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Ex-Angels player Doug DeCinces' federal insider trading trial begins



A federal jury will decide whether former Baltimore Orioles and Angels third baseman Doug DeCinces and others wrongly profited off non-public inside information, or if they made savvy stock investments on the advice of a veteran trader. DeCinces is shown in this March 1987 photo. (AP Photo/Jeff Robbins)

By **SEAN EMERY** | semery@scng.com | Orange County Register
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SANTA ANA – An ex-Angel star who made more than a \$1 million in investments related to a friend's medical-device company appeared in federal court Thursday for the start of his insider-trading trial.

A federal jury will decide whether [former Baltimore Orioles and Angels third baseman Doug DeCinces, now 66, and others wrongly profited off of non-public information](#), or if they just made savvy stock investments on the advice of a veteran trader.

The case centers on the relationship between DeCinces and fellow Laguna Beach resident James Mazzo, who owned Santa Ana-based Advanced Medical Optics.

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Federal prosecutors accuse Mazzo of passing to DeCinces private information about Advanced Medical Optics' efforts to purchase two smaller companies, as well as a merger with Abbott Laboratories.

[Both DeCinces and Mazzo face securities fraud charges](#), along with David Parker, another friend of DeCinces who prosecutors say bought stocks based on insider information.

U.S. Attorney Stephen Cazares told jurors that DeCinces made about \$1.3 million from stock trading leading up to the Abbott deal alone, while also tipping off a half-dozen friends and family members who made an additional \$1.3 million.

Among those the prosecutor said DeCinces tipped off about the impending deal before it was made public was baseball Hall-of-Famer Eddie Murray, a former teammate of DeCinces who is expected to testify.

The private discussions between Advanced Medical Optics and Chicago-based Abbott came in the midst of the Wall Street crash of 2008. Faced with rising debt from a series of earlier acquisitions and falling revenue, Advanced Medical Optics leaders had watched the company's stock price plummet from \$30 a share to around \$5 or \$6.

But as Advanced Medical Optics leaders worked behind the scenes to consummate a deal with Abbott, prosecutors allege that CEO Mazzo was keeping DeCinces updated about what were supposed to be private developments.

As DeCinces watched in court with a neutral expression, Cazares showed jurors a series of slides outlining DeCinces' purchase of an increasing number of Advanced Medical Optics stock as the discussions between the company and Abbott heated up.

The prosecutor contended that meetings or phone calls between DeCinces and Mazzo, as well as DeCinces' stock purchase patterns, matched up to milestones in the discussions between the two companies.

The prosecutor told jurors that DeCinces persuaded others – including his son, Murray, and his physical therapist – to purchase Advanced Medical Optics stock.

Abbott ultimately agreed to purchase Advanced Medical Optics at around four times the stock price it was trading at.

DeCinces attorney, Ken Julian, flatly denied to jurors that his client received any improper insider information from Mazzo.

Instead, the defense attorney said, DeCinces was basing his trades on the advice of Richard Pickup, a veteran trader and friend of DeCinces who Julian described as practicing "contrarian investing," by focusing on companies with low stock prices that may be primed for a turnaround.

"He likes to say he buys straw hats in the winter or snow skis in the summer," Julian said of Pickup.

The defense attorney told jurors that there is no evidence of insider information being passed from Mazzo to DeCinces. He also alleged that federal investigators left information that would have backed DeCinces' account of his trades out of their reports.

"Not only did the government not do their homework, they cheated on their exam," Julian said.

Richard Marmaro, who is representing Mazzo, said his client had nothing to do with the trades, and made no money off of them.

"Mr Mazzo is absolutely innocent of these charges," Marmaro said.

Parker's attorney declined to give opening statements.

In 2011, DeCinces paid a \$2.5 million fine to the Securities and Exchange Commission tied to the same stock acquisitions.

Testimony in the trial is expected to last at least six weeks.

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