

# United States Senate

WASHINGTON, DC 20510

May 6, 2025

The Honorable Pam Bondi  
Attorney General  
Department of Justice  
950 Pennsylvania Ave, NW  
Washington, DC 20530

Dear Attorney General Bondi:

We write to bring to your attention the U.S. Senate's resolution holding Dr. Ralph de la Torre, the former Chief Executive Officer of Steward Health Care, in contempt of Congress and Congress's referral of the matter to the Department of Justice (DOJ or the Department).

On September 25, 2024, the United States Senate voted unanimously to hold Dr. de la Torre in contempt after he defied a subpoena by the Senate Committee on Health, Education, Labor, and Pensions (HELP). The resolution approved by the Senate called for Dr. de la Torre "to be proceeded against in the manner and form provided by law."<sup>1</sup> Under 2 U.S.C. 192, any "person who having been summoned as a witness by the authority of either House of Congress" and fails to appear is subject to a fine of up to \$100,000 and "imprisonment ... for [up to] twelve months"<sup>2</sup>

The contempt finding by the Senate represented an important measure of accountability for the destruction of Steward Health Care under Dr. de la Torre. During the course of his tenure as CEO of the company, Steward sold off over \$1 billion in real estate, letting its executives walk away with huge payouts, while leaving the hospital system struggling under mountains of debt.<sup>3</sup> Dr. de la Torre and other Steward executives engaged in years of unusual deals with corporate partner Medical Properties Trust,<sup>4</sup> using Steward's increasingly scarce capital to fund Dr. de la Torre's luxurious jet-setting lifestyle.<sup>5</sup> Meanwhile, patient care at Steward's hospitals suffered,

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<sup>1</sup> An original resolution authorizing the President of the Senate to certify the report of the Committee on Health, Education, Labor, and Pensions of the Senate regarding the refusal of Dr. Ralph de la Torre to appear and testify before the Committee, S. Res. 837, <https://www.congress.gov/bill/118th-congress/senate-resolution/837>.

<sup>2</sup> Congressional Research Service, Criminal Contempt of Congress: Frequently Asked Questions, June 5, 2023, [https://www.congress.gov/crs\\_external\\_products/LSB/PDF/LSB10974/LSB10974.1.pdf](https://www.congress.gov/crs_external_products/LSB/PDF/LSB10974/LSB10974.1.pdf); 2 U.S. Code § 192.

<sup>3</sup> Boston Globe, "Steward gets \$1.25b to fund expansion, repay Cerberus," Priyanka Dayal McCluskey, September, 26, 2016 <https://www.bostonglobe.com/business/2016/09/26/steward-gets-fund-expansion-repay-cerberus/hgC7sjOqZ1lnH1B1bV991M/story.html>; The American Prospect, "Reversing Private Equity's Looting of Hospitals," Robert Kuttner, February 13, 2024, <https://prospect.org/health/2024-02-13-reversing-private-equityslooting-hospitals/>; Letter from Senator Elizabeth Warren and Ed Markey to Ralph de la Torre, March 7, 2024, <https://www.warren.senate.gov/imo/media/doc/2024.03.06%20Letter%20to%20Steward%20CEO.pdf>.

<sup>4</sup> Boston Globe, "House of cards: How a real estate firm and Steward Health Care grew in tandem, in part by keeping Steward's shaky finances secret," October 8, 2024, <https://apps.bostonglobe.com/metro/investigations/spotlight/2024/09/steward-hospitals/steward-mpt/>.

<sup>5</sup> Boston Globe, "Jet travel, yacht adventures, and more. How Steward's CEO used corporate funds as the company crumbled," September 19, 2024, <https://apps.bostonglobe.com/metro/investigations/spotlight/2024/09/steward-hospitals/flights/>.


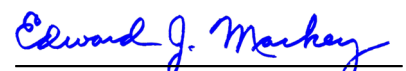
with management failures causing a “vast human toll, tallied in lives lost, suffering endured, physical injuries, and moral indignities.”<sup>6</sup>

On May 6, 2024, one year ago today—as Dr. de la Torre enjoyed a plush vacation in Versailles,<sup>7</sup>—Steward declared bankruptcy, kicking off a process that hit Massachusetts especially hard and forced the Governor of the Commonwealth to engage in extraordinary actions to preserve access to health care in communities served by Steward. That pain is still felt today: Steward’s bankruptcy has led to the closure of two hospitals in Massachusetts and continues to cost taxpayers, front-line health care workers, and small businesses in the state hundreds of millions of dollars.<sup>8</sup>

