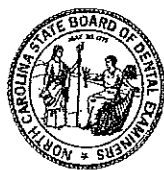


# NORTH CAROLINA STATE BOARD OF DENTAL EXAMINERS

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## PRESS STATEMENT

### For Immediate Release

The North Carolina State Board of Dental Examiners recently filed suit in Wake County Superior Court requesting a judge to enjoin two affiliated corporations and numerous related entities from unlawfully owning, operating and controlling 27 dental practices located across North Carolina and interfering with patient care. The Board contemporaneously moved for temporary and preliminary injunctive relief and filed thousands of pages of affidavits and exhibits from numerous dentists in those practices in support of its motion. The court granted the Board's motion for a temporary restraining order.

These dental practices operate under the trade name "Dental Works." The defendants include DentalCare Partners, Inc. an Ohio corporation, Dental One, Inc., a Texas corporation, and numerous related limited liability companies set up to own and operate the dental practices. The dentists and professional associations related to these practices also were included in the suit as necessary defendants.

Under North Carolina law, only a dentist licensed by the Dental Board can own or operate a dental practice and it is unlawful for an unlicensed entity or person to do so. This professional ownership requirement has been in the state's statutes for over 75 years and is similar to requirements in many others states around the country and also for many medical and other professionals in North Carolina. The requirement is designed to prevent corporations and other unlicensed individuals or entities from owning or controlling dental practices and placing profits above patient care.

The Dental Board's lawsuit asserts that DentalCare Partners, Dental One and numerous related entities do not merely provide management and other business services but unlawfully own, operate and control the dental practices. The suit also asserts that they are interfering in the dentists' clinical decisions about the care provided to their patients, resulting in unwarranted treatment and excessive billing. It further asserts that these national corporations are illegally diverting and siphoning off most of the revenues, profits and cash assets of these 27 dental practices in North Carolina.

The Dental Board learned of the unlawful conduct when a group of 14 North Carolina dentists who held minority interests in some of the dental practices recently contacted the Board. These dentists disclosed that

DentalCare Partners withheld and concealed key documents from the Dental Board during its prior review of the relationship with the dental practices. The documents and evidence disclosed by the dentists revealed convoluted contractual arrangements designed to conceal the corporate defendants' unlawful ownership and control of the dental practices. Layers of duplicative, unnecessary fees in these arrangements conceal their illegal diversion of the practices' revenues, profits and cash assets.

These 14 dentists also filed a separate suit, through their professional associations, against DentalCare Partners, Dental One and various other related entities concerning some of these same issues. These dentists assert that officers of DentalCare Partners and Dental One falsely represented to them that the Dental Board had reviewed and approved all the agreements, thereby inducing and deceiving them into unknowingly entering into these unlawful arrangements.

The North Carolina State Board of Dental Examiners is the state agency charged with protecting the public through the enforcement of statutes and rules governing the legal and unlawful practice of dentistry in North Carolina. In most instances over the past decade, the Dental Board has reviewed dental practice arrangements with numerous management service companies and entities and deemed them compliant with state law. The Dental Board did so repeatedly with DentalCare Partners' management agreements over the past decade before the dentists recently disclosed that DCP concealed from the Board numerous other agreements and related documents to hide its unlawful ownership and control of the dental practices.

Questions about this Press Statement should be directed to Mr. Bobby D. White, Chief Operations Officer, the North Carolina State Board of Dental Examiners, 919-678-8223.