

UNITED STATES DISTRICT COURT
for the
Middle District of North Carolina

In the Matter of the Seizure of
(Briefly describe the property to be seized)
2012 GMC Acadia, VIN 1GKKRTED5CJ362663

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Case No.

1:15mj88

APPLICATION FOR A WARRANT
TO SEIZE PROPERTY SUBJECT TO FORFEITURE

I, a federal law enforcement officer or attorney for the government, request a seizure warrant and state under penalty of perjury that I have reason to believe that the following property in the Middle District of North Carolina is subject to forfeiture to the United States of America under 18 U.S.C. § 981 (describe the property):

2012 GMC Acadia, VIN 1GKKRTED5CJ362663

The application is based on these facts:
See attached Affidavit.

☒ Continued on the attached sheet.


Applicant's signature

Brison A. Lyons, II, IRS-CI

Printed name and title

Sworn to before me and signed in my presence.

Date:

3/2/15 11:20 AM


Judge's signature

City and state: Durham, NC

Joe L. Webster, United States Magistrate Judge

Printed name and title

ATTACHMENT A**AFFIDAVIT IN SUPPORT OF APPLICATIONS FOR SEIZURE WARRANTS**

I, Brison A. Lyons II, a Special Agent with the Internal Revenue Service (IRS) currently assigned to the Criminal Investigation Division, being duly sworn, depose and state as follows:

1. I am an investigative or law enforcement officer of the United States within the meaning of Title 18, United States Code, Section 2510(7); that is, an officer of the United States who is empowered by law to conduct investigations of or make arrests for offenses enumerated in Title 18, United States Code, Section 2516(1).
2. I graduated from North Carolina Agricultural & Technical State University in 2004 with a Bachelor's Degree in Business Administration with a concentration in Finance. I am a graduate of the Criminal Investigator Training Program and the Special Agent Basic Training program at the Federal Law Enforcement Training Center (FLETC) at Glynco, Georgia. Prior to attending training at FLETC, I was employed with IRS-CI as a Special Agent Student Trainee, during which time I learned how to analyze financial records. I have received extensive law enforcement training related to a variety of topics including search warrants, legal issues, and the law pertaining to Title 26, and sections of Title 18 and Title 31, for which the IRS has jurisdiction. I have conducted and assisted in detailed financial investigations concerning violations of the Internal Revenue Code, Bank Secrecy Act, and money laundering statutes. I have participated in and been the AFFIANT for numerous search and seizure warrants relating to Title 26, income tax violations and Title 18, money laundering violations. These warrants have included the searches of businesses, residences, storage facilities, computers, safes, and vehicles used for illegal activities. I have served in the capacity of a special agent since November 2004.
3. Based on my training, experience, and participation in financial investigations involving concealment of funds and assets from the IRS and other government agencies, I know that individuals involved in illegal activities generate large amounts of cash. The violators keep the cash in secure locations, including safes, financial accounts, and safe deposit boxes. The violators use the cash to purchase luxury items such as cars, houses, boats, and jewelry. One method often used to conceal illegal proceeds is to place the assets into nominee names.
4. This affidavit is made in support of an application for seizure warrants for vehicles purchased with funds obtained from the Medicaid Program through fraud by Nature's Reflections LLC, a provider of mental health services headquartered in Durham, North Carolina. Nature's Reflections LLC was a certified Critical Access Behavioral Healthcare Agency ("CABHA") provider, the only type of provider that can provide all of the following mental health services: Community Support Team, Intensive In-Home, and Child and Adolescent Day Treatment.