Dr. de la Torre was asked to answer for and explain his actions leading to Steward’s bankruptcy, was served a subpoena by the Senate HELP Committee on July 25, 2024, and after being given nearly two months to comply, failed to appear at the Committee’s September 12, 2024 hearing.<sup>9</sup> Two weeks later, the Senate unanimously voted to hold him in contempt.<sup>10</sup>

Prosecution of Dr. de la Torre is now in the hands of DOJ, which has the power to hold him accountable for his failure to appear before Congress. As evidenced by the unanimous contempt referral, the Senate believes this matter is serious, meriting a criminal investigation by the Department. We urge DOJ to give appropriate weight and consideration to the bipartisan and unanimous nature of this referral.

Sincerely,

  
Elizabeth Warren  
United States Senator  
Edward J. Markey  
United States Senator

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<sup>6</sup> Boston Globe, “They died in hallways. In line. Alone. Their deaths are the human cost of Steward’s financial neglect,” September 6, 2024, <https://apps.bostonglobe.com/metro/investigations/spotlight/2024/09/steward-hospitals/steward-for-profit-hospitals-investigation/>.

<sup>7</sup> Boston Globe, “As bankrupt Steward sells and closes hospitals, Ralph de la Torre visits Versailles to watch the Olympics,” August 7, 2024, <https://www.bostonglobe.com/2024/08/07/metro/bankrupt-steward-sells-closes-hospitals-ralph-de-la-torre-visits-versailles-watch-olympics/>.

<sup>8</sup> *Id.*; WBUR, “Judge allows bankrupt Steward to keep employee retirement funds,” May 1, 2025, <https://www.wbur.org/news/2025/05/01/steward-health-care-deferred-compensation-massachusetts>; Boston Globe, “Displaced Steward patients are turning to neighboring hospitals for help, worsening already critical ER overcrowding,” November 25, 2024, <https://www.bostonglobe.com/2024/11/25/metro/steward-carney-nashoba-valley-emergency-department-crowding/>; Boston Globe, “State to make cash infusion of up to \$700 million to shore up surviving Steward hospitals,” August 23, 2024, <https://www.bostonglobe.com/2024/08/23/business/steward-hospital-new-operators-cash-infusion-taxpayers-700-million/>.

<sup>9</sup> An original resolution authorizing the President of the Senate to certify the report of the Committee on Health, Education, Labor, and Pensions of the Senate regarding the refusal of Dr. Ralph de la Torre to appear and testify before the Committee, S. Res. 837, <https://www.congress.gov/bill/118th-congress/senate-resolution/837>.

<sup>10</sup> *Id.*

# United States Senate

WASHINGTON, DC 20510

May 6, 2025

The Honorable Paul S. Atkins  
Chair  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

Dear Chair Atkins,

We are writing to request the Securities and Exchange Commission (SEC) open an investigation into Medical Properties Trust, Inc. (MPT) and its relationship with the now-bankrupt Steward Health Care (Steward). In 2016, Steward's then-owner, private equity firm Cerberus Capital Management (Cerberus) sold Steward's real estate to MPT—a publicly-traded Real Estate Investment Trust (REIT)—in a \$1.25 billion sale-leaseback deal.<sup>1</sup> Although MPT and Steward were “supposed to operate at arm’s length” under federal law, the companies instead appear to have “operated in concert,”<sup>2</sup> secretly funneling money to each other to maintain a façade of financial stability. This arrangement has all the hallmarks of a Ponzi scheme, raising serious questions about whether MPT—a publicly traded company—misled its investors and violated securities laws.

In the 2016 sale-leaseback deal, MPT paid an “astonishingly high” price for Steward’s real estate assets—nine times what Steward paid for its hospitals less than a decade earlier.<sup>3</sup> The high price allowed Cerberus to pad its coffers, inflated MPT’s valuation, and signaled to MPT investors that the REIT had secured a long-term tenant that would pay hundreds of millions of dollars in rent.<sup>4</sup> After paying a premium to purchase Steward’s original real estate, MPT then bankrolled Steward’s national and international expansion, buying the real estate from over two dozen hospitals newly acquired by Steward, paying over three times the assessed value of these properties.<sup>5</sup> By overpaying for these properties, MPT artificially inflated its own valuation, driving up MPT executive compensation, which was tied to deal size and volume, rather than success.<sup>6</sup> This allowed executives to line their pockets as Steward became the largest private, for-profit health system in the United States.<sup>7</sup> However, MPT and Steward’s “growth at all costs”<sup>8</sup>

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<sup>1</sup> Boston Globe, “Steward gets \$1.25b to fund expansion, repay Cerberus,” Priyanka Dayal McCluskey, September, 26, 2016, <https://www.bostonglobe.com/business/2016/09/26/steward-gets-fund-expansion-repay-cerberus/hgC7sjOqZ1lnH1B1bV991M/story.html>; The American Prospect, “Reversing Private Equity’s Looting of Hospitals,” Robert Kuttner, February 13, 2024, <https://prospect.org/health/2024-02-13-reversing-private-equitys-looting-hospitals/>.

