Inside the secret financial dealings of Steward CEO Ralph de la Torre

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Spotlight: Steward CEO spent company money on lavish lifestyle

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WATCH: Reporter Hanna Krueger and the Globe Spotlight Team uncovered Ralph De La Torre's secret financial dealings that put personal profit over patient lives.

The hospital executive choked up at the press conference that February day in 2022, his eyes welling as he described his immigrant mother's story.

She was an orphan from Cuba who worked her way through nursing school. And now, her health care executive son, Ralph de la Torre, was honoring her legacy, making a $10 million charitable pledge from his family foundation to fund a new science center in her name at the school outside Dallas his twin sons attend.

"What better than a woman, Hispanic, orphan that has made it in science," he said, his voice rising in crescendo. "As we all face challenges in life, we should all remember we can overcome them."

Rosa Valdes had indeed lived out a kind of classic immigrant story, a determined rise to success fueled by talent, self-sacrifice, and pluck.

Her son's story was something else entirely — and the generous gift to the Greenhill School was a clue.

Millions donated to the school didn't come from Ralph de la Torre, or a family foundation, it came from Steward Health Care, the Boston-born company that he founded and grew to become one of the nation's largest private, for-profit hospital chains, records examined by the Globe show.

It was an outlay cash-strapped Steward could ill afford.

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Even as de la Torre stood at the podium promoting the colossal donation, over 30 hospitals in Steward's network were in deep distress. Vendors were begging the company to pay outstanding bills. Hospital workers struggled to provide care amid equipment and staffing shortages. Patients were frequently put at risk.

And the line between Steward's growing troubles and de la Torre's life of luxury grew ever more vivid. The Globe Spotlight Team found that the donation was one of several instances in which de la Torre allegedly dipped into Steward's dwindling bank accounts to serve his own personal ends.

De la Torre secured a multimillion-dollar apartment and traveled on Steward corporate jets to far-flung destinations on vacation — all on the company's dime, according to court documents, flight records, company financials, interviews, and emails obtained by the Organized Crime and Corruption Reporting Project that were shared with and reviewed by the Globe.

In several cases, de la Torre went further, maneuvering to have Steward contract with other companies in which he, himself, had ownership stakes. The Greenhill donation was an example; construction of the new science center was overseen by a firm of which de la Torre was a part owner.

Often, in these side transactions, he was paid millions of dollars in so-called management fees, records examined by the Globe show.

Four corporate accounting experts told the Globe that de la Torre's overall actions may run afoul of bankruptcy laws and corporate laws that govern the behavior of executives at private, for-profit companies. These executives enjoy considerable latitude, but blurring the border between corporate and personal funds — self-dealing, that is to say — is out of bounds, especially with bankruptcy on the horizon.

Financial statements, obtained by the Globe, show that Steward reported staggering losses while it was making these lavish outlays to its executive, namely $364.7 million in 2021 and a $268.8 million loss in 2022.

"Once you start getting loosey goosey with the boundaries of a company and the person who is running it doesn't care what assets belong to him or what belongs to his company, then you're just asking for it," said Eric Talley, codirector of the Ira M. Millstein Center for Global Markets and Corporate Ownership at Columbia University. "There is a whole slew of doctrines, both in bankruptcy law and in corporate law, that basically say you're not allowed to play that game."

Increasingly, law enforcement is paying attention.

These sorts of questionable transactions, by de la Torre and Steward, are now under scrutiny by a federal grand jury in Boston, according to three people familiar with that investigation.

The grand jury has homed in on the health care company's financial dealings, including executive compensation, travel, and spending, said one person who was briefed on the matter. This inquiry, the person said, dovetails with a separate federal investigation into Steward Health Care for potential corruption in its international business. The company confirmed the existence of the foreign corruption probe in July.

Steward, which filed for bankruptcy this year and is slated to shed 1,200 jobs in Massachusetts alone, has placed in peril the future of health care in dozens of rural or low-income communities across the nation that rely on its hospitals.

RELATED: Steward's medical devices were repossessed. Weeks later, a new mother died.

Steward Health Care declined to comment for this story. A personal spokesperson for de la Torre did not respond to requests for comment, and the CEO didn't respond to messages sent to his personal or company email accounts.

A peculiar donation

By the end of 2021, Steward's bills from hospital vendors were piling up, causing some providers to pull services and others to panic. In one instance, the chief financial officer of a company that provided behavioral health services to Holy Family Hospital in Methuen essentially camped out in Steward's parking lot, sending emails in which he harangued executives — including de la Torre — and implored them to pay more than $500,000 in outstanding bills, according to an email obtained by the Organized Crime and Corruption Reporting Project and shared with the Globe.

Holy Family, like other Steward properties, was facing a painful financial squeeze. De la Torre, it would seem, was not.

Just a few months after the vendor's appeal, de la Torre perched a white hard hat on top of his black curly hair, grinned, and gripped a ceremonial shovel at the Dallas school where he'd made the multimillion-dollar pledge.

