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ENDOCARE INC

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SIC: **3845** Electromedical & electrotherapeutic apparatus

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This filing is made pursuant
to Rule 424(b)(3) under
the Securities Act of
1933 in connection with
Registration No. 333-86077

ENDOCARE, INC.

979,444 SHARES
COMMON STOCK

This Prospectus relates to the public offering, which is not being underwritten, of 979,444 shares of our common stock which may be issued to the holders of convertible debentures listed in the Selling Stockholders table on page 10. The prices at which the selling stockholders may sell the shares will be determined by the prevailing market price for the shares or in negotiated transactions. We will not receive any of the proceeds from the sale of the shares.

Our common stock is quoted on the Nasdaq SmallCap Market under the symbol "ENDO." On September 3, 1999, the last reported closing bid price of our common stock on the Nasdaq SmallCap Market was $7 13/16 per share.

INVESTING IN OUR STOCK INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 3.

THE SECURITIES AND EXCHANGE COMMISSION AND STATE SECURITIES REGULATORS HAVE NOT APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DATE OF THIS PROSPECTUS IS SEPTEMBER 3, 1999.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file annual and quarterly reports, proxy statements and other information with the SEC. You may read and copy this information at the following public reference rooms of the SEC:

<TABLE>
<S>
Washington, D.C.
450 Fifth Street, N.W.
Room 1024

<C>
New York, New York
7 World Trade Center
Suite 1300

<C>
Chicago, Illinois
500 West Madison Street
Suite 1400

Washington, D.C. 20549 New York, NY 10048 Chicago, IL 60661-2511
</TABLE>

You may also obtain copies of this information by mail from the Public Reference Section of the SEC, 450 Fifth Street, N.W. Room 1024, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference rooms by calling the SEC at: 1-800-SEC-0330.

Our filings are also available at the SEC's website at http://www.sec.gov.

We filed with the SEC a registration statement on Form S-3 that contains exhibits and other information regarding Endocare and the common stock offered by this prospectus. Pursuant to SEC rules, this prospectus, which forms a part of the registration statement, does not contain all the information in the registration statement. You may obtain a copy of the registration statement and all exhibits to it as described above.

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information filed with the SEC will update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until our offering is completed.

(1) Our Annual Report on Form 10-K for the fiscal year ended December 31, 1998;

(2) Our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 1999 and June 30, 1999;

(3) Our Current Reports on Form 8-K filed on June 3, 1999, June 14, 1999 and August 6, 1999; and

(4) The description of our common stock contained in a registration statement on Form 10-SB/A Amendment No. 2, filed with the Commission on January 5, 1996.

You may request a copy of these filings, at no cost, by writing or telephoning our Investor Relations Department at: Endocare, Inc., 7 Studebaker, Irvine, California 92618, telephone number (949) 595-4770.

You should rely only on the information incorporated by reference or provided in this prospectus or any supplement to it. We have authorized no one to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus or any supplement to this prospectus is accurate as of any date other than the date on the front of the document.

FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference in this prospectus contain forward-looking statements. These forward-looking statements are based on our current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by us. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates" and variations of these words or similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that

are difficult to predict. Therefore, our actual results could differ significantly from those expressed or forecasted in any forward-looking statements as a result of a variety of factors, including those set forth in "Risk Factors" below and elsewhere in, or incorporated by reference into, this prospectus. We undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

ENDOCARE

Endocare develops, manufactures and markets minimally invasive medical devices to treat a variety of urological conditions. Our efforts are focused on the development, sales and marketing of surgical devices for the treatment of the two most common diseases of the prostate - - Benign Prostate Hyperplasia and prostate cancer - - and we are researching and developing other novel urological devices.

Our common stock is listed for quotation on the Nasdaq SmallCap Market under the symbol "ENDO." Our principal executive offices are located at 7 Studebaker, Irvine, California 92618, and our telephone number is (949) 595-4770.

RISK FACTORS

You should consider carefully the following risks before you decide to buy our common stock. Our business, financial condition, results of operations and stock price could be significantly and negatively affected by any of the following risks.

WE HAVE A LIMITED OPERATING HISTORY AND A HISTORY OF LOSSES.

