despite announcing that the JV’s business would be to “invest in select international hospitals”, MPW CEO, Ed Aldag, clearly states on the conference call that the JV is an “opco”, meaning that it will not “invest” in hospitals: it will operate them.

Edward K. Aldag
Founder, Chairman, President & CEO

Yes. So it is, Tayo, this \$205 million in the opco joint venture and then \$100 million in the real estate that we own 100% of. What it gets us in the opco joint venture is that Steward has been working several international markets, only one of which we’re prepared to announce today, and that’s Colombia. They put an awful lot of time and effort and infrastructure in place, and that’s what the \$205 million is for. Is that clear, Tayo?

Figures 4 – MPW Q2 2020 Earnings Call – Jul 30, 2020

The Steward Angle

This JV transaction is reported in more detail in the 2020 Steward Health Care System’s (“**Steward Systems**”) financial statements.

Steward claims that it divested **Steward Health Care International Holdings Ltd** (“**Steward International**”) to a joint venture controlled by Steward’s “management equity holders” and MPW for \$200m.

(6) Related Party Transaction

On May 11, 2020, there was a related party transaction involving **Steward Health Care International Holdings Ltd** (“**Steward International**”), the System’s international operations. **Steward International** was transferred to a company owned by certain of the System’s management equity holders and Medical Properties Trust, Inc. (MPT). The System received \$200.0 million in cash for the sale of **Steward International**. Total assets sold by the System were approximately \$27.0 million, resulting in a net cash contribution from the management equity holders of \$173.0 million to the System. The transaction has been accounted for as a related party transaction and is shown as a contribution to equity on the accompanying consolidated statement of changes in members’ deficit of \$130.5 million after taking into account the tax impact of the contribution.

Figures 5 – MPW Q2 2020 Earnings Call – Jul 30, 2020

Key Takeaways

- MPW appears to have entirely funded the JV with \$205m, for which they received a minority stake of 49%.
- The JV acquires Steward International for \$200m, resulting in a \$173m gain-on-sale to Steward.
- MPW paid 7.4x premium to book for Steward International. We will explore these assets. This is consistent with revenue round tripping. The only winner otherwise is Ralph De La Torre. The transaction is entirely uncommercial.
- MPW committed \$100m to purchasing 3 Colombian hospitals, which will be operated by the JV.

¹ <https://www.medicalpropertytrust.com/press-release?page=https://medicalpropertytrust.gcs-web.com/news-releases/news-release-details/medical-properties-trust-inc-reports-second-quarter-results-4>

2. Who Owns Steward International?

We'll preface this section by stating that, to our knowledge, **MPW has never disclosed the name of its JV entity with Ralph De La Torre**. This is an enormous red-flag. Off-balance sheet entities create the potential for theft, round-tripping, or even hiding losses, and should be heavily scrutinized.

Steward's financials claim that the JV purchased "Steward Health Care International Holdings Ltd", a British entity:

STEWARD HEALTH CARE INTERNATIONAL HOLDINGS LIMITED

Company number **11934840**

Follow this company

Overview

Filing history

People

More

Registered office address

160 Aldersgate Street, London, United Kingdom, EC1A 4HT

Company status

Dissolved

Company type

Private limited Company

Dissolved on

22 February 2022

Incorporated on

9 April 2019

Figure 6 – Extract from UK Companies House²

From the date of the JV transaction announcement until its dissolution in February 2022, almost 2 years after it was acquired by the JV, Steward International was always owned by Steward Systems. It never changed hands.

A confirmation statement was lodged on 22 April 2020 showing Steward International as sole shareholder. A subsequent confirmation statement was made on 22 April 2021 with "no updates". The company was subsequently struck-off.

Shareholder's Name (Address not required)	Class of share	Shares held at co-formation date		Shares transferred (if appropriate)	
		Number of shares	Number of shares	Date of registration of transfer	
Steward Health Care System LLC	Ordinary	50,000		/ /	
				/ /	

Date	Description	View / Download
22 Feb 2022	Final Gazette dissolved via compulsory strike-off	View PDF (1 page)
07 Dec 2021	First Gazette notice for compulsory strike-off	View PDF (1 page)
01 Jul 2021	Registered office address changed from Suite 1, 3rd Floor 11 - 12 st. James's Square London SW1Y 4LB United Kingdom to 160 Aldersgate Street London EC1A 4HT on 1 July 2021	View PDF (2 pages)
01 Jul 2021	Confirmation statement made on 22 April 2021 with no updates	View PDF (2 pages)
22 Jun 2021	Compulsory strike-off action has been discontinued	View PDF (1 page)
15 Jun 2021	First Gazette notice for compulsory strike-off	View PDF (1 page)
10 Jun 2020	Confirmation statement made on 22 April 2020 with updates	View PDF (6 pages)

Figure 7 – Extract from Steward International Confirmation statement – 10 Jun 2020

What did the JV acquire for \$200m?

² <https://find-and-update.company-information.service.gov.uk/company/11934840>

3. What did Steward International Own?

The only assets Viceroy believe Steward International owned at the date of the JV transaction were in Malta. This is corroborated by wayback archives of Steward International's website in early 2021³.

Indeed, at the date of the JV's fictional acquisition of Steward International, Steward's Malta "Holdco", Steward Health Care International Ltd Malta ("**Steward Malta**") was 100% owned by Steward International.

