NINETEENTH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

NUMBER: 641770 DIVISION: SEC. 26

JAMES J. DONELON
COMMISSIONER OF INSURANCE FOR THE STATE OF LOUISIANA

VERSUS

PAUL A. GRANZIER, RICHARD N. HARTMAN AND DENTAL2U, LLC

DATE FILED: _____ _____
DEPUTY CLERK

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PETITION FOR INJUNCTIVE RELIEF, IMPOSITION OF FINE AND RULE TO SHOW CAUSE

The petition of James J. Donelon, Commissioner of Insurance, Louisiana Department of Insurance (the "LDI") for the State of Louisiana (the "Commissioner"), respectfully represents that:

1.

Defendants herein are:

a. Paul A. Granzier, ("Granzier") upon information and belief, an officer of Dental2U and resident of Ohio;

b. Richard N. Hartman, ("Hartman") upon information and belief, an officer of Dental2U and believed to be a resident of New York; and

c. Dental2U, LLC, ("Dental2U"), upon information and belief, a foreign and unauthorized insurer domiciled in Ohio.

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2.

Defendant Dental2U is engaging in the business of insurance by marketing, selling, soliciting, servicing dental insurance policies to and for Medicaid recipients at fifteen (15) long-term care nursing facilities in New Orleans (13) and Baton Rouge (2) without being admitted or having authority to operate in this State.

3.

Defendant Dental2U has not been admitted nor issued a certificate of authority as a foreign insurer to transact or engage in the business of insurance in this state, as such Dental2U may not

act as or hold itself out to be an insurer in this state for the purpose of selling, soliciting, procuring, negotiating or placing any policy of insurance in this State, or paying any commission, or other valuable consideration to or for selling, soliciting, or negotiating insurance in this State, pursuant to La. R.S. 22:1152 and La. R.S. 22:1546(B).

4.

As such neither Defendants Granzier nor Hartman, nor any other employees of Dental2U, can act as or hold themselves out to be agents or producers on behalf of Dental2U or engaging in any aspect of the business of insurance, including but not limited to, selling, soliciting, procuring, negotiating or placing any policy of insurance in this State, or accepting any commission, or other valuable consideration to or for selling, soliciting, or negotiating insurance in this State or placing for others any policies for any lines of insurance as to which he is not then qualified and duly licensed in this State.

5.

As such, defendants are subject to the jurisdiction of the Commissioner and this Court pursuant to La. R.S. 22:1, La. R.S. 22:2, La. R.S. 22:1152 et seq., La. R.S. 22:1901 et seq., La. R.S. 22:1911 and La. R.S. 22:2206.

6.

Venue is proper in East Baton Rouge Parish pursuant to La. R.S. 22:1904 and La. R.S. 22:2206.

7.

After launching an investigation into a complaint that alleged "insureds" were not receiving the services for which they were paying, the Louisiana Department of Insurance (the "LDI") learned that the company complained of, Dental2U, LLC, a limited liability company, was not licensed or authorized to engage in any aspect of the business of insurance in the state of Louisiana, but, since 2012, had been transacting insurance business, including, but not limited to, marketing, selling, delivering dental insurance policies, billing and contracting with dental providers to provide dental services and treatment.

8.

The LDI further learned that on March 22, 2014, Dental2U had issued a press release announcing it was "offering comprehensive dental services to ALL residents in nursing facilities in Louisiana," specifically the Baton Rouge, New Orleans and northshore areas, for a monthly premium of $99.00 a month – which was either invoiced directly to nursing home residents for payment, bank drafted from residents' accounts or paid by the nursing homes which were authorized to administer their residents' finances.

9.

Based on documentation produced by Dental2U, the LDI determined that Dental2U was actively engaging in the business of insurance in Louisiana by marketing, soliciting, contracting and delivering insurance policies in the state of Louisiana without authorization to operate in the State and was paying a dental provider a fee for services rendered on those dental policies.

10.

As a result, on June 11, 2015, the LDI issued and served a "Notice of Cease and Desist Order" ("Order") on Dental2U, via the Louisiana Secretary of State pursuant to La. R.S. 22:1907, and was received by Granzier on June 22, 2015. A copy of the Order is attached hereto as Exhibit 1 and made a part hereof.

11.

The Order directed Dental2U to immediately cease and desist from transacting any insurance business in the State, including withdrawing any funds from enrollees' bank accounts or receiving direct payment from enrollees for participation in the unauthorized dental insurance plan.

12.

The Order further informed Dental2U of its appeal rights, which was 30 days from receipt of the Order. No appeal was taken within the 30-day timeframe set forth in the Order. Dental2U failed to request an administrative appeal, and the time in which to do so has now expired and the Order has become a final order.

13.

Thereafter, on July 10, 2015, several LDI employees met with Granzier and his counsel of record to discuss a potential settlement and resolution of this matter. At that meeting, Granzier, when questioned as to whether Dental2U was continuing to operate responded that all operations had ceased.

14.

The LDI was later made aware that the mobile dental unit, which was utilized by Dental2U to provide services and treatment to insureds, continued to operate and had visited and provided dental services and treatment to nursing home residents at several nursing facilities, even though Dental2U and Granzier had in fact received the cease and desist order. Copies of photographs are attached hereto as Exhibit 7 and are made a part hereof.

