



NEWS RELEASE

From New York State Inspector General
Catherine Leahy Scott

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FORMER SUNY UPSTATE MEDICAL UNIVERSITY PRESIDENT DAVID SMITH SENTENCED FOR ABUSING HIS POSITION TO ILLICITLY INCREASE HIS COMPENSATION

SYRACUSE – New York State Inspector General Catherine Leahy Scott today announced the sentencing of former SUNY Upstate Medical University President David R. Smith for corrupting his position and using funding streams under his control to illicitly increase his personal compensation.

Smith was sentenced today in Syracuse City Court to more than \$250,000 in restitution and fines and three years of probation for his previous guilty plea to three counts of the crime of Official Misconduct.

“This defendant exploited his university’s lax oversight with cynical and thieving schemes to pad his own income,” said Inspector General Leahy Scott. “He shamelessly violated the trust of his position, prioritizing his own illicit financial gains over patient care and medical education that should have been his primary concerns. Through new leadership and findings from my ongoing investigation, we can help ensure such corrupt dealings at this premier institute never happen again.”

An investigation by Inspector General Leahy Scott found Smith, who resigned his position in November 2013, used several funding streams under his control to improperly pad his personal income. Smith, while working as president with a compensation package approved by the State University of New York’s then-Chancellor and Board of Trustees, and aware he was required to receive approval from the Chancellor for any pay increases;

- directed his subordinate to approve three unauthorized raises in the amount of approximately \$37,000 in 2007-2008, through the State University of New York Research Foundation, for Smith’s benefit. Smith received the proceeds from those raises through the date of his resignation, totaling approximately \$245,000 in additional salary he would not have otherwise earned;
- received over \$300,000 via a pass-through arrangement with a pediatric group that was not properly authorized;
- submitted, approved, collected, and received unauthorized reimbursements of over \$187,000 for housing expenses above and beyond his authorized \$5,000 per month housing allowance, by submitting receipts and credit card statements for reimbursement of expenses to which he was not entitled, and by orchestrating an increase in his Medical Service Group supplement to cover housing expenses to which he was not entitled; and
- directed and oversaw the creation of an unauthorized deferred compensation plan through MedBest Medical Management, Inc. for the benefit of himself and others, without the authorization or knowledge of the SUNY Chancellor.

Under a prearranged plea agreement, Smith is required to pay \$247,419.95 in restitution and \$3,000 in fines. Inspector General Leahy Scott's investigation into Smith's activities as president, as well as the university's lax oversight of his activities, is ongoing.

Inspector General Leahy Scott thanked New York State Attorney General Barbara Underwood and her office for prosecuting this case.

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