

JUSTICE NEWS

Department of Justice

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FOR IMMEDIATE RELEASE

Thursday, August 29, 2019

Tennessee Health Care Executive Sentenced to Prison for Role In \$4.6 Million Kickback Scheme

A Tennessee health care executive was sentenced to 42 months in prison yesterday for her role in a \$4.6 million kickback scheme.

Assistant Attorney General Brian A. Benczkowski of the Justice Department's Criminal Division, U.S. Attorney Don Cochran of the Middle District of Tennessee, Special Agent in Charge Derrick Jackson of the U.S. Department of Health and Human Services Office of Inspector General's (HHS-OIG) Atlanta Region, Special Agent in Charge John F. Kihn of the U.S. Department of Defense Criminal Investigative Service's (DCIS) Southeast Field Office and Director David Rausch of the Tennessee Bureau of Investigation made the announcement.

Brenda Montgomery, 71, of Camden, Tennessee, was sentenced by U.S. District Judge William Campbell Jr., of the Middle District of Tennessee. Judge Campbell also ordered Montgomery to forfeit \$595,676.80. Montgomery pleaded guilty on Jan. 7, 2019, to one count of conspiracy to violate the anti-kickback statute and seven counts of violating the anti-kickback statute.

As part of her guilty plea, Montgomery admitted that she agreed to pay John Davis, the former CEO of Comprehensive Pain Specialist (CPS), illegal kickbacks in exchange for his arranging for Medicare referrals for durable medical equipment (DME) ordered by CPS employees. Davis agreed to arrange for referrals of DME for Medicare beneficiaries from the providers he supervised in exchange for a kickback equaling 60 percent of the Medicare proceeds. In addition, Montgomery and Davis took a number of steps to conceal their illegal agreement, including making kickback payments through a nominee, creating and filing false tax documents, and, for Davis, intervening as CEO to prevent the owners of CPS from obtaining their own Medicare DME supplier numbers that would have allowed CPS to bill for its own Medicare DME orders.

Beginning in or around May 2015, Montgomery renegotiated her illegal agreement with Davis to further obscure their personal contract from Medicare and from CPS owners and employees, the court found. From approximately May 2015 until approximately November 2015, Montgomery agreed to pay Davis \$200,000 for the sham purchase of a shell entity known as ProMed Solutions LLC (ProMed). Montgomery again sought to renegotiate the sham transaction with Davis after she complained that her referrals from CPS had been lower than expected. Montgomery ultimately paid \$150,000 for ProMed. The true purpose of this payment was to induce Davis to continue driving CPS referrals to CCC Medical, which was Montgomery's DME supplier.

The Court further found that Montgomery received as much as \$2.9 million in fraudulent reimbursements from Medicare. In addition, Montgomery admittedly paid more than \$770,000 in illegal kickbacks to Davis.

Davis was tried for his role in the conspiracy on March 26, 2019. On April 4, 2019, a jury in the Middle District of Tennessee returned a verdict of guilty on one count of conspiracy to defraud the United States and to violate the anti-kickback statute, and seven counts of violating the anti-kickback statute. Davis' sentencing has not yet been scheduled.

This case was investigated by the HHS-OIG Atlanta Region, the DCIS's Southeast Field Office and the Tennessee Bureau of Investigation Medicaid Fraud Control Unit. Trial Attorney Anthony J. Burba of the Criminal Division's Fraud

Section and Assistant U.S. Attorney Henry Leventis of the Middle District of Tennessee are prosecuting the case.

The Criminal Division's Fraud Section leads the Medicare Fraud Strike Force. Since its inception in March 2007, the Medicare Fraud Strike Force, now operating in nine cities across the country, has charged nearly 4,000 defendants who have collectively billed the Medicare program for more than \$14 billion. In addition, the HHS Centers for Medicare & Medicaid Services, working in conjunction with the HHS-OIG, are taking steps to increase accountability and decrease the presence of fraudulent providers.

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Component(s):

Criminal Division

Criminal - Criminal Fraud Section

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