We have a limited history of operations as an independent entity. Since our inception, we have engaged primarily in research and development and have minimal experience in manufacturing, marketing and selling our products in commercial quantities. We have incurred annual operating losses since inception, and expect to continue to incur operating losses because new products will require substantial development, clinical, regulatory, manufacturing, marketing and other expenditures.

For the six months ended June 30, 1999 and the fiscal years ended December 31, 1998, 1997 and 1996, we had net losses of approximately $4.2 million, $4.9 million, $4.0 million and $1.6 million, respectively. As of June 30, 1999, our accumulated deficit was approximately $14.9 million. We may not be able to successfully develop or commercialize our current or future products, achieve significant revenues from sales, or achieve or sustain profitability. Successful completion of our development program and its transition to attaining profitable operations is dependent upon:

- achieving a level of revenues adequate to support our costs,
- obtaining additional financing to fulfill our research and development to continue refining our products, and
- developing and commercializing new products.

OUR NEW PRODUCTS MAY NOT BE ACCEPTED IN THE MARKET AND INSURANCE REIMBURSEMENT

MAY NOT BE SUFFICIENT.

Certain of our products, including our CRYOcare Systems, which were introduced in the second quarter of 1996, are in the early stages of development or market introduction. Our products may not be accepted by potential customers. Our ability to successfully market our CRYOcare System is dependent upon acceptance of cryosurgical procedures in the United States and certain international markets.

Cryosurgery has existed for many years, but has not been widely accepted due to cost, competing products and limited reimbursement by third party payers. Effective July 1, 1999, the Health Care Financing Administration implemented national Medicare coverage for cryosurgical ablation of the prostate, one of the approved uses of our eight probe CRYOcare System, however, reimbursement rates are in the process of being established. Certain private health insurance companies pay for procedures in which our products are used in certain areas of the United States, but private insurance reimbursement may not be adopted nationally or by additional insurers. Reimbursement from Medicare or private insurers may not be sufficient to induce physicians to perform, and patients elect, our procedures.

The acceptance of cryosurgery by the general population may be negatively affected by:

- its price,

- concerns related to its safety and efficacy,

- the accepted effectiveness of alternative methods of correcting urological disorders,

- level of reimbursement established by Medicare, and

- the level of reimbursement from private insurers.

Any future reported adverse events or other unfavorable publicity involving patient outcomes from the use of cryosurgery, whether from our products or the products of our competitors, could also adversely affect acceptance and reimbursement for cryosurgery. Emerging new technologies and procedures to treat cancer, prostate enlargement and other prostate disorders also may negatively affect the market acceptance of cryosurgery. Our CRYOcare Systems may not gain any significant degree of market acceptance among physicians, patients and health care payers.

THE DEVELOPMENT OF OUR PRODUCTS IS UNCERTAIN.

Our growth depends in large part upon our continued ability to successfully develop, commercialize and market new products. Several of our products are in varying stages of development. We may not be successful in developing and commercializing new products that achieve market acceptance. We may experience difficulties that could delay or prevent the successful development, introduction and marketing of new products. Our products in development may not prove safe and effective in clinical trials under regulatory guidelines. Clinical trials may identify significant technical or other obstacles that must

be overcome prior to obtaining necessary regulatory or reimbursement approvals.

Even if our products overcome these obstacles, they will not be used unless they present an attractive alternative to other treatments and the clinical benefits to the patient and cost savings achieved through their use outweigh the cost of the products. We believe that recommendations and endorsements of physicians and patients and sufficient reimbursement by health care payers will be essential for market acceptance of our products, and recommendations, endorsements or sufficient reimbursement may not be obtained. Our failure to successfully develop, commercialize and market new products or to achieve significant market acceptance would have a significant negative effect on our financial condition.

WE HAVE LIMITED SALES AND MARKETING EXPERIENCE.

We have limited experience marketing and selling our products, and do not have experience marketing and selling our products in commercial quantities. In March 1999, we exercised our right to terminate our exclusive worldwide distribution agreement with Boston Scientific Corporation pursuant to which Boston Scientific had agreed to market and distribute our CRYOcare Systems for urology worldwide, except Canada. As a result, future sales of the CRYOcare System, our main product, will be dependent on our marketing efforts.

We derive a majority of our revenues from the sales of CRYOcare Systems and expect that sales of CRYOcare Systems will continue to constitute the majority of sales for the foreseeable future. Any factor negatively impacting the sales of CRYOcare Systems would have a significant negative effect on our business.