Folio in register ledger containing particulars	Names Addresses (in the case of a body corporate, its registered office)	Account of Shares		Remarks
		Number of shares held by existing members at date of return *#	Particulars of shares transferred or transmitted <i>causa mortis</i> since the date of the last return, or, in the case of the first return, of the registration of the company by (a) persons who are still members and (b) persons who have ceased to be members **	
			Number # Date of Registration of transfer	
		Ordinary 150,000	(a) (b)	
	Steward Health Care International Holdings Limited Suite 1, 3 rd Floor, 11-12 St. James's Square, London SW1Y 4LB, United Kingdom. (Reg. No. 11934840)			
	TOTAL	150,000		

Figure 8 – Steward Malta – Annual Return for period ending 1 November 2020

In a bizarre turn of events, Steward Malta lodged a correction to this 2020 Annual Return in November 2021, along with a transfer of ownership form, in August 2022 – almost 2 years after the JV supposedly acquired Steward International.

These claim, retrospectively, that Steward Malta was transferred to Steward Health Care International S.L. Spain (formerly Cordiant Healthcare Services KSA, S.L, referred to herein as "**Steward Spain**") on 12 May 2020, **one day after the MPW closed the JV investment**.

PWC needs to pay attention here. This document appears to have been **backdated** by over 1 year.

REGISTRY

RECEIVED

18 AUG 2022

OF COMPANIES

Steward Health Care International Ltd
Steward Malta,
St. Luke's Hospital Campus,
Gwardamangia Hill,
Pieta', Malta.
Co. Reg. No. C 83293

AS

25 AUG 2022

Malta Business Registry
AM Business Centre,
Triq il-Labour,
Zejtun.

10th November 2021

Dear Sir/Madam,

I hereby declare that annual return submitted for the company for the year 2020 was erroneously submitted. Kindly note that the shareholder of the company should have been declared as Cordiant Healthcare Services KSA, S.L. as Steward Health Care International Holdings Limited transferred 150,000 Ordinary shares to Cordiant Healthcare Services KSA, S.L. on 12th May 2020. Please find attached to this letter updated annual return showing the correct involvements.

Figure 9 – Extract from Steward Malta Annual Return correction notice

³ <https://web.archive.org/web/20210314205135/https://www.stewardinternational.org/>



4. Who Owns Steward Spain? – “Manolete”

Dozens of filings pulled from Spanish business registries show that Steward Spain’s *immediate* parent entity is a Delaware company called **Manolete Health Management LLC**. It appears that Manolete Health Management LLC exists in a group of Delaware companies which include Manolete Health LLC and Manolete Health Holdings LLC.

A similarly named entity, **Manolete Health Limited**, was incorporated and immediately dissolved by **Ralph De La Torre** in the UK⁴.

Ralph DE LA TORRE

Filter appointments
☐ Current appointments

Total number of appointments 1

Date of birth
July 1966

MANOLETE HEALTH LIMITED (12565831)

Company status	Correspondence address
Dissolved	160 Aldersgate Street, London, United Kingdom, EC1A 4HT
Role	Appointed on
Director	21 April 2020

Figure 10 – UK Companies House Extract

All of these entities were created in April 2020, the month preceding the JV transaction.

MPT Manolete Opco TRS, LLC – 49% JV Interest Holder

Curiously, MPW also has a subsidiary titled “Manolete”, also in Delaware, and created only days before the date of the JV transaction.

MPT MANOLETE OPCO TRS, LLC

Company Number	7961917
Incorporation Date	7 May 2020 (almost 3 years ago)
Company Type	Domestic Limited Liability Company
Jurisdiction	Delaware (US)
Controlling Company	MEDICAL PROPERTIES TRUST, INC
Registered Address	New Castle, DE United States
Agent Name	THE CORPORATION TRUST COMPANY
Agent Address	CORPORATION TRUST CENTER - 1209 ORANGE ST - WILMINGTON DE 19801
Directors / Officers	THE CORPORATION TRUST COMPANY, agent
Registry Page	https://icis.corp.delaware.gov/Ecorp/...

Figure 11 – UK Companies House Extract⁵

MPT Manolete Opco TRS appears hold MPW’s 49% JV equity interest in Steward International.

⁴ Manolete is the name of one of the greatest bullfighters of all time.

⁵ It is likely that Ralph De La Torre was unaware that his details would be made public. He actively distanced his registration from his other UK registrations of Steward entities by apparently creating a “second” Ralph De La Torre on the register’s system.



Steward Health Care International Investors LLC – 51% JV Interest Holder

Steward Spain's ultimate beneficial owners are Steward Health Care International Investors LLC, based in Delaware ("Steward Investors"). Steward Investors is listed as the UBO in Steward Spain's financial accounts for period ending 31 December 2020. We note that, at this date, Steward Malta was already an alleged subsidiary of Steward Spain.

Pertenencia a un grupo de sociedades:	DENOMINACIÓN SOCIAL		NIF	
Sociedad dominante directa:	01041		01040	
Sociedad dominante última del grupo:	01061	STEWARD HEALTH CARE INTERNATIONAL INVESTORS LLC	01060	1

Figure 12 – Extract from Steward Spain 2020 Financial Accounts

Steward Investors is also the *only* non-individual listed as an authorized person of Steward Spain.

Name:	STEWARD HEALTH CARE INTERNATIONAL INVESTORS LLC
NIF:	N00237860
Position:	Socio único
Appointment data:	27/05/2020

Figure 13 – Extract from Spanish Business Registries – Steward Spain

Steward Investors appears to hold the 51% JV equity interest in Steward International.

We note that we cannot determine ownership of Steward Investors but note that its registered office is the same address, including Suite, as Steward Systems.

Steward Malta crucially appears to share staff & offices with Steward Systems.

