
Dow Jones Newswires

= Ex-Impath Pres Adelson Convicted Of Conspiracy, Sec Fraud

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By Chad Bray

Of DOW JONES NEWSWIRES

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NEW YORK (Dow Jones)--Richard P. Adelson, a former top executive at Impath Inc. (IMPHE), was convicted Thursday of conspiracy, securities fraud and three counts of making false filings in connection with a scheme that artificially boosted the defunct medical diagnostic firm's revenue by millions of dollars.

However, a jury acquitted Adelson, Impath's former president and chief operating officer, of five additional counts of making false filings with the Securities and Exchange Commission and two counts of soliciting proxies with false proxy statements.

"We're deeply disappointed," said Marc S. Arisohn, Adelson's lawyer.

He faces up to 20 years in prison on the most serious charges of securities fraud and making false filings. Sentencing is set for May 30.

Prosecutors alleged that Adelson, 40 years old, did nothing to stop a scheme to artificially inflate the company's revenue in order to meet expectations by Wall Street and the company's board of directors.

The government alleged that he learned of the scheme, orchestrated by members of Impath's finance department, shortly after being named the company's president in 2001 and gave them the "green light" to continue inflating accounts receivables and revenue at the firm.

Prosecutors said Adelson was motivated by a fear that he would lose his job and the company would go under if the investing public knew that Impath wasn't growing as fast as Wall Street expected.

In addition to charges of securities fraud and conspiracy, Adelson was convicted of making false filings related to two quarterly reports filed by Impath with the SEC in August 2002 and November 2002, and the company's annual report filed in April 2003.

He was acquitted of making false filings related to Impath's quarterly reports filed in 2001 and in early 2002, and its annual report filed in April 2002.

The government's case hinged in part on the testimony of David J. Cammarata, Impath's ex-chief financial officer, and Peter Torres, Impath's vice president of finance.

During his closing statement, Arisohn, Adelson's lawyer, labeled the men as "liars" who were on a "desperate mission to save their own skins."

Four former finance department executives, including Cammarata and Torres, have pleaded guilty to criminal charges in the case.

Anuradha D. Saad, Impath's former chief executive, also pleaded guilty last year to lesser charges of soliciting proxies containing false proxy statements and knowingly failing to implement a system of internal

accounting controls. She was sentenced to three months in prison last month.

According to court documents, prosecutors have alleged that Impath inflated its revenue by about \$64 million between fiscal year 2000 and fiscal year 2002 by overstating its accounts receivables.

The company announced an internal investigation into possible accounting irregularities in July 2003, which sent its stock plummeting. It filed for bankruptcy protection in September 2003.

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