

EXHIBIT A

1 JAMES F. RILL
 ASSISTANT ATTORNEY GENERAL
 2 STEPHEN M. MC NAMEE
 UNITED STATES ATTORNEY
 3 ROBERT E. BLOCH
 ANN LEA HARDING
 4 JAMES F. SHALLECK
 UNITED STATES DEPARTMENT OF JUSTICE
 5 ANTITRUST DIVISION
 555 4TH STREET, N.W.
 6 WASHINGTON, D.C. 20001
 (202) 724-7794; 724-7832
 7 ATTORNEYS FOR THE UNITED STATES

8
 9 UNITED STATES DISTRICT COURT
 10 DISTRICT OF ARIZONA
 11

12 _____)
 UNITED STATES OF AMERICA)
 13)
 v.)
 14)
 AARON L. ("LANOY") ALSTON;)
 15 A. LANOY ALSTON, D.M.D., P.C.;)
 RONALD D. WALKER;)
 16 DESERT VALLEY DENTAL, LTD.; and)
 RICHARD B. MEYER,)
 17)
 Defendants.)
 18 _____)

I N D I C T M E N T

VIOLATION: 15 U.S.C. § 1
 (Restraint of Trade)
 CR 90-042-TUC
 Filed: February 7, 1990

19
 20 The Grand Jury charges:

21 I.

22 DEFINITIONS

23 1. As used herein, the term:

24 (a) "Tucson" means the City of Tucson and environs,
 25 including South Tucson and Green Valley;
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1 (b) A "prepaid dental insurance plan" or "plan" means
2 insurance coverage, paid for by an employer, that
3 provides various dental services to employees
4 and their dependents who enroll in the plan.
5 Employees and their dependents who enroll in a
6 plan are members of the plan. The four prepaid
7 dental insurance plans in this case are Employers
8 Dental Services, Inc. ("EDS"), Associated Health
9 Plans, Inc. ("AHP"), Calzona Dental Plans, Inc.
10 ("Calzona") and Safeguard Health Plans, Inc.
11 ("Safeguard");

12 (c) "Provider" means an independent dentist who
13 contracts with a prepaid dental insurance plan to
14 provide dental services to members of the plan;
15 and

16 (d) "Copayment fee" means the fee paid by a patient,
17 who is a member of a plan, directly to a provider
18 for certain dental services.

19 II.

20 DEFENDANTS

21 2. Aaron L. ("Lanoy") Alston is indicted and made a
22 defendant herein. Lanoy Alston is licensed to practice
23 dentistry in Arizona. During the period covered by this
24 indictment, Lanoy Alston practiced dentistry in Tucson, Arizona.

25 3. A. Lanoy Alston, D.M.D., P.C., is indicted and made a
26 defendant herein. A. Lanoy Alston, D.M.D., P.C., is a

1 corporation organized and existing under the laws of Arizona
2 and has its principal place of business in Tucson, Arizona.
3 During the period covered by this indictment, A. Lanoy Alston,
4 D.M.D., P.C., engaged in the practice of dentistry in Tucson,
5 Arizona and was controlled by defendant Lanoy Alston.

6 4. Ronald D. Walker is indicted and made a defendant
7 herein. Ronald D. Walker is licensed to practice dentistry in
8 Arizona. During the period covered by this indictment,
9 Ronald D. Walker practiced dentistry in Tucson, Arizona.

10 5. Desert Valley Dental, Ltd., is indicted and made a
11 defendant herein. Desert Valley Dental, Ltd., is a corporation
12 organized and existing under the laws of Arizona and has its
13 principal place of business in Tucson, Arizona. During the
14 period covered by this indictment, Desert Valley Dental, Ltd.,
15 engaged in the practice of dentistry in Tucson, Arizona and was
16 controlled by defendant Ronald D. Walker.

17 6. Richard B. Meyer is indicted and made a defendant
18 herein. Richard B. Meyer is licensed to practice dentistry in
19 Arizona. During the period covered by this indictment,
20 Richard B. Meyer practiced dentistry in Tucson, Arizona.

21 7. Wherever in this indictment reference is made to any
22 act, deed or transaction of any corporation, such allegation
23 shall be deemed to mean that such corporation engaged in such
24 act, deed or transaction by or through its officers, directors,
25 agents, employees or representatives while they were actively
26 engaged in the management, direction, control or transaction of
its business or affairs.

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III.