We believe that to become and remain competitive, we will need to continue to develop third party international distribution channels and a direct sales force for our products. For our domestic sales, we are evaluating potential domestic partners for distribution of our products. Establishing marketing and sales capabilities sufficient to support sales in commercial quantities will require significant resources. We may not be able to:

- recruit and retain direct sales personnel,

- succeed in establishing and maintaining any third party distribution channels, or

- succeed in our future sales and marketing efforts.

WE WILL NEED ADDITIONAL LONG TERM FINANCING.

We believe that our existing cash resources and anticipated cash flow from future operations will provide sufficient resources to meet present and reasonably foreseeable working capital requirements and other cash needs for the next twelve months. In June 1999 and July 1999, we received $5,000,000 and $3,000,000, respectively, from the sale of 7% Convertible Debentures due three years from their respective sale dates. We entered into a line of credit in July 1999, which provides for a non-formula revolving line of credit of $2,000,000 and up to an additional $1,000,000 based on our eligible accounts receivable. The line of credit expires and all amounts thereunder must be repaid in July 2001.

If we undertake or accelerate significant research and development projects

for new products or pursue corporate acquisitions, it may require additional outside financing. We expect that to meet our long-term needs we will need to raise substantial additional funds through the sale of our equity securities, the incurrence of additional debt or through collaborative arrangements. Any additional equity financing may be dilutive to shareholders, and debt financing, if available, may involve restrictive covenants. Collaborative arrangements, if necessary to raise additional funds, may require us to relinquish rights to certain of our technologies, products or marketing territories. Our failure to raise capital when needed could have a significant negative effect on our financial condition.

WE ARE FACED WITH INTENSE COMPETITION AND RAPID TECHNOLOGICAL AND INDUSTRY CHANGE.

There is intense competition in our field of surgical device manufacturers. Many of our competitors are significantly larger than us and have greater financial, technical, research, marketing, sales, distribution and other resources than us. We believe there will be intense price competition for products developed in our markets. Our competitors may develop or market technologies and products, including drug-based treatments, that are more effective or commercially attractive than any that we are developing or marketing. Our competitors may succeed in obtaining regulatory approval, and introducing or commercializing products before we do. Such developments could have a significant negative effect on our financial condition.

Even if we are able to compete successfully, we may not be able to do so in a profitable manner. The medical device industry generally, and the urological disease treatment market in particular, are characterized by rapid technological change, changing customer needs, and frequent new product introductions. Our future success will depend upon our ability to develop and introduce new cost effective products in a timely manner. Our products may be rendered obsolete as a result of future innovations.

WE HAVE LIMITED MANUFACTURING EXPERIENCE.

We have limited experience in producing our products in commercial quantities. Manufacturers often encounter difficulties in scaling up production of new products, including problems involving production yields, quality control and assurance, component supply and shortages of qualified personnel. Our failure to overcome these manufacturing problems could negatively impact our business and financial condition. We use internal manufacturing capacity in our manufacturing efforts.

Most of our purchased components and processes are available from more than one vendor. However, certain components and processes are currently available from or performed by a single vendor. Any supply interruption from a single source vendor would have a significant negative effect on our ability to manufacture our products until a new source of supply is qualified and, as a result, could have a significant negative effect on our business and financial condition.

Further, the ability of third party manufacturing sources to deliver components will affect our ability to commercialize our products, and our dependence on third party sources may have a negative effect on our profit margins. Our success will depend in part upon our ability to manufacture our products in compliance with the FDA's Good Manufacturing Practices regulations and other regulatory requirements, in sufficient quantities and on a timely basis, while maintaining product quality and acceptable manufacturing costs. Failure to increase production volumes in a timely or cost effective manner or to maintain compliance with the

FDA's Good Manufacturing Practices or other regulatory requirements could have a significant negative effect on our financial condition.

WE ARE DEPENDENT ON KEY PERSONNEL.

Our future success depends to a significant degree upon the continued service of key technical and senior management personnel, including Paul W. Mikus, the President of Endocare, none of whom is bound by an employment agreement or covered by an insurance policy of which we are the beneficiary. Our future success also depends on our continuing ability to attract, retain and motivate highly qualified technical, managerial and sales personnel. The inability to retain or attract qualified personnel could have a significant negative effect upon our financial condition.