The Greenhill School is a private, K-12 institution in suburban Dallas, where annual tuition runs as high as $39,770. Its quarterly magazine lists de la Torre's donation as originating from the "de la Torre Family Foundation." But the only active, tax-exempt foundation in Ralph de la Torre's name is the Texas-based "De La Torre Charitable Trust," which listed just $7,034 in cash at the beginning of 2022 and reported no donations from 2021 onward, public tax filings show.

His faltering hospital chain filled the gap. Steward Health Care Systems LLC — the entity that oversees and manages all of Steward's community hospitals — made $3 million in donations to the Greenhill School between May and August 2023, according to documents filed in the hospital chain's bankruptcy case, which were first cited by The Wall Street Journal. It is unclear if Steward made any further contributions to the school before May 2022; the form only requests information after that date. A Steward spokesperson declined to address questions about it.

The transaction surprised corporate finance experts contacted by the Globe.

"It would be hard to imagine why a hospital chain would be making charitable donations to a prep school to begin with," said Bernard Black, a professor at Northwestern University with expertise in corporate governance. "And if it's not in the name of the hospital, it's hard to see how a donation of that size would be justified."

From one pocket to the other

De la Torre's stake in this high-profile transaction went beyond good public relations and the desire to pay tribute to his mother. He also had a financial interest in the Dallas-based construction management company that was tapped to oversee the center's construction, according to internal corporate emails and the company spokesman.

The relationship between Steward and that company, CREF, runs deep. The company was spun out of a small Cape Cod construction firm in 2016 and operated by general contractor Robert Gendron, who first met de la Torre during the renovation of the CEO's Cape Cod mansion. Gendron also briefly held an executive role at Steward.

CREF has since expanded nationally and globally, joining Steward in its international ventures in Malta and Colombia. Between May 2023 and May 2024, Steward Health Care paid the company more than $37 million in management fees, according to the bankruptcy filing. Management fees can cover a broad range of nonclinical services provided to the hospital system each month.

CREF, which relocated from Boston, now shares a downtown Dallas office space with Steward Health Care.

De la Torre acquired a sizable ownership stake — 40 percent — in CREF in the spring of 2021, according to two people familiar with the matter. This means that by the time Steward's gift to the school was funneled into the construction of the science building, another company in which he had a major stake was on the receiving end.

"Strange is the charitable donation," said Black. "Even stranger if he's then, in effect, maybe getting a kickback of some of the money through his partial ownership of the construction company."

A spokesperson for Greenhill School did not respond to a request for comment.

In response to a Globe inquiry, a CREF spokesman told the Globe that de la Torre sold his stake in the company in mid-August. He also said CREF won the Greenhill project after a competitive bidding process and was paid a market rate management fee.

Emails show de la Torre at least partially funded his investment in CREF with money from Steward Health Care International, the health care system's struggling international arm. An email exchange from April 2021 depicts Steward executives arranging for a wire transfer to CREF.

"There is only 1.7m USD in the account," wrote one Steward Health Care International executive in response to a request to send $2 million in funds to CREF entities on de la Torre's behalf.

Much of Steward Health Care International revenue at the time came from a massive public-private partnership with the government of the island nation of Malta. Steward was tapped to rehabilitate and operate four of the country's eight public hospitals, but the deal imploded almost immediately with little improvement on the ground and millions in Steward's bank account. Both de la Torre and Steward Health Care International CEO Armin Ernst are currently wanted in Malta on criminal corruption charges related to the failed deal.

As of 2021, De la Torre had an 87.9 percent share of Steward Health Care International, according to several organizational charts that were shared among company executives, documents that were attached to emails obtained by the Organized Crime and Corruption Reporting Project and shared with the Globe.

RELATED: Steward Health Care executives are mired in trouble at home. In Malta, it's much worse.

CREF is not the only de la Torre-owned entity that received funds from Steward over the years. De la Torre and several other top Steward executives also had major financial interests in a management consulting firm that billed the health care company some $30 million a year, a bankruptcy court filing shows. A majority interest in the firm, Management Health Services, is owned by the executives.

In these filings, Steward described Management Health Services as "providing executive oversight and overall strategic directive." The firm employs 16 people, many of whom are Steward executives, according to a bankruptcy filing.

A fall 2019 paystub obtained by the Globe shows that de la Torre had received roughly $6.3 million from the firm in less than 10 months that year.

Data for 2019 is not available, but Steward's bankruptcy filing shows that de la Torre received $3.7 million in gross salary from Steward Health Care Systems between May 2023 and May 2024.

Globetrotting on Steward's dime

There was an added side benefit to de la Torre's stake in Management Health Services — travel on the private jets used by him and other Steward executives.

MHS was also the owner of record of three private jets: a Bombardier Global 6000, a Dassault Falcon 2000LX, and a Bombardier Challenger 300, according to RZJets, a website that tracks private aircraft sales. Pilots were also on the MHS payroll, internal documents show.

The beneficial owner of the jets appears to be Steward, however. Internal documents show that Steward Health Care provided funds to Management Health Services to purchase jets. Steward then paid hundreds of thousands of dollars of yearly operating costs for the aircraft, including in the months before declaring bankruptcy. All jets have since been sold, including two shortly before Steward declared bankruptcy.

