

TRANSCRIPT BY THE CENTER FOR MEDICAL PROGRESS

22 May 2015

Speakers:

-Cate Dyer, CEO, StemExpress, LLC (“**SE**”)

-Kevin Cooksy, VP of Corporate Development and Legal Affairs, StemExpress, LLC (“**Kevin**”)

-Megan Barr, Procurement Manager, StemExpress, LLC (“**Megan**”)

-Two actors posing as Fetal Tissue Procurement Company (“**Buyer**”)

frame counts are approximate

035600 Cate Dyer comes to table

SE: Hi, I’m Cate Dyer.

Buyer: [Name], good to meet you.

SE: Hi [Name], it’s good to meet you. Hi.

Buyer: [Name], good to meet you.

SE: Hi, [Name]. How’s it going?

Buyer: Good.

SE: Good. Are we- am I the last one to join?

Kevin: Yes, you are.

SE: Perfect.

Buyer: We- I ordered some red, I hope you like red.

SE: Oh, thank you. You know, I don’t drink, but you guys can enjoy it.

Buyer: Thanks.

SE: Yea, thanks, but no thank you.

Buyer: You’re welcome.

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SE: How was your visit so far?

Buyer: Good. It's been good. Productive.

SE: Good.

Waitress: Would like something to drink besides water?

SE: I think I'll just start out with water for now.

Waitress: And you? Did you want anything else to drink? Iced Tea or anything?

Megan: Water. Thank you.

Waitress: I'll get you more water. I'll be right back.

SE: So your visit was good?

Buyer: It was productive.

SE: Oh good.

Buyer: That makes it good.

SE: Yea, and you guys just flew up from L.A. right?

Buyer: Mhm. Yes.

SE: Well good, that was a short trip.

Buyer: Yes, different than Baltimore.

SE: Yes, it's true.

Megan: Did you fly directly here?

Buyer: You know, I don't even remember. Yea, I always have a layover.

Buyer: Mine is the direct, one.

SE: I'll pass around a menu for you guys, there's a stack of them right here. I come here pretty frequently enough, I think I'm pretty much-

Buyer: Are you close?

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SE: I'm pretty close. I end up coming here for meeting with people from Sacramento. It's kind of a close in between from our office, and we do a lot of meetings here, so.

Buyer: So, they know you?

SE: They know me, pretty well. We'll see which one comes up.

Buyer: So, what's good on the menu?

SE: Oh my goodness, there's a lot of things. If you feel like- they do really good flatbreads, like flat bread pizzas that are really good. The salads are great. If you like bleu cheese, thier Oregon Bleu Cheese Salad really, really good. It has a little bit of spice to it.

Buyer: Ok.

SE: Sandwiches are really good, I'm trying to think if I've had anything bad here.

Buyer: Ok, on the panini, is it George' ?

SE: The George. Yea,-

Buyer: George? I would expect George' .

SE: Oh, Gorge. Yes, thank you. That one is actually really good. I've had that one a few times.

Buyer: And the Oregon Salad-

SE: The Oregon Bleu Cheese Salad is good.

Buyer: Ok.

Megan: (Inaudible)

Kevin: Yea. (Inaudible)

Buyer: What looks good to you, [Name]?

Buyer: I really like the look of the Bolognese Pasta.

SE: I don't think- I don't think I've ever had it before. That sounds really good too. The wine really does smell good. Is that local?

Buyer: It's Argentine.

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SE: Oh, Argentina.

Buyer: It was [Name]'s recommendation.

SE: Layer Cake. Cake bread, that's what it reminds me of.

Buyer: So, why do you like this tell me again.

Buyer: I don't know- It's really smooth.

Buyer: You eat a lot of pasta (inaudible)

SE: You know, we have a lot of great wineries our here. Nappa's great but, a lot of local places up here that is really great too. My parents used to bottle their own wine, so.

Buyer: And you don't drink? What happened?

SE: I know. It's really just a preference. I'm not a-

Buyer: Did you at one time or?

SE: Well, kinda. I did yea, and I have. It's kind of the gluten, you know how there a lot of gluten in wine too. It's in wheat beer as well, some people, it just doesn't sit well with them. I'm one of them.

Buyer: Are you Gluten-

SE: Intolerant? Not entirely, no. Thank goodness.

Buyer: But you can tell a difference if you-

SE: Yea, you know, somethings bother me more than others.

Buyer: And are your parents still speaking to you now that-

SE: Yes. They do. They've given a lot of it as gifts I given it to people, and it's funny, I have tell you. I swear, five times out of ten, I give gifts of wine for people and they say, "oh, I don't drink." I'm like oh my gosh, I can't seem to like you, know? Yea, sometimes in hospitals and they say yea, but i'll make good use of it.

Kevin: This wine is from Argentina, but it's bottled in Napa.

SE: Oh.

Kevin: The must keg it up here.

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SE: Wow, that's interesting.

045000 "I'd love to hear a little bit about you guys"

SE: So, yea. I'd love to hear a little bit more about you guys. I know that, I think I saw [Company] at a NAF conference a year ago. But, I don't know if that's when you guys started or sort of a history of the company.

Buyer: We'd been up just over a year. And so I was reading up and getting the scoop about you.

SE: Yea.

Buyer: And I was hoping to see you in Baltimore.

SE: I was hoping to be there. Change of plans.

Buyer: But I was so glad that I got to talk to Megan. I was hoping that you were interested in partnering- not partnering but seeing what we could do that would be financially profitable for the both of us.

