

Where's the Discipline in Mississippi?

[Forensic audit: ASU ex-trustee Lemak had conflict of interest, family benefited](#)

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A forensic audit of Alabama State University said that former trustee and Birmingham sports medicine doctor Larry Lemak violated the school's conflict of interest policy, which is codified in Alabama law.

[MONTGOMERY, Alabama](#) -- Birmingham orthopedic surgeon and former Alabama State University trustee Lawrence Lemak violated that university's conflict of interest policy when his businesses or entities that employed his family members benefited from contracts with the school, [a forensic audit released by the governor's office](#) says.

Lemak, who has practiced sports medicine in Birmingham for decades, is one of the most renowned orthopedic surgeons in the country. He has served as a medical advisor to several professional sports associations and has served a team physician for Auburn University, Samford University and Birmingham-Southern College, in addition to ASU.

[The audit, commissioned by Gov. Robert Bentley, found what it describes and numerous conflicts of interest among ASU trustees and employees, and it outlines possible fraud at the school.](#) The governor, who serves on the board of trustees because of his office, has asked the board to halt its search for a new president until a further investigation can be completed. The auditors, Forensic Strategic Solutions, depict Lemak as having tangled financial interests with the university. Lemak resigned from the ASU board in April.

"Dr. Lawrence Lemak was involved in several entities that violate conflict of interest policy (among other things) for ASU as codified in the Alabama Code," the audit said.

Lemak's statement of economic interest, filed with the Alabama Ethics Commission, disclosed that Lemak served as the ASU team's physician. However, the auditor did not find evidence that he was paid directly for that job.

Rather, the auditor found that ASU made payments to Lemak's non-profit foundation, the National Center for Sports Safety.

ASU acted as a pass-through to NCSS with funds allocated by the Alabama Legislature. Earlier this year, a lawyer representing Lemak acknowledged to The Montgomery Advertiser that ASU had acted as a pass-through but said that there was nothing to hide.

The auditors, however, found that ASU kept 20 percent of the funds allocated by the legislature

as an administrative cost, but the university did not provide to the auditors any evidence that it did any work to justify those charges.

Between 2007 and 2013, the legislature directed more than \$2.7 million through ASU, which kept about \$424,000 of those funds. The rest it passed to NCSS.

The funds that ASU kept were used for whatever purposes university officials needed them for, the auditors' interviews with university officials revealed.

Meanwhile, Lemak's relatives benefited from the NCSS funding.

"Lemak's son, Matthew Lemak, served as Chairman of the Board for NCSS and received a salary for at least two year," the audit said. "Lemak's daughter-in-law, Kathryn Gwaltney, served as Executive Director of NCSS and received a salary for at least four years."

Other entities owned or controlled by Lemak and his family received funds through the ASU appropriations, the auditors said. Those entities received about \$740,000 in pass-through allocations, according to the audit.

ASU also paid about \$865,000 to the Alabama Sports Foundation for "purported ticket sales to certain events," even though the Alabama Sports Foundation had no contract and the university provided little to no supporting documentation for the work performed.

Lemak is the founder and chairman of the Alabama Sports Foundation.

Efforts to reach Lemak through his son Matthew Monday night were unsuccessful.

Compare the report above with the following report:

[HA Report: Rouse May Have Violated Ethics Law](#)

HATTIESBURG – A 12-Aug-2012 [report](#) by *The Hattiesburg American's* Ed Kemp indicates that Mississippi IHL Board member Doug Rouse may have violated ethics law by maintaining an economic interest in USM, a state institution of higher learning, even after taking a post on the IHL, the governing body of public institutions of higher learning in Mississippi. Kemp's report, which follows on the heels of [one here at USMNEWS.net](#), states that a Mississippi Ethics Commission advisory opinion issued in July-2012 warned Rouse of possible ethics law violations regarding his medical services firm's economic relationship with USM. In response, Rouse informed Kemp that, unless the Ethics Commission reverses its opinion, Rouse said he will resign his position on the IHL Board. According to Rouse (from his interview with Kemp), "[i]f there is indeed a conflict of interest, or if there is any hint of impropriety, I will be happy to get off the [IHL] board. I don't need that job. It's a public service." Sources tell [USMNEWS.net](#) that the tone of Rouse's response to Kemp above is an indication that economic concerns, not community service concerns, are the only significant motivators in Rouse's decision-making process. As such, a conclusion as to whether Rouse maintained his prior economic interest in USM after being named to the IHL Board in 2008 seems to have been hinted at by Rouse himself

(in the comment above).