GOVERNMENT REGULATION CAN HAVE A SIGNIFICANT IMPACT ON OUR BUSINESS.

Governmental regulation in the United States and other countries is a significant factor affecting the research and development, manufacture and marketing of our products. In the United States, the FDA has broad authority under the Federal Food, Drug and Cosmetic Act and the Public Health Service Act to regulate the distribution, manufacture and sale of medical devices. Foreign sales of drugs and medical devices are subject to foreign governmental regulation and restrictions which vary from country to country.

The process of obtaining FDA and other required regulatory approvals is lengthy and expensive. We may not be able to obtain necessary approvals for clinical testing or for manufacturing or marketing of our products. Failure to comply with applicable regulatory approvals can, among other things, result in:

- fines,

- suspension of regulatory approvals,

- product recalls,

- operating restrictions, and

- criminal prosecution.

In addition, governmental regulation may be established which could prevent, delay, modify or rescind regulatory approval of our products. Any such position by the FDA, or change of position by the FDA, may impact our business and financial condition. Regulatory approvals, if granted, may include significant limitations on the indicated uses for which our products may be marketed. In addition, to obtain such approvals, the FDA and foreign regulatory authorities may impose numerous other requirements on us.

FDA enforcement policy strictly prohibits the marketing of approved medical devices for unapproved uses. In addition, product approvals can be withdrawn for failure to comply with regulatory standards or the occurrence of unforeseen problems following initial marketing. We may not be able to obtain regulatory approvals for our products on a timely basis or at all, and delays in receipt of or failure to receive such approvals, the loss of previously obtained approvals, or failure to comply with existing or future regulatory requirements would have a significant negative effect on our financial condition.

THERE IS UNCERTAINTY RELATING TO THIRD PARTY REIMBURSEMENT WHICH IS CRITICAL TO MARKET ACCEPTANCE OF OUR PRODUCTS.

In the United States, health care providers, such as hospitals and physicians, that purchase our products generally rely on third party payers, principally Federal Medicare, state Medicaid and private health insurance plans, to reimburse all or part of the cost of medical procedures involving our products. Effective July 1, 1999, the Health Care Financing Administration implemented national Medicare coverage for cryosurgical ablation of the prostate, one of the approved uses of our eight probe CRYOcare System, however, reimbursement rates are in the process of being established.

Certain private health insurance companies pay for the procedures in which our products are used in certain areas of the United States, but private insurance reimbursement may not be adopted nationally or by

additional insurers. We anticipate that under the prospective payment system used by private health care payers, the cost of our products will be incorporated into the overall cost of the procedure and that there will be no separate, additional reimbursement for our products. Separate reimbursement for our products is not expected to be available in the United States and reimbursement for our products may not be available in international markets under either governmental or private reimbursement systems. This may discourage the use of our products.

Furthermore, we could be negatively affected by changes in reimbursement policies of government or private health care payers, particularly to the extent any such changes affect reimbursement for procedures in which our products are used. Failure by physicians, hospitals and other users of our products to obtain sufficient reimbursement from health care payers for procedures involving our products, or adverse changes in governmental and private third party payers' policies toward reimbursement for such procedures, could have a significant negative effect on our financial condition.

OUR BUSINESS IS EXPOSED TO RISKS RELATED TO ACQUISITIONS.

As part of our strategy to develop and market our products, we may acquire a business or businesses that we believe might enhance and speed up the development of our products through clinical trials, such as a surgical center or related company that would use our products in clinical applications. We recently acquired Advanced Medical Procedures, LLC, a regional mobile cryosurgery service company that trains surgeons and others in the use of our products and supplies our products to them.

We may not be able to effectively integrate our business with Advanced Medical Procedures or any other business we may acquire, or effectively utilize the business acquired to develop and market our products. The failure to integrate an acquired company into our operations may cause a drain on our financial and managerial resources, and thereby have a significant negative effect on our business and financial results.

WE MAY BE NEGATIVELY IMPACTED BY PRODUCT LIABILITY AND PRODUCT RECALL.