SE: Yea. Yes absolutely.

Buyer: We've got (inaudible) You have so much more expertise, I'm sure. How long has it been?

SE: 2010.

Buyer: Oh ok. So you're five years. Wow.

SE: I know right? It feels like thirty. It's exhausting. Yea, five years but it's been so much longer than that. But still, I was going to say- so tell me a little bit about- is it your first business?

Buyer: Yes. Well, we're a start up.

SE: Yea.

047800 background

Buyer: But my whole reasons for getting into it, I think I came in the back door. I used to work with women who needed counseling.

SE: Yea, I think I saw on a website, a women's downtown clinic in L.A? Was that you? Ok.

Buyer: Yea, way back in scary times.

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SE: Yea, and clinics were getting burned to the ground. Yea.

Buyer: Yes. I was mainly dealing with women.

SE: Yea.

Buyer: (Inaudible) So it was my niece that was working with researchers. They needed-

SE: Tissue.

Buyer: Yea, and so I just- it started percolating and (inaudible) what would be a challenging difficult time-

SE: Was you niece down in L.A as well?

Buyer: No, she's up in the bay area. San Francisco, Bay area.

049500 Cate: "Did she work with ABR?"

SE: Did she work with ABR?

Buyer: No- ABR like Perrin Larson and-

SE: Yea. Perrin and those guys. She was working with an academic. Yea.

Buyer: So yea, one thing led to another and I just thought this could be- If I got the right people (inaudible)

SE: Yea, she could (inaudible)

Buyer: I know nothing about that. I really just wanted to work with women. (inaudible) They're more than willing to (inaudible) talking to the women there, they are overwhelmingly very positive about it, if they know-

SE: Absolutely.

Buyer: - what can be done in science. I don't understand it, I just listen to [Name], he tells me what's going on and to somehow transfer that information (inaudible) It's important.

SE: Yea. Good. Yea, and I know too, Megan mentioned that you guys have started working with some of the Planned Parenthoods in LA right?

Buyer: Uh, LA. Mostly Denver, Texas, that' where we are right now, because they have the volume that we want.

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SE: Got it. Got it.,

Buyer: Yea, most of the clinics you've noticed are maxed out. They're partnered with ABR has San Francisco, Novogenix has L.A. There's a couple, I don't know what I can share. There's a couple- the Southern California area is very saturated right now. They weren't able to give us the volume that we needed-

SE: Yea.

Buyer: -then, what I saw was- there was an incident when I had a person that I promised something to, and I couldn't deliver. I told [Name] that we needed to find places that are able to-

SE: Produce the volume that you need.

Buyer: So that we're not "oh yes, we can get you this" I don't mean to interrupt, I saw you moved the wine earlier. Do you want to switch places? So you can speak better?

SE: I'm fine, I was just like this. It was right in the middle of my vision. That's perfect.

Buyer: Anyway, that's- (inaudible) I wasn't to be 95% sure that we can provide-

055300

SE: So many think they can right? But not really. They think they have the volume and so my physicians are like "oh I can get tissue and they can't." It's a lot of mis information and you deal with that a lot.

Buyer: So, that was a learning curve for me. Now, I feel like- I know, when there is an overabundance, (inaudible) why don't we share and have. So if you're interested, and you- I don't know what you're need is.

SE: Yea, we're excited to talk to you guys about that tonight, too.

Buyer: Alright.

SE: So let me ask a few more questions, which will help frame that a little bit. So, you guys are based out of Norwalk?

Buyer: Long Beach area, yea.

SE: So, the company's been around, how long did you say, like two years? A year and a half?

Buyer: A little over a year.

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SE: Alright. And about size wise, the company is- how the employee count lies, is it still growing?

Buyer: Still growing.

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SE: What kind of long term goals, what are you guys kind of hoping- what's your big dream, like if you're thinking about this, what's your long term goal, do you know yet? People ask me that all the time and I'm like- yea,

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Buyer: Okay, big dream? Big dream—

SE: Yeah what's your big dream?

Buyer: I would like to be able to add a lot to Hillary Clinton's purse.

SE: Me too!

Buyer: Really?

SE: I mean, ask these guys. The minute she announced her candidacy—I have a signed picture from Hillary, because my sister works in Congress. So it's on my—I like brought it into work the next day and propped it right on my desk. So, yeah.

Buyer: So, wouldn't you—

SE: I'm a huge Hillary fan.

Buyer: That's my, big, so, and I see, "Okay, how much money do I really need? I'm old. I don't need a bunch of money."

SE: Right, right.

Buyer: But looking around, and seeing what's going on, the people that we need, I would really like to be able to help fund that. So.

SE: Yeah.

Buyer: So I just see all of us, that are trying to do what we're doing, the goals that we have, whatever they are, everybody's going to have different goals.

SE: Mhm.

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Buyer: But we need key people, and those people need funding.

SE: Mhm.

Buyer: So, that's a bigger goal for me.

SE: Yeah, yeah.

Buyer: And so, wonderful.

SE: Yeah, I'm a huge Hillary fan.

Buyer: I mean, can you—and I'm sure that that would work into a goal for you.

SE: Oh yeah. Well, she's getting elected this time, as far as I'm concerned.

Buyer: So I can save my money? I don't need to—

SE: Well, I'm sure she's gonna need a lot of it. Yeah my sister works in Congress, and she works predominantly for Republicans.

