

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA           \*       CRIMINAL NO. 12-191  
VERSUS                                   \*       SECTION: "J"  
BOYD WILLIAM LEAHY                 \*  
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**FACTUAL BASIS**

If this matter were to proceed to trial, the government would prove the following facts through competent evidence:

Dr. A would testify that he and his wife, Dr. B, owned a sleep clinic, Somno Diagnostics, LLC ("Somno") and that Somno was considered an "in network provider" for some health insurance companies. Dr. A would testify that as a network provider, Somno was paid a negotiated contract price for health care services it rendered to eligible beneficiaries. Dr. A would testify that he hired his friend, **BOYD WILLIAM LEAHY** ("**LEAHY**"), to be Somno's full-time office manager in August 2007 and that **LEAHY** was so employed in that capacity until **LEAHY'S** termination in September 2011. Dr. A would also testify that Somno's patients were beneficiaries of health care benefit plans of various health insurers, and that Somno and its bank accounts were a health care benefit program as defined by Title 18, United States Code, Section 24(b).

Dr. A would testify that he maintained Somno's commercial checking account at Resource Bank in Covington, Louisiana, account number XXXXX15, into which insurance proceeds for medical services rendered by Somno were deposited.

Dr. A would testify that when **LEAHY** began work at Somno under the supervision of office manager "MB," **LEAHY** began making disparaging comments about MB's work performance to Dr. A.

Dr. A would testify that in 2008, **LEAHY** told him that he needed assistance with Somno's billing. Dr. A would testify that **LEAHY** recommended to him that Angelina Leahy be hired for this purpose. Dr. A would also testify that in May 2008, he agreed that Angelina Leahy be hired as a part-time worker for no more than three days per week and no more than six hours per day.

Resource Bank employee Shannon Seals would testify that **LEAHY** maintained a personal checking account number XXXXX94 at Resource Bank.

First Bank and Trust employee Ron Hardee would testify that **LEAHY** maintained checking account number XXXXXXX93 on behalf of Sleep Corp. at First Bank in Covington.

Self-authenticating corporate records from the Louisiana Secretary of State corporate records would be introduced to show that Sleep Corp, LLC (Sleep Corp) was incorporated in February 2011. The documents would show that **LEAHY** was designated as the manager, and that **LEAHY'S** daughter, herein identified as "AL," was the registered agent. The documents would show that the physical address listed for Sleep Corp was **LEAHY'S** personal residence.

United States Department of Health and Human Services, Office of the Inspector General  
Special Agent (SA) Reel, would testify that Sleep Corp was not a network provider for any health insurance provider.

SA Reel would testify that on February 24, 2012, and then again on February 29, 2012, agents executed a search warrant of the computer used by Angelina Leahy during her employment at Somno. SA Reel would testify that a forensic review of Angelina Leahy's computer, coupled with a review of Somno patient billing histories through Somno's third party billing company, Duxware, would show that the **LEAHYS** began siphoning off legitimate Somno services to be billed as though Sleep Corp actually performed the service. SA Reel would testify that a review of the Duxware billings and notations in the record showed **LEAHY** caused health insurance companies to be billed on behalf of Sleep Corp for services which were actually rendered by Somno.

SA Reel would explain the payment structures of "in network" and "out of network" and explain how medical providers who were considered "in network" by insurance companies accepted a reduced rate for their fees. SA Reel would explain that medical providers who were "out of network" did not accept a reduced rate for their fees and that these "out of network" providers received all or most of the fees they billed for procedures. SA Reel would testify that a review of Somno's Duxware billing to insurers showed that Somno was considered an "in network" provider for most insurance companies and thus accepted the reduced reimbursement. Representatives from various insurance companies would testify that, because Sleep Corp was considered an "out of network provider," the reimbursement was far greater than the contract price

Somno had negotiated with the insurance companies to be an “in network” provider. SA Reel would introduce documentation showing that when the payment was received by Sleep Corp, **LEAHY** caused fraudulent entries to be made in Somno’s computerized billing software indicating the negotiated “in network” price was reimbursed to Somno. SA Reel would also introduce documentation from First Bank and Trust showing that, instead of depositing any funds into the accounts of Somno, **LEAHY** fraudulently deposited the money into the accounts of Sleep Corp at First Bank.

SA Reel would introduce documentation showing that, when Sleep Corp fraudulently received the insurance proceeds, **LEAHY** caused the balances of Somno patient accounts to be “zeroed out” for those patients for whom services were billed. Somno’s office manager would testify that by “zeroing out” the balances of Somno patients, **LEAHY** ensured that patients would not be billed for services by Somno when Sleep Corp had already received reimbursements. SA Reel would testify that, after review of the medical records and Somno’s Duxware billings, he identified \$52,200 in fraudulent billings **LEAHY** caused by billing legitimate Somno services as though Sleep Corp had rendered those services.

