

Public Works audit suggests fixes

▪ The report recommends a “consistent, systematic and transparent process” to prevent fraud.

BY BRIAN BARBER
World Staff Writer

An independent forensic audit of Tulsa's Public Works Department has recommended tighter and more transparent processes to prevent similar situations to this year's fraud and bribery scandal.

The Tulsa World on Friday ob-

tained a copy of the report that was delivered to the mayor by auditing firm KPMG and law firm Hall Estill, which have been working on it since related federal indictments were announced in January.

“While it would be impossible to eliminate all criminal activity, there are measures that can be taken to reduce the likelihood of wrongful

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Read the full forensic report and the Public Works director's response: tulsaworld.com/forensicaudit

conduct similar to that alleged in the indictments,” the report states.

The alleged schemes involved inflating the values of final payment invoices to receive kickbacks on city construction projects and influencing through bribes the awarding

of city contracts for inspection services.

At the center of the accusations is Albert Martinez, who resigned as a Public Works field engineering manager the day before federal indictments naming him and some contractors were made public.

Auditors found no evidence that Martinez allegedly was able to use his position on the city's Professional Consulting Services Selection Committee effectively to steer contracts to any of the companies

affiliated with the defendants.

But they are recommending a “consistent, systematic and transparent process” to document the selection process, along with the rotation of committee members.

The auditors also suggest numerous methods and record-keeping techniques to prevent a single person from being able to successfully inflate the value of invoices and have them paid by the city.

SEE **AUDIT** A13

PUPPY LESS

FEWER BREEDERS ARE SEEN IN STATE



Commercial breeder Rosemary Mounce holds 4-week-old bulldog puppies at Valley Kennels outside Locust Grove on Thursday. Valley Kennels has seen a steep increase in costs for care, housing, feeding and medical expenses for its dogs. MICHAEL WYKE/Tulsa World

Rising costs tied to drop in dog breeders

BY OMER GILLHAM
World Staff Writer

Economic pressures and tougher scrutiny of the industry appear to be causing a decline in the number of commercial dog breeders across the country, including in Oklahoma, records show.

Some puppy dealers seem to be quitting the business, while others are switching over to retail sales, which do not require federal licensing, an official said.

Oklahoma is among the top five states that are home to thousands of breeders and brokers licensed with the U.S. Department of Agriculture.

Most dog breeders raise ex-

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View statistics for commercial breeders as of January: tulsaworld.com/breederstats

Puppy Profits: Read the investigative series on puppy breeders, search a database of licensed breeders and dealers compliance inspections by the USDA, and watch a slide show and videos: tulsaworld.com/puppymills

pensive, purebred puppies for commercial sale.

Since 2006, the number of USDA breeders in Oklahoma has

SEE **BREEDERS** A13

Commercial breeding definitions

USDA breeder: A breeder licensed by the U.S. Department of Agriculture and subject to regulations that cover sanitation, pen size, veterinary care and protection from the elements.

USDA broker: A person licensed by the USDA to buy and sell animals in wholesale and retail markets.

Purebred: A puppy whose sire and dam (parents) are registered with a dog registration organization that tracks the animal's lineage.

Trust takes over OSU Med Center

▪ The transition goes smoothly, an official says.

BY KIM ARCHER
World Staff Writer

A city-controlled trust officially became the owner of the Oklahoma State University Medical Center on Thursday, with St. John Health System as the hospital's manager.

Friday was the first full day for the hospital under its new ownership.

“It was smoother than we had hoped it could have been,” Jan Slater, the hospital's interim CEO, said of the transition.

At midnight Thursday, hospital staff members had to discharge all

90 patients and readmit them to the hospital under the trust's ownership, she said.

“Unfortunately, we had to wake the patients up and put new arm-bands on them,” Slater said.

But she said the patients were understanding, and each received a gift bag that included a note explaining what was happening.

