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Ethics questioned at county hospital

By David Martin
Editor

A conflict of interest is alleged at Memorial Hospital of Sweetwater County, stemming from a business relationship between a member of the administration team and a local media company.

Gary Collins, the marketing and public relations director at MHSC, is a part owner of SweetwaterNOW.com, a news website based out of Rock Springs. His ownership in the company has resulted in people questioning the ethics involved with his share in SweetwaterNOW and his job at MHSC.

Those questioning Collins' ethics include Sweetwater County Commissioner John Kolb, who also serves as the commissioners' liaison to the hospital board. The hospital is a county-owned facility, operated by a board appointed by the county commissioners.

Kolb said he learned of Collins' ownership in the company last summer. He said the commissioners had heard rumors about Collins' relationship in SweetwaterNOW and had challenged the company's founder, Carlo Harryman, regarding a perceived slant in news coverage involving the hospital and county commissioners. Kolb said Harryman confirmed Collins' ownership during subsequent discussion. While not believing the relationship is illegal, Kolb does believe Collins is in a position to personally gain from his affiliation with SweetwaterNOW and his position at MHSC, which involves direction of advertising spending.

"If it looks bad, it is bad," Kolb said. "Gary Collins can't claim innocence because of the amount of money he's spending."

Collins, as of press time, does not list his affiliation with SweetwaterNOW on his professional LinkedIn.com profile. Also, Collins' name does not appear on SweetwaterNOW's website as a staff member or part owner. However, Collins said his ownership in SweetwaterNOW is known at the hospital.

"The people who need to know, know," Collins said.

Local advertising data collected from the hospital's CFO and current interim CEO, Irene Richardson, shows Collins has shifted his advertising purchases in favor of SweetwaterNOW specifically pulling away from Wyoradio, which operates a website competing with SweetwaterNOW, Wyo4news.com. Wyo4news was originally started by former SweetwaterNOW employee Ryan James after he left the company, but was sold to Rock Springs-based Wyoradio in 2016.

Data collected between July 2015 and October 2016 shows SweetwaterNOW received the second highest amount of advertising purchases amongst the five local media companies in that period, receiving \$44,305. The company trails behind the Radio Network in advertising purchases, which received \$85,620. The other three media companies in Sweetwater County received much less than SweetwaterNOW in that period, with Wyoradio receiving \$18,467, the Rock Springs Rocket-Miner receiving \$15,484 and the Green River Star receiving \$4,648.

A second sampling of advertising purchases, dating between May 2013 and May 2015, shows spending was more spread out.

While the Radio Network continued to claim a lion's share of advertising spending amongst the five, totaling \$126,250, Wyoradio received \$71,410, while the Rocket-Miner received \$29,318 and the Green River Star received \$17,043. During this period, MHSC advertising with SweetwaterNOW totaled \$28,657.

Collins said the hospital's leadership re-evaluates its advertising budget each year, which is approved by both the CEO and hospital board. He said the hospital has seen more success in digital advertising, mentioning Facebook as an area the hospital advertising budget has increased in. As a result, Collins said advertising purchases in print and broadcast has declined as a result of that success.

Collins also said he has removed himself from SweetwaterNOW as much as he can and insists when working with the company's advertising department, he's treated like any other client.

A former employee of SweetwaterNOW, Gary Delgado, said Collins' relationship with the hospital and SweetwaterNOW was one of the reasons he and Collins did not get along. Delgado said Collins initially started as a web designer before Harryman agreed to make him a partner in the business.

"Carlo gave him quite a bit of power over the entire business, from payroll to news to artistic decision making. He was involved in every aspect," Delgado said.

Delgado also said those differences with Collins were what eventually resulted in him leaving the company. Collins denies any control over the news portion of the company, saying Harryman is the head of that portion of the company. Documents received by the Green River Star support that claim.

An email obtained by the Star dated May 25, 2014, does reveal some of the discussion between Collins and Harryman while the two were negotiating Collins obtaining an ownership stake in the company.

The draft agreement attached in the email calls for the creation of a chief operations officer position for Collins, which would give him control of the marketing and sales efforts at SweetwaterNOW, as well as control of the company's day-to-day operations. The agreement would make Harryman the CEO and public face of the company, as well as the head of journalistic efforts and the company's social media. The draft outlines compensation to Collins for the first year, which is listed at \$1 while earning 5 percent sweat equity each quarter. In his second year, the agreement states Collins had two options to pursue. The first option would have allowed Collins to increase his share in the company by either 11.5 percent or 16.5 percent depending on a 5 percent stake being sold to Pitchengine. Pitchengine is a Lander-based public relations company focusing in online distribution of media releases. The company also operates websites similar to SweetwaterNOW. Collins would receive an unspecified "small salary" agreed upon by Collins and Harryman only if the company is turning a consistent profit. The agreement states if Pitchengine did not purchase a stake in SweetwaterNOW, that 5 percent would default to Collins.

"I prefer this route," Collins wrote in the draft agreement. "I would still work for \$1 if we aren't turning a profit and it would provide a gradual salary that will help me in the transition to full-time."

The second option would allow Collins a part-time salary at a rate of \$40 an hour plus bonuses and other arrangements. Collins would not earn the additional 11.5 percent or 16.5 percent and the salary would not be dependent on the company reaching its fiscal goals.

Under the first option, the ownership structure in the company would result in Harryman having 51 percent of SweetwaterNOW, while Collins would have either 31.5 percent or 36.5 percent ownership, and Harryman's father would have the remaining 12 percent ownership.

Collins' goals listed in the draft agreement refer to eventually leaving MHSC and becoming a full-time executive and co-owner at SweetwaterNOW with a "salary reflecting the position and factoring in the success of the first two years."

"I have an incentive to make the company profitable for two reasons," Collins wrote in the agreement. "First, as an owner of equity I need to have the company profitable or my two years of work (one year completely unpaid) won't be worth anything. (Thirty) percent of zero profit is a big loss for two years of work. Second, as a salaried employee I have an incentive to make the company profitable since I can earn more money and reach my goals of working full-time doing marketing and SwNOW."

Collins also expressed interest in building the company to either close competition or until another company offers to buy SweetwaterNOW.

"I want SwNOW to be the number one media outlet in the region and to stand head and shoulders above competition until they either shut their doors or offer to buy. I am completely committed to that with (or) without this contract," Collins wrote.

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