CO-CONSPIRATORS

8. Various individuals, not named as defendants, participated as co-conspirators in the offense charged in this indictment and performed acts and made statements in furtherance thereof.

IV.

TRADE AND COMMERCE

9. Prepaid dental insurance plans provide insurance coverage for dental care to members of the plan. Employers typically contract with a plan to provide coverage for their employees and dependents. When an employee chooses to become a member of a plan, the employer pays a premium to the plan on behalf of the employee. Employees and their dependents are then entitled to select an independent, local dentist who has contracted with the plan to provide services to plan members, and to receive services set forth in a schedule of benefits that includes certain services provided at no charge, and other services provided at specified charges, called copayments. If a plan member requires treatment for a copayment service, e.g., crowns or root canals, the member must pay the copayment fee directly to the dentist.

10. A dentist who chooses to become a provider for a plan receives a monthly payment for each employee who is a member of the plan and has selected that dentist. The dentist receives the monthly payment from the plan whether or not the member of the plan requires dental care.

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2 11. EDS is a prepaid dental insurance plan located in
3 Tucson, Arizona. During the period covered by this indictment,
4 EDS contracted with employers located outside of Arizona for
5 dental insurance coverage for Tucson employees. The employers
6 located outside Arizona sent substantial amounts of premium
7 revenues for this dental insurance coverage to EDS in Tucson.

8 12. AHP is a prepaid dental insurance plan located in
9 Tucson, Arizona. During the period covered by this indictment,
10 AHP contracted with employers located outside of Arizona for
11 dental insurance coverage for Tucson employees. The employers
12 located outside Arizona sent substantial amounts of premium
13 revenues for this dental insurance coverage to AHP in Tucson.

14 13. Safeguard is a prepaid dental insurance plan located
15 in Anaheim, California. During the period covered by this
16 indictment, Safeguard received in Anaheim, California
17 substantial amounts of premium revenues from employers, outside
18 California, with whom it had contracted to provide dental
19 insurance coverage for Tucson employees. In addition, during
20 this period, Safeguard sent substantial amounts of payments
21 from Anaheim, California to dentists in Tucson to provide
22 dental services to Safeguard members in Tucson.

23 14. The business activities of the defendants and
24 co-conspirators, as charged in this indictment, were within the
25 flow of, and substantially affected, interstate trade and
26 commerce.

V.

OFFENSE CHARGED

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3 15. Beginning at least as early as May 1987, and
4 continuing until the return date of this indictment, the exact
5 dates being unknown to the Grand Jury, the defendants and
6 co-conspirators formed, joined and participated in a continuing
7 combination and conspiracy in unreasonable restraint of
8 interstate trade and commerce in violation of Section 1 of the
9 Sherman Act (15 U.S.C. § 1).

10 16. The charged combination and conspiracy consisted of a
11 continuing agreement, understanding and concert of action among
12 the defendants and co-conspirators, the substantial term of
13 which was to fix and raise the copayment fees that members of
14 several plans had to pay to the defendants and co-conspirators.

15 17. For the purpose of forming and carrying out the
16 charged combination and conspiracy, the defendants and
17 co-conspirators did those things which they combined and
18 conspired to do, including:

- 19 (a) meeting at various dental offices, including the
20 office of defendant Lanoy Alston, to discuss the
21 level of copayment fees in Tucson;
22 (b) agreeing on higher copayment fees to be paid to
23 the defendants and co-conspirators by the members
24 of EDS, AHP, Calzona and Safeguard in Tucson;
25 (c) agreeing to submit identical letters demanding
26 that the four plans adopt the agreed-upon higher
copayment fees;

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- (d) mailing identical demand letters and higher copayment fee schedules to the four plans;
- (e) pressuring EDS, AHP and Calzona to raise copayment fees in Tucson; and
- (f) causing the members of EDS, AHP and Calzona in Tucson to pay higher copayment fees to the defendants and co-conspirators.

VI.

JURISDICTION AND VENUE

18. The charged combination and conspiracy was formed and carried out within the District of Arizona during the five years preceding the return of this indictment.

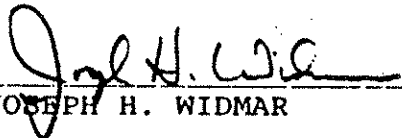
DATED:

A TRUE BILL

FOREPERSON

JAMES F. RILL
ASSISTANT ATTORNEY GENERAL

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