Taxpayer Information <table> <tr> <td>Taxpayer Number</td> <td>32080709150</td> </tr> <tr> <td>Taxpayer Name</td> <td>STEWARD HEALTH CARE INVESTORS LLC</td> </tr> <tr> <td>Taxpayer Address</td> <td>1900 N Pearl St Ste 2400 Dallas TX 75201</td> </tr> <tr> <td>Taxpayer County</td> <td>Dallas</td> </tr> <tr> <td>Permit Date</td> <td>2020-05-11</td> </tr> </table>		Taxpayer Number	32080709150	Taxpayer Name	STEWARD HEALTH CARE INVESTORS LLC	Taxpayer Address	1900 N Pearl St Ste 2400 Dallas TX 75201	Taxpayer County	Dallas	Permit Date	2020-05-11	<div> 1900 N. Pearl Street, Suite 2400 75201 Dallas, TX, US Get Directions </div> <div> Steward Health Care System Location </div> <div> +1 469-341-8800 </div> <div> Contact Steward Health Care System Corporate Headquarters on Messenger </div> <div> www.steward.org </div>
Taxpayer Number	32080709150											
Taxpayer Name	STEWARD HEALTH CARE INVESTORS LLC											
Taxpayer Address	1900 N Pearl St Ste 2400 Dallas TX 75201											
Taxpayer County	Dallas											
Permit Date	2020-05-11											

Figures 14 & 15 – Steward Investors LLC OpenGov extract⁶ & Steward Corporate HQ Address (LinkedIn)

⁶ <https://opengovus.com/texas-taxpayer/32080709150>



5. The JV Structure – Viceroy Research

Viceroy's investigations show a much clearer picture of MPW's Steward International JV structure.

We have developed a rough corporate tree which illustrates the *current* structure of the JV, as it stands, and note that the circumstances surrounding the transaction, what MPW paid for, and what MPW received, are completely fabricated and intentionally opaque.

This behavior is consistent with money laundering and revenue round tripping.

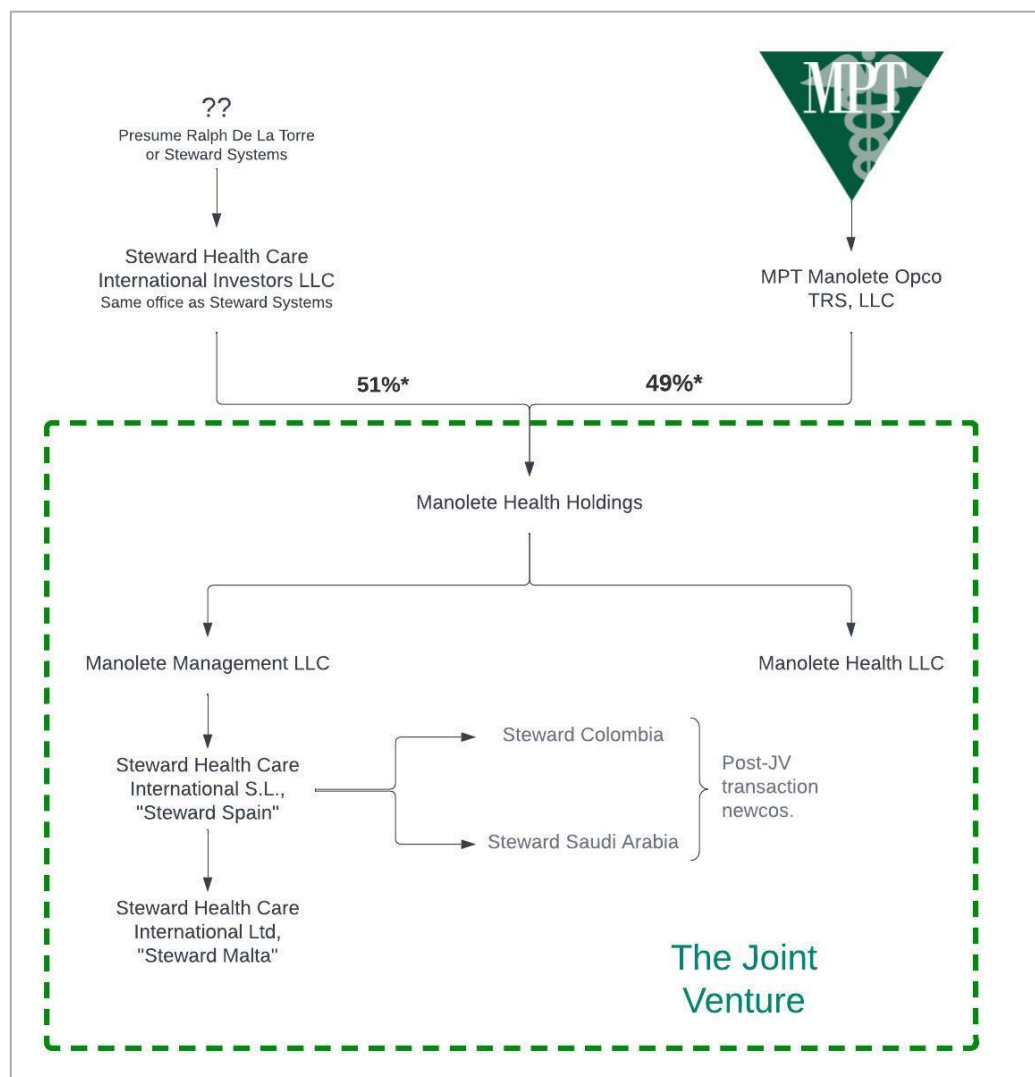


Figure 16 – Viceroy Analysis

Given the intentionally opaque nature of the JV, we note that there may be further entities which fall between various HoldCos and Opcos and Management Cos. From our understanding. This is substantially the current structure.

