



Department of Justice

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ILLINOIS VETERANS AFFAIRS OFFICIAL PLEADS GUILTY TO CONSPIRACY AND ACCEPTING ILLEGAL GRATUITIES

WASHINGTON – The director of the Hines, Ill., Department of Veterans Affairs (VA) Consolidated Mail Outpatient Pharmacy (CMOP) has agreed to plead guilty to participating in a conspiracy that allowed a subordinate to make contracting decisions regarding a company owned by the subordinate’s spouse, the Department of Justice announced today. The director also has agreed to plead guilty to accepting illegal gratuities.

In a plea agreement filed today in U.S. District Court in Chicago, Joel M. Gostomelsky, admitted to conspiring with a subordinate between 2000 and 2007 to allow the subordinate to be involved in the hiring and supervising of temporary pharmacist employees supplied to the CMOP by a company owned by the subordinate’s spouse. Among other actions, Gostomelsky falsely represented to VA officials that the subordinate had no role at the CMOP in the ordering of these services, and that the subordinate would be removed from making decisions affecting the employees of the temporary staffing company.

Gostomelsky also agreed to plead guilty to receiving illegal gratuities from 1998 through approximately 2005 from another vendor that provided supplies to the CMOP in Hines, Ill. Gostomelsky admitted that because of the gifts he received, he helped steer orders for mailing supplies to the vendor.

According to the terms of the plea agreement, which is subject to court approval, Gostomelsky has agreed to cooperate in the government’s ongoing investigation. His sentence will be determined by the court.

Gostomelsky was the Director of the CMOP in Hines from 1995 until April 2007. The CMOP in Hines is one of seven such pharmacies throughout the nation, and currently processes and sends more than 100,000 prescriptions to veterans daily.

“The Department of Justice is committed to prosecuting those who subvert the efforts of the Department of Veterans Affairs to use a competitive market to obtain necessary goods and services to accomplish its mission of caring for our nation’s veterans and their families,” said Thomas O. Barnett, Assistant Attorney General in charge of the Department’s Antitrust Division.

Gostomelsky agreed to plead guilty to one count of conspiring to allow a subordinate to participate in decisions directly affecting the financial interests of the subordinate's spouse, a violation which carries a maximum sentence of five years of imprisonment and a fine of \$250,000. Gostomelsky also agreed to plead to one count of accepting illegal gratuities, a violation which carries a maximum sentence of two years of imprisonment and a fine of \$250,000. The maximum fine for each of these violations may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

"The VA Office of Inspector General investigates every credible allegation against VA employees who betray the trust of our veterans and taxpayers by acts of bribery, graft, and criminal conflict of interest. Former managers of two other VA Consolidated Mail Outpatient Pharmacies currently serving multi-year prison sentences for similar, yet unrelated, criminal acts have learned just how seriously we take these allegations," said George J. Opfer, Inspector General of the Department of Veterans Affairs.

Today's charges reflect the Department's commitment to protecting U.S. taxpayers from procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative, announced in Oct. 2006, is designed to promote the early detection, prosecution and prevention of procurement fraud associated with the increase in contracting activity for national security and other government programs.

The investigation was conducted jointly by the Department of Justice Antitrust Division's Chicago Field Office; the Department of Veterans Affairs, Office of Inspector General; the Small Business Administration, Office of Inspector General; the Department of Defense, Criminal Investigative Service; and the U.S. Secret Service, with assistance from the U.S. Attorney's Office for the Northern District of Illinois.

Anyone with information concerning bid rigging, fraud, kickbacks, bribery or other crimes relating to violations of federal procurement laws meant to foster competition concerning any of the VA's CMOP's should contact the Chicago Field Office of the Antitrust Division at 312-353-7530 or the VA Office of Inspector General at 1-800-488-8244.

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