<sup>2</sup> The Boston Globe, “House of cards: How a real estate firm and Steward Health Care grew in tandem, in part by keeping Steward’s shaky finances secret,” Rebecca Ostriker, Catherine Carlock, and Gordon Russell, October 8, 2024, <https://apps.bostonglobe.com/metro/investigations/spotlight/2024/09/steward-hospitals/steward-mpt/>.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

mindset was not sustainable. This strategy appears to be similar to the approach used by Enron 20-plus years earlier: that company, before its dramatic collapse, also supercharged executive compensation with large, high volume deals, without regard for profitability.<sup>9</sup>

Both Steward and MPT “understood early on that Steward was in trouble.”<sup>10</sup> Steward had been struggling financially since 2017,<sup>11</sup> overburdened with debt from its rapid growth and rent obligations to MPT. But Steward was MPT’s biggest tenant, making up 38 percent of MPT’s assets and 44 percent of its revenue.<sup>12</sup> In addition to serving as Steward’s landlord under the deal, MPT had also taken a 9.9% equity stake in the company.<sup>13</sup> So MPT continued to publicly tout Steward’s financial success, even as it scrambled privately to rescue the company from its financial challenges. In 2018, MPT told investors that Steward was on track for a “record year.”<sup>14</sup> Instead, Steward lost \$271 million, up from \$207 million lost the year prior.<sup>15</sup>

Alarming, the companies also engaged in a number of financial transactions in what appears to be an effort to hide Steward’s true financial standing from investors and artificially inflate the profitability of both Steward and MPT. For example, in 2020, through a complex and opaque series of “recapitalization” transactions, MPT “infuse[d] \$400 million of ‘new’ capital into Steward” to “assure Steward [had] adequate liquidity,” effectively masking Steward’s—and MPT’s—financial problems.<sup>16</sup> Between 2017 and 2023, MPT continued to prop up Steward’s value, pouring over \$1.5 billion into the hospital system through a series of loans and other financial transactions.<sup>17</sup> The transactions were complex, but the nature of the transactions were simple: MPT, Steward’s landlord, creditor, and shareholder, appeared to give Steward money that Steward then used to pay rent to MPT. These Ponzi-like transactions allowed MPT to avoid devaluing its real estate purchases and the leases it held, bolster its stock price, and report lucrative cash flows.<sup>18</sup> In total, MPT loaned to Steward six years’ worth of rent and nearly 75 percent of the total rent that Steward paid to MPT over the last decade.<sup>19</sup>

News reports indicate that MPT employees were well aware of Steward’s years-long financial struggles, acknowledging that there were “lots of inside remarks about Steward always needing money” and that “everybody at MPT knew Steward’s financial situation. . . . It was a running

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<sup>9</sup> Forbes, “Pay Madness at Enron,” March 22, 2002, <https://www.forbes.com/2002/03/22/0322enronpay.html>.

<sup>10</sup> The Boston Globe, “House of cards: How a real estate firm and Steward Health Care grew in tandem, in part by keeping Steward’s shaky finances secret,” Rebecca Ostriker, Catherine Carlock, and Gordon Russell, October 8, 2024, <https://apps.bostonglobe.com/metro/investigations/spotlight/2024/09/steward-hospitals/steward-mpt/>.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> Wall Street Journal, “How a Small Alabama Company Fueled Private Equity’s Push Into Hospitals,” Brian Spegele, February 14, 2022, <https://www.wsj.com/finance/investing/hospitals-private-equity-reit-mpt-steward-11644849598>.

<sup>15</sup> *Id.*

<sup>16</sup> The Boston Globe, “House of cards: How a real estate firm and Steward Health Care grew in tandem, in part by keeping Steward’s shaky finances secret,” Rebecca Ostriker, Catherine Carlock, and Gordon Russell, October 8, 2024, <https://apps.bostonglobe.com/metro/investigations/spotlight/2024/09/steward-hospitals/steward-mpt/>.