5. From at least March 2012 to November 2013, Emily D. Leak was the sole Member/Manager of Nature's Reflections LLC, a North Carolina limited liability company. The investigation suggests that Leak was involved in the company both before and after the time period disclosed by the public corporate records. Leak's husband, Eric Leak, was also involved in the operation of Nature's Reflections LLC.
6. The Medicaid Investigations Division ("MID") and the Internal Revenue Service Criminal Investigation ("IRS-CI") have been investigating the billing practices of Nature's Reflections LLC. Based upon the investigation to date, there is probable cause to believe that the LEAKS have engaged in and caused others to engage in various criminal acts including, but not limited to, the following:
 - a. using the Medicaid Identification Numbers of Medicaid recipients without their knowledge;
 - b. billing for Medicaid recipients using a physician's signature without the physician's authorization;
 - c. obtaining Medicaid recipient identification numbers under the guise of providing after school programs but for the intended purpose of submitting fraudulent claims to the Medicaid Program;
 - d. falsifying documentation such as Comprehensive Assessments, Treatment Plans, Physician's Orders, and Service Notes.
7. Based on the summary of the investigation contained in this affidavit, there is probable cause to believe that the Leaks have engaged in violations of various federal laws that is:
 - a. Health Care Fraud, in violation of Title 18, United States Code, Section 1347;
 - b. False, Fictitious, or Fraudulent Claims, in violation of Title 18, United States Code, Section 287;
 - c. Conspiracy to commit the offenses set forth in subsections above, in violation of Title 18, United States Code, Sections 371 and 1349;
 - d. Wire Fraud, in violation of Title 18, United States Code, Section 1343;
 - e. False Statements related to Health Care Matters, in violation of Title 18, United States Code, Section 1035;
 - f. Aggravated Identify Theft, in violation of Title 18, United States Code, Section 1028A; and
 - g. Engaging in monetary transactions in property derived from a specified unlawful activity, in violation of Title 18, United States Code, Section 1957.

THE MEDICAID PROGRAM

8. The North Carolina Medicaid Program (“Medicaid”) is a state-administered health care benefit program funded by federal money and designed to provide medical assistance for low-income families and children. The Centers for Medicare and Medicaid Services (“CMS”), an agency of United States Department of Health and Human Services, administers the Medicaid program at the federal level. An individual qualified to receive this publicly funded assistance is referred to as a recipient. For recipients, Medicaid functions like a medical insurance plan, which defrays the cost of receiving covered and medically necessary services. The North Carolina Department of Health and Human Services, Division of Medical Assistance (“DMA”) has been the administering state agency for the Medicaid Program in North Carolina since 1978. Managed care organizations (“MCO”) were created to administer and oversee the mental health services portion of Medicaid in April 2012.
9. Computer Science Corporation (“CSC”) is the fiscal agent for Medicaid. CSC is responsible for processing and paying Medicaid claims for non-mental health providers commonly referred to as professional claims. HP Enterprise Services (“HP”) was the fiscal agent for Medicaid before CSC. The MCOs are responsible for processing and paying Medicaid claims for mental health providers, commonly referred to as encounter claims, in their respective geographic areas. In paying claims, DMA, CSC, and MCO retain and store Medicaid claims, payment records, and correspondence to and from providers of medical services who have participated in Medicaid.
10. In Medicaid, a “provider” is defined as any individual or entity furnishing Medicaid services under a provider agreement with the Medicaid Agency (42 CFR 400.203). For a provider to obtain reimbursement from Medicaid for providing services to a Medicaid recipient, the provider fills out a claim form with the provider’s name, address, provider number, the patient’s name, Medicaid identification number, the date of service, a brief description of the charges, the provider’s signature, and date of billing. The provider selects the most specific billing code that accurately and completely describes the procedure, product or service provided. Typically, mental health services shall be billed by the provider using the Current Procedural Terminology (“CPT”) or the Health Care Procedure Coding System (“HCPCS”).
11. The provider then mails or electronically submits the claim form to the MCO or CSC. MCO operations are located in 8 geographic areas throughout the state. CSC’s operations are located in Raleigh, North Carolina. MCOs and CSC rely upon the information contained on the claim form to pay the claim as submitted. MCOs and CSC issue reimbursement checks, or alternatively, transmit payments via electronic funds transfer to the provider.
12. Every provider who participates in Medicaid must apply for and be assigned a unique provider number by DMA. These provider numbers can be used to identify claims filed by, and monies paid to, a certain provider.

