



U.S. Department of Justice

**Terrence Berg
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Sep 2, 2008

EVENT: Sentenced

Defendant: Richard M. Montgomery

Man Sentenced on Health Care Fraud Related Charges of Conspiracy

Acting United States Attorney Terrence Berg announced that Richard M. Montgomery, 72, was sentenced to 51 months in prison on health care fraud related charges of conspiracy, mail fraud, and violating the Medicare anti-kickback statute.

The sentence of 51 months in prison was imposed by United States District Judge Paul D. Borman in federal court in Detroit, Michigan, and included restitution of \$780,000 to Blue Cross/ Blue Shield of Michigan, two years' supervised release, and a special assessment of \$2,200.

In 1998, a jury convicted Montgomery after a trial, but he failed to appear for sentencing in April 1999 and became a fugitive. In May 2008, agents of the Federal Bureau of Investigation arrested Montgomery, who was living in Pennsylvania under an assumed identity which belonged to a deceased person.

Acting U.S. Attorney Terrence Berg stated "When a defendant is convicted after a trial and ignores the terms of his bail and flees before the Court can impose sentence, it injures the judicial system and such lawless conduct may encourage others to do the same. In such a

case, it is important to see that justice is ultimately done, and that the fugitive is brought back before the Court for a final accounting for both his crimes and his flight.”

Montgomery and his daughter, Patricia Sittloh, were the owners of Southern Medical Devices, a Florida-based company offering neurodiagnostic testing services. The company, which did business under a number of different names, including Great Lakes Diagnostic Services and VF Imaging, marketed its services to chiropractors in more than 20 states. In 1992 and 1993, the company paid more than \$459,000 in kickbacks or referral fees to Michigan chiropractors to induce them to refer patients for testing. The testing, which usually took one and one-half hours to do, typically generated a \$2,400 insurance claim from the testing company. One insurer, Blue Cross-Blue Shield of Michigan, paid approximately \$750,000 in claims.

In the investigation, Patricia Sittloh, of Florida, pleaded guilty to the conspiracy charge and was sentenced to 15 months imprisonment. Seven other chiropractors and one non-chiropractor owner of a chiropractic clinic were convicted.

The case was investigated by the Federal Bureau of Investigation.