15.

The dates on which those services were provided were: on or about June 25, 2015; on or about July 3, 2015; on or about July 23, 2015 and on or about August 4, 2015. Copies of treatment records corresponding to these dates are attached at Exhibit 5, Exhibit 8 and Exhibit 9 and are made a part hereof.

16.

The LDI was also made aware that Dental2U was continuing to bill residents at several long-term care nursing facilities, and collecting monthly premiums, which establishes that Dental2U continued its illegal operation, despite the issuance of the Notice of Cease and Desist Order wherein Dental2U was specifically ordered to immediately cease from engaging in any aspect of the insurance business. Copies of billing invoices and payment records Exhibit 2, Exhibit 3, Exhibit 4, are attached at Exhibit 5, Exhibit 8 and Exhibit 9 and are made a part hereof.

17.

This provides sufficient grounds to justify the issuance of a court order under La. R.S. 22:1904 for injunctive relief for recovery on behalf of nursing home residents in the amount of the full premium paid by insureds. Therefore, defendants should be restrained, enjoined and prohibited from disposing of or encumbering any and all funds which came into and are in the Defendants' possession as the result of their illegal and unauthorized operations in the state of Louisiana. These

funds are believed to be located in an account at PNC Bank; however, that account number(s) is unknown at this time.

18.

This further provides sufficient justification for the imposition of a fine, in an amount not to exceed $25,000.00 pursuant to La. R.S. 22:16, based on the foregoing proof that Defendants' failed to comply with the written order of the Commissioner, specifically the Notice of Cease and Desist Order. A copy of the Affidavit attesting to Dental2U's violation of the Order is attached hereto as Exhibit 6 and made a part hereof. Such fine should be in addition to any fines and/or penalties which may be imposed by the LDI as a result of Dental2U operating as an unauthorized insurer and in direct contravention to Title 22 prior to the issuance of the Commissioner's order.

19.

The Commissioner shows that he is entitled, under the provisions of La. R.S. 22:1904 and La. R.S. 22:1546, to injunctive relief in the form of a temporary restraining order, and subsequently preliminary and permanent injunctions, restraining, enjoining and prohibiting defendants, and any other person acting in conjunction with defendants, from engaging in any aspect of the business of insurance in the state of Louisiana, including but not limited to, the marketing, sale, solicitation, negotiation, procurement, placing of insurance, from payment, directly or indirectly receiving any commission, or other valuable consideration for the sale, solicitation, or negotiation of insurance, or to directly or indirectly represent themselves as agents for Defendant Dental2U or for Dental2U to represent itself as an insurer, or to solicit, negotiate or effect any contract of insurance or to attempt to effect any contract of insurance, pursuant to La. R.S. 22:1902.

20.

To that end, the temporary restraining order should issue as immediate relief and is necessary to prevent the further violation of La. R.S. 22:1903, La. R.S. 22:1152 et seq., and La. R.S. 22:1546(B).

21.

The Commissioner further requests that the defendants be required to appear and show cause on a date and time to be set by this Court why the order requested herein should not continue

in full force and effect, and why defendants should not be required to pay fines and penalties in an amount to be set by this Court for violations of La. R.S. 22:1903 and La. R.S. 22:1546(B).

WHEREFORE, JAMES J. DONELON, Commissioner of Insurance for the State of Louisiana, prays that:

I. Judgment be rendered in favor of Petitioner, JAMES J. DONELON, and against Defendants, PAUL A. GRANZIER, RICHARD N. HARTMAN and DENTAL2U, LLC, ordering all Defendants comply with the provisions of the Notice of Cease and Desist Order and that they not engage in any aspect of the insurance business;

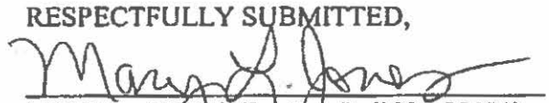
II. This Court issue a temporary restraining order herein, without bond, directed to Defendants, PAUL A. GRANZIER, RICHARD N. HARTMAN and DENTAL2U LLC, restraining, enjoining and prohibiting them from disposing of any and all funds in the possession of the Defendants and those funds maintained in the PNC Bank account or any other bank account titled in the name of Defendant Dental2U, LLC or any account which houses funds collected from Louisiana consumers for services rendered by Dental2U;

III. This Court order the issuance of a rule nisi directing the Defendants, PAUL J. GRANZIER, RICHARD N. HARTMAN and DENTAL2U, LLC, to show cause, as the Court may direct, why a preliminary injunction in the form and substance of the above temporary restraining order should not be issued herein;

IV. This Court order a fine of not more than $25,000.00 for the violation of the Notice of Cease and Desist Order, which shall be in addition to any fines and or penalties imposed by the LDI; and

V. In due course, this Court issue a permanent injunction herein in the form and substance of the above temporary restraining order.