The hospital's nearly 800 employees are being leased to the hospital by Ardent Health Services until St. John can assemble its human re-

SEE **OSU** A13



A thunderstorm helps highlight the 41st Street Plaza's unique water features during its official opening Friday morning. STEPHEN PINGRY/Tulsa World

Plaza opening hailed by donors, officials

BY P.J. LASSEK
World Staff Writer

QuikTrip Corp. made a deliberate decision two years ago when it decided to give Tulsa an innovative gathering spot in the River Parks to commemorate its 50th anniversary.

During a thunderstorm Friday morning, public officials and River Parks supporters gathered at the 41st Street Plaza for its official opening.

“The selection of this spot was very intentional,” QuikTrip President Chet Cadieux said. “River Parks is the one thing that everyone in the city of Tulsa has in common. It's our city's gathering spot. It's the front porch of the city of Tulsa.”

Cadieux said every neighborhood has its own park but that River Parks belongs to all of Tulsa.

The location also is significant

SEE **PLAZA** A13

Guthrie soldier injured in Iraq

▪ He was shot in the neck and jaw while on patrol.

BY MANNY GAMALLO
World Staff Writer

OKLAHOMA CITY — An Army National Guard soldier from Guthrie is recovering at the Walter Reed Medical Center after he was shot in the neck and jaw last week in Iraq.

The Oklahoma National Guard said Cpl. Adam Schuster, 21, was in a dismounted patrol in Ramadi, Iraq, when he was shot with a small-caliber gun by an insurgent. The bullet damaged his jaw and some teeth.



RECOVERING
Cpl. Adam Schuster: The bullet damaged his jaw and teeth. More surgeries to fix the wounds are expected.

The Guard said Schuster underwent surgery Wednesday at Walter Reed, in Washington, D.C., and is expected to undergo several more operations before he fully recovers.

Schuster is the first casualty among

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AUDIT:

A public presentation of the findings is promised.

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Public Works Director Charles Hardt's written response is included with the forensic audit report.

It indicates that the recommendations already have been acted on or are in the process of being implemented.

The audit was paid for with \$90,000 from the Legal Department's budget.

Mayor Kathy Taylor said a public presentation of the findings will be scheduled later this month.

Meanwhile, the city is about to award a contract for an independent, perfor-

mance-based review of the Public Works Department.

EMA Inc. of St. Paul, Minn., has been selected for the job, city officials said. The contract will not exceed \$240,000 plus expenses.

The review is set to start no later than June 1 and be completed by July 31.

The Public Works divisions that will be included are public facilities maintenance, operations and engineering services.

Taylor has maintained that she wants the review completed before the city begins work this summer on the \$452 million streets initiative that voters approved in November.

The money to pay the review cost is coming from savings realized from lower-than-projected fuel expenses.

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PLAZA:

QuikTrip is providing \$50,000 a year for maintenance.

FROM A11

to QuikTrip, Cadieux said, because the company's first store opened about two miles away in 1958.

The 41st Street Plaza, which includes a playground, shelter, restrooms and plaza area, is another milestone in the transformation of River Parks.

Two years in the making, the \$2.8 million project is designed to be an outdoor environment with unique water features, flexible space for children to play, and an area for special events and gatherings for all ages.

QuikTrip provided half the funding, but other donors, including the George Kaiser Family Foundation, covered the rest of the cost.

River Parks Executive Director Matt Meyer thanked QuikTrip and the other donors for making the project possible.

"What you see here, this public improvement, is privately funded using no tax dollars," Meyer said.

He also said QuikTrip raised the bar by providing \$50,000 a year to cover maintenance of the plaza and playground area.

Darton Zink, a former president of River Parks Authority, said QuikTrip and the Cadieux family have been good partners of River Parks' for many years, noting that both Cadieux and his father, Chester Cadieux, have made great efforts to enhance the park.

"This is a family- and kid-friendly park, which further serves as evidence of QuikTrip's dedication to the quality of life of our commu-

Concert slated

Travis Kidd will host the first concert at the 41st Street Plaza from 5 to 8:30 p.m. May 8.