The manufacture and sale of medical products entails significant risk of

product liability claims or product recalls. Our existing insurance coverage limits may not be adequate to protect us from any liabilities we might incur in connection with the clinical trials or sales of our products. We may require increased product liability coverage as our products are commercialized. Insurance is expensive and in the future may not be available on acceptable terms, if at all. A successful product liability claim or series of claims brought against us in excess of our insurance coverage, or a recall of our products, could have a significant negative effect on our business and financial condition.

WE ARE EXPOSED TO RISKS RELATED TO HEALTH CARE REFORM.

Political, economic and regulatory influences are subjecting the health care industry in the United States to fundamental change. We anticipate that Congress, state legislatures and the private sector will continue to review and assess alternative health care delivery and payment systems. Potential approaches that have been considered include:

- mandated basic health care benefits,

- controls on health care spending through limitations on the growth of private purchasing groups,

- price controls, and

- other fundamental changes to the health care delivery system.

Legislative debate is expected to continue in the future, and market forces are expected to demand reduced costs. We cannot predict what impact the adoption of any Federal or state health care reform measures, future private sector reform or market forces may have on our business.

WE ARE DEPENDENT ON ADEQUATE PROTECTION OF OUR PATENT AND PROPRIETARY RIGHTS.

Our success will depend in part on our ability to secure and protect intellectual property rights relating to our technology. While we believe that the protection of patents or licenses is important to our business, we also rely on trade secrets, know-how and continuing technological innovation to maintain our competitive position. We face the following risks:

- our patent applications may not be approved,

- we may not be able to develop any additional proprietary products that are patentable,

- issued patents may not provide us with a competitive edge or may be challenged by third parties, and/or

- our processes or products may infringe patents or proprietary rights of others, and we may not be able to obtain licenses to use such patents or proprietary rights, on terms acceptable to us or at all.

From time to time, we have received correspondence alleging infringement of proprietary rights of third parties. Certain claims of third parties may be

upheld as valid and enforceable, and therefore we may be prevented from practicing the subject matter claimed or would be required to obtain licenses from the owners of any such proprietary rights to avoid infringement. We try to preserve the confidentiality of our technology by entering into confidentiality agreements with our employees, consultants, customers, and key vendors and by other means. These measures may not, however, prevent the unauthorized disclosure or use of such technology.

OUR COMMON STOCK HAS A LIMITED MARKET AND TRADING HISTORY.

Our common stock began trading on the Nasdaq Small Cap Market on February 28, 1997. Between February 20, 1996 and February 28, 1997, our common stock traded on the Nasdaq electronic bulletin board. As a result, our common stock has a limited trading history. If we are unable to maintain the standards for quotation on the Nasdaq SmallCap Market, the ability of our investors to resell their shares may be limited. In addition, our securities may be subjected to "penny stock" rules that impose additional sales practice and market making requirements on broker-dealers who sell or make a market in such securities. This could affect the ability or willingness of broker-dealers to sell or make a market in our securities and the ability of holders of our investors to sell their securities in the secondary market.

The market prices for securities of emerging companies have historically been highly volatile. The following future announcements concerning us or our competitors may have a significant impact on the market price of our common stock:

- our operating results,
- technological innovations or new commercial products,
- corporate collaborations,
- government regulations,
- developments concerning proprietary rights,
- litigation or public concern as to safety of our products,
- investor perception of us and our industry, and
- general economic and market conditions.

In addition, the stock market is subject to price and volume fluctuations that affect the market prices for companies in general and small capitalization, high technology companies in particular, and are often unrelated to their operating performance.

FUTURE SALES OF OUR COMMON STOCK MAY HAVE DILUTIVE EFFECTS.

Future sales of our common stock (including shares issued upon the exercise of outstanding options and warrants and the conversion of convertible debentures) could have a significant negative effect on the market price of our

common stock. Such sales also might make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that we would deem appropriate. As of August 26, 1999, we had 10,766,561 shares of common stock outstanding, substantially all of which may be freely traded (unless held by an affiliate of ours). In addition, as of August 26, 1999, 2,660,794 shares could be issued upon the conversion of the principal amount and payment of a portion of the interest on convertible debentures, warrants to purchase 406,503 shares of common stock were outstanding, and stock options to purchase 3,029,249 shares of common stock had been granted under our stock option plans, subject to various vesting schedules. Stock options to purchase an additional 255,480 shares of common stock may be issued by us from time to time under such option plans and up to 250,000 shares of common stock may be purchased under our Employee Stock Purchase Plan.

