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Former Endocare leaders face criminal charges

The company's one-time CEO and CFO are indicted on allegations they bilked investors out of \$200 million.

BY COURTNEY PERKES
The Orange County Register

Two former top executives at **Endocare**, an Irvine medical device company, were indicted Monday over allegations that they defrauded investors of at least \$200 million.

Paul Mikus, the former chief executive and chairman of the board, and John Cracchiolo, the former chief financial officer and chief operating officer, were charged with more than 20 federal counts of wire and securities fraud.

Attorneys for the men could not be reached for comment.

The men are accused of creating phony sales of a cancer-treatment device and repeatedly overstating the company's revenues in 2001 and 2002 to investors, auditors and the Securities and Exchange Commission.

Assistant U.S. Attorney Andrew Stolper called the indictment the largest corporate fraud case in Orange County in at least five years.

"Endocare shareholders, which included pension funds, saw the value of the company go from over \$400 million to less than \$50 million," Stolper said. "Post-Enron, post-WorldCom, after Congress has already put in more stringent reporting requirements, Mr. Mikus and Mr. Cracchiolo's fraud not only continued, but reached a crescendo."

In August the SEC filed a [civil suit](#) against the executives, who left the company in 2003. Mikus, 41, lives in Coto de Caza. Cracchiolo, 50, lives in Nevada.

Endocare paid \$750,000 to settle its role in the case.

Endocare spokesman Matt Clawson declined to comment on the indictment but said the company is progressing.

"This is not something that impacts the company on a day to day basis because it was so long ago, and because the management team is completely new," Clawson said.

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