Court filings list de la Torre as logging $161,020 in nonbusiness flights on the planes in the year before bankruptcy. Such an expenditure, listed by a company entering into bankruptcy, is puzzling — and may violate the law, according to Ed Morrison, a bankruptcy law expert at Columbia University.

“Why was the company paying for these things? If it’s a nonbusiness transfer to the executive, that looks like a dividend, an outflow of cash. When a firm pays a dividend when it’s insolvent, that’s a fraudulent transfer,” said Morrison. “At first blush, it sounds like they’re just shoveling money out the door.”

RELATED: **Spotlight: Steward spent millions on surveillance of its critics — even amid financial crisis**

A review of flight records provides further insight into the routes and destinations the planes traveled.

In February 2019, two weeks after Management Health Services purchased the Falcon, the jet embarked on what would become a familiar route: Dallas to San Jose, Costa Rica. Neither Steward Health Care nor its international affiliate has official business in Costa Rica. But de la Torre owned several properties there, including three penthouse seaside condominiums and a $3.7 million villa, according to documents obtained by the Globe.

Between 2019 and 2023, Steward jets flew to or from the Latin American country at least 84 times, according to a Globe analysis of publicly available flight records. It is unclear who was aboard these flights, but a series of invoices — totaling $76,769 — billed to Steward over one month in 2022 show de la Torre’s wife, Nicole Acosta, received “private security” while in Costa Rica. In that one month, Steward’s corporate jets visited the country nine times. Public flight records do not include the manifests, so it is unclear who was aboard these flights.

The Costa Rican trips appear to be one of many ways that de la Torre would blur the line between business and leisure.

Acosta is on the Steward payroll, in roles ranging from vice president of real estate to system director of facilities, according to internal records reviewed by the Globe and public campaign finance filings. The company's bankruptcy filing lists her as an "Employee — Relative of Insider," who received $10,944 in salary and $15,125 in nonbusiness flights in 12 months.

In the summer of 2021, Acosta, de la Torre, and his twin boys embarked on a South African safari. Steward's Bombardier Global 6000 landed in South Africa on June 20 and the de la Torre family headed into the bush for a seven-day stay at a $13,000-a-night lodge. As their return flight to Spain approached, de la Torre's travel planner began to worry that the country's strict COVID-19 protocols would bar Acosta, a nonresident, from entering the country. (De la Torre had obtained Spanish residency by this point.) Steward International's legal counsel drafted a letter to the Spanish government to circumvent the restrictions.

"Due to our increasing international expansion in Europe, Ms. Acosta Lopez is critically required to attend high-level meetings being held at our offices in Madrid," wrote the lawyer. "We regret that meetings of this nature cannot be conducted via video or teleconference. As such, the physical presence of Ms. Acosta Lopez in Madrid is of the utmost importance and her travel is essential."

Acosta and de la Torre often used Madrid as their European home base, along with a mansion and ranch in Texas and villas in Costa Rica. Internal emails and financial documents indicate that Steward Health Care International purchased for de la Torre an 8.1 million euro apartment in the city's Retiro neighborhood in 2021.

"It was a personal residence — full stop," said a person familiar with executive operations, who spoke on the condition of anonymity for fear of retribution. "It was a personal residence for him and Nicki, his then-girlfriend [now wife]."

In an email obtained by the Organized Crime and Corruption Reporting Project and shared with the Globe, Michael Crowley, the senior vice president of global corporate real estate and facilities for Steward, outlined the purchasing arrangement.

“Tomorrow we will execute the agreement to purchase [the address of the home]. I spoke with Ralph and he asked me to coordinate funds transfer with you,” Crowley wrote to Steward International’s vice president of business development.

Crowley then went on to describe the next steps.

“Here’s what we need to do: Transfer the deposit amount from the BOA SHCI Spanish account to RDLT’s personal account,” wrote the executive, referring to a Bank of America account owned by Steward Health Care International.

An internal electronic spreadsheet titled “RDLT,” complete with corporate banking information, outlines how Steward wired roughly $11.3 million on de la Torre’s behalf to secure and renovate the Madrid apartment.

A PowerPoint presentation from 2021, prepared for a company meeting, lists the Madrid house transaction as one of several banking movements that require “clean up.”

“All types of economic transactions (wirings) that involve Steward HC International … need to have proper documentary support,” concludes one slide in the presentation. “Otherwise we will face: corporate governance, reputation issues, risk of money laundering perception with legal responsibilities, tax risk of non-tax deductible expenses, fines, penalties.”

Several sources of income

The full picture of de la Torre’s wealth, and the state of the company’s books, is murky.

De la Torre previously told the Globe in May that Steward represented only a fraction of his personal earnings and that approximately 75 percent of his gross income last year came from outside Steward. “This includes significant investments made prior to and/or separate from Steward that provide additional income,” he said by email.

In a legal document signed by de la Torre in 2021, the executive outlined his worth as more than 15 million euros, which was roughly $17.7 million, per the exchange rate at the time. Under the section that inquires about the source of wealth, de la Torre listed 85 percent from entrepreneurship and 10 percent from real estate investments.

As for any relevant details regarding this source of wealth?