Buyer: Really.

SE: Yeah, kind of shocking, her background is an attorney, and she works with health care reform. And so she's very socially liberal and super into stem cell research and everything, but as far as health care's concerned, she lines up really well with the conservative group. So—

Buyer: Help me understand that.

SE: I know, I don't know that I could explain it well enough, you know, she just has all the opinions about Medicare and I don't know, it goes, it's just, every time I try to have conversations with her it just gets daunting and confusing as health care policy in the federal government tends to do, so, I don't know. I'm a big believer that if Canada and places like this can do it without an issue, we should be able to figure it out. Europe's been doing it for some time. If you're an American and you fall and break your leg, they just fix it for you. You know what I mean, but for some reason we can't seem to figure out health care in the United States.

Buyer: We're shutting down clinics in the United States-

SE: Yea, and we're cutting out funding or women's clinics and- you just see it all over the place right? It's a huge issue, but yea- so that's- you know, so, at one point when Hillary was running last time, I asked my sister to go down the hall and get a signed picture, and she did so, yea, a little bit about us.

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007500 describing the founding of StemExpress

SE: In 2010 I started the company, it started from the standpoint of procurement, but my background was all hospital-based, so not women's clinics-based, but hospital based, I was premed through school, I thought I would do emergency medicine and started working with transplant companies. Coming in to do cadaver collection for transplantation, really saw a lot that wasn't being used and should be used. You know, transplant companies collect a lot from people who are diseased, and there were a lot of disease researchers who were really struggling to get what they needed on that front. That's sort of where it all started rolling for me, the hospital sector. As you guys know, the research requests are pretty broad and so that's why we started becoming broader and broader. I'm sure it's probably a similar story for you guys as well. The requests come in and you want to work with these people. **[lie, she used to work for ABR in abortion clinics]**

Buyer: Broader, and not predictable, do you find that?

SE: Oh yea. Absolutely. You know, I think for us, you know, we started with a small lab and a lot of the researchers that we were working with really focused in that direction. It's taken a ton of money and a ton of work to get to a full cell isolation and a cell processing lab. That has taken on a life of it's own in our core business so, a lot of the requests from us right now are really cell specific. A lot of things are like collections from researchers and you know, I started to find that the focus was on us to do something with the samples. in the beginning they kind of wanted them directly and some still do, but I think they want us to do something. That's really where a lot of our knowledge base has expanded, and a lot of our emphasis has gone into that expansion. Hence, you know, when Megan was there, I think she mentioned something to you guys, or one of you-

011200

SE: You know, for things in the fetal tissue range. We get a lot of requests for fetal liver tissue. And but you know, they don't want it directly. You guys might still get requests where they want it directly, but from us, they want us to provide them cells from it.

Kevin: That was a demonstrated competence though. That wasn't—

SE: Yeah.

Buyer: That was a what?

Kevin: It—There was a lot of requests and there still are for raw fetal tissue.

SE: Mhm.

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Buyer: Mhm.

I'm sure you're getting a lot of requests for that, everybody is. And one of the requests came into StemExpress for doing the cell isolations for them for these specific cells, mainly 34s but some others as well. And it was a process of optimizing that isolation technology that created that business and I jumped in because that was like a 3 year process to get that done-

013400

SE: Oh, almost 4, and a ton of money. An astronomical amount of money and-

Buyer: Was it even work it? I'm sorry, I don't mean to interrupt.

SE: Yea, I think it's been worth it but it still- **It almost bankrupted us.** It made me nervous, it really did, it almost did. Megan remembers those times, it was just like, really, really brutal. It's just not easily executable, I think that we've created now, so much proprietary knowledge in the way we do cell isolations now where big companies have even backed out of that space. Big companies, like hundreds of million of dollars of companies, because they couldn't get the isolations right, have backed out of that space.

Buyer: And you're still-

SE: Yea.

Buyer: Good for you.

SE: That's why I'm exhausted, but I think that's the piece that's just for us.

Kevin: Well, it's a different model, there was the procurement model, and you had that working and there's a number of people you know, ABR is in that space. But to plant that seed and sort of develop stem cell isolations, the process on that was-

SE: Yea, and you companies do it, you see companies start these you know, cell isolations side. I remember with in the last five years, you see companies start and then plummet, you know, ten million dollars down the drain by the end of the year and their just done, you know? It's just- I don't know how we got through to the light at the end of the tunnel on that, it was brutal. So yea, now we've kind of come out of that space and a lot of clients buy cell isolations from us, and they're like "you're the only ones we're buying cells from." It's been great, but it's also very taxing on the amount of product that we need to produce that. I think that you know-

Buyer: It seems like (inaudible)

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SE: Right. That's what I was anxious to talk to you guys about, I think we would be interested in talking to you about what we could set up, even potentially on an exclusive basis if you're open to that side of it. I think we'll be, ultimately, and I don't just say this to blow smoke. I think we'll ultimately be your best client, because it's because of what we do on the backside- their are companies that aren't doing that anymore. I think- from that aspect, that's why I was looking forward to chatting tonight.

Buyer: So could you tell me, how can we help? What would you want from us? How could we best-

SE: Yea, I was looking on the website today and sort of all the things you guys have listed there. I think, on the topic, on the fetal tissue side of it would be helpful for us to understand, volume wise.

018300

SE: Realistically, if we were to do an agreement with you, what do we think you could get?