“NOT US”

Despite piecing together dozens of filings to detail JV ownership of Steward Internal, both **MPW** and **Steward Systems** explicitly deny owning any part of **Steward International** and **Steward Malta**.



7. “We do not own Malta”

Under fire from the media: Steward Malta made the strange and impossible claim that it had no connection to both MPW and Steward, directly contradicting statements made by both.

Neither SHCI nor SHCM have any current commercial connection to MPT, nor any legal connection to Steward operations in the US. As such the link to MPT as depicted in the article is completely false, the company said.

Figure 17 – Steward denies it will sell Barts – Malta Independent⁷

When Steward was queried further regarding the structure of the JV by MaltaToday journalist, Matthew Vella, he received this response:

“...Ahead of the 2020 transaction to which you refer, Steward Health Care International owned a collection of rights, intellectual property and subsidiaries. Most of the assets were sold into the international joint venture you mention; however, the name ‘Steward Health Care International’ and the subsidiary, Steward Health Care International-Malta, were sold to a Madrid-based and incorporated company – the current Steward Health Care International. This company now owns and runs the Maltese operations and is a fully independent company not related to Steward Health Care Systems LLC or the joint venture.

As it is a fully independent entity, Steward Health Care International is not in a position to respond to questions relating to the ownership or the activities of the joint venture or Steward Health Care Systems LLC, nor the activities of its shareholders. Any questions on these matters must be addressed to the relevant parties...”

- **Steward Malta Spokesperson** – provided to Viceroy Research by **Matthew Vella** of **MaltaToday**

This entire recollection of events appears to be completely fabricated and backdated by Steward & MPW.

- MPW and Steward Systems annual financial statements and disclosures state that **the JV purchased Steward Health Care International Ltd and rights to all of Steward’s present and future international opportunities on 11 May 2020.**
 - At the date of acquisition, **Steward Health Care International Ltd owned Steward Malta.**
- **Steward Health Care International Ltd was never transferred to a JV** and deregistered in February 2022.
- 2 years after the JV transaction date, and 6 months after the deregistration of Steward Health Care International Ltd: **Steward Malta lodged a backdated letter to the Malta companies house, stating that Steward Malta had been transferred to Steward Spain on May 12, 2020.**
 - This followed, not preceded, the JV’s purported May 11, 2020, acquisition of Steward International.
- Steward Spain, the current owner of Steward Malta, appears to be held by **Manolete Health Holdings: the JV holding vehicle.**
 - **MPW appears to hold its 49% stake in the JV via MPT Manolete Opco TRS**
 - The remaining 51% controlling holder of the JV, purportedly controlled by Ralph De La Torre, is Steward Health Care International Investors LLC
- “Commercial connections” between MPW and Steward Malta appear relatively straight forward.
- **Steward Malta’s UBO operates out of Steward System’s headquarters and shares staff and management with Steward Systems.**

Even if MPW insist they don’t know Steward Malta, then what did they do the \$205m buy!?

⁷ <https://www.independent.com.mt/articles/2022-02-01/local-news/Steward-International-denies-it-will-sell-Barts-says-it-is-completely-renegotiating-hospital-deal-6736240285>



8. Hot Potato – Who Wants Malta?

It is already clear that the circumstances surrounding the JV appear tantamount to money laundering. Hold onto your hats. We presume readers have some background Malta's highly controversial/corrupt hospital concession scandal. In any case, we have **Annexed to this report a quick breakdown of the story**.

Put simply, Steward purchased a Maltese hospital concession obtained through corruption while retaining the key actors in that corruption. Viceroy will show in this section how the same individuals that brokered the Vitals deal came to work for Steward in their international campaign.

Steward acknowledged in "irregular and collusive practices" (read: corrupt) that led to the Vitals concession. Strange that it would then go on to work with so many of those individuals following.

The Steward companies claimed that MANV had been involved in "irregular and collusive practices" on the 30-year hospitals concession granted by the Maltese government.

Figure 18 – Steward drops its legal bid to avoid US\$6.5m payment – Times of Malta⁸

Vitals Global Healthcare & Major Players – What KYC/AML?

Vitals Global Healthcare ("VGH") appear to have originally obtained the Malta hospital concession through corrupt means. Steward is VGH's successor, in the sense that Steward has purchased the concession.

The Shift has a fantastic investigative series on the "Vital Hospital Deal". It can be found here⁹.

Behind the Vitals deal were Bluestone Investments and the following individuals (among others). This section provide a brief of their involvement in the VGH scandal, and highlight that **many worked for, or still work for, Steward International**.

We note that substantially all of these player appear to be "of interest" in the running criminal enquiries surrounding VGH. They may be subject to formal criminal proceedings subject to outcomes of legal cases submitted by Malta politician and Muscat opponent, Adrian Delia.

Ram Tumuluri - Investor in Bluestone

Mr. Tumuluri appears to be a career con man. Extensively written about by the late Daphne Caruana Galiza.

Running Commentary

Daphne Caruana Galizia's Notebook

Ram Tumuluri: From running a Canadian lakeside hotel into insolvency to running Malta's public hospitals

Figure 19 – Extract from Running Commentary – November 4, 2016¹⁰

Mr. Tumuluri has subsequently been suspected of replicating VGH's fraudulent model in Mumbai, as his brand-new company was awarded a €332m to procure double decker and electric busses. Mr. Tumuluri has no background in busses. Legislative assembly members in India labeled Mr. Tumuluri an "international scammer"¹¹.

Previously, Mr. Tumuluri has been accused of abandoning failed projects in Canada, which now face "big lawsuits", according to investors left holding the bag¹². Albanian news outlet Exit News states that Ram Tumuluri and Shaukat Ali were "involved in both VGH and Steward"¹³.