13. Each Medicaid recipient is assigned a unique identification number by Medicaid and can be identified by reference to their unique identification number. Further, individuals who accept Medicaid benefits agree that their records may be reviewed by Medicaid and Medicaid fraud investigators to determine whether services were rendered as billed.
14. Under Medicaid, each claim that a provider submits is considered a separate claim under the provider's agreement. The provider's agreement states that the provider agrees to keep such records as are necessary to disclose fully the extent of services provided to individuals under the state's Medicaid program and to furnish information regarding any payments claimed for providing such services as the State Agency or Department of Health and Human Services may request. The provider further agrees to accept, as payment in full, the amount paid by Medicaid for those claims submitted for payment under that program, with the exception of authorized deductibles and co-insurance.
15. Upon enrollment, providers are issued a provider manual that generally describes the requirements to participate as a provider in the Medicaid program. Providers also periodically receive newsletters advising them of additional requirements for participation and instructions on what services are covered or not covered by Medicaid.
16. Nature's Reflections LLC applied for and received CABHA certification on January 1, 2011, and operated under Provider Number 3410181 and National Provider Identification Number 1639225113. Nature's Reflections LLC billed Medicaid for a variety of services allowed under CABHA - Community Support Team ("CST"), Intensive In-Home ("IIH"), and Child and Adolescent Day Treatment which include HCPCS codes H2022, H2015, H0032, H0004, H2017, and CPT codes 90808, 90801, 90849, and 99214.
17. Medicaid requires that a recipient must have a current diagnosis reflecting the need for treatment. All covered services must be medically necessary for meeting specific preventive, diagnostic, therapeutic, and rehabilitative needs of the recipient.
18. Medicaid shall not cover procedures, products, and services related to this policy when the recipient does not meet the eligibility requirements, or does not meet the medical necessity criteria, or the procedure, product, or service unnecessarily duplicates another provider's procedure, product, or service, or the procedure, product, or service is experimental, investigational, or part of a clinical trial.

IIH SERVICES – MEDICAID PROGRAM CODE H2022

19. Medicaid providers are permitted to bill for IIH only where certain objective criteria have been met. Medicaid requires providers to adhere to the HCPCS to determine whether these objective criteria have been met prior to billing Medicaid for IIH.
20. Service orders demonstrate medical necessity for a service and are based upon an assessment of each recipient's needs. Service orders are required for each individual service and must be signed and dated by the authorizing professional and must indicate the date on which the service was ordered.

21. Each provider of IIH is required by Medicaid to maintain service notes and other medical records for a period of five years in order to document and substantiate any reimbursement requested from Medicaid. Service notes are required under Medicaid policy to ensure that recipients receive the care that they need and that Medicaid funds are properly paid. Service notes give an account of the efficacy of the individualized plan of care and insight into the recipient's progress and need for continued care.
22. For IIH, the minimum documentation requirement is a full service note for each date of service, written and signed by the IIH team who provided the service. Medicaid policy requires that service notes include the following:
- Child's name
 - Service record number
 - Medicaid identification number (unique identifier assigned to each recipient)
 - Service provided (in this case, IIH)
 - Date of service
 - Place of service
 - Type of contact (face-to-face, telephone call, collateral)
 - Purpose of the contact (tied to the specific goals in the plan)
 - Description of the provider's interventions
 - Amount of time spent performing the service
 - Description of the effectiveness of the interventions in meeting the recipient's specified goals as outlined in the individualized plan of care
 - Signature and credentials of the clinician providing the service.
23. Service notes describe the encounter with a recipient and document the duration and nature of services provided.
24. IIH services may only be provided to recipients through age 20. IIH services must include a signed service order completed by a physician, licensed professional, physician assistant, or nurse practitioner, according to his or her scope of practice, and other documentation such as the "person centered plan of care."