In addition, under our 1995 Stock Option Plan, there is an automatic annual increase in the number of options that may be granted of 3% of the total number of shares outstanding on the last trading day of the immediately preceding calendar year, up to a maximum increase of 500,000 shares per year. Additionally, 300,000 shares of common stock may be issued under our 1995 Director Option Plan.

Exercise of options or warrants to purchase our common stock and the issuance of common stock upon the conversion of convertible debentures may result in substantial dilution to investors.

ANTI-TAKEOVER PROVISIONS IN OUR CHARTER MAY HAVE A POSSIBLE NEGATIVE EFFECT ON OUR STOCK PRICE.

Certain provisions of our certificate of incorporation and Bylaws may have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of us. In March 1999, our board of directors adopted a stockholder rights plan in which preferred stock purchase rights were distributed as a dividend. The rights are designed to guard against partial tender offers and other abusive and coercive tactics that may be used in an attempt to gain control of us. Such provisions could limit the price that certain investors might be willing to pay in the future for shares of our common stock. These provisions may make it more difficult for stockholders to take certain corporate actions and may have the effect of delaying or preventing a change in control.

WE FACE "YEAR 2000" RISK.

Many existing computer systems and applications, and other control devices, use only two digits to identify a year in the date field, without considering the impact of the upcoming change in the century. As a result, such systems and applications could fail or create erroneous results unless corrected so that they can process data related to the year 2000 and beyond. We rely on our systems, applications and devices in operating and monitoring all major aspects of our business, including financial systems (such as general ledger, accounts receivable, accounts payable and payroll modules), customer services, infrastructure, networks and telecommunications equipment, and end products. We have initially assessed how we may be impacted by the Year 2000 and have commenced a plan to address the following aspects of the Year 2000 problem:

- information systems,

- non-information systems,

- products, and

- suppliers and customers.

The plan as it relates to information systems, involves a combination of upgrades and replacements. We have completed remediation of our information and non-information systems.

We have completed an assessment of our products and have determined our products do not contain specific calendar year functions. However, unforeseen problems may be encountered when our products are used in conjunction with equipment which is non-Year 2000 compliant. We are currently assessing Year 2000 issues with respect to major suppliers and customers and expect this process to be completed by September 30, 1999, however, Year 2000 compliance plans may not be successfully completed by suppliers

and customers in a timely manner. If we are not successful in implementing our Year 2000 compliance plan, there may be a significant negative impact on our business and financial condition.

We estimate that the costs associated with the Year 2000 issues will not have a material effect on our financial position. Historical amounts spent on assessment and remediation have not been material to the results of operations.

We believe our greatest risks related to the Year 2000 issue involve interrupted product flow from suppliers and a possible redirection or interruption of purchasing activities from key customers due to their potential failure to fully address their own Year 2000 issues. Due to the importance of addressing these risks, and the need for us to focus attention to remediation efforts, we expect to develop contingency plans to address those Year 2000 problems which may not be corrected by implementation of our Year 2000 compliance plan. Contingency plans are expected to be completed by September 30, 1999.

USE OF PROCEEDS

The shares of common stock offered by this prospectus will be sold by the selling stockholders and, accordingly, Endocare will not receive any of the proceeds from the sale of the shares.

SELLING STOCKHOLDERS

The shares of common stock set forth in the table below may be acquired by the selling stockholders upon conversion of debentures. None of the selling stockholders has had a material relationship with Endocare within the past three years other than as a result of the ownership of securities of Endocare. No estimate can be given as to the amount of shares that will be held by the selling stockholders after completion of this offering because the selling stockholders may sell all or some of the shares. The shares offered by this prospectus may be offered from time to time by the selling stockholders.

<TABLE>
<CAPTION>

	SHARES OF COMMON STOCK BENEFICIALLY OWNED PRIOR	PERCENT OF COMMON STOCK BENEFICIALLY OWNED PRIOR	SHARES OF COMMON STOCK OFFERED

NAME OF SELLING STOCKHOLDER	TO THIS OFFERING(1)	TO THIS OFFERING*	IN THIS OFFERING(2)
<S>	<C>	<C>	<C>
Brown Simpson Strategic Growth Fund, Ltd.	1,777,289	16.5%	652,963
Brown Simpson Strategic Growth Fund, L.P.	986,798	9.2%	326,481
TOTAL:			979,444

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* Based on 10,766,561 shares outstanding as of August 26, 1999.