⁸ <https://timesofmalta.com/articles/view/steward-drops-its-legal-bid-to-avoid-us65m-payment.934738>

⁹ <https://theshiftnews.com/category/investigations/hospital-deal/>

¹⁰ <https://daphnecaruana galizia.com/2016/11/ram-tumuluri-running-canadian-lakeside-hotel-insolvency-running-maltas-public-hospitals/>

¹¹ <https://theshiftnews.com/2022/03/18/ram-tumuluri-suspected-of-replicating-fraudulent-malta-vgh-model-in-mumbai/>

¹² <https://ram-tumuluri.yolasite.com/>

¹³ <https://english.republika.mk/news/macedonia/suspicious-businessman-with-ties-to-gaddafi-is-zaevs-contact-for-a-major-healthcare-project/>



Shaukat Ali Ghafoor & Asad Ali – Investors in Bluestone.

Shaukat Ali Ghafoor & his son¹⁴, Asad Ali, appear to be a career con men. Along with his son, Asad Ali, Shaukat was signatory to the original MoU which awarded the corrupt hospital concession to VGH¹⁵ in 2014.

Power broking for Steward

Shaukat Ali allegedly brokered similar agreements to that in Malta with the governments of Montenegro, Macedonia and Albania wherein Vitals was the original counterparty, later replaced by Steward.

- Media reports indicate that Steward retained the services of Shaukat Ali to negotiate with the Northern Macedonian government led by Prime Minister Zoran Zaev¹⁶.
- In May 2018 Macedonian prime minister Zaev allegedly met with then-Prime Minister of Malta Joseph Muscat and Shaukat Ali to discuss the privatization of North Macedonian hospitals. Albanian news outlet Exit News claims that there are photos evidencing that the meeting took place, but these photos have not been publicized.
 - By then Steward had announced its takeover of the VGH concession in Malta (this happened on 20 December 2017)¹⁷.
- Albanian news outlet Exit News states that Ram Tumuluri and Shaukat Ali were “involved in both VGH and Steward”¹⁸.

Other issues

- Shaukat Ali had previously tried to buy the St James hospital together with Tumuluri and Gupta but the deal fell through when they were unable to come up with a down payment¹⁹.
- Both Shaukat Ali Ghafoor and Asad Ali are “investors” in Ram Tumuluri’s suspected fraudulent scheme to supply busses to India²⁰.
 - Indian political figures also allege that Asad Ali is involved with the hawala business, an informal remittance network that operates in the middle east and India.
- Shaukat Ali also received suspicious payments from Accutor Limited, a company that acted as a go-between for under-the-table payments relating to the hospital concession to Muscat, Tumuluri and Bluestone. Swiss banking and accounting records reviewed by the Times of Malta showed Steward wired Accutor EUR3.6m, 2.49m of which was wired on the same day it issued a statement that it was taking over the Vitals concession²¹. For their part Steward claimed ignorance, saying that it was directed to make those payments by Vitals management.
 - Two of Accutor’s directors resigned simultaneously when they found that these payments had been hidden from them²².
- Asad Ali was previously a major shareholder in Corporate International Consultancy, a company headed by John Dalli, former EU commissioner found to have taken bribes and operated several frauds²³.

¹⁴ https://www.maltatoday.com.mt/news/national/84246/saint_james_hospital_the_botched_sale_and_the_middleman#.YkdV5igpCUk

¹⁵ <https://theshiftnews.com/2018/01/27/vitals-ownership-untangling-the-web/>

¹⁶ <https://english.republika.mk/news/macedonia/suspicious-businessman-with-ties-to-gaddafi-is-zaevs-contact-for-a-major-healthcare-project/>

¹⁷ https://www.maltatoday.com.mt/news/national/83233/vitals_selling_malta_hospitals_concession_american_steward_healthcare#.YkdV5igpCUk

¹⁸ <https://exit.al/en/2020/03/03/company-eyeing-lucrative-healthcare-ppp-in-albania-owes-e12-million-to-maltese-government/>

¹⁹ https://www.maltatoday.com.mt/news/national/84246/saint_james_hospital_the_botched_sale_and_the_middleman#.Y-O2s3bMKUk

²⁰ <https://theshiftnews.com/2022/03/18/ram-tumuluri-suspected-of-replicating-fraudulent-malta-vgh-model-in-mumbai/>

²¹ <https://timesofmalta.com/articles/view/joseph-muscat-wired-thousands-of-euro-by-swiss-firm-linked-to-vgh.913212>

²² <https://timesofmalta.com/articles/view/former-partners-raise-red-flags-on-man-behind-joseph-muscat-payments.913224>

²³ <https://www.nytimes.com/2017/05/12/world/europe/dalli-eu-fraud-ponzi-scheme.html>



Mark Pawley – Investor in Bluestone

Mark Edward Pawley represented majority Bluestone Special Situation 4 Ltd, Vitals' ultimate beneficial owner.

A court filing by KPMG Singapore for nonpayment relating to services to Bluestone Special Situations 4 shows Pawley is indeed the UBO of Bluestone. Amusingly the legal actions hinge on Pawley's attempted avoidance of a personal guarantee over Bluestone²⁴.

While the judgment is silent on what exactly KPMG was doing for Bluestone, the timing and labelling of the charges suggest it was for advisory services related to the Vitals deal.