Donors listed

QuikTrip Corp. gave \$1.4 million. The other \$1.4 million was provided by the George Kaiser Family Foundation, Samson Cos., Joe and Kathy Craft, the William K. Warren Foundation, the Anne and Henry Zarrow Foundation, the Mary K. Chapman Foundation, the Lobeck-Taylor Foundation, Nadel & Gussman, the John Steele Zink Foundation, Nancy E. and Peter C. Meinig, the Steven and Shelly Jackson Family Foundation, Bank of Oklahoma, SemGroup LP, Williams Cos., and Cox Communications.

nity," he said.

Zink said Tulsa is fortunate to have QuikTrip and the Cadieux family.

"The level of commitment that QT provides to Tulsa is truly amazing and unparalleled," he said.

Cadieux said QuikTrip didn't get the project completed by itself.

"We do not want to even think about what we would have to charge for fountain drinks and coffee had the donors not helped out," he said.

He also said the city agreed to change its schedule so that its riverbank stabilization work in the area would be complete in time for the park to open.

"This gathering area represents our gift to the citizens of Tulsa, our first customers and our first employees," Cadieux said.

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SOLDIER:

Schuster was on his second deployment in Iraq.

FROM A11

the Oklahoma Guard's Enid-based 45th Fires Brigade, which deployed 800 troops to Iraq in August 2008.

The soldiers are expected to return home in August.

Schuster is a member of Battery B, 1st Battalion of the 158th Field Artillery in Duncan. He has been with the Oklahoma Army National Guard for six years and was in his second deployment to Iraq.

The Guard said the soldier's immediate family, including his father, Dan Schuster, and two sisters were flown to Washington this week to be at his bedside.

The Guard, quoting his mother, Cheryl Lingerfelt of Guthrie, said Schuster "was with his buddies, and they had him to the hospi-

tal within minutes" of being shot.

She went on to praise the training of her son's fellow soldiers and said they are calling Walter Reed to check his condition.

"Adam had surgery, and they wired his jaws shut," Lingerfelt said, "but he's doing as well as can be expected."

"He's going to have to have a couple more surgeries, but we want everyone back home to know he's going to be all right."

Maj. Gen. Myles Deering, Oklahoma's adjutant general, said, "We are very pleased that he is doing well, and our thoughts and prayers go out to Cpl. Schuster and his family."

"He's a part of the Guard family, and we will ensure his family receives all the support they need."

Schuster has been nominated to receive a Purple Heart, which is awarded to service members who have been wounded or killed as a result of enemy action.

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OSU:

The hospital plays vital roles in the city, officials note.

FROM A11

sources and payroll computer programs, she said.

That could take 60 to 90 days. Then they will become city trust employees, Slater said.

She said that in the weeks to come, St. John will contact physicians who once admitted patients to the facility and ask them to return.

St. John also will write a long-term plan for physician recruitment and retention.

Slater said she expects that the trust also will hire a permanent CEO and chief financial officer within weeks.

"One thing I would like to say is the hospital has a

core group of very committed, loyal employees who have stuck with the hospital through thick and thin," she said.

Without that core group, the hospital might have died, Slater said.

"It's like a family bound together by fears of losing a hospital. And they had to work to ensure its success," she said.

Howard Barnett, the chief negotiator on behalf of the trust, said most hospital deals take as long as a year to complete. This one took about four months.

"A hospital deal is phenomenally complicated," he said.

The whole thing came together because all the involved parties went the extra mile, Barnett said, including St. John Health System, former owner Ardent Health Services, attorneys, city trustees, the George Kaiser Family Foundation and nu-

merous private individuals who pitched in to help.

Finances were a challenge because the trust had no funding, he said. State funds must be allocated through the OSU Medical Authority. The George Kaiser Family Foundation loaned the trust at least \$65 million in working capital and expenses up front.

"They just deserve tremendous kudos," Barnett said.