Buyer: Volume-wise?

SE: On specifically liver tissue, because that's such an area of demand for us.

Buyer: So liver, and what about intact specimens, just—?

SE: Oh, yeah, I mean if you had intact cases, which we've done a lot, we sometimes ship those back to our lab in its entirety.

Buyer: Okay.

SE: So that would also be great if you guys have those.

Buyer: The entire case.

SE: Yeah, yeah. Because it's just, and the procurement for us, I mean it can go really sideways, depending on the facility, and then our samples are destroyed, and we're like, "Really?" This was all so much work, and then just to have them be destroyed is awful. I mean we have researchers wait forever, and they want certain things, you know, perfectly done, so we started bringing them back even to manage it from a procurement expert standpoint.

Buyer: So, what goes wrong? That you think you're getting something, and it doesn't come through.

SE: I would say with liver it's—

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Buyer: *coughs* Misoprostol! *coughs* [laughter]

SE: [laughter] You used to work in clinics, huh?

Buyer: I just, we're good friends with Deb Nucatola and-

SE: Oh yea, I like Deb Nucatola, yea.

Buyer: See, you understand this, and you know right away. I'm still like explain that, I'm- It's not the fault of Misoprostol because Misoprostol can be used in conjunctions with LAMs and you can get really good results. The model that clinics are moving to, the one day prep- not just one day prep, just one day everything. In which case, you're not going to get the cervical dilation you need, which-

021000 cervical dilation

SE: And the suction destroys everything and it gets to the point where you could look at 60 cases and get nothing. It's really time intensive and so you know, I think for us, you know, the liver tissue, focusing on that piece at least.

021800 we've seen doctors provide blood clots saying it's liver

SE: We've seen doctors send over blood clots, "oh yea, we've got a liver." It turns out to be a blood clot so you get plenty of those. You can always tell right away because it's just red water by the time it gets to us. Like, "whoa, where'd it go? How'd it crawl out of the container?" Did that answer your question?

Buyer: No. I wanted solutions. I see the problem, I get the problem. I'm thinking of having my people wherever we find things. Hiring people- that we're doing the work, so we know what we're getting. So we're not relying on someone who mistakes a blood clot. Some of the providers- you were there with me in the room, they're like "is this good enough? Is this good enough?" They- I don't know, and I knew more than- I just stood back and let [Name] work it. I was surprised that they wouldn't know- I'm pretty sure we need our own people there.

SE: Yea, they really don't know and it varies pretty drastically. Sometimes-

Megan: Sometimes, having your own people sometimes it doesn't matter-

SE: To clinics.

Buyer: Yea, if a provider is not being creative with how they-

SE: You staff the people you want there.

Buyer: Right.

SE: But really, that's another issue so, I mean, it is-

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024000 providers getting creative with procedure, attorneys being careful with layers, how contracts are worded, altering gestational age

Buyer: The providers that I have been talking to, really, have the skill and they're willing to alter the procedure so that intact specimen is- they can't guarantee anything but, they're willing as long as the layers- how we're protected. How the contract is drawn up, how it's worded (inaudible) we all know that this is not- I don't know, how we're doing, what we're doing and how we present ourselves. Help me to remember this, the way that they're counting, what is the age gestational age, you can show it a little younger than what it is. they're willing to work with that. So to me that's solving the problem, sending one of our people in, they know what they're looking for, they're training. Then having providers that are willing to be trained.

SE: Interesting.

Buyer: That seems to be solving the problem, it sounds like you're having.

027000 digoxin

Megan: (inaudible)

Buyer: What is it? Twenty- eighteen and above. We make sure- yea, one is eighteen and one is twenty four.

Megan: (inaudible)

Buyer: No, actually, they're not even-

SE: Yea, by the way, I know I mentioned this to you the other day. Somebody- maybe it was in that meeting you were in- somebody is looking at using dig tissue for research-

Buyer: No.

SE: I'm like please, just tell me that it works-

Buyer: Studies? I mean, what are they- No.

SE: We would never get anything from it. I wish it would work, right? In concept it would work, right? It would be great. Yea, but no.

028200 like doing stem cell research out of a corpse

Buyer: It's like doing stem cell research out of a corpse. Come on.

SE: Yea, I know.

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Buyer: Let's be realistic here.

Megan: (inaudible)

Buyer: The smell is already bad enough, I'm sorry we're at the table.

SE: It's ok. I know, we all know. Yea, what's your background, [Name]?

Buyer: My background is in bio research, I was a bio major, undergrad. I've done all my-

SE: Down in L.A?

Buyer: Yes.

SE: Oh, nice.

Buyer: And so I did do SCID mouse work for a little while-

SE: Oh nice.

Buyer: Which is the humanized mouse models. I'm very passionate about that, I think it's really cool. I think it's world changing. Yea, but now I'm just doing the procurement thing. So, not necessarily- well, I'm not an academic at heart, I guess is what I would say. Applied sciences is more what I'm in to.

SE: That's great.

Kevin: Did you work for the university or were you of the big medical centers?

Buyer: No, that was- No, I was never at Jackson or anything like that.

Kevin: There are like four or five major-

SE: Mouse houses.

Kevin: Manufactures. Mouse houses.

Buyer: Real interesting, Deb Nucatola told us when she was in med school at University of Washington, Madison. That was one of the places that they were breeding the different strains, they'd have the little crates or whatever- It was funny. The providers are really important, especially if they have a research background who knows kind of what- or are just very skilled, like Deb.