- 63 The updates which Mr Pawley received included an email from KPMG (S) dated 15 August 2014 which set out the deliverables provided and a breakdown of fees for:⁵⁷
- (a) pre-deal financial and tax due diligence (US\$ 470,000, "as per [LOE] signed 24 January 2014");
 - (b) addendum and updates to report (US\$200,000, as "[p]reviously communicated ... which includes a 25% discount"); and
 - (c) tax structuring (US\$269,000, as "[p]reviously communicated ... which includes a 25% discount").
- 64 The amounts KPMG (S) invoiced were agreed to by Mr Pawley before the invoices were issued:
- (a) on 21 February 2014, KPMG (S) emailed Mr Pawley to say that it would need to issue its invoice for half of some US\$400,000 with disbursements of US\$6,500;⁵⁸ Mr Pawley replied on 22 February 2014, saying "[t]hanks for the heads up. By all means submit the bill",⁵⁹ and on 17 March 2014 KPMG (S) duly invoiced US\$200,000 in professional fees and US\$6,500 in disbursements, as agreed;
 - (b) on 14 January 2016, KPMG (S) informed Mr Pawley, "[t]he [total] amount we will invoice is US\$939,000 plus [US]\$15,000 expenses and taxes as applicable – please confirm prior to us issuing invoice", Mr Pawley replied "[y]ep",⁶⁰ and on 19 January 2016 KPMG (S) duly invoiced the balance US\$739,000 in professional fees and US\$8,500 in disbursements⁶¹ (making a total of US\$939,000 and US\$15,000 in disbursements, as agreed).

Figure 20 – Suit No 264 of 2019 High Court of Singapore

Pawley further claimed in a December 2020 transcript that Bluestone had no assets and was not in a position to pay KPMG.

Bluestone effectively began funneling money out of Vitals as quickly as it came in. In fact, it's clear that Vitals was simply a conduit of cash from the Maltese government to Bluestone.

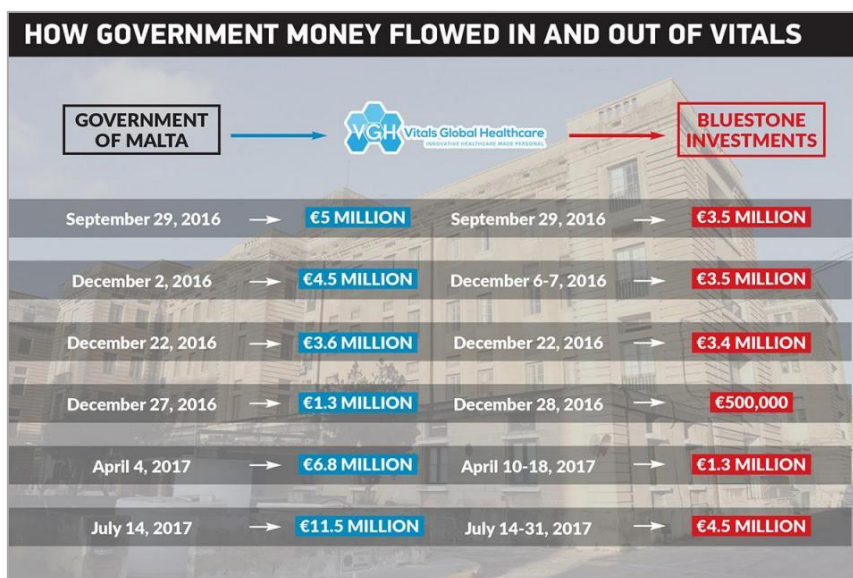


Figure 21 – Millions of euros shifted out of Vitals on days of government payments – Times of Malta²⁵

Pawley along with Tumuluri also signed a backdated EUR400k a year contract for himself that Steward would eventually pay out of their pocket²⁶.

²⁴ https://www.elitigation.sg/gd/s/2021_SGHC_54

²⁵ <https://timesofmalta.com/articles/view/millions-euros-shifted-vitals-days-government-payments.970193>

²⁶

https://www.maltatoday.com.mt/news/national/100845/vitals_directors_paid_themselves_1_million_annually_in_contract_drawn_up_months_before_exit#.Y-NnoXbMKUk



Armin Ernst – CEO of Steward International, former CEO of VGH

Ernst was a previous Steward employee, who then became the head of VGH, and then became Steward International's CEO in the collapse of VGH. The Times of Malta state that these roles appear to overlap for extended periods²⁷.

Ernst was actively involved in various questionable transactions at VGH, even as Steward attempt to distance themselves from VGH's alleged fraud and could not deliver on any of VGH's financial obligations required under its concession. VGH nonetheless accepted €50m in concessions from the Government through these concessions²⁸.

Ernst also accompanied VGH staff and investors to various Eastern European countries in an apparent attempt to replicate VGH's scheme in Malta.

Ambrish Gupta – Investor in Bluestone

Ambrish Gupta is the owner of Medical Associates of Northern Virginia (now Inovadocs), an early investor in the Vitals project who funded its expenses through a loan. As part of a dispute between Vitals investors a settlement was reached to pay MANV \$10m, 5m immediately and 5m later which was never paid.

While we do not have enough visibility to say for certain it appears as though Gupta's role in the Vitals saga extended as far as this bridge loan. It is over this unpaid \$5m that Gupta sued Steward Health Care in the UK.

Nadine Delicata – VP of Operations at Vitals

Steward Health Care Malta's Executive Director and President Nadine Delicata was formerly VP of Operations at Vitals Global Healthcare^{29,30}. Delicata wrote a piece for the Independent trashing Vitals and praising Steward while neglecting to mention her own involvement in the situation³¹.

