



Exec of one-time NASDAQ darling on trial for inflated revenues

By LARRY NEUMEISTER

Associated Press Writer

402 words

30 January 2006

14:58

Associated Press Newswires

APRS

English

(c) 2006. The Associated Press. All Rights Reserved.

NEW YORK (AP) - The president of a one-time Nasdaq market darling conspired in a fraud to hide a drop in revenues that was sure to disappoint Wall Street, a prosecutor charged during the opening of a criminal trial Monday.

Assistant U.S. Attorney Raymond Lohier accused Richard P. Adelson, 45, of conspiring with underlings to inflate revenues while he was president of Impath Inc., a Manhattan provider of cancer information services.

The small health care company's share value rose from \$15 in 1996 to \$75 in 2000 as the company's top executives overstated revenues by more than \$60 million. The company collapsed into bankruptcy after 2003.

Pointing at Adelson at the start of a one-month trial, the prosecutor told a jury: "This man lied to the public, he lied to the people who invested in Impath. He even lied about how much he was being paid."

Lohier said Adelson allowed a conspiracy to flourish so that he would not "preside over a slow downward spiral."

Revenues began falling below Wall Street expectations at a time when the company was touted as one of the fastest growing companies in America and one of the 10 fastest growing companies on the Nasdaq stock exchange, he said.

"The higher it went, the more pressure there was on Impath's executives to keep it going," Lohier said.

To keep the value of the company high, Adelson teamed up with other executives to exaggerate revenues and, when necessary, to "literally make up the numbers," Lohier said.

Defense attorney Mark S. Arisohn countered that his client was a victim of subordinates who have admitted criminal wrongdoing and want to testify against Adelson to try to reduce prison sentences that otherwise might last decades.

"He did not know, could not have known, what was going on," Arisohn said.

The lawyer accused two other executives of "committing crimes, acting secretly and trying to protect themselves" by trying to blame Adelson.

Arisohn said Adelson proved his innocence when he opened up the company's books to scrutiny in 2003 when it seemed the company was a takeover candidate.

He said Adelson also took steps that lowered the company's revenues rather than raised them.

If convicted, Adelson faces up to 20 years in prison on the most serious charge.

7

Document APRS000020060130e21u0034d

