

US prosecutors argue Theranos founder chose fraud over failure

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The prosecution and defense are making their final arguments to jurors in Theranos founder Elizabeth Holmes's US fraud trial.

Prosecutors said Thursday fallen US biotech star Elizabeth Holmes chose fraud over admitting failure of her blood-testing startup Theranos, in their final pitch to jurors in her high-profile Silicon Valley trial.

Holmes potentially faces prison time if convicted on allegations she defrauded investors and clients of her once-hyped firm, which collapsed after its testing machines did not work.

Prosecutor Jeff Schenk told a San Jose, California courtroom that the entrepreneur, once compared to Apple founder Steve Jobs, could have chosen to watch Theranos dissolve when its grand claims were not realized or take a different course.

"Holmes chose fraud over business failure, she chose to be dishonest. That choice was not only callous, it was criminal," he added.

She launched Theranos in 2003 at age 19, eventually promising self-service testing machines that could run an analytical gamut cheaply and on just a few drops of blood—a vision that shattered under fraud allegations.

'Recruit investors'

Holmes, who took the stand in her own defense, admitted in her testimony to mistakes but argued she was deeply committed to Theranos and did not purposely mislead investors and patients.

Once prosecutors are finished making their closing arguments, Holmes's defense team will have its chance and then the case will go to jurors for deliberations next week.

In his closing arguments, Schenk reminded the court of the testimony from former employees who had shared their doubts about the machines, but also a pregnant woman who was told she was miscarrying based on faulty Theranos test results.

Schenk also noted how former Pentagon chief Jim Mattis recounted

how he went from fascination to disappointment with Theranos when he was on its board of directors.

"Holmes's role was to recruit investors by making misstatements," Schenk alleged. "Holmes's role was to get money and keep Theranos alive."

Theranos soared and attracted luminaries such as Rupert Murdoch and Henry Kissinger, but it was a series of reports casting doubt on the firm's claims from Murdoch's own Wall Street Journal that set the company's collapse in motion.

In many ways, Holmes fit the image of a Silicon Valley entrepreneur, from her dark-colored turtleneck sweaters that evoked tech legend Jobs to her dropping out of California's elite Stanford University.

But the fundamental question has been whether she was a true visionary who simply failed, as she claimed on the stand, or a skilled self-promoter who took advantage of a credulous context to commit fraud.

Holmes has also sought to put some of the blame on Ramesh "Sunny" Balwani, a boyfriend almost two decades her senior whom she brought in to help run the company.

Balwani, who is facing trial separately, has denied the abuse allegations that Holmes leveled against him during her testimony.

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