(1) Includes the shares of common stock offered in this offering plus 1,124,326 and 660,317 shares, respectively, that may be issued to Brown Simpson Strategic Growth Fund, Ltd. and Brown Simpson Strategic Growth Fund, L.P. upon conversion of principal of and payment of a portion of interest on 7% Convertible Debentures issued or issuable to them pursuant to a debenture financing on June 7, 1999.

(2) Brown Simpson Strategic Growth Fund, L.P. and Brown Simpson Strategic Growth Fund, Ltd. (the "BSSG Investors") may acquire the shares of common stock offered in this offering upon conversion of the principal amount of, or payment in stock of a portion of the interest on, 7% Convertible Debentures (the "Debentures") issued or to be issued by Endocare to the BSSG Investors. On July 30, 1999, Endocare received $3,000,000 from the sale of Debentures, which mature on July 29, 2002 and are convertible at the option of the holders at any time prior to the maturity date into common stock at $6.00 per share (subject to adjustment in certain circumstances). Under the financing arrangement, until July 29, 2002, the BSSG Investors have the option to purchase an additional $3,000,000 in principal amount of Debentures and, under certain circumstances, Endocare may require the BSSG Investors to exercise this option. The additional $3,000,000 of Debentures mature three years from their sale date and are convertible into common stock at $6.75 per share (subject to adjustment in certain circumstances). In addition, interest on the Debentures may be paid in common stock, subject to certain limitations. The Debentures and a summary of their terms are included in Endocare's Current Report on Form 8-K filed with the SEC on August 6, 1999, a copy of which may be obtained as described in this prospectus under "Where You Can Find Additional Information."

DESCRIPTION OF ENDOCARE'S CAPITAL STOCK

The following summary is a description of certain provisions of Endocare's Certificate of Incorporation, as amended and restated. Such summary does not purport to be complete and is subject to, and is qualified in its entirety by, all of the provisions of the Certificate of Incorporation.

Endocare's authorized capital stock consists of 20,000,000 shares of common stock, $0.001 par value, and 1,000,000 shares of Preferred Stock, $0.001 par value.

COMMON STOCK

As of August 26, 1999, there were 10,766,561 shares of common stock issued and outstanding.

Holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. There are no cumulative voting rights applicable to the common stock.

Subject to the preferences or other rights applicable to shares of preferred stock that may be issued from time to time, holders of shares of common stock are entitled to participate ratably in dividends, if, when and as declared by the Board of Directors from funds legally available therefor and are entitled, in the event of liquidation or dissolution of Endocare, to share ratably in all assets available for distribution to stockholders after payment of liabilities and preferred stock preferences, if any.

The authorized but unissued shares of common stock are available for issuance without further action by Endocare's stockholders, unless such action is required by applicable law or the rules of any stock exchange on which the common stock may be listed. Shares of common stock are not redeemable and there are no sinking fund provisions.

PREFERRED STOCK

Endocare's Certificate of Incorporation authorizes Endocare's Board of Directors, without any vote or action by the holders of common stock, to issue preferred stock from time to time in one or more series. The Board is authorized to determine the number of shares and designation of any series of preferred stock and the dividend rights, dividend rate, conversion rights and terms, voting rights (full or limited, if any), redemption rights and terms, liquidation preferences and sinking fund terms and the other designations, preferences and relative, participating, optional and other special rights and such qualifications, limitations or restrictions of any series of Preferred Stock. The preferred stock would be subject to the applicable rules of The Nasdaq Stock Market, Inc. or other organizations on whose systems the stock of Endocare may then be quoted or listed. Depending upon the terms of the preferred stock established by the Board, any or all series of preferred stock could have preference over the common stock with respect to dividends and other distributions and upon liquidation of Endocare. Issuance of any such shares with voting powers, or issuance of additional shares of common stock, would dilute the voting power of the outstanding common stock. As of June 30, 1999, Endocare had no outstanding shares of preferred stock.

NO PREEMPTIVE RIGHTS

No holder of any capital stock of Endocare has any preemptive rights to subscribe for or purchase any securities of any class or kind of Endocare.