SE: Yea.

031000 convert to breech on ultrasound, Cate: "Yep"

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Buyer: They can do the whole convert to breech on ultrasound-

SE: Yep.

Buyer: Not all of them have that skill level you know? If they do, not all of them feel comfortable where they're at- we all know were working in a highly stigmatized area.

SE: Yea, completely.

032000 contamination issues

SE: Yea, and there's so much too. Contamination wise, is another big issue so you know, we've seen all sorts of things with contamination that can be an issue. We have a number of quality checks that we have to go through, internally. Just to make sure we're not investing a bunch of money into something just to find out it's contaminated. So there's a lot of steps there to, that the researchers ask us to do, so yea.

Buyer: Tell me about, you guys are obviously very proud of your cell isolation protocol. Would you say that you area at a point where you are more efficient than other outfits that do it? For example, a sixteen week liver- and maybe this is not your expertise, or maybe one of your lab people- the number of cells that you can get out of that liver compared to another company that I might hire to do it.

SE: Oh yea.

Buyer: Your lab stacks up better than-

SE: Yea, and like I said there are businesses that used work in cell lines, and now they don't anymore. And so really, it's extremely challenging. Yea, and I think that- yea, I would say so. I'd be biased, but-

Kevin: The hands down truth, without dropping big names. Literally the yield is better, engraftment is better- "we don't want to be in that business, anyway." They turn to Cate's group-

SE: And there's papers- there's papers out there, published about us doing the work with people. So it's-

Kevin: That's actually the better source of information. You could do a literature search.

Buyer: I think that you're still standing is proof in itself.

SE: Thank you. Thank you. Yea, I agree. It brutal. I think- it's something that I'm passionate about helping researchers and we're passionate about you know,

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providing a quality products, and what I find is the quality bar keeps raising for us. It's amazing how our clients audit us, they audit our facilities, they- it's intense- sometimes for days. You know, it's raised that whole bar on the quality side. We hired a director of Quality Assurance and Regulatory Affairs who used to work for AmGen, and Murke, and Covance this last year and just really have to put the time and energy on the quality side because it could make a big difference. If we provide product to people that ends up being contaminated, and it affects their entire study, that's a massive issue.

038900 infectious disease screening

Buyer: Ok, so I'm hearing volume, I'm hearing quality.

SE: Yes.

Buyer: Which makes me think that- So that makes me feel even more comfortable about it. The thought that I was having all week- It's just have to, to have our own people, qualified people. So that what we're delivering to you is quality and not contaminated. The volume can be there, then we're not losing anything. A provider will go through being creative and bendig a few procedural techniques and methods. That once that's done to not have a product, that's just not acceptable.

SE: Yea.

Kevin: Do you apply any special disease screening for your clients?

Buyer: Some request it. Yea. And some- we try to cater very closely to specifically what a researcher is looking for, and so if it's something they request, it's something that can be done. Some have their own protocols and processes that they prefer to follow and we're happy to facilitate that as well. I was actually kind of interested if contamination you're finding is and issue for your cell isolations is there anything you can do to take your isolation from the core of the tissue instead of- certainly for colleagues of mine who worked in forensic DNA work for example, they never- on the one hand, contamination is important on the other hand- contamination is important- on the other hand, if your person is good and trained and knows what they're doing to take their sample from the core of the tissue, and I don't know, depending on the ratio of how many of the cells you're specifically targeting are in there, it might now, you know, you can't, you know- why have an intact liver if you're only going to take a part of the middle? But I don't know, that's just something I thought- I was wondering.

SE: No , yea, and that's a good point. Really, that's just like you said. We need all of it. It makes it really difficult on that front but, I think that- we try to go to pretty good lengths. You know, in a lot of circumstances we are providing- like in this case, we would be providing you guys media of our own in container that we would want you to use for the transport of samples. So that it's in our own stuff

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right from the beginning. I think that would be a good start.

Buyer: Mhm.

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SE: We'll do testing on our side, so we'll be able to see, you know. And sometimes we'll find that it can be clinic-specific. I've seen really rampant, rampant problems with bacteria in certain clinics. [laughter] Some where you're kind of in question of should they really, you know, [laughing]

Buyer: Right.

SE: I've seen staph come out of clinics.

Buyer: Wow.

SE: So, I mean, I've seen all sorts of things come out of clinics, so.

Buyer: Just the different sites that we've visited, I can see exactly what you're—

SE: Exactly, right, so. It's how serious the clinic sort of and their own facility kind of, looking at that too. So then, I mean, on the range piece. What do you feel like you guys could do on that front, maybe-

Buyer: The gestational range?

SE: No sorry, in the amount of tissue. You know, in a week, in a month.

Buyer: You mean, volume.

SE: Yea. Now, versus six months, versus a year.

Buyer: (inaudible) think about like, how much immediately, what's your volume that you would like. Then, how fast can we would grow- what would you be expecting, I guess. What would be a starting point for you, right now, immediately.

SE: Well, I would say anything, would be a starting point for us right now.

Buyer: Ok.

SE: Because we have a need.

Buyer: What's your biggest need?

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044300 biggest need is fetal liver

SE: It's fetal liver.

Buyer: Ok.

SE: From the fetal tissue standpoint. I'd love to talk to you guys too, about some cancerous tissue I saw on the website. So, we can get into other products but from the fetal side, I would say that would be it.

