

Name: Alert ID: TMML2024034181475 PALO ALTO (CNN) — Theranos founder Elizabeth Holmes has been indicted on federal wire fraud charges, the office of the United States Attorney for the Northern District of California announced Friday. Holmes and former Theranos COO and president Ramesh “Sunny” Balwani allegedly engaged in a multimillion-dollar scheme to defraud investors, as well as a scheme to defraud doctors and patients, according to a release from the US Attorney’s office. Holmes and Balwani are charged with two counts of conspiracy to commit wire fraud and nine counts of wire fraud. The indictments happened Thursday and were unsealed on Friday. If convicted, they each face a maximum sentence of 20 years in prison and a fine of \$250,000, plus restitution for each count of wire fraud and each conspiracy count, according to the US Attorney’s office. Minutes before the charges were made public, Theranos announced that Holmes has stepped down as CEO. The company’s general counsel, David Taylor, will take over as CEO. Holmes will stay on as chair of the company’s board. The company was once valued at as much as \$9 billion. Holmes dropped out of Stanford University to launch Theranos in 2003 with a plan to offer cheaper, more efficient alternative to traditional medical tests. It promised patients the ability to test for conditions like cancer and diabetes with just a few drops of blood. Holmes was once lauded as the youngest self-made female billionaire. But her net worth was revised down to nothing after Wall Street Journal investigative reporter John Carreyrou started digging into the technology behind her blood testing startup. In March, the SEC announced “massive fraud” charges of \$700 million against Theranos, Holmes and Balwani. The SEC said Theranos, Holmes and Balwani misled partners and investors about the company’s technology, misrepresented revenue projections and falsely claimed it didn’t need regulatory approval for its testing technology. Holmes and Theranos reached a settlement with the SEC, while the SEC said it would take its case against Balwani to court. Jeffrey B. Coopersmith, a partner at Davis Wright Tremaine who represents Balwani, called the SEC action against his client “unwarranted.” “Sunny Balwani accurately represented Theranos to investors to the best of his ability,” Coopersmith said in a statement. Investors in Theranos included Oracle founder Larry Ellison, venture capital firm Draper Fisher Jurvetson, now Secretary of Education Betsy DeVos and media mogul Rupert Murdoch.