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**Department of Justice**

U.S. Attorney's Office

Middle District of Tennessee

FOR IMMEDIATE RELEASE

Thursday, April 4, 2019

**Former CEO of Tennessee Pain Management Company  
Convicted for Role in Approximate \$4 Million Medicare  
Kickback Scheme**

*NASHVILLE, Tenn. April 4, 2019* – A federal jury sitting in Nashville, Tennessee, found the former CEO of a Tennessee pain management company guilty today for his role in an illegal kickback scheme involving approximately \$4 million in tainted durable medical equipment (DME) claims to Medicare, announced U.S. Attorney Don Cochran for the Middle District of Tennessee.

Joining in making the announcement were Assistant Attorney General Brian A. Benczkowski of the Justice Department's Criminal Division, Special Agent in Charge Derrick Jackson of the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG) Atlanta region, Special Agent in Charge John F. Khin of the U.S. Department of Defense Criminal Investigative Service's (DCIS) Southeast Field Office, Special Agent in Charge Matthew Line of the IRS-Criminal Investigation, Charlotte Division-Nashville Field Office, and Director David Rausch of the Tennessee Bureau of Investigation.

After a seven-day trial, John Davis, 41, of Franklin, Tennessee, the former CEO of Comprehensive Pain Specialists ("CPS") of Gallatin, Tennessee, was convicted of all counts including, one count of conspiracy to defraud the United States and violate the Anti-Kickback Statute, and seven counts of violating the Anti-Kickback Statute. Sentencing will be scheduled for later this year before U.S. District Judge William L. Campbell Jr., who presided over the trial.

According to evidence presented at trial, Davis abused his position as CEO of CPS to arrange for referrals of Medicare DME orders to his co-conspirator Brenda Montgomery and her company, CCC Medical, located in Camden, Tennessee. Evidence showed that Davis operated a shell company called ProMed Solutions ("ProMed"), which he had registered in the name of his wife. Despite having no involvement with ProMed and performing no work, Davis' wife and ProMed received over \$770,000 in illegal kickbacks. Together, Mr. Davis and Montgomery pocketed over

\$2.4 million dollars in improper reimbursement from Medicare. Davis used company funds from CPS to pay bonuses to CPS providers who ordered DME for Medicare beneficiaries and referred those orders to CCC Medical. Davis would receive 60% of the Medicare profit from those referrals, while the company he ran footed the bill.

Evidence at trial also showed that in April and May of 2015, concerned about the size of the kickback payments CCC Medical was making to Davis, he and Montgomery concocted the sham sale of ProMed. ProMed had no assets, no employees, no equipment, no office space, and no customers other than CPS. Evidence further showed that Davis and Montgomery set the price for the sham sale based upon the average monthly kickbacks that Davis had been paid for the previous 8 months. When CPS referrals slowed, Davis agreed to reduce the purported "purchase price" from \$200,000 to \$150,000. Once Davis had received the last check for the sham sale, he went about cutting off referrals to CCC Medical.

Brenda Montgomery pleaded guilty in January 2019 to one count of conspiracy to defraud the United States and violate the Anti-Kickback Statute, and seven counts of violating the Anti-Kickback Statute. She is currently scheduled to be sentenced on May 3, 2019.

This case was investigated by HHS-OIG; Defense Criminal Investigative Service; the Internal Revenue Service-Criminal Investigation; and the Tennessee Bureau of Investigation Medicaid Fraud Control Unit and was brought as part of the Medicare Fraud Strike Force, under the supervision of the U.S. Attorney's Office for the Middle District of Tennessee and the Criminal Division's Fraud Section. The case was prosecuted by Assistant U.S. Attorney Henry Leventis of the Middle District of Tennessee and Trial Attorney Anthony Burba of the Fraud Section.

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**Topic(s):**

Health Care Fraud

**Component(s):**

USAO - Tennessee, Middle

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