INVESTIGATIVE BACKGROUND

25. On April 16, 2013, MID opened a criminal investigation against Nature's Reflections LLC based on a referral from DMA. Multiple allegations and evidence of inappropriate billing were also provided by Sandhills MCO, Cardinal Innovations MCO, Alliance MCO, and a previous MCO named MeckLink.
26. Review of claims submitted to Medicaid showed that for the calendar year of 2012 and the first quarter of 2013 Nature's Reflections LLC, was the highest biller of intensive in-home services in the Medicaid Program.
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27. On December 20, 2012, and January 8, 2013, Nature's Reflections LLC, was paid \$1.9 million for claims back-billed to the Medicaid Program for dates of service allegedly provided throughout 2012. This included 66 alleged services on July 4, 2012, and 20 alleged visits on December 25, 2012.
 28. Interviews of former employees were conducted and revealed that Eric Leak directed employees to write service notes for services not rendered. Former employees stated that Emily Leak gave work directions through e-mail while Eric Leak was onsite giving work directions. One former employee, A.P.J., recalled a time when a service note was billed for a service that was not rendered. When this employee brought this to Eric Leak's attention, Eric Leak told the employee "it doesn't matter if you actually see them – you're not actually helping people."
 29. Interview of a former employee, J.R., revealed that Eric Leak paid referral fees to a non-profit organization for adolescent's names, but only if that adolescent was approved for the designated mental health service. This former employee stated that the fees ranged from \$600 to over \$1000 per month.
 30. Interviews of a former employee, B.L., revealed that she witnessed the falsification of employee training records by Nature's Reflections office manager Q.D.
 31. Interviews of multiple employees revealed that former Nature's Reflections employee D.E. signed the majority of recipients' assessments using his ex-wife's name. These employees witnessed D.E. signing the assessments as Dr. S.E. D.E. is not a medical doctor and did not have authority to sign his ex-wife's name.
 32. On May 15, 2013, a parent of Medicaid recipient R.E. was interviewed to determine if services were rendered by Nature's Reflections LLC. Nature's Reflections billed Medicaid \$6,971.00 for intensive in-home services for R.E. covering 27 separate dates of service between 8/14/2012 and 11/29/2012. The parent of Medicaid recipient R.E. reported R.E. began seeing a counselor from Nature's Reflections twice a week from 3:00 pm to 6:00 pm, after R.E. experienced several personal tragedies. The parent of R.E. stated that they would sometimes go to a park or just walk down the road, and that these sessions were "helping a lot." This was the only interview which appeared to confirm that services billed to Medicaid by Nature's Reflections were both medically necessary and delivered as billed.
 33. On December 11, 2013, a parent of Medicaid recipient J.B.V. was interviewed because Nature's Reflections LLC billed Medicaid \$20,397.80 for intensive in-home services for J.B.V. covering 79 separate dates of service between 9/22/2012 and 1/19/2013. The parent of Medicaid recipient J.B.V. stated that J.B.V. does not have any behavioral or mental health issue and had sessions with a lady no more than four times. Parent of Medicaid recipient J.B.V. stated that no services were provided on December 24 or December 31, 2012; however, Nature's Reflections LLC billed for services on these dates.
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Number of Visits Billed 79	Number of Actual Visits 4	Alleged False Claims \$19,365.00
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34. On December 11, 2013, the parents of Medicaid recipient K.C.P. were interviewed because Nature's Reflections LLC billed Medicaid \$20,139.60 for intensive in-home services for K.C.P. covering 78 separate dates of service between 9/22/2012 and 1/18/2013. The parents of Medicaid recipient K.C.P. stated that they believed that their child was to receive speech therapy sessions. The parents of Medicaid recipient K.C.P. stated that their child received one session of speech therapy and one 15 minute session involving some type of game using square and round blocks. The parents of Medicaid recipient K.C.P. stated that their child received no medical services on December 24, 2012, because they were celebrating the holiday at an aunt's home; however, Nature's Reflections LLC billed for services on that date.

Number of Visits Billed 78	Number of Actual Visits 2	Alleged False Claims \$19,623.20
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35. On December 11, 2013, a parent of Medicaid recipient J.H. was interviewed because Nature's Reflections LLC billed Medicaid \$12,651.80 for intensive in-home services for J.H. covering 49 separate dates of service between 9/05/2012 and 11/16/2012. The parent of Medicaid recipient J.H. stated that her child received no more than 10 sessions, which consisted of one session per week, for no more than an hour and a half.

Number of Visits Billed 49	Number of Actual Visits 10	Alleged False Claims \$10,069.80
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36. On December 11, 2013, a parent of Medicaid recipient A.V. was interviewed because Nature's Reflections LLC billed Medicaid \$25,820 for intensive in-home services for A.V. covering 100 separate dates of service between 8/24/2012 and 1/21/2013. The parent of Medicaid recipient A.V. stated that her child has received no services from any agency and no services from Nature's Reflections.

Number of Visits Billed 100	Number of Actual Visits 0	Alleged False Claims \$25,820.00
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37. On December 13, 2013, a parent of Medicaid recipient M.S. was interviewed because Nature's Reflections LLC billed Medicaid \$25,303.60 for intensive in-home services for M.S. covering 98 dates of service between 10/25/2011 and 3/23/2012. The parent of M.S. stated that her child went two times a week to the library with a representative from Nature's Reflections LLC. Billing records show that Nature's Reflections LLC routinely billed Medicaid four times a week for Medicaid recipient M.S.

