



Department of Justice

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FORMER DEPARTMENT OF VETERANS AFFAIRS OFFICIAL SENTENCED TO SERVE 60 MONTHS IN PRISON FOR CONSPIRACY AND WIRE FRAUD

Spouse and Company Also Sentenced for Their Roles in Scheme

WASHINGTON — The former associate director of the Department of Veterans Affairs (VA) Consolidated Mail Outpatient Pharmacy in Hines, Ill., his wife and their temporary staffing company were sentenced today for their participation in a conspiracy to defraud the VA and the Small Business Administration (SBA), the Department of Justice announced.

William J. Brandt, the associate director of the VA facility from 1996 until April 2007, his wife, Esperanza A. Brandt, and Pronto Staffing Inc. were sentenced today in U.S. District Court in Chicago by Judge Milton I. Shadur. William Brandt was sentenced to serve 60 months in prison and Esperanza Brandt was sentenced to serve 24 months of probation. The Brandts and Pronto Staffing were also sentenced to pay \$400,000 in restitution jointly and severally.

On May 9, 2009, the Brandts and Pronto each pleaded guilty to one charge of conspiracy to commit wire fraud. William Brandt also pleaded guilty to one charge of wire fraud, which deprived the VA and the public of his honest services. The Outpatient Pharmacy in Hines, one of seven regional VA mail-out pharmacies, currently processes and sends out more than 90,000 prescriptions each day to veterans.

The Brandts and Pronto admitted to conspiring with others to commit wire fraud in a scheme to fraudulently allow Pronto to provide temporary pharmacists to the Outpatient Pharmacy where William Brandt worked and supervised pharmacists. Pronto was created by the Brandts in 2000 to provide pharmacists to the Hines Outpatient Pharmacy. The company later sought SBA certification as a woman-owned, minority-owned small disadvantaged business and 8(a) Program participant. As part of the conspiracy, the Brandts agreed to allow another company to fraudulently use Pronto's SBA status to bid on contracts set aside for SBA and 8(a) participants.

William Brandt also pleaded guilty to wire fraud for making materially false misrepresentations to the VA and other government officials and hiding his involvement with Pronto. Brandt claimed that Pronto was solely managed by his wife in order to avoid conflict of interest laws governing federal employees. During the course of the scheme, William Brandt, working with others, secretly agreed that the billing rates charged to the VA for certain pharmacists provided by Pronto should be increased. Between 2000 and 2007, the Brandts and

other co-conspirators used Pronto to bill the VA for more than \$8 million in services to the Hines Outpatient Pharmacy facility. The department said that this conduct deprived the VA and the public of Brandt's honest service.

Four individuals and one company have pleaded guilty and have been sentenced in this investigation. On June 30, 2008, Joel M. Gostolmelsky, the former director of the VA facility, pleaded guilty to conspiracy and to accepting illegal gratuities in connection with awarding staffing and supply contracts, including contracts for temporary pharmacists. On Oct. 7, 2010, Gostolmelsky was sentenced to serve five months in prison and to pay \$49,484 in restitution. On Aug. 13, 2009, Stephanie D. Blackmon and a temporary staffing company she owned, Patriot Services Inc., pleaded guilty to making a false statement to the SBA. On Sept. 28, 2010, Blackmon was sentenced to pay a \$3,000 criminal fine and Patriot was sentenced to pay a \$5,000 criminal fine.

The investigation of unlawful conduct concerning the VA's Consolidated Mail Outpatient Pharmacies was conducted jointly by the Department of Justice Antitrust Division's Chicago Field Office and the VA's Office of Inspector General. The SBA's Office of Inspector General, the Department of Defense Criminal Investigative Service and the U.S. Secret Service assisted in the investigation.

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 Consolidated Mail Outpatient Pharmacies should contact the Antitrust Division's Chicago Field Office at 312-353-7530 or the VA Office of Inspector General at 1-800-488-8244.

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