²⁷ <https://timesofmalta.com/articles/view/20171222/local/vitals-ceo-profile-says-he-worked-simultaneously-for-new-concession.666264>

²⁸ <https://theshiftnews.com/2018/02/25/key-questions-no-answers/>

²⁹ <https://mt.linkedin.com/in/nadine-delicata-4068a827>

³⁰ <https://www.independent.com.mt/articles/2017-04-02/local-interviews/VGH-will-ensure-equity-of-care-for-NHS-patients-and-paying-patients-6736172385>

³¹ https://timesofmalta.com/articles/view/stewards-president-things-were-actually.932314#cta_comments



Maltese government officials

Joseph Muscat – Disgraced former Prime Minister

Disgraced former Maltese Prime Minister, **Joseph Muscat**, has been and appears to continue to be involved in government negotiations between Steward and VGH³². Muscat resigned unceremoniously in controversy surrounding his alleged involvement in the murder-for-hire assassination of journalist, Daphne Caruana Galizia, who wrote extensively on this fraudulent Maltese concession.

Muscat was also accompanied by Steward representatives in his visits to Macedonia to cheerlead for a public-private partnership there.

Shaukat was also seen in meetings between Steward and foreign governments, alongside Joseph Muscat³³.

Muscat received EUR60k in suspicious payments, claiming that this was in exchange for consultancy work he carried out by the firm.

Nonetheless, scrutiny over the deal led to a raid on Muscat's home by Maltese police in January 2022 over the ongoing corruption probe.

Konrad Mizzi – Disgraced former Tourism Minister

Former Maltese tourism minister Konrad Mizzi was the individual who set in motion the Vitals saga by awarding the 30-year concession to Vitals in the first place in 2015 through Projects Malta, a company under his purview. Later investigations by the National Audit Office would show that the MoU with Vitals was signed **before** a request for proposals was submitted.

The original agreement required funding to be secured before the concession became effective, a requirement waived six months later by Mizzi³⁴.

Mizzi also signed the 2019 agreement with Steward that contained an "escape clause", part of a EUR28m loan stating that any termination of the concession in a court of law would constitute a government default while granting Steward a EUR100m pay-out.

Keith Schembri

Keith Schembri is the former chief of staff to Joseph Muscat who resigned in relation to the murder investigation of Maltese journalist Daphne Caruana Galizia.

A design firm owned by Schembri's wife and himself, 3City design, received payment from Vitals and then Steward. These payments began around the time Steward was in talks to buy the concession from Vitals and were to design a carpark at the hospital although this duty belonged to the local council. After taking over the concession from Vitals Steward kept up the payments for another 9 months.

The entity through which Schembri owned his stake in 3City was Kasco, which was used for money laundering in a separate case. Both Schembri and his wife were charged with money laundering in 2021 with prosecutors alleging EUR1.5m were laundered through the company from 2008 to 2020.

³² <https://www.independent.com.mt/articles/2020-01-25/local-news/Muscat-s-presence-at-OPM-Steward-Healthcare-meeting-raises-eyebrows-6736218873>

³³ <https://web.archive.org/web/20200202231116/https://exit.al/en/2020/01/31/ppp-by-stealth-north-macedonia-a-disgraced-ex-prime-minister-and-ramas-healthcare-propaganda/>

³⁴ <https://theshiftnews.com/2018/02/25/key-questions-no-answers/>



9. Implication

It's easy to get lost in the details of the Maltese transaction but the key takeaways are:

- **Steward purchased the Maltese hospital concession knowing it was connected to corrupt practices.**
- **Vitals had no reliable accounting records** to speak of, a fact that would have come up in Steward and MPW's due diligence processes.
- **The individuals behind those corrupt practices (Ernst, Shaukat and Asad Ali) would remain involved with Steward**, either directly in Ernst's and Asad Ali's case or indirectly with Shaukat Ali cheerleading projects in eastern Europe.
- **Vitals was systematically looted by its shareholders** and had no intention or capability of ever fulfilling the concession.
- Maltese courts will present a **decision on revoking the Steward's concession** which have been a significant source of problems.
- **Steward has repeatedly claimed that its Maltese operations are loss-making** when seeking further funding from the government.

It's not hard to see why no one wants Malta.



Annexure – Background: Malta Hospital Concession

In this section, **we will explain why MPW and Steward are playing hot potato with Steward Malta**. This is by no means a full background to one of the most fascinatingly long winded, and most obviously corrupt, political healthcare deals of all time. We take our hats off to the various journalists who uncovered this corruption.

In 2015 Projects Malta, a company under the purview of then tourism minister Konrad Mizzi, awarded a 30-year concession to Vitals Global Healthcare (“VGH”) to operate and modernize three previously state-owned hospitals: the St. Luke’s Hospital, Karen Grech Rehabilitation Hospital and Gozo General Hospital.

The deal immediately attracted media controversy in Malta because VGH had no track record as a healthcare operator and refused to disclose its beneficial owners. It also became the subject of allegations that the deal between the Maltese government and VGH was arranged ahead of the public tender for the concession.

It was uncovered that VGH was connected to various career con men.

In the next two years, VGH also failed to honor its contractual obligations to the Maltese government. While it received around 70 million annually to run the hospitals, it failed to make the required EUR 220 million in capital expenditures.

Preliminary Malta Investigations - NAO

In 2018 Adrian Delia, the leader of the main opposition party, the Nationalist Party, called on the National Audit Office (“NAO”) to probe the government’s agreement with VGH. He also filed a lawsuit against former prime minister Joseph Muscat, VGH, the Attorney General, the CEO of Malta Industrial Parks Limited and the chairman of the board of the Lands Authority. Delia asked the court to cancel the contract underlying the concession for the three hospitals, and to re-nationalize the hospitals³⁵.

The NAO published its report in July 2020. It found “proof of collusion” between government decision-makers and VGH. Specifically, the NAO alleges that the government signed a memorandum of understanding (“MoU”) with VGH several months before publishing its request for proposals (“RfP”). VGH then effectively used the MoU to raise financing for the project and entered into an agreement with Bank of India several days before the publication of the RfP³⁶.