Number of Visits Billed 98	Number of Actual Visits 49	Alleged False Claims \$12,651.80
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38. On December 13, 2013, a parent of Medicaid recipient C.B. was interviewed because Nature's Reflections LLC billed Medicaid \$34,082.40 for intensive in-home services for C.B. covering 132 separate dates of service between 6/04/2012 and 1/19/2013. The parent of Medicaid recipient C.B. stated that her child received after-school services no more than 12 times with a representative from an unknown company. The parent of Medicaid recipient C.B. also stated that she was unfamiliar with Nature's Reflections LLC and that C.B. does not have any mental health diagnoses.

Number of Visits Billed	Number of Actual Visits	Alleged False Claims
132	12	\$30,984.00

39. On December 13, 2013, a parent of Medicaid recipient T.P. was interviewed because Nature's Reflections LLC billed Medicaid \$33,566.00 for intensive in-home services for T.P. covering 130 dates of service between 9/18/2011 and 4/25/2012. The parent of Medicaid recipient T.P. stated that her child has never received any intensive in-home services from any agency. The parent of Medicaid recipient T.P. stated that she is unfamiliar with Nature's Reflections LLC and her child has not received any services from Nature's Reflections LLC.

Number of Visits Billed	Number of Actual Visits	Alleged False Claims
130	0	\$33,566.00

40. On December 13, 2013, a parent of Medicaid recipient J.D. was interviewed because Nature's Reflections LLC billed Medicaid \$31,242.20 for intensive in-home services for J.D. covering 121 dates of service between 4/23/2012 and 1/20/2013. The parent of Medicaid recipient J.D. stated that her child received home visits from representatives of Nature's Reflections LLC a total of ten times. The parent of Medicaid recipient J.D. stated that the ten visits included trips to the movies, a trip to a back-to-school event, and sitting on the couch watching cartoons.

Number of Visits Billed	Number of Actual Visits	Alleged False Claims
121	10	\$28,660.20

41. On December 13, 2013, a parent of Medicaid recipient K.D. was interviewed because Nature's Reflections LLC billed Medicaid \$28,660.20 for intensive in-home services for K.D. covering 111 dates of service between 6/05/2012 and 12/28/2012. The parent of Medicaid recipient K.D. stated that her son received home visits from a representative of Nature's Reflections LLC no more than ten times. The parent of Medicaid recipient K.D. stated that two of the ten visits included K.D.'s mother while the other visits consisted of trips to the library.

Number of Visits Billed	Number of Actual Visits	Alleged False Claims
111	10	\$26,078.20

42. On January 21, 2014, a parent of Medicaid recipient L.G. because Nature's Reflections LLC billed Medicaid \$25,303.60 for intensive in-home services for L.G. covering 98

dates of service between 6/21/2012 and 1/09/2013. The parent of Medicaid recipient L.G. stated that her son went to the park and a cook-out with a representative from Nature's Reflections LLC approximately three times. The parent of Medicaid recipient L.G. stated her child has not been diagnosed with any mental health condition.

Number of Visits Billed	Number of Actual Visits	Alleged False Claims
98	3	\$24,529.00

43. On January 21, 2014, a parent of Medicaid recipient W.C. was interviewed because Nature's Reflections LLC billed Medicaid \$17,815.80 for intensive in-home services for W.C. covering 69 dates of service between 7/26/2012 and 12/20/2012. The parent of Medicaid recipient W.C. stated that her child was visited one time by a representative from Nature's Reflections LLC.

Number of Visits Billed	Number of Actual Visits	Alleged False Claims
69	1	\$17,557.60

44. On February 4, 2014, a parent of Medicaid recipient I.B. was interviewed because Nature's Reflections LLC billed Medicaid \$51,640.00 for intensive in-home services for I.B. covering 200 dates of service between 10/18/2011 and 11/30/2012. The parent of Medicaid recipient I.B. stated that her child never received any services from Nature's Reflections LLC.

