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Attorney General Martha Coakley Obtains Preliminary Injunction Against Individuals and Businesses Involved in Widespread Dental Finance Scheme

Thousands of Massachusetts Residents Impacted By Shoddy Dental Work, Deceptive Financing

BOSTON - Today, Attorney General Martha Coakley's Office obtained a preliminary injunction against 15 individuals and corporations that allegedly operated high-volume dental clinics through a web of corporate fronts in order to exploit patients and obtain funds from finance companies and insurers. Under the terms of the court order, entered by Judge Bruce Henry in Suffolk Superior Court, all defendants are barred from engaging in any dental or medical business in Massachusetts. The preliminary injunction also orders the defendants to disclose to the Attorney General's Office within five days the existence of any assets they own in whole or in part, including checking accounts, IRAs, trusts and real estate. Additionally, all defendants must disclose any other dental practices, corporations or clinics in which they have an ownership or interest.

According to the complaint, filed on September 24, 2008, hundreds of patients were left with dental problems and thousands of dollars in debt after the defendants suddenly abandoned their three dental operations in Fall River and Weymouth. The Attorney General's Office obtained a temporary restraining order, which remains in effect, that secured assets the defendants may have, barred any practice or business of dentistry in Massachusetts, and prohibited them from destroying or altering any records.

The lawsuit was filed against the following 15 defendants, eight of which are corporate entities that the defendants formed to advance or conceal their unlawful operations. The complaint alleges that the defendants engaged in civil conspiracy, fraud and violated the Massachusetts Consumer Protection Act.

- **Gary Anusavice**, a dentist who took and maintained a leadership role in creating and operating the defendants' scheme.
- **Michael Rinaldi, Joseph Robbio, Vincent O'Neill and Heather Pavao**, all finance advisors and business managers at the dental operations.
- **Dr. Merhad Haghkerdar**, a dentist that facilitated the defendants' scheme at Spectrum Dental.
- **LHT Systems** (d/b/a Sierra Dental), a corporate entity formed by defendants in August 2004.
- **Coast Dental, Inc.**, a Delaware corporation, which maintained a principal place of business in Fall River.
- **Dr. Wood, Inc.** (d/b/a/ Sierra Dental), a corporate entity formed by defendants in June 2006.
- **Electron Marketing Inc.** (d/b/a Spectrum and Coast Dental), a corporate entity formed by the defendants in September 2002; Anusavice acted as the president, treasurer and director of Electron.
- **William E. Salisbury Inc.** (d/b/a Sierra Dental), a corporate entity formed by the defendants in December 2005.
- **JX Marketing Inc.** (d/b/a Sierra Dental), a corporate entity formed by the defendants in March 2006.
- **R.P. Systems Inc.** (d/b/a Sierra Dental), a corporate entity formed by the defendants in May 2004.
- **Arvydas Inc.**, a corporate entity formed by the defendants in October 2005.
- **Vyntautus Inc.**, a corporate entity formed by the defendants in March 2004.

Dr. Haghkerdar, now known as Michael Kane, no longer practices dentistry in Massachusetts, though he remains licensed by the Board of Registration of Dentistry. Dr. Kane has agreed to the terms of the injunction, which states

that he must give 30 days notice to the Board of Registration of Dentistry and the Attorney General's Office if he seeks to practice in Massachusetts. The Board has been active in taking disciplinary action against Anusavice and other dentists involved in the defendants' operations, and has assisted in the Attorney General's investigation.

According to the complaint, Anusavice, a dentist with a criminal history of disciplinary action, worked with Rinaldi, Robbio and O'Neill to operate as Sierra Dental in Weymouth, and Coast Dental and Spectrum Dental in Fall River. The defendants would operate the scheme by allegedly marketing "free" dental exams and low affordable monthly payment plans to prospective patients of low economic means and inadequate health insurance. The defendants set up a call-center in order to control the alleged deceptive marketing scheme and instructed their employees to lure patients into the dental clinics by "always answering a question with a question" and emphasizing the free exams.

The complaint further explains that as part of the scheme, a finance advisor was introduced into the patient-dentist relationship with the intention of "closing" a patient with credit obligations so that the dentist could start immediate, often unnecessary and costly treatment, and preventing the patient from considering alternatives. "Closing" a patient meant that the advisor had successfully completed the new patient protocol, which involved putting the patients into an operatory chair, bibbing them, explaining the treatment, introducing the dentist and running a credit check or pre-qualifying the patients before writing the treatment plan. The advisors, who were paid on commission, often proposed more extensive treatment than was necessary to generate larger fees, including unnecessary bridge and root canal work.

According to the complaint, rather than the low monthly payments promised to the patients, the loans arranged were essentially credit card loans that carried monthly interest rates as high as 22.98%. In hundreds of cases, the defendants collected thousands of dollars per patient from finance companies without proper disclosure or agreement from the patients, leaving the patients with substantial debt for unnecessary and often unauthorized dental work. For patients with dental insurance, the defendants allegedly submitted false and inflated claims to the insurance companies and billed the patients in full. Although the treatment was generally paid for up-front, many patients were left with incomplete and/or shoddy work when the defendants abandoned their three dental operations without notice. The defendants used the corporations they set up to continue their scheme even after the lenders cut off access to the defendants.

One of the defendants' alleged operations, Sierra Dental in Weymouth, abruptly ceased operation in December 2007, without any notice to patients, leaving abandoned patient records, as well as prostheses, x-rays and other material patients had paid for but had not received. This followed similar closures of Coast Dental in Fall River, which took over operations of Spectrum Dental at the same location following an investigation of the Spectrum Dental operations by the Fall River Police Department. Under Massachusetts Law, dentists are required to preserve the confidentiality of patient records and to maintain records for at least three years from the date of the last patient encounter.

The Attorney General's Office received over 200 complaints from the victims of the defendants. Both the Attorney General's Office and the Board of Registry in Dentistry have previously taken action against Anusavice and William Salisbury, a dentist who worked at Sierra Dental, and both have lost their license to practice dentistry in Massachusetts.

The current action by the Attorney General's Office seeks penalties, restitution for injured patients and a court order permanently prohibiting the defendants from maintaining, operating or owning an interest in any dental practice. The investigation is ongoing.

This matter is being handled by Assistant Attorney General Jeffrey Clements, Chief of Attorney General Coakley's Public Protection & Advocacy Bureau, Assistant Attorneys General Gillian Feiner, Jeanne Veenstra and Thomas O'Brien, and Mediator/Legal Analyst Rebecca Peyton of Attorney General Coakley's Consumer Protection and Health Care Divisions. Quinton Dale, Chief of Attorney General Coakley's Investigations Division and Investigators Monique Cascarano and Dante Annicelli are assisting in the case.

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