<sup>17</sup> *Id.*

<sup>18</sup> Letter from Senator Elizabeth Warren to CEO of Mediacap Properties Trust Edward Aldag and Macquarie Infrastructure Partners Karl Kuchel, April 15, 2024, <https://www.warren.senate.gov/imo/media/doc/2024.04.15%20MPT%20and%20Macquarie%20Letter.pdf>.

<sup>19</sup> The Boston Globe, “House of cards: How a real estate firm and Steward Health Care grew in tandem, in part by keeping Steward’s shaky finances secret,” Rebecca Ostriker, Catherine Carlock, and Gordon Russell, October 8, 2024, <https://apps.bostonglobe.com/metro/investigations/spotlight/2024/09/steward-hospitals/steward-mpt/>.

joke.”<sup>20</sup> Communications between MPT’s CEO Edward Aldag and Steward’s then-CEO Ralph de la Torre show that Mr. Aldag was not only aware of Steward’s financial distress, but actively trying to funnel cash to MPT’s largest tenant. In an email to Dr. de la Torre, Mr. Aldag wrote that MPT was “trying different scenarios to get the maximum amount of cash” to Steward.<sup>21</sup> However, Steward’s weaknesses were not communicated to investors. In fact, in written talking points for an investor call, MPT executives included Steward’s shoddy valuation on a list of “THINGS WE WILL NOT COMMUNICATE,” and in a future investor call, Mr. Aldag told investors that MPT’s holdings were “performing beautifully.”<sup>22</sup>

But MPT and Steward could not hide Steward’s shaky financial status forever. On January 19, 2024, the *Boston Globe* reported that Steward was in grave financial distress.<sup>23</sup> On May 6, 2024, Steward filed for bankruptcy.<sup>24</sup> Steward’s financial mismanagement resulted in the closure of two Massachusetts hospitals and the transfer of dozens of other hospitals to new ownership.<sup>25</sup> MPT remains a viable entity, although the company’s stock value is down by nearly 80 percent from its January 2022 peak.<sup>26</sup> It indicated in its 2025 Proxy Statement that it had eliminated its exposure to Steward, and awarded Mr. Aldag a significant bonus in part as a reward for doing so.<sup>27</sup>

If they withheld critical, material information from investors, and made affirmative misstatements about company performance with a reasonable basis to know that they were false, MPT and its executives may have violated the antifraud provisions of federal securities laws. Section 10(b) of the *Exchange Act* and Rule 10b-5 thereunder prohibit: (a) “employ[ing] any device, scheme, or artifice to defraud,” (b) “mak[ing] any untrue statement of a material fact or omit[ting] to state a material fact,” and (c) “engag[ing] in any act . . . which operates or would operate as a fraud or deceit,” in connection with the purchase or sale of any securities.<sup>28</sup> Additionally, Section 17(a)(2) of the *Securities Act of 1933* prohibits similar conduct in the offer or sale of any securities.<sup>29</sup>

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<sup>20</sup> *Id.*

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> Boston Globe, “Steward Health Care’s financial issues could spell catastrophe for the state,” Jessica Bartlett, January 19, 2024, <https://www.bostonglobe.com/2024/01/19/business/steward-health-care-hospital-closures/>.

<sup>24</sup> Reuters, “US hospital network Steward files for bankruptcy, aims for new loan,” Dietrich Knauth, May 6, 2024, <https://www.reuters.com/world/us/us-hospital-network-steward-files-bankruptcy-aims-new-loan-2024-05-06/>.

<sup>25</sup> Chief Healthcare Executive, “Sale of six Massachusetts hospitals moving forward,” Ron Southwick, September 7, 2024, <https://www.chiefhealthcareexecutive.com/view/sale-of-six-massachusetts-hospitals-moving-forward>; Becker’s Hospital Review, “Closures, bids, layoffs: Where Steward’s 31 hospitals stand,” Madeline Ashley, August 27, 2024, <https://www.beckershospitalreview.com/finance/closures-bids-layoffs-where-stewards-31-hospitals-stand/>.

<sup>26</sup> Boston Globe, “House of cards: How a real estate firm and Steward Health Care grew in tandem, in part by keeping Steward’s shaky finances secret,” Rebecca Ostriker, Catherine Carlock, and Gordon Russell, October 8, 2024, <https://apps.bostonglobe.com/metro/investigations/spotlight/2024/09/steward-hospitals/steward-mpt/>.