Number of Visits Billed	Number of Actual Visits	Alleged False Claims
200	0	\$51,640.00

45. On April 4, 2014, a parent of Medicaid recipient H.B. was interviewed because Nature's Reflections LLC billed Medicaid \$19,881.40 for intensive in-home services for H.B. covering 77 dates of service between 9/22/2012 and 1/18/2013. The parent of Medicaid recipient H.B. stated that in the summer of 2012 she attended a before-school celebration with her children at a local park where she was told she could sign her children up for an after-school program with Nature's Reflections. The event included a bounce house, face painting, cotton candy, and free school supplies for the children. The parent provided Medicaid identification cards and social security cards for all of her children and "completed lots of paperwork." The person who signed her up told her she could sign up all of the children but "only one kid could be billed for at a time." She was never told she had signed her children up for mental health services and stated that none of the children had ever been diagnosed with a mental health disorder. The parent went on to state that after the children started school, a woman came to the house two days a week after school with coloring books and crafts, and sometimes cupcakes or ice cream. The woman did homework with the younger children and sometimes read books. In the summer or fall of 2013, the woman who had been coming to the house told the parent that that Nature's Reflections had "billed a lot" for services to H.B. and that she had filed a police report against Nature's Reflections for fraud. The parent called Nature's Reflections and told them to stop billing and that she wanted a discharge for H.B., but she never received one.

46. In summary, the interviews described above show that from 2012 through 2013, Nature's Reflections LLC billed for IIH services not rendered, and/or not medically necessary, and/or without a proper authorizing professional's approval. The interviews demonstrate a pervasive scheme perpetrated by Nature's Reflections LLC to defraud Medicaid through a pattern of filing claims for IIH services which for the most part were not provided to the Medicaid recipients whose identifying numbers were used in those claims.

FINANCIAL INVESTIGATION FINDINGS

47. From January 2012 to January 2014, Nature's Reflections LLC, utilizing provider number 3410182, received reimbursements from Medicaid in the total amount of \$8,768,196.84. Based on the investigation conducted to date, the Medicaid reimbursements to Nature's Reflections LLC were obtained through the submission of false claims to Medicaid in violation of Title 18, United States Code, Sections 1035 and 1347.

Banking and Financial Transactions

48. During the period January 1, 2012 through January 29, 2014, Nature's Reflections LLC maintained a business checking account at Wells Fargo which received payments from Medicaid which totaled \$8,768,196.84. Medicaid was the only source of income in this account. The annual Medicaid deposits are as follows:

Bank Account	2012 Medicaid Payments	2013 Medicaid Payments	2014 Medicaid Payments
XXXX-4767	\$6,266,245.97	\$2,475,872.67	\$26,078.20

49. In addition to the bank account listed above, the LEAKS opened Nature's Reflections LLC accounts XXXX-6478 and XXXX-1643 at Wells Fargo, to conduct Nature's Reflections LLC business transactions. Neither account 6478 nor account 1643 received any direct payments from Medicaid, but both accounts were funded almost exclusively by transfers from Nature's Reflections LLC account 4767. Nature's Reflections LLC account 6478 received \$3,318,720.00 in transfers and deposits from Nature's Reflections LLC account 4767 from January 17, 2012 through December 30, 2012. Nature's Reflections LLC account 1643 received \$1,600,000.00 in transfers and deposits from Nature's Reflections LLC account 4767 from September 13, 2012 through January 25, 2013.
50. Prior to and during the Leak's involvement with Nature's Reflections LLC, they also owned and operated E Squared Community Services, Inc. ("E Squared"), a Medicaid provider of mental health services. DMA received multiple complaints in 2009 and 2010 regarding E Squared, and an audit was initiated by DMA's vendor, Public Consulting Group ("PCG"). PCG identified overpayments made to the Medicaid Program for reasons involving falsified notes, billing for more units than documented on the service

note, and service authorizations/orders that did not cover the date of service. E Squared has an outstanding balance from a 2009 recoupment of \$207,000. After an appeal to the Office of Administrative Hearings (OAH), a settlement of \$31,207.50 was agreed to in October 2014 for the outstanding recoupment of \$490,631.00 in the 2010 case.

