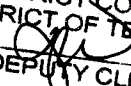


**FILED**

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
AUSTIN DIVISION**

**JUN 14 2017**

**CLERK, U.S. DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
BY   
DEPUTY CLERK**

**UNITED STATES OF AMERICA,** )  
)  
)  
)  
**v.** )  
)  
**MICHAEL GLUK,** )  
)  
**Defendant.** )

**CRIMINAL NO. 1:13-CR-346-SS**

**SUPERSEDING  
INFORMATION**

**[Violation: 18 U.S.C. § 371 - Conspiracy to  
Commit Wire Fraud and Securities Fraud]**

**SUPERSEDING INFORMATION**

THE UNITED STATES CHARGES:

**COUNT ONE**

**Conspiracy to Commit Wire Fraud and Securities Fraud  
(18 U.S.C. § 371)**

1. Between approximately May 2006 and continuing through in or about December 2008, in the Western District of Texas and elsewhere, the defendant **MICHAEL GLUK** did knowingly and willfully conspire and agree with others to commit certain offenses against the United States, namely:

- (a) wire fraud, that is, knowingly and with intent to defraud, devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that they were false and fraudulent when made, and transmitting and causing certain wire communications to be transmitted in interstate and foreign commerce, for the purpose of executing the scheme and artifice, in violation of Title 18, United States Code, Section 1343; and
- (b) securities fraud, that is, to knowingly and intentionally execute a scheme and artifice (i) to defraud any person in connection with any security of ArthroCare Corporation (“ArthroCare”), an issuer with a class of securities registered under § 12 of the Securities

Exchange Act of 1934 (Title 15, United States Code, § 781), and (ii) to obtain, by means of materially false and fraudulent pretenses, representations, and promises, any money and property in connection with the purchase and sale of any security of ArthroCare, an issuer with a class of securities registered under § 12 of the Securities Exchange Act of 1934 (Title 15, United States Code, § 781), in violation of Title 18, United States Code, Section 1348.

### **The Scheme to Defraud**

2. From between in or about May 2006 and continuing through December 2008, **GLUK** and others, known and unknown, devised, intended to devise, and executed a scheme to defraud ArthroCare's shareholders and members of the investing public by: (a) inflating falsely ArthroCare's revenue by tens of millions of dollars; (b) concealing the nature and financial significance of ArthroCare's relationship with DiscoCare, Inc. ("DiscoCare") and other distributors; and (c) using a series of sham transactions to manipulate ArthroCare's revenue and earnings as reported to investors.

### **Purpose of the Scheme to Defraud**

3. The purpose of the conspiracy was to (a) conceal from ArthroCare's shareholders, the investing public, and ArthroCare's external auditors the true nature of the purported sales to ArthroCare's distributors; (b) make materially false and fraudulent representations to ArthroCare's shareholders and the investing public about ArthroCare's financial condition in order to maintain and increase the market price of ArthroCare's stock; and (c) enrich **GLUK** and others through the continued receipt of compensation and the appreciation of their own ArthroCare stock and stock options.

**Overt Acts**

In furtherance of the conspiracy and to achieve its objects and purposes, at least one of the conspirators committed and caused to be committed, in the Western District of Texas and elsewhere, at least one of the following overt acts, among others:

4. On or about February 29, 2008, **GLUK** and others caused ArthroCare to file a Form 10-K for 2007 with the United States Securities and Exchange Commission (“SEC”) that materially misrepresented ArthroCare’s quarterly and annual sales, revenues, expenses, and earnings.

5. On or about May 12, 2008, **GLUK** and others caused ArthroCare to file a Form 10-Q for the first quarter of 2008 with the SEC that materially misrepresented ArthroCare’s quarterly and annual sales, revenues, expenses, and earnings.

6. On or about January 3, 2008, in the Western District of Texas and elsewhere, **GLUK** and others participated in an ArthroCare conference call with investors and analysts in various states wherein material misrepresentations were made regarding ArthroCare’s financial condition and the nature and financial significance of ArthroCare’s relationship with DiscoCare.

7. On or about January 18, 2008, in the Western District of Texas and elsewhere, **GLUK** and others participated in an ArthroCare conference call with investors and analysts in various states wherein material misrepresentations were made regarding ArthroCare’s financial condition and the nature and financial significance of ArthroCare’s relationship with DiscoCare.

8. On or about February 19, 2008, in the Western District of Texas and elsewhere, **GLUK** and others participated in an ArthroCare conference call with investors and analysts in various states wherein material misrepresentations were made regarding ArthroCare’s financial condition and the nature and financial significance of ArthroCare’s relationship with DiscoCare.

9. On or about April 21, 2008, in the Western District of Texas and elsewhere, **GLUK** and others participated in an ArthroCare conference call with investors and analysts in various states wherein material misrepresentations were made regarding ArthroCare's financial condition and the nature and financial significance of ArthroCare's relationship with DiscoCare.

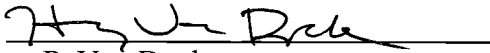
10. On or about January 24, 2008, in the Western District of Texas and elsewhere, **GLUK** did knowingly transmit and cause to be transmitted, by means of wire communications in interstate and foreign commerce, certain writings via email routed through ArthroCare's servers in California, in furtherance of the scheme to defraud.

11. On or about March 20, 2008, in the Western District of Texas and elsewhere, **GLUK** did knowingly transmit and cause to be transmitted, by means of wire communications in interstate and foreign commerce, certain writings via email to Michael Baker routed through ArthroCare's servers in California, in furtherance of the scheme to defraud.

12. On or about June 9, 2008, in the Western District of Texas and elsewhere, **GLUK** did receive, by means of wire communications in interstate and foreign commerce, certain writings via email from Michael Baker routed through ArthroCare's servers in California, in furtherance of the scheme to defraud.

All in violation of Title 18, United States Code, Section 371.

SANDRA MOSER  
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U.S. Department of Justice

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Dated: June 14, 2017