

# Plano exec deals with problems

BY JENNIFER GORDON | STAFF WRITER

The founder and chairman of a Plano rehabilitation-hospital company is on probation from the federal government for a campaign-finance violation and is involved in the Chapter 11 reorganization of a

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hospital he owns in Louisiana.

Hospital industry veteran David LeBlanc, along with his family, is one of the main investors in Plano-based Integra Hospital Management, which was formed in 2006. The company recently opened its

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general acute-care hospital, represented a departure from David LeBlanc's previous focus on specialized hospitals.

Plano's LifeCare is a long-term, acute-care hospital company that takes care of very ill patients who often stay for weeks; Integra is a rehabilitation hospital company that also has a specialized patient population and longer length of stay.

"I'm not an expert in (general) acute-care hospitals," LeBlanc said. "That's just not what I do."

He invested in Shreveport Doctors because he believed management could turn things around, LeBlanc said, and because he started LifeCare on the Shreveport Doctors campus. But efforts to turn the facility around have not worked, in part because of two dominant competitors in the market and because of an aging facility, LeBlanc said.

LeBlanc said he has invested about \$10 million to \$11 million in the facility, through the operating entity Shreveport Doctors Hospital 2003 Ltd. The limited partnership originally was owned 30% by the LeBlanc family and 70% by other shareholders but, in trying to improve the hospital, the LeBlanc family portion increased when it bought the real estate interests as well.

"It needs a new start," LeBlanc said. "We have made a substantial investment there. It just needs a new start. We've got some potential buyers out there that might want to buy the facility and that would be great."

Selling the facility is the best scenario for all involved, LeBlanc said. "That hospital is a good hospital with wonderful people, and it needs to be able to move on," he said.

While dealing with Shreveport Doctors

flagship hospital, a \$30 million Plano rehabilitation hospital, and is seeking physician-investors for the facility. (See related story on page 22.)



LEBLANC

As the finishing touches were being put on the new Plano hospital, LeBlanc was filing for Chapter 11 bankruptcy protection for Shreveport Doctors Hospital, a Shreveport, La., facility he bought in April 2004.

In February, three of the hospital's creditors filed an involuntary bankruptcy petition in Louisiana less than four hours before LeBlanc filed a Chapter 11 bankruptcy petition in the Eastern District of Texas, Sherman Division. He later filed another Chapter 11 petition in Louisiana, and the Texas case was closed.

In March, LeBlanc pleaded guilty to a federal misdemeanor charge of making political contributions in his name using funds from Plano-based LifeCare Holdings Inc. — a long-term acute-care hospital company where he was CEO at the time.

The company now goes by the name LifeCare Hospitals Inc. and LeBlanc is no longer associated with it. LifeCare CEO W. Earl Reed III declined to comment for this story.

The plea agreement had been in the works for more than a year, but was delayed several times as LeBlanc helped provide information to the federal government, according to documents filed by the U.S. Department of Justice in the U.S. District Court for the District of Columbia. On March 23, LeBlanc was sentenced to one year of probation for

Hospital, LeBlanc also was cooperating with the federal government on the campaign-finance charge. The charge stemmed from LeBlanc's time at the helm of what is now called LifeCare Hospitals, a company he founded in Louisiana and moved to Plano in 1998.

While at LifeCare, LeBlanc and Donald Boucher, then the company's vice president of government affairs, gave illegal campaign finance contributions to legislators in Texas and Louisiana and political action committees on behalf of those legislators, according to U.S. Justice Department court filings. Legislators have refunded the money and LifeCare has paid a \$50,000 civil penalty, according to information on the Federal Election Commission Web site.

According to the FEC Web site, contributions were made to U.S. legislators from Texas, including Reps. Pete Sessions, R-Dallas; Kay Granger, R-Fort Worth; and Sam Johnson, R-Richardson; and Sens. Kay Bailey Hutchison, R-Texas, and Phil Gramm, R-Texas, who has since retired. Friends of Harry Reid, a Democratic senator from Nevada who has since been named Senate majority leader, also received contributions.

According to documents filed in the case, Boucher and LeBlanc "knowingly obtained corporate funds ... and then used those funds to make approximately \$50,000 in prohibited corporate contributions to political committees in their own names."

LeBlanc declined to comment on the campaign-contributions case. Boucher pleaded guilty and agreed to pay a \$50,000 fine.

the misdemeanor and fined \$100,000.

Integra Hospital Management officials say LeBlanc's probation and bankruptcy situations have no bearing on the new hospital company.

"That has nothing to do with Integra whatsoever," said Chris LeBlanc, managing director of Plano-based Simba Group LLC, a LeBlanc family investment group, and David LeBlanc's son.

Simba is involved in the Chapter 11 proceeding as a secured creditor.

"We've been going about as fast as we can," Chris LeBlanc said. "I don't think it's slowed us down at all."

David LeBlanc echoed those sentiments. "It's just something that I have in my past history that I'm trying to clean up," LeBlanc said. "It has nothing to do with the current operations, and my current people are doing nothing with (the Shreveport) operation."

While Integra Hospital Plano is seeking physician-investor partners, LeBlanc said his past has not impacted that process.

"Some of them have questions, but it pretty much goes away" when it's explained that the deals are separate, he said.

The key for investors is to make sure the entities are separate, so they won't be on the hook for the debts in Shreveport, said Stephanie Curtis, president of The Curtis Law Firm, a Dallas firm that focuses on commercial reorganizations and Chapter 11 bankruptcy cases.

"There's really no way that one company can be liable for the debts of the other company unless they personally guaranteed them," she said.

Buying Shreveport Doctors Hospital, a