Buyer: That would be your immediate? You would be happy with whatever volume that we could start with.

SE: Yea.

Buyer: Yea, every extra liver is how many vials?

SE: Oh wait, sorry?

Buyer: Every extra liver that we can provide, how many vials of cells that you can isolate and resale?

SE: It totally varies. It varies astronomically. Gestation, the donor, are they drug addicts? It can vary drastically. We deal with all sorts of variances.

Buyer: So for the future- should I think about screening that somehow, I'm not sure that's even possible?

SE: You know, I would say- I mean if we saw it pretty regularly we would work with you guys and say "hey we're noticing this, or this is a trend.-

Buyer: We only have skinny livers.

SE: Right. We're just seeing this, do you know why?

Buyer: What do you think about where we're getting, or what location we're getting it. Would that play in to it?

SE: Like what? You mean against like a hospital or a termination clinic?

Buyer: Mhm. Or I think the patient population that they're used to seeing- that's what I was thinking of.

SE: Yea, it's just like with cord blood. With cord blood, you see it all the time. You can have five samples that look exactly the same, yield entirely different drastic numbers. Maybe the mother of one of them eats healthy, and the other one smokes and drinks every night. In some cases we've actually been able to do some studies and found that there is a real significant drop for anyone who's on

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meth and having babies, right? Almost zero stem cells. But for us, we know what our ranges are, so we kind of know what the ranges look like. Then when we something fall out of range, we know that something is going on. The way is being collected, something else is coming up, we kind of know from that standpoint. for us too, if we're spending thousands of dollars to do an isolation just to find out it flopped. We will only do that so many times, before we know something is wrong.

Buyer: We need immediate feedback from you, what you're seeing.

SE: Megan is phenomenal with that. Megan, she's phenomenal at facilitating that through all of our facilities and sets up regular meeting and regular conference calls and is really on top of it, from that standpoint. So we can provide that feedback right away. She even has half a dozen deviation files, she's really good at being on top of that so we can track it.

Buyer: I would immediate feedback. Just immediate because I'd like to know-

Megan: (Inaudible)

Buyer: Right.

SE: And we would want to, as an initial standpoint, I would say weekly and then back it out to what makes sense. I would say, you know- for sure weekly, kind of getting it going. Making sure we're providing that information because it might take days for us to know everything with the cell count. We do things with cultures, and testing and sterility testing you know, sometimes that could take days, for us to get that information. But then, once Megan has it, on your next call she would bring that up. So based on that, what do you guys think, realistically? A couple a week? Five a week?

Buyer: I think that, right now, I think- depending on- the volume is one thing, the provider- the provider mediated outcome is another. I think we could safely say- it would be a bigger range right now, three to ten, I think.

SE: A week?

Buyer: Yea, it could be that much, if- if Missy's site is on board.

SE: We have some flexibility, they don't have to be flawless, right? It's always great when they are, but we deal with samples that are not flawless or that are broken in pieces sometimes, but collecting all those pieces is really important.

Buyer: Do you have a way, this is going to sound- I don't know how to say this, create a specimen for us. What you got, were you satisfied?

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SE: Is that 5 cc's kind of thing?

Megan: Usually the volume that we aim for even if it's in pieces or intact is five, as a minimum to make the cell isolations work, on our end. (inaudible) sometimes is sixteen weeks, usually it's sixteen weeks and over.

SE: And we would send conical tubes, it comes to like- you know the conical tubes. Yea, you could see it, it's marked on the vial. From that standpoint, that's a good bench mark.

Buyer: So even a pristine, intact, twelve week liver is not going to yield the volume you're looking for.

SE: Yea, a twelve week intact liver-

Buyer: Perfectly intact.

SE: I mean, twelve weeks, is that too small, am I pushing it? I'm pushing it.

Megan: Realistically-

Buyer: What would you- in order to find it or in order to do the isolation, you're saying?

Megan: To do the isolation.

Buyer: Ok, so you work in the labs sometimes too, so you would know.

SE: She hears from the lab but doesn't go in.

Buyer: Oh, because my thought, in some ways- I wonder how much of our gestational limits that we process, so to speak are artificial. It's one thing from a scientific standpoint there are good reasons depending on the differentiation of the different cells and how far along and all that.

SE: Yea.

Buyer: There is also the practical consideration of how much time is my tech going to spend looking though the dish to find what they're looking for?

SE: Right.

Buyer: Some providers, we found, maybe they don't have the exact gestational age, maybe they would go as far in gestational age as we would like and maybe not as much of the volume, but they're highly motivated. They want to help, and if they're motivated and want to be creative with their procedure, we've had some

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who are perfectly willing to for example, iPAS instead of electrical suction.

SE: Yea.

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Buyer: Start to- you can start to play with those limits a little bit more.

SE: Yea.

Buyer: So, I'm wondering if there's a-

Megan: (inaudible) we have to make a few passes even at thirteen weeks, in order-

Buyer: Right, until someone makes a bigger than a 1.6 millimeter cannula.

SE: It's ridiculous, I'm with you. If we could all start manufacturing that, that'd be great. Im with you, when those first came out, I thought they were going to be amazing. Then seeing it, it's like oh you want to pull it through the needle of a hook? You know, if they would have made the cannulas bigger, that would have been a lot better.

Buyer: Tell me if you've got this one, from any of the clinics, asking if you can do their waste disposal.