Hearings related to Delia’s lawsuit have produced testimony confirming other controversial aspects of agreements related to the hospital concession. Current health minister Chris Fearne confirmed that in August 2019 Mizzi signed an agreement with Steward that contained an ‘escape clause’.

The clause forms part of a EUR 28 million loan agreement between the Bank of Valetta and Steward. It states that any termination of the concession agreement in a court of law – even if Steward was in breach of contract – would be considered a government default. It means that under these circumstances all liabilities in conjunction with the hospitals would be passed on to the government, while Steward would receive, among other things:

- a EUR 100 million contractual pay-out for its equity³⁷
- the ability to sell properties to MPW via long-dated leaseholds³⁸

³⁵ <https://www.independent.com.mt/articles/2021-01-18/local-news/Joseph-Muscat-to-testify-in-VGH-case-6736230247>
https://www.maltatoday.com.mt/news/national/107086/hospitals_steward_facility_managers_cabinet_deal#.Y-DSDHbP1aY
<https://www.independent.com.mt/articles/2021-03-01/local-news/Mizzi-OPM-were-holding-parallel-talks-with-VGH-behind-Fearne-s-back-court-hears-6736231430>

³⁶ <https://www.independent.com.mt/articles/2020-07-12/blogs-opinions/Lock-them-up-6736225028>

³⁷ https://www.maltatoday.com.mt/news/national/120727/labour_braced_for_steward_fallout_over_penalty_fraud_investigation#.Y-MU8nbP1aY

³⁸ https://www.maltatoday.com.mt/news/national/114729/steward_2019_unsigned_memorandum_included_plan_to_sell_barts_leasehold#.Y-MJNHbP1aY



Steward acquires hospital concession

In 2018 VGH sold its hospital concession to Steward for a symbolic price of EUR 1, having amassed net liabilities of €27m in less than two years of operation. However, a settlement between Steward and former investors in VGH about an allegedly backdated contract meant that Bluestone Investment Management, VGH's parent, and Ram Tumuluri, one of its promoters, received a combined €15 million from Steward³⁹.

The key driver behind the transaction was reportedly VGH's former CEO Armin Ernst. **He had been an administrative officer at Steward, before joining VGH as its CEO in June 2016. He then left VGH in October 2017 and later re-joined Steward as the CEO of its international division, Steward Health Care International.** The division also oversees Steward's hospital concession in Malta.

Steward attempts to re-negotiate contract

The transfer of the concession had to be approved by the Maltese government. It reportedly did so by signing a preliminary MOU with Mizzi, which was expected to govern the parties' relations until a re-negotiation of the concession contract in 2019. The latter never materialized because of the political crisis in Malta that unfolded in November 2019 over allegations that Mizzi and Muscat's chief of staff, Keith Schembri, were involved in the murder-for-hire of investigative journalist Daphne Caruana Galizia in 2017⁴⁰.

The contract negotiations were re-launched after Muscat resigned and handed power to Robert Abela in January 2020. Steward reportedly sought higher annual fees to run the hospital – up to EUR 120 million – and more preferable default clauses. Steward's CEO de la Torre and Steward Malta president Armin Ernst were reportedly supported by diplomats from the US embassy⁴¹.

Steward also appears to enjoy the support of former Prime Minister Joseph Muscat. On 26 January, two weeks after Muscat's formal handover of power to party colleague and new prime minister Robert Abela, Muscat reportedly requested a meeting with Abela on behalf of Steward. He is also said to have accompanied Steward Malta CEO Ernst in the subsequent meeting with Abela, deputy prime minister Chris Fearne, principal permanent secretary Mario Cutajar⁴².

Criminal Investigations & Recession of Concession

Since 2019 there has also been a criminal inquiry into the government's concession award. In November 2019 the Criminal Court in Malta threw out an appeal by former cabinet ministers Edward Scicluna, Konrad Mizzi and Chris Cardona against conducting a criminal inquiry into the events leading up to hospital concession award. The request for the criminal inquiry had been filed by NGO Repubblika⁴³ in order to establish whether the ministers had given VGH an unfair advantage. The inquiry is ongoing.

Mr. Delia has subsequently filed a court case in Malta for the recession of the privatization of the Maltese hospitals. The outcome is due in the coming weeks⁴⁴.

³⁹ https://www.maltatoday.com.mt/news/national/66633/vital_groups_hospital_management_takeover_kicks_off#.Y-MNzXbP1aY
https://www.maltatoday.com.mt/news/national/107086/hospitals_steward_facility_managers_cabinet_deal#.Y-MN3nbP1aY
<https://theshiftnews.com/2018/02/25/key-questions-no-answers/>

⁴⁰ <https://www.theguardian.com/politics/2019/dec/01/malta-pm-joseph-muscat-quits-daphne-caruana-galizia>

⁴¹ https://www.maltatoday.com.mt/news/national/104813/americans_put_the_heat_on_ministers_with_moneyval_test#.Y-MYN3bP1aa

⁴² <https://www.independent.com.mt/articles/2020-01-26/local-news/Muscat-s-presence-at-OPM-Steward-Healthcare-meeting-raises-eyebrows-6736218873>

https://www.maltatoday.com.mt/news/national/99979/joseph_muscat_lobbies_robert_abela_to_renegotiate_steward_deal#.Y-MYgNbP1aY

⁴³ <https://timesofmalta.com/articles/view/passport-buyer-milked-millions-vitals-deal.967303>

⁴⁴ https://www.maltatoday.com.mt/news/national/120727/labour_braced_for_steward_fallout_over_penalty_fraud_investigation#.Y-DbZnbP1aY