

## **FBI opens inquiry into VA allegations**

Albany-- Misuse of funds, patient abuse among charges being investigated, official says

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The investigation is being spearheaded by the FBI's white-collar crime unit in Albany. It centers on allegations dating back nearly 10 years that include misuse of research funds, patient abuse, patient deaths and falsification of patient records, according to a law enforcement official familiar with the investigation.

Four months ago, a federal grand jury in Albany handed up a 48-count indictment against a former Stratton VA researcher, charging him with manslaughter, negligent homicide and various fraud charges.

It's alleged 52-year-old Paul H. Kornak of Clifton Park caused the death of at least one patient by falsifying medical records in order to enroll veterans in controversial drug studies, according to the charges. Kornak's former boss, Dr. James A. Holland, who once headed Stratton's cancer program, also is targeted in the investigation but has not been charged. That investigation is ongoing and being headed by investigators from the Department of Veterans Affairs Office of Inspector General.

But the FBI has now opened its own case and their probe is centering on allegations from two pharmacists who claim they suffered years of retaliation and were eventually fired from their jobs at the Stratton for speaking out about alleged corruption there.

"I can't confirm whether any case has been initiated," said Special Agent Lee Pugh, division counsel for the FBI's Albany office. Officials for the U.S. Attorney's office declined comment.

In November, U.S. Rep. Michael McNulty, D-Green Island, called a meeting with U.S. Attorney Glenn T. Suddaby and the two pharmacists, Anthony Mariano and Jeffrey Fudin.

"I just think it's good they're following up on the information that was given to them," McNulty said. "I have full confidence in Glenn Suddaby and his staff to do what is right."

Fudin, who was fired from his job at Stratton several years ago but later reinstated by a federal whistle-blower court, said he was recently contacted by FBI agents in Albany and a meeting has been scheduled. Mariano is Stratton's former pharmacy director and claims he also suffered retaliation from Stratton administrators. Mariano declined comment but a law enforcement official confirmed that Mariano recently met with the FBI for several hours.

"I personally will not rest until I see all the people held accountable for the things they did, not only to patients but to employees," Fudin said. "I can give them names."

The federal charges handed up against Kornak do not offer any motive as to why he allegedly falsified the medical backgrounds of patients. VA insiders contend the investigation fell short of uncovering the alleged misuse of funds and has not offered an explanation of whether some researchers benefited financially from the tens of thousands of dollars that flow into the hospital each year from drug companies.

The allegations by Fudin and Mariano date back to the early 1990s. Fudin warned hospital officials that at least one patient may have died and others enrolled in cancer research programs were being endangered because they were being given experimental drugs outside of accepted medical protocols.

In 1995, the hospital subsequently launched an investigation of Fudin and charged him with patient abuse and other administrative violations. But a physician who was appointed to head the internal investigation told the Times Union last May that he was encouraged to "thwart the truth" and discredit Fudin.

In addition to the alleged abuse of patients, Fudin also warned federal authorities about the flow of research money in a 1996 memorandum he wrote to the inspector general's office.

"I have suspected for some time that research money in this institution has been embezzled and/or misappropriated by several practitioners, and that administration is aware of this," Fudin's memo said.

On Wednesday, Fudin said over the past nine years he had given the same information to at least a half dozen VA investigators, but never saw any indication his allegations were investigated.

In August 1999, Fudin and Mariano went to the FBI and delivered a presentation outlining many of their claims. But the FBI did not initiate an investigation then because it said the inspector general's office already was aware of the allegations.

"I'm certainly not aware of any FBI investigation going on," said Donald Stuart, the hospital's business manager and spokesman. "Certainly we'd be more than willing to cooperate with any such investigation. This is my first time hearing about it."