SE: Oh yea, tons. Actually I was just talking about that this morning. Yea, when all the stuff happened with Planned Parenthood and Stericycle and Texas- that huge disaster that happened, we heard from everyone: "Could you do this?" I'm like wow, we're not in the bio incineration business. That's a huge state licensing issue, I mean semi trucks picking up at facilities. I'm like ugh, we just need this, and you're asking us to pick up this, it's like, yea, it's a lot.

Buyer: Their problem on to us. Just like I said to Deb.

SE: Yea, it's a lot. It's a lot. So, that's great. I'm sorry what's the range you said, one more time? I'm going to write this down so we can start to get an idea of what we're thinking.

Buyer: I think it could be as little as three, as much as ten. But, as far as gestational age that you guys would want for liver, what are your hard limits?

SE: Three to ten, what do you think that would fall in?

Buyer: Well, three would be if we were really talking about hard limit, second trimester cases.

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SE: Eighteen and up or something.

Buyer: Eighteen and up. Ten would be of twelve weeks and up, but they're pristine. Intact and all there, just tiny, but it's all there. Yea, and if it were a low other client week for us-

SE: Of the livers you guys are collecting right now, can you sell them all?

Buyer: Well, we only collect what we can sell.

SE: Ok.

Buyer: Obviously we're not going to collect- we're not going to consent all the patients and collect all just because-

SE: Right, just because. That makes sense.

Buyer: We operate drop ship right now. We're not doing banking right now.

SE: Yup, ok. Would you guys be open to- the standpoint is if we were to work out something contractually with you guys, that made financial sense, to say that anything in that range, let's say we elect it to be fifteen weeks or up, livers that qualify for this, just exclusively from that standpoint, would come to us, would you be open to that?

Buyer: Absolutely.

SE: Ok. That's great. So let me think- I'm thinking from the standpoint, fifteen weeks would probably be-

Megan: Yea, even then, I might have some feedback, and we would have to go-

Kevin: Fifteen-five mils?

Megan: Yea, five mills is probably better measurement than just saying an amount of weeks, because sometimes that's off-

SE: You get like super premi because someone's like, not eating. Or, there way like, you don't know what happened. That can definitely be, but yea, we could do some standpoints with that.

Megan: That volume is probably a better mark.

Buyer: I'd like to see from Megan, a wish list maybe, real specific.

SE: So, I'll kind of do an actions us, and for you guys too.

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Buyer: I found it's helpful if you can translate into gestational weeks, even though, obviously it's a less precise measure, but it's what the clinics work with. And so being able to be attentive to their practice environment, can sometimes be the difference in the partnership and how they're able to help you. Because if you tell them 5 cc's I don't know if they know what that means, but they do know sixteen weeks. My question is, what is it that your lab really likes? If you could get for them and they say "Oh this is good." Is there a gestational number on that?

Megan: At a certain point, the number of stem cells is going down. After twenty four weeks, the number of stem cells that you can isolate is going down.

Buyer: That really is the window where they're satisfied with what they're getting-

SE: Eighteen to twenty. You're asking like the perfect, ideal gestation?

Buyer: What would make your lab happy? What would make your lab happy?

SE: Another fifty livers a week.

Buyer: Ok, so you can handle that?

SE: Yea. Just so you guys know, on the collection side for us, we're also- as you see Megan out there in the clinic, we're working with almost triple digit number clinics. So, it's a lot on volume and we still need more, than what we do. So, it's a lot. So, I don't think you'll hit a capacity with us anytime in the next ten years. I think you'll feel solid with that standpoint. So, I think, with that you'll feel like doing an agreement with us. It will be consistent growth and our growth has been consistent, and it's going to continue to grow from that standpoint.

Kevin: If there was a metric of, going back to the what those qualities are-

SE: It is.

Kevin: - from a financial perspective (inaudible) they can see displaced five, they have no idea whether or not (inaudible) from being efficient and not putting a lot of resources into something we're not going to (inaudible) and even so, a pretty easy step-

Buyer: Right.

SE: And we've done some good things too, you guys. Nowadays, digital being what it is, if we get a box that's leaking or samples that look awful. You're thinking how did this even get shipped to them? It's a remote site so you're not even there. I gets shipped to us, and we document it well, we could provide that

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to you and say “this is how it showed up.” So, if there’s issues like that, we’ll vent those things out. But, like Kevin said, if it shows up and it’s hot, any ice or gel packs they were using, or FedEx delivers it three days late those are (inaudible) for us, you know?

Buyer: Well, going into it knowing it has to be financially beneficial for you-

SE: Right, and both of us.

Buyer: Right, and so the problems seem to be providers, making it financially beneficial for the clinics. Everyone has to be doing their job, and that’s what I’m trying to find out, is who needs to be doing what, who hasn’t been doing what, why has it been a failure financially for clinics or for you, for us. Solving those problems so that everyone is profiting financially.

SE: You feel like there’s clinics out there that have been burned. They’re doing all this work for research and it just hasn’t been profitable for them?

Buyer: Really?

SE: No, do you feel that way? Sorry, that was-

Buyer: Oh, I thought you were saying that- no.

SE: I haven’t seen that- I haven’t seen that piece either, with that. Some of them, I think it’s just a headache they don’t want to deal with. You know?

Buyer: What I am finding though, with the people we’ve worked with, they recognize the potential to be very financially profitable. They’re concerned a little bit about the (inaudible)-

SE: Sure.