TRANSFER AGENT

Endocare's registrar and transfer agent for its common stock is U.S. Stock Transfer Corporation.

PLAN OF DISTRIBUTION

Endocare is registering the shares of common stock covered by this prospectus on behalf of the selling stockholders. The term "selling stockholder" means the selling stockholder of the shares and includes donees and pledgees selling shares received from a named selling stockholder after the date of this prospectus. All costs, expenses and fees in connection with the registration of the shares will be borne by Endocare. Brokerage commissions and similar selling expenses, if any, attributable to the sale of shares will be paid by the selling stockholders. Sales of shares may be effected by selling stockholders from time to time in one or more types of transactions (which may include block transactions) on Nasdaq, in the over-the-counter market, in negotiated transactions, through put or call options transactions relating to the shares, through short sales of shares, or a combination of such methods of sale, at market prices prevailing at the time of sale, or at negotiated prices. These transactions may or may not involve brokers or dealers. The selling stockholders have advised Endocare that they have not entered into any agreements, understandings or arrangements with any underwriters or broker-dealers regarding the sale of their securities, nor is there an underwriter or coordinated broker acting in connection with the proposed sale of shares by the selling stockholders.

The selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions. In connection with such transactions, broker-dealers or other financial institutions may engage in short sales of the shares or of securities convertible into or exchangeable for the shares in the course of hedging positions they assume with selling stockholders. The selling stockholders may also enter into options or other transactions with broker-dealers or other financial institutions which require the delivery to such broker-dealers or other financial institutions of shares offered by this Prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this Prospectus (as amended or supplemented to reflect such transaction).

The selling stockholders may effect such transactions by selling shares directly to purchasers or to or through broker-dealers, which may act as agents or principals. Such broker-dealers may receive compensation in the form of discounts, concessions or commissions from selling stockholders and/or the purchasers of shares for whom such broker-dealers may act as agents or to whom they sell as principal, or both (which compensation as to a particular broker-dealer might be in excess of customary commissions).

The selling stockholders and any broker-dealers that act in connection with the sale of shares might be deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act, and any commissions received by such broker-dealers and any profit on the resale of the shares sold by them while acting as principals might be deemed to be underwriting discounts or commissions under the Securities Act. Endocare has agreed to indemnify each selling stockholder against certain liabilities, including liabilities arising under the Securities Act. The selling stockholders may agree to indemnify any agent, dealer or broker-dealer that participates in transactions involving sales of the shares against certain liabilities, including liabilities arising under the Securities Act.

The selling stockholders will be subject to the prospectus delivery requirements of the Securities Act. Endocare has informed the selling

stockholders that the anti-manipulative provisions of Regulation M promulgated under the Exchange Act may apply to their sales in the market.

The selling stockholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act, provided they meet the criteria and conform to the requirements of such Rule.

Upon Endocare being notified by a selling stockholder that any material arrangement has been entered into with a broker-dealer for the sale of shares through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus will be filed, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (i) the name of each such selling stockholder and of the participating broker-dealer(s), (ii) the number of shares involved, (iii) the initial price at which such Shares were sold, (iv) the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable, (v) that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this Prospectus and (vi) other facts material to the

transactions. In addition, upon Endocare being notified by a selling stockholder that a donee or pledgee intends to sell more than 5,000 shares of common stock, a supplement to this Prospectus will be filed.

LEGAL OPINION

The validity of the shares offered hereby is passed upon for Endocare by Brobeck, Phleger & Harrison LLP, Irvine, California.

EXPERTS

The financial statements and schedule of Endocare as of December 31, 1998 and 1997 and for each of the years in the three year period ended December 31, 1998 have been incorporated by reference herein and in the registration statement in reliance upon the report of KPMG LLP, independent certified public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

We have not authorized any person to make a statement that differs from what is in this prospectus. If any person does make a statement that differs from what is in this prospectus, you should not rely on it. This prospectus is not an offer to sell, nor is it seeking an offer to buy, these securities in any state in which the offer or sale is not permitted. The information in this prospectus is complete and accurate as of its date, but the information may change after that date.

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ENDOCARE, INC.
979,444 SHARES
OF COMMON STOCK

PROSPECTUS

SEPTEMBER 3, 1999