51. Financial records show that between December 1, 2011 and June 4, 2012, the Leaks transferred at least \$705,000.00 from Nature's Reflections account 4767 to E Squared.
52. According to records of the North Carolina Secretary of State, Eric D. Leak and Emily D. Leak organized Hot Shot Sports and Financial Management LLC on January 6, 2011. On December 31, 2012, the name of the company was changed to Hot Shot Sports Management, LLC. On February 17, 2014, Articles of Conversion were filed converting Hot Shot Sports Management, LLC, a domestic limited liability company, to Hot Shots Sports Management, Inc., a foreign corporation. On February 25, 2014, Hot Shot Sports Management, Inc. filed an Application for Certificate of Authority to transact business in North Carolina, stating that the company was incorporated in Delaware on January 16, 2012, and that Emily Leak and Eric Leak were co-Chief Executive Officers of the corporation.
53. In December 2012, the LEAKS opened Wells Fargo account XXXX-7297 in the name of Hot Shot Sports Management LLC. From opening through January 24, 2013, the account received four deposits totaling \$205,000.00. All of these deposits can be traced to or came directly from Nature's Reflections LLC account 4767.

Transaction	Account	Date	Amount	Type of Transaction
1	1643	12/10/12	\$50,000.00	Deposit made into 7297
2	4767	12/18/12	\$50,000.00	Deposit made into 7297
3	4767	12/29/12	\$156,530.00	Thompson Buick-GMC-Cadillac- Purchase of two 2012 GMC Acadia, and one 2013 GMC Sierra 2500 with cashier's check from Acct# 4767
4	7297	12/29/12	\$31,960.64	Flow Mini- Purchase of 2009 Dodge Challenger
5	4767	1/22/13	\$75,000.00	Transfer to 7297
6	4767	2/14/13	\$30,000.00	Transfer to 7297
7	4767	2/22/13	\$40,000.00	Transfer to 7297
8	4767	3/13/13	\$20,000.00	Transfer to 7297
9	4767	4/2/13	\$20,000.00	Transfer to 7297
10	4767	4/15/13	\$127,444.74	Ansa Motorcars LLC- Purchase of 2013 Porsche Panamera
11	4767	4/24/13	\$50,000.00	Transfer to 7297
12	4767	5/14/13	\$25,000.00	Transfer to 7297

13	4767	5/14/13	\$24,000.00	Transfer to 7297
14	4767	5/30/13	\$20,000.00	Transfer to 7297
15	4767	6/3/13	\$20,000.00	Transfer to 7297
16	4767	9/25/13	\$20,000.00	Transfer to 7297
17	4767	11/6/13	\$20,000.00	Transfer to 7297
18	4767	12/2/13	\$20,000.00	Transfer to 7297
			\$799,935.38	

54. According to Wells Fargo records, the LEAKS were the only authorized signatories for the Nature's Reflections LLC accounts ending in 4767, 1643, 6478, and the Hot Shot Sports Management LLC account ending in 7297.

55. Since opening Nature's Reflections LLC business, the LEAKS have utilized Nature's Reflections LLC accounts 4767, 6478, and 1643 to conduct transactions in promotion of Nature's Reflections LLC, including the payment of regular and recurring business expenses such as payroll, rent, and office expenses. Additionally, the Leaks used Nature's Reflections LLC account 4767 and Hot Shot Sports Management LLC account 7297 for personal expenditures such as vehicles for themselves as well as vehicles for some of Hot Shot Sports Management LLC clients that are currently professional athletes. At least 18 of these transactions involved proceeds of specified unlawful activity in an amount greater than \$10,000.00, in violation of Title 18, United States Code, Section 1957:

Purchase of Vehicles

56. On December 22, 2012, Nature's Reflections LLC account 4767 received a \$904,136.40 deposit from Medicaid. On December 29, 2012, Emily Diane Leak purchased the following vehicles from Thompson Buick-GMC-Cadillac in Raleigh, North Carolina:

	Total cost per dealer invoices
a. 2012 GMC Acadia, VIN 1GKKRTED5CJ362663	\$ 52,305.96
b. 2012 GMC Acadia, VIN 1GKKRTED6CJ362106	\$ 52,305.96
c. 2013 GMC Sierra 2500, VIN 1GT125E82DF129550	\$ 65,429.20
	<u>\$170,041.12</u>

The three vehicles were purchased at least in part with cashier's check # 6753901087 in the amount of \$156,530.00 drawn on Nature's Reflections LLC account 4767. The investigation has not yet determined how the difference between \$156,530.00 and the total cost of the vehicles per the dealer invoices was paid.