The city trust was formed to take ownership of the hospital after it nearly closed last year because of financial difficulties. Its closure would have strained all Tulsa hospitals because it provides a large share of indigent care. It also would have hurt the OSU College of Osteopathic Medicine because residents have long trained at the facility.

The Oklahoma House of Representatives unanimously approved a \$5 million appropriation for the hospital on Feb. 23, the first of a five-

year, \$25 million commitment from the state. That funding will trigger nearly \$55 million in additional public and private funding.

The Senate unanimously approved the bill March 3, and Gov. Brad Henry signed the legislation March 9.

The city trust and Ardent officials were negotiating the transfer until Thursday.

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Bulldog Valley's Ginger Snap nurses her puppies in their whelping pen at Valley Kennels outside Locust Grove on Thursday. Valley Kennels has seen a large increase in costs for care for its dogs.

MICHAEL WYKE/Tulsa World

BREEDERS:

The number of breeders nationally declined 15 percent.

FROM A11

declined 26 percent, USDA records show. In October 2006, Oklahoma reported 672 breeders, compared with 498 breeders in 2009. The number of Oklahoma brokers and dealers declined 24 percent, to 44 from 58, in the last three years.

Meanwhile, the number of breeders nationally declined 15 percent, records show.

The USDA said the number of breeders and brokers can decline in a cyclical manner. A decline could be caused by a variety of reasons, including state regulations that address the "retail loophole" caused by federal regulations.

This "retail loophole" allows a person to avoid being registered with the USDA as long as the person sells directly to the public, typically through advertisements or the Internet, according to a Tulsa World investigation in 2007.

"We are seeing some people making the choice to go out of business or go retail due to tougher state laws regulating animal sales," USDA spokeswoman Jessica Milteer said.

"Some people go out of business or change their mind and start selling directly to the public. The economy could have an effect, too, on their licensing status."

Oklahoma's decrease in USDA breeders leads the decline among the top breeding states, which include Missouri, Iowa, Kansas and Arkansas, records show.

In Oklahoma, the decline appears to be related to eco-

nom pressures, according to breeders interviewed by the Tulsa World.

Ella Harrison, an established USDA breeder in West Siloam Springs, said her business has declined 30 percent to 40 percent while dog food and veterinary bills have increased. Harris raises purebred cocker spaniels and bichon frise puppies.

"It's the economy," said Harrison, who also is registered with the American Kennel Club and is subject to AKC inspections. "People don't have money for anything right now."

Rosemary Mounce of Locust Grove said she also is feeling the economic pinch of increased business costs.

"A lot of breeders are seeing lower sales, and I have lowered my prices a little to address this," said Mounce, who raises English bulldogs. "There are also increased costs. The dog food is outrageous. I am spending about \$800 a month on dog food, and I was spending \$500."

Mounce is a registered AKC breeder and thus subject to AKC inspections, which require proper care of her animals.

She is considering renewing her lapsed USDA license, as well, she said. USDA breeders are subject to random inspections of their facilities. Regulations require proper housing, food and veterinary care for animals.

State regulations that

would address the retail loophole in the Animal Welfare Act are being considered but have yet to be made law in Oklahoma.

House Bill 1332, which is now under consideration, would require dog and cat breeders who sell more than 35 animals a year to be licensed by the state Agriculture Department. The bill also sets minimum standards for animal health and levies fines against breeders who don't meet the requirements.

Although Oklahoma reports 498 USDA breeders, the number of people selling directly to the public without licenses is unknown.

The breeder can raise and sell an unlimited number of animals without oversight.

Many "puppy mill" owners operate at the retail level, according to the Tulsa World's 2007 investigation.

The Oklahoma Veterinary Medical Association defines a puppy mill as "a canine or feline breeding operation that mass produces large quantities of pets in substandard and/or overcrowded and/or unsanitary conditions with little regard for the pet's health, safety or welfare which frequently results in inferior pets for the consumer."

World Staff Writer Curtis Killman contributed to this story.

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