RESPECTFULLY SUBMITTED,



MARY L. JONES (LA Bar Roll No. 32171)
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(1702 N. Third Street, 70802)
Baton Rouge, LA 70804-9214
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Facsimile: (225) 342-1632
mljones@ldi.la.gov

Please serve on:

Dental2U, LLC
Through its attorney for service of process,
Louisiana Secretary of State
8585 Archives Avenue
Baton Rouge, LA 70809

Paul A. Granzier
Through his attorney for service of process,
Louisiana Secretary of State
8585 Archives Avenue
Baton Rouge, LA 70809

Dental2U, LLC
Through its attorney of record,
Errol J. King, Jr.
Health Care Section
Baker Donelson Bearman Caldwell & Berkowitz
450 Laurel Street, 20th Floor
Baton Rouge, Louisiana 70801

Paul A. Granzier
Through his attorney of record,
Errol J. King, Jr.
Health Care Section
Baker Donelson Bearman Caldwell & Berkowitz
450 Laurel Street, 20th Floor
Baton Rouge, Louisiana 70801

EXHIBITS

1. Notice of Cease and Desist Order issued by James J. Donelon, Commissioner of Insurance, dated June 11, 2015.

2. Dental2U billing invoice for resident of Metairie Health Care Center for month of July 2015 and check #400 dated June 7, 2015 showing payment made to Dental2U.

3. Billing invoice for resident of Metairie Health Care Center for month of August 2015.

4. Dental2U billing invoices for residents of Colonial Care for month of August 2015.

5. Treatment records, dated July 3, 2015, for a resident of Metairie Health Care Center.

6. Affidavit of Gwendolyn Hall.

7. Photographs, dated July 3, 2015 and August 4, 2015, showing Dental2U dental mobile unit at Metairie Health Care Center.

8. Treatment records, dated June 25, 2015, for residents of Carrington Baton Rouge.

9. Treatment records, dated July 23, 2015, for residents of Carrington Baton Rouge.

VERIFICATION

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned Notary, personally came and appeared BARRY WARD, appearing herein in his capacity as Deputy Commissioner of Licensing at the Louisiana Department of Insurance, and KOREY HARVEY, appearing herein in in his capacity as Deputy Commissioner of health at the Louisiana Department of Insurance, who after being duly sworn did depose and say that each has read the foregoing Petition and all of the allegations of fact contained in the Petition are true and correct to the best of their knowledge, information and belief, including that the Defendants are violating a state statute and would continue to do so unless a temporary restraining order is issued herein as hereinabove prayed for.

BY: _____
BARRY WARD, Deputy Commissioner

BY: _____
KOREY HARVEY, Deputy Commissioner

SWORN TO AND SUBSCRIBED before me this 24th day of August, 2015.

_____
MARY L. JONES (LA Bar Roll No. 32171)
NOTARY PUBLIC/ATTORNEY AT LAW
WEST BATON ROUGE PARISH, LOUISIANA
Commission Expires at Death

NINETEENTH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

NUMBER: **DIVISION:**

JAMES J. DONELON
COMMISSIONER OF INSURANCE FOR THE STATE OF LOUISIANA

VERSUS

PAUL A. GRANZIER, RICHARD N. HARTMAN AND DENTAL2U, LLC

DATE FILED: _____ _____
DEPUTY CLERK

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ORDER

Considering the foregoing verified Petition:

IT IS ORDERED that a temporary restraining order issue herein immediately, without bond, directed to PAUL A. GRANZIER, RICHARD N. HARTMAN and DENTAL2U, LLC, restraining, enjoining and prohibiting them from engaging in any business of insurance in the state of Louisiana and from disposing of or encumbering any funds received as a result of their illegal insurance operation in the state.

IT IS FURTHER ORDERED that Dental2U, LLC, Show Cause on September 3, 2015 at 10:00 a.m a fine of $ _____ but not more than $25,000.00 be imposed against Defendant DENTAL2U, LLC, for violating a written order of the Commissioner.

IT IS FURTHER ORDERED that PAUL A. GRANZIER, RICHARD N. HARTMAN and DENTAL2U, LLC, show cause on the 2 day of September, 2015 at 10:00 o'clock A.M./P.M., why a preliminary injunction in the form and substance of the above temporary restraining order should not be issued herein.

ORDER GRANTED AND SIGNED in Chambers in Baton Rouge, East Baton Rouge Parish, Louisiana, on this 26 day of August, 2015.

_____
19TH JUDICIAL DISTRICT JUDGE
EAST BATON ROUGE PARISH, LOUISIANA

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EAST BATON ROUGE PARISH, LA
2015 AUG 25 PM 3:38
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CERTIFIED
TRUE COPY
AUG 27 2015
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EBR3151230

PLEASE SERVE:

Dental2U, LLC
Through its attorney for service of process,
Louisiana Secretary of State
8585 Archives Avenue
Baton Rouge, LA 70809

Paul A. Granzier
Through his attorney for service of process,
Louisiana Secretary of State
8585 Archives Avenue
Baton Rouge, LA 70809

Dental2U, LLC
Through its attorney of record,
Errol J. King, Jr.
Health Care Section
Baker Donelson Bearman Caldwell & Berkowitz
450 Laurel Street, 20th Floor
Baton Rouge, Louisiana 70801

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