



NEWS RELEASE

From New York State Inspector General
Catherine Leahy Scott

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STATE PRISON GUARD PLEADS GUILTY TO FACILITATING \$1.6 MILLION STATE INSURANCE PLAN SCAM SELLING PUBLIC EMPLOYEES STEREO EARBUDS AND BILLING AS IF THEY WERE MEDICALLY NECESSARY HEARING AIDS

Auburn Correction Officer Joshua Powers Solicited Hundreds of Co-Workers and Other State Employees Whose Insurance Paid \$3,000 Each for Earbuds Marketed for Gaming and Music, and Which “Provide Pure Listening Enjoyment” but Did Not Qualify for Coverage

Powers Used Criminal Proceeds for Jet Skis, a Boat, Pickup Truck and a Cruise

SYRACUSE – New York State Inspector General Catherine Leahy Scott and Onondaga County District Attorney William J. Fitzpatrick today announced the arrest and guilty plea of a central New York prison guard who solicited hundreds of coworkers and other State employees with promises of hi-tech gadgets with no out-of-pocket expense as part of a criminal scheme defrauding the State health insurance system for \$1.6 million.

Joshua Powers, 36, a State corrections officer who was assigned to the Auburn Correctional Facility and Upstate Medical Center, was arrested and pleaded guilty today to petit larceny, a misdemeanor, for his role selling public employees hi-fidelity custom fit earbuds and sound suppression ear plugs while billing the State insurance plan as if they were medically necessary hearing aids worth three to ten times as much. As part of the plea, Powers paid \$72,000 in restitution, the amount in referral fees he received through the scheme. The plea, in Cicero Town Court, also included a sentence of one year conditional discharge and a \$500 fine.

Powers participated in the scheme which was allegedly run by Joshua Miller, 38, of Norbert Place, Minoa, a State licensed hearing aid dispenser and owner of Syracuse Hearing Aid Centers LLC with operations in Cicero, Pulaski and Oneida. He was arrested and indicted late last year on charges including Grand Larceny in the First- and Second-Degree and Health Care Fraud in the First Degree, all felonies. The Onondaga County Court case against Miller remains pending.

“This corrections officer used his position to lure hundreds of coworkers to obtain hi-tech gadgets under the guise of a lucrative health benefit that did not exist,” said **Inspector General Leahy Scott**. “He was a key player in facilitating a \$1.6 million fraud on the State health plan and enriched himself in the process. His actions violated the public’s trust and I will continue working diligently to investigate any conduct that abuses taxpayer funds.”

“We will continue to work hand in glove with the Inspector General to root out fraud and protect the taxpayer’s

money," said **District Attorney Fitzpatrick**.

Inspector General Leahy Scott's investigation found that between May 2012 and December 2014, Miller, with Powers's connections, solicited hundreds of State employees with a promise of either high quality earbuds or hearing protection devices meant for shooters – at no out-of-pocket expense. The customers were offered either "Tunz Custom Audio Monitor" earbuds that are advertised as "Ideal for mp3 players, gaming devices, computers and more," and "provide pure listening enjoyment," or they were offered Audibel "SoundGear" or "Magnum Ear" hearing protection marketed to hunters, industrial workers and law enforcement. Miller, in turn, then billed United HealthCare, administrator of the Empire Plan, as if the State employees were receiving medically required hearing aids for which the insurance company paid \$3,000 each, the maximum amount for a hearing aid covered under the plan.

Most of the prospective customers were solicited by Powers, who would recruit coworkers in the State run prison system and the Upstate Medical University hospital. Miller first met Powers at the New York State Fair in 2013 where Syracuse Hearing Aid Centers LLC maintained a booth that included signage promising no out-of-pocket expense for State employee members of the Empire Plan. Ultimately, with Powers's referrals, the scheme targeted corrections officers from facilities across the State, including the Auburn, Cayuga, Five Points, Mohawk, Riverview, Coxsackie, Franklin and Mid-State correctional facilities, as well as the Willard Drug Treatment Campus and hospital staff at Upstate Medical University.

Miller paid Powers up to \$300 for each referral he brought in. In total, Powers made approximately \$72,000 in referral fees which he used to pay for jet skis, a boat, a pickup truck, auto-racing equipment and an ocean cruise among other items.

The investigation found that the vast majority of Miller's business at Syracuse Hearing Aid Centers LLC was through billings to United HealthCare through the Empire Plan, and that more than 90 percent of those billings for hearing aids were found to be fraudulent. The investigation also found that Syracuse Hearing Aid Centers LLC would bill United HealthCare as if Miller provided hearing aids to some relatives of the State employees, who were also covered by the Empire Plan, but provided no devices whatsoever for those relatives.

In total, the investigation found Miller made 575 allegedly fraudulent claims through United HealthCare amounting to \$1.65 million in hearing aid billings where no hearing aids were provided. Of those claims, approximately 500 involved State prison and hospital workers, while other claims included members of the State Police as well as other State agencies.

Powers entered his guilty plea and paid the restitution today in Cicero Town Court.

The case against Miller remains pending in Onondaga County Court. The charges he faces are merely accusations and he is presumed innocent until and unless proven guilty in a court of law.

Inspector General Leahy Scott thanked Onondaga District Attorney William J. Fitzpatrick and his office for prosecuting this matter and for their assistance with the investigation, and United HealthCare for their assistance with the investigation as well.

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