<sup>27</sup> United States Securities and Exchange Commission, “Schedule 14A (Rule 14a-101) Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934: Medical Properties Trust 2025 Proxy Statement,” [https://www.sec.gov/Archives/edgar/data/1287865/000095017025055431/mpw-20250417.htm?utm\\_campaign=health\\_care\\_inc&utm\\_medium=email&\\_hsenc=p2ANqtz-\\_5Mn0diea8FvqhdjtHDubUCnaZ7awiQITagYeu65Je2bC2rMezLITtDhOxk-U5Jzml1ZIIg-IsEg1l5kNjhO7Zd5QMjgnjfbGipJfw2iSlDwPdmg8&\\_hsmi=358563367&utm\\_content=358563367&utm\\_source=hs\\_email](https://www.sec.gov/Archives/edgar/data/1287865/000095017025055431/mpw-20250417.htm?utm_campaign=health_care_inc&utm_medium=email&_hsenc=p2ANqtz-_5Mn0diea8FvqhdjtHDubUCnaZ7awiQITagYeu65Je2bC2rMezLITtDhOxk-U5Jzml1ZIIg-IsEg1l5kNjhO7Zd5QMjgnjfbGipJfw2iSlDwPdmg8&_hsmi=358563367&utm_content=358563367&utm_source=hs_email).

<sup>28</sup> 17 CFR 240.10b-5

<sup>29</sup> 15 U.S.C. 77q

Scienter, or fraudulent intent or recklessness, is required to establish violations of *Exchange Act* Section 10(b) and Rule 10b-5.<sup>30</sup> To establish a violation the misstatement or omission of material fact must be material.<sup>31</sup> We urge the SEC to investigate MPT's many public statements about the positive performance of Steward, in light of its contemporaneous private statements and actions to rescue the company to the contrary, to determine whether its conduct violated the antifraud provisions of the securities laws. Since Steward constituted up to 38% of MPT's assets and 44% of MPT's revenue, and MPT held a 9.9% equity interest in Steward, Steward's performance would likely have been material to MPT's shareholders.<sup>32</sup> Indeed, had it not been material, MPT and its management team may not have taken such extraordinary steps to prop up Steward's performance. The SEC has recently won civil penalties on these antifraud provisions to the tune of \$5 million<sup>33</sup> and \$12.5 million.<sup>34</sup> The SEC can also refer and coordinate charges with the Department of Justice (DOJ), which can seek criminal penalties of up to 25 years in prison for antifraud violations.<sup>35</sup> The SEC and DOJ did so just this past July.<sup>36</sup>

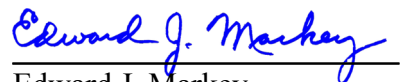
By hiding Steward's financial health from investors for over half a decade, MPT may have deceived investors and broken securities laws. We are therefore asking the SEC to open an investigation into MPT to determine if this was the case.

Thank you for your attention to this important matter.

Sincerely,



Elizabeth Warren  
Ranking Member  
Committee on Banking,  
Housing, and Urban Affairs



Edward J. Markey  
United States Senator

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<sup>30</sup> 17 CFR 240.10b-5

<sup>31</sup> *TSC Indus. Inc. v. Northway Inc.*, 426 U.S. 438, 449 (1976).

<sup>32</sup> Boston Globe, "House of cards: How a real estate firm and Steward Health Care grew in tandem, in part by keeping Steward's shaky finances secret," Rebecca Ostriker, Catherine Carlock, and Gordon Russell, October 8, 2024, <https://apps.bostonglobe.com/metro/investigations/spotlight/2024/09/steward-hospitals/steward-mpt/>.

<sup>33</sup> Securities and Exchange Commission, "Bloomberg to Pay \$5 Million for Misleading Disclosures About Its Valuation Methodologies for Fixed Income Securities," press release, January 23, 2023, <https://www.sec.gov/newsroom/press-releases/2023-14>.

<sup>34</sup> Securities and Exchange Commission, "SEC Charges Newell Brands and Former CEO for Misleading Investors About Sales Performance," press release, September 29, 2023, <https://www.sec.gov/newsroom/press-releases/2023-210>.

<sup>35</sup> 18 U.S.C. 1348

<sup>36</sup> Department of Justice, "Activist Short Seller Charged for \$16M Stock Market Manipulation Scheme," press release, July 26, 2024, <https://www.justice.gov/opa/pr/activist-short-seller-charged-16m-stock-market-manipulation-scheme>; Securities and Exchange Commission, "Andrew Left, and Citron Capital, LLC," litigation release, July 26, 2024, <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26056>.