57. NCDMV North Carolina Department of Motor Vehicle (NCDMV) records show that the GMC Sierra 2500 is assigned NC License Plate # CM1-505 and is currently registered to Emily Diane Leak of Raleigh, North Carolina.

58. NCDMV records show that the 2012 GMC Acadia, VIN IGKKRTED5CJ362663, is currently registered to Karen Mosley Carter of Waxhaw, North Carolina and assigned NC License Plate # CAR-4904. Carter has been identified through this investigation as Emily Leak's mother. Title to the 2012 GMC Acadia, VIN IGKKRTED5CJ362663, was transferred to Karen Mosley Carter from Emily Diane Leak on August 26, 2013. The NCDMV Highway Use Tax Exemption Certification signed by Karen Mosley Carter reflects that the 2012 GMC Acadia VIN IGKKRTED5CJ362663 was a gift from her child.
59. NCDMV records reflect that the 2012 GMC Acadia, VIN IGKKRTED6CJ362106, was transferred to a national used car dealer in May 2014.
60. On December 20, 2012, Emily Leak withdrew \$50,000.00 from Nature's Reflections LLC account 4767 and deposited the full amount into Hot Shot Sports Management LLC account 7297. On December 29, 2012, Eric Dewayne Leak purchased a black 2009 Dodge Challenger SRT, VIN# 2B3LJ74W99H579324, from Flow Mini in Winston-Salem, North Carolina. NCDMV title records, including the bill of sale, show the total due from the buyer for this vehicle was \$31,960.64. This vehicle was purchased with funds from Hot Shot Sports Management LLC account 7297; which consisted of check # 1007 in the amount of \$31,960.64 written on December 29, 2012. NCDMV records show that this vehicle is assigned NC License Plate #BHE-8240 and is registered to Eric Dewayne Leak of Raleigh, North Carolina.
61. On April 3, 2013, a 21-year-old athlete from North Carolina, ordered a 2013 Porsche Panamera, VIN WP0AF2A79DL076511, from Ansa Motorcars LLC in Miami, Florida, for a total price of \$137,444.74. Two days earlier, the athlete, C.L., announced he was leaving college for the NBA draft. A \$10,000.00 deposit on the vehicle was wired to Ansa Motorcars LLC by L.C.M., dba Sure Sports Lending LLC in Hollywood, Florida. The wire indicated it was a "refundable deposit for SSL Porsche purchase re [C.L.]". On April 15, 2013, the balance due on the vehicle in the amount of \$127,444.74 was wired to Ansa Motorcars LLC from Nature's Reflections LLC account 4767. NCDMV records show that the 2013 Porsche Panamera, VIN WP0AF2A79DL076511, is currently registered in C.L.'s name and assigned tag # BFY-7709. The investigation found no evidence that C.L. reimbursed Nature's Reflections LLC, or any other account controlled by the Leaks, for the vehicle. C.L. was not chosen by any NBA team during the draft.

CONCLUSION

62. Based on the facts set forth above, your Affiant submits there is probable cause to believe that EMILY LEAK and ERIC LEAK, d/b/a Nature's Reflections LLC, have committed violations of Title 18, United States Code, Section 1347, Health Care Fraud; Title 18, United States Code, Section 1035, materially false entries in connection with the delivery or payment of health care benefits; and that the below named assets are subject to seizure and forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C), as they represent proceeds of specified unlawful activity:


(a) 2012 GMC Acadia, VIN 1GKKRTED5CJ362663;

(b) 2013 GMC Sierra, VIN 1GT125E82DF129550; and


(c) 2013 Porsche Panamera, VIN WP0AF2A79DL076511.

63. Based on the facts set forth above, your Affiant also submits there is probable cause to believe that the vehicles listed in subparagraphs (a), (b), (c), and (d) above were involved in transactions in violation of Title 18, United States Code, Section 1957, and are therefore subject to seizure and forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(A).

This the 2nd day of March, 2015.


Brison A. Lyons II
Special Agent
Internal Revenue Service
Criminal Investigation

SWORN TO and SUBSCRIBED before me
this the 2nd day of March, 2015. 11:20AM


United States Magistrate Judge
Middle District of North Carolina