Former Medtronic executive gets top spot at Colorado spine firm

Mass Device

By Thomas Lee *[1]*

Michael DeMane joined Lanx Inc. as chairman and CEO. The former chief operating officer at Medtronic Inc. (NYSE:MDT) was once thought to be a top candidate to lead the firm.

Lanx based in Broomfield, Colorado, makes devices for spinal surgeries. Investors include Chicago Growth Partners, Goldman Sachs Private Equity Opportunities Fund, Noro-Moseley Partners and Oakwood Medical Investors.

"Lanx has established considerable momentum based on an impressive product portfolio and pipeline," DeMane said in a prepared statement. Founders "Michael Fulton, Jeffrey Thramann and their team have built a company with a responsive, solutions oriented culture, while maintaining a high level of ethics and integrity. We expect to continue our commitment to those values in our mission to build a world class spine company over the long term."

DeMane joined Medtronic in 1999 when the company bought spine firm Sofamor Danek. He served as president of Medtronic's spine division where "he was instrumental in building one of the largest global spine franchises and his tenure was marked by a period of substantial new product flow and rapid revenue growth," the Lanx release said.

DeMane's tenure was marked by controversy. In 2006, Medtronic paid $40 million to settle a federal investigation [2] that accused the company of making improper payments to doctors who recommended Medtronic's spine products. The Justice Department accused Sofamor Danek of paying kickbacks to doctors through "sham consulting agreements, sham royalty agreements and lavish trips to desirable locations."

The episode prompted Sen. Chuck Grassley (R-Iowa) to examine possible conflict of interest relationships [2] between doctors and medical device companies, scrutiny that continues today.

In 2008, two former employees of Medtronic's spine division, filed a federal whistleblower lawsuit [3] against the company, alleging they and more than 100 other physicians and physician groups nationally received improper payments to buy and promote "Infuse Bone Graft." The suit also states they marketed the product for uses not approved by regulators.

Despite the legal problems, DeMane, who was promoted to COO in 2007, was

thought to be a leading candidate to succeed long time CEO Art Collins. But the job went to current CEO Bill Hawkins and DeMane eventually left Medtronic.

Since then, he has served as senior advisor to Minneapolis venture capital firm Thomas, McNerney & Partners. DeMane has also been an active investor, putting money into start-ups like Denali Medical II [4] and Rotation Medical.

Partner Peter McNerney said DeMane remains an advisor to his firm.

SOURCE [5]

Source URL (retrieved on *12/20/2013 - 2:01am*):
http://www.mdtmag.com/news/2010/06/former-medtronic-executive-gets-top-spot-colorado-spine-firm?qt-recent_content=0

Links:
[1] http://www.medcitynews.com/author/tlee/
[2] http://www.startribune.com/business/11225516.html?elr=KArksUUUoDEy3LGDiO7aiU
[3] http://www.startribune.com/business/27891714.html?elr=KArksUUUoDEy3LGDiO7aiU
[4] http://www.medcitynews.com/2010/04/denali-medical-raises-4-million/
[5] http://www.massdevice.com/news/former-medtronic-executive-gets-top-spot-colorado-spine-firm