Kemp's report also touches on the recent turmoil in the USM athletics department that includes the end of the Richard Giannini reign as athletics director, the beginning of the new term of Jeff Hammond, the current USM AD, the resignation of USM president Martha Saunders, and the revelation that the USMAD is currently dealing with a more than \$1 million operating deficit. Unlike other IHL Board members, Rouse appears to have been at the center of these issues, telling Kemp "I've spent more time dealing with what's going on the last two to three months at USM than anything else in my life - more than work, more than family." Kemp also reports that Rouse returned \$45,000 to USM in May-2012, revenues his company received for medical services since his 2008 appointment to the IHL. This admitted figure comes to the better part of \$1,000 per *month*, far exceeding the \$1,000 per *year* reporting figure on the MEC's economic interest disclosure form on which Rouse indicated receipt of \$0 for calendar year 2011, thus appearing to now put him at risk of a fine of \$10,000 for this and perhaps other forms completed in a similar manner. Rouse denies this appearance, as Kemp reports:

Rouse said he is hopeful that the opinion will be overturned. He explained that SBJ sent \$45,000 to Southern Miss in May when he was notified by university attorney Rick Lambert that a complaint against him had been filed with the Ethics Commission.

He denied that the payment could be interpreted as an admission of impropriety.

"It's not an admission of anything," he said. "When we started looking into Ethics Commission laws, our attorneys said that the only thing they thought that might be a question of a violation would be if the university paid my partners at Southern Bone & Joint - not me, my partners."

Rouse said that documents obtained from the university showed that Southern Miss had paid SBJ/Southern Surgery Center approximately \$45,000 in scholarship athlete orthopedic care since 2008.

Sources also tell USMNEWS.net that a portion of Kemp's report indicates that Rouse seems to be playing a semantics game in defense of his actions in attempting to separate his personal economic interests with those of his partners and his jointly-owned firm. In addition to the part of Kemp's report inserted above, that portion is:

Rouse vehemently denies receiving any money from Southern Miss during his tenure on the College Board, but some payments for that treatment have funneled from the university to his business.

The Southern Miss athletics budget provides secondary medical insurance coverage to all student athletes, meaning that it picks up the tab for medical services from [his co-owned] SBJ/Southern Surgery Center after the students' primary insurer has been billed.

Rouse, however, said he was never warned during his state Senate confirmation in 2008 of possible ethics violations regarding his business's relationship with Southern Miss.

“I thought those issues had been settled,” Rouse said.

In order to be distanced from charges of impropriety, Rouse states that he stopped performing any surgeries personally on Southern Miss athletes as soon as he became a trustee.

Another part of Rouse’s defense gets him into other issues hounding USM at present. That part is also told by Kemp:

Furthermore, Rouse says that the school and SBJ/Southern Surgery Center also ended their exclusive relationship together.

And, even during their nine-year agreement from 1999-2008, Rouse said that athletes were never forced to see SBJ physicians.

“Those athletes are able to see any physician they want to. I don't see how that can be an ethical issue with my serving on the IHL board,” Rouse said.

The lack of an official contract between SB&J and Southern Miss came under scrutiny this summer, particularly in light of claims by Hattiesburg Clinic officials that they were never given an opportunity to bid on a medical contract with Southern Miss athletics. Reports also surfaced that Saunders was adamant about putting all Southern Miss contracts up for bid.

Still, issues remain even about the size of the receipts by SBJ from USM. *THA*’s request, via Mississippi Open Records laws, from USM for data reveals that SBJ has billed USM athletes a total of \$620,000 since Rouse’s appointment in 2008, and that \$90,000 of this total was paid to SBJ by USM. This figure is twice that paid back to USM by Rouse. Rouse also mentioned to Kemp that he (Rouse) could not explain the discrepancy.

[State Ethics Commission Reverses Ruling on Rouse](#)

HATTIESBURG – According to *WDAM-TV*’s Randy Swan, the Mississippi Ethics Commission has [reversed its own earlier ruling](#) from July-2012 stating that Mississippi IHL Board Commissioner Douglas Rouse [violated state ethics](#) laws by providing medical services to athletes at USM, an institution Rouse [governs via his position](#) on the IHL. Although Swan’s report is scant on [the details](#) as to why the MEC has reversed itself, it does point out that Rouse and other members of his orthopedic medicine practice can now continue providing services to USM athletes, while Rouse may also continue to serve on the IHL board which governs USM and the state’s seven other public universities.