“MB” would testify that, when he resigned from Somno in 2007, he provided **LEAHY** with his password to Somno’s third party payroll company, NetChex. Somno office staff would testify that **LEAHY** was the only person at Somno with access to the NetChex system, and that **LEAHY** alone handled all of Somno’s payroll functions.

Federal Bureau of Investigation SA Krista Bradford would testify that after reviewing NetChex documents, she determined that on about January 22, 2008, **LEAHY**, fraudulently and

without any authorization, used MB's password for NetChex to raise his annual salary from \$41,600 to \$122,200. SA Bradford would testify that her review of NetChex documentation also showed that on about February 4, 2008, **LEAHY**, again using NetChex, fraudulently and without any authorization, raised his annual salary from \$122,200 to \$154,700.

SA Bradford would testify that she reviewed the NetChex documentation as it related to **LEAHY'S** wife Angelina, and she determined that once **LEAHY'S** wife was hired, **LEAHY** immediately began paying Angelina Leahy far in excess of what Dr. A had authorized, including full-time work and generous amounts of overtime when both **LEAHY** and his wife well knew that Angelina Leahy was not working the reported hours.

Somno office staff members would testify that when they complained to **LEAHY** that Angelina Leahy was not doing her required work, **LEAHY** and his wife told the staff that Angelina Leahy was an unpaid worker who just helped out around the clinic a few days per week.

SA Bradford would also testify that her NetChex documentation review showed on about May 5, 2009, **LEAHY** added his daughter "AL" to Somno's payroll even though she was not an employee of Somno, performed no work on its behalf, and was attending college out of state. SA Bradford would testify that the NetChex documentation showed **LEAHY** fraudulently began routinely issuing payroll checks to AL without authorization. SA Bradford would further testify that the NetChex documentation showed on about February 2, 2010, **LEAHY** added his father "WL" to the Somno's third party payroll account as an authorized employee. SA Bradford would testify that the NetChex documentation would show that **LEAHY** fraudulently and without

authorization began issuing Somno payroll checks to WL, even though WL performed no work on Somno's behalf.

SA Bradford would also testify that the NetChex documentation showed on or about February 18, 2010, **LEAHY** added a person here in identified as "DB" to Somno's third party payroll account as an authorized employee, and that DB began receiving regular paychecks authorized by **LEAHY**.

DB would testify that **LEAHY** owed him money and that he began receiving Somno checks as repayment for his loan to **LEAHY**. DB would testify that he performed no work on Somno's behalf and that all the money he received from Somno was in repayment for his loan to **LEAHY**.

SA Bradford would testify that she learned through her investigation that **LEAHY** routinely paid himself, his wife, AL, WL, DB, and other employees of Somno in the form of tax exempt "reimbursements" such as vehicle and health insurance reimbursements.

The manager of Argent, another third party payroll company used by Somno, would testify that he notified **LEAHY** that it was illegal to pay salaries in this matter in order to evade federal and state taxation on income as he was doing.

SA Bradford would testify that despite this notification from the manager of Argent, **LEAHY** continued to pay himself, his wife, AL, WL, DB, and many other clinic staff in this matter. SA Bradford would testify that she learned through the course of her investigation that in paying himself, his family members and friends, as well as clinic staff in this fashion, **LEAHY** caused Somno to incur the liability of maintaining documentation to show that these

“reimbursements” were actually true reimbursements and not disguised salaries. SA Bradford would also testify that her review of the NetChex and Argent documentation regarding the unauthorized salaries **LEAHY** paid to himself, his family members and friends showed that **LEAHY** also caused unauthorized payroll tax liabilities to Somno that it would not have otherwise incurred.

SA Bradford would testify that after review of all the Somno payroll documentation, she determined the excess salaries **LEAHY** paid, as well as the unauthorized salaries for non-existent employees, plus the fraudulent salaries paid in the form of “reimbursements,” and the unauthorized payroll taxes caused a total loss to Somno of \$453,495.89.

Former office manager MB would testify that he provided an American Express corporate credit card to **LEAHY** when he first came to work at Somno. MB would testify that he admonished **LEAHY** that the Somno credit card was to be exclusively used for Somno expenses.

Dr. B would testify that after **LEAHY’S** termination from Somno she reviewed the American Express monthly statements and that she identified many unauthorized charges. Dr. B would also testify that she reviewed the Somno business checking account and identified many unauthorized purchases from that account. Dr. B would testify that the monthly credit card charges were paid out of Somno’s primary business account which was funded with reimbursements for health care services.

SA Bradford would testify that through her investigation, she identified \$127,420.48 in fraudulent and unauthorized credit card purchases made by **LEAHY**, the balances of which were paid from proceeds of a health care benefit plan. SA Bradford would testify through her

investigation she identified \$194,830.14 in fraudulent and unauthorized personal expenses made by **LEAHY** from the Somno business checking account, which represented a health care benefit plan.

Special Agent Bradford would testify that, through her investigation, review of business documentation, and interviews, she determined that the total loss to Somno identified as being caused by **LEAHY** amounted to \$827,946.51.

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BOYD WILLIAM LEAHY  
Defendant

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