



The University of Texas System

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Office of the Chancellor

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February 12, 2013

Kern Wildenthal, M.D.
4001 Hanover Street
Dallas, Texas 75225

Dear Kern,

Thank you for meeting with me in my office yesterday and sharing your perspectives on the Paul Hastings review, the Grant Thornton report and the U. T. System Internal Audit Office report of your travel and entertainment expenditures while at U. T. Southwestern Medical Center. During our two-hour discussion, I learned much about your current view of matters following your review over two days at the U. T. System Administration of the Grant Thornton and U. T. System Internal Audit Office reports. You also expressed your disagreement with some of the conclusions and statements contained in the Paul Hastings review.

As you know, the current reviews by Grant Thornton, looking at compliance with travel policies and documentation requirements, and our U. T. System Internal Audit Office, focusing on the appropriateness of expenditures related to the stated business purpose, including whether any personal or unnecessary days of travel had been reimbursed by U. T. Southwestern, were launched in response to the Paul Hastings report. The Paul Hastings report drew general conclusions about the scope, nature, and appropriateness of your travel expenses (especially international travel) while President and then Special Assistant to the President of U. T. Southwestern. The report found that as President of U. T. Southwestern you had a broad mandate to spend U. T. Southwestern funds at your discretion; however, it criticized your exercise of that discretion, and questioned in some instances the legitimacy of the business purposes identified to support such travel. I know you disagree with some of those conclusions, but in the end, the nature of the report is that it expresses opinions and makes judgment calls. More important, upon receipt of the Paul Hastings report, U. T. Southwestern and U. T. System staff consulted and agreed to take a "deeper dive" into the particular facts and circumstances of specific trips. Following that recommendation, the Grant Thornton and U. T. System Internal Audit Office reports are now final (final reports are attached).

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As we discussed, the conclusion is that you are required to retribute to U. T. Southwestern Medical Center, an amount of \$21,156.81. I ask that you work with President Podolsky, who is copied on this letter, to achieve this required restitution and bring this matter to its final close. While the issuance of the final reports and your restitution to U. T. Southwestern do not answer every question or address every conceivable issue that has been raised, U. T. System has completed an extraordinary amount of due diligence in an attempt to reach resolution with you.

I am grateful for your years of service and your commitment to advancing excellence at U. T. Southwestern during your tenure as a faculty member, Dean of the School of Medicine and as President. I hope we can all move forward toward greater achievements for U. T. Southwestern.

With respect,



Francisco G. Cigarroa, M.D.
Chancellor

FGC/bh

cc: Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs
Daniel Podolsky, M.D., President, U. T. Southwestern
Barry D. Burgdorf, Vice Chancellor and General Counsel
Michael Peppers, Chief Audit Executive