Buyer: So, they’re talking to the right people, making sure- but to me, I just feel like people don’t understand what they need to be doing in order to provide to the other end, and then middle men look bad on either side. So I want to hear from you what you want, what you need, what the value of- obviously, intact and livers- but what’s going on? How can we do it better or make it easier for you so you’re really able to do the isolations, the part that we’re not going to be able to get in to-

017000 using StemExpress consent, not Planned Parenthood consent

SE: Yea, I think the thing we talked about tonight- Megan I don’t know if you have other things you want to add? from the consenting side you guys are using your own consents?

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Buyer: Well, that's kind of gray area right now.

SE: Ok. So, if we provided you a kit, with the consent, you could use that?

Buyer: Is that a StemExpress consent or?

SE: It is.

Buyer: So you're not using the Planned Parenthood consents anymore?

SE: No.

Buyer: And they're letting you do that?

SE: Yea.

Buyer: Because they won't let us! [laughs] I just think that some people are-[Name], whoever we were talking to are just not aware, other people are. That's my feeling, I don't know- because we know some people who would shoot through the roof-

SE: I mean, Planned Parenthood consents are probably ok in some circumstances- you think, Megan? Yea. I mean, Planned Parenthood would be ok, in some circumstances. You know, we know all the people at PPFA pretty well, but I'm sure if it's a standard consent, certified from Planned Parenthood it probably- I don't even remember, I used to actually have it memorized, it's the numbers on the bottom of the form. If it's one of the ones that we know, or you say, "this is the one that we use" and it wasn't written by some random person, it has Planned Parenthood certified at the bottom, with the document control number, it's probably sufficient for us. We just need to look at that piece, but yea. Otherwise, we have our own consents.

Buyer: That could be- I just feel like tha could be really affiliate by affiliate specific-

SE: It is, but you know what? At the bottom you'd be surprised because they changed the header, the body and the language stay the same between all the affiliates. So I can't remember the form number, I can email it to you guys and say "is this the form number?" Most everything nowadays has to be vetted through PPFA. The affiliate puts their own logo at the top, had their own name in the consent, but the language is exactly the same, usually clinic to clinic in Planned Parenthood.

Buyer: Have you spoken much with the affiliates outside of California?

SE: Yea.

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Buyer: Ok, because I feel that there's maybe a cultural difference there with the California affiliates versus the ones-

SE: Cultural difference? Yea, I would say that's true. Form wise, you shouldn't see any issue. I mean because Planned Parenthood keeps a pretty tight reign on their organizations, and when they don't, like Goldengate is a good example on how they did away with an entire affiliate in San Francisco because they wouldn't toe the line. So, when you see those affiliates that go outside the ropes, usually PPFA is like "you're done," and shuts them down. They are so critical- I mean, they are the number one most targeted organization for abortion related care.

022000 Cate mentions Lila, "that crazy girl that was at UCLA"

SE: They take so much heat and all it takes, as you guys know, being down in L.A remember that crazy girl that was down at UCLA? I can't even remember her name. The young at UCLA who was going to all the Planned Parenthood clinics- this was, it might have been before- she was going to clinics pretending to be pregnant-

Megan: Oh yea.

Buyer: Yes.

SE: -taking pictures, going to multiple clinics, what was that? Like five years ago? Four years ago? It's since we've been around.

Megan: Yes, because it's a big topic.

SE: It was a big topic. I can't remember the name, Mary something, some catholic girl from UCLA-

Buyer: It's always the Catholic ones.

SE: -massive problems for Planned Parenthood. They had to fire entire medical staff and medical directors down in L.A. because of it.

Buyer: Oh my gosh.

SE: Yea, it was this huge thing. She would go in and try to get the staff to say something wrong. They would wear hidden cameras so then, when they're consenting here, she'd say "I'm not sure I want to have an abortion" right? She'd be saying all these things, "but my boyfriend beats the hell out of me" and she'd give these huge cases and one of the staff would say "you know maybe if you don't feel right about it with this guys, maybe you should go through with it." Boom she would take it to the news station, Planned Parenthood's staff convinces me to have an abortion, and just blast it all over the news and just-

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Buyer: That's the headline that everyone is afraid of-

SE: I'm sure. Totally, yea. I'm sure that they're looking at it from that standpoint with it.

Buyer: And the congressional hearings, Roger Evans was saying "I was there fifteen years ago when-"

SE: Yea.

Buyer: So that's just- on our part-

Megan: Making sure that everybody feels comfortable-

Buyer: Just under layers of protection. That we are all operating the same way-

SE: And for you independence, they'll be happy that we have a firm that is certified by an IRB. Right? So, they'll be like, oh great." Right? And Megan has the whole thing with the kits that has the form in it. Which makes it easy, but for Planned Parenthood, as long as it's an acceptable form that would qualify for us, that would work.

Megan: There are protocols that we could send over with the media and how we want it stored-

SE: I was thinking too from the standpoint of having all the conical tubes prepared.

Buyer: Right. It sounds like- from what you were saying, that the StemExpress protocol would be to- or the inclusion requirements for StemExpress would be to drop it in the tube and see if it floats. That's the inclusion factors for you guys as opposed to the specific gestational range.

SE: Yea, and so we get this- we've had issues, I'm assuming you guys- when you have researchers that request blood samples, then you're pulling the blood tubes and sending it with the samples, is that what you're doing? Yea, so on our side, with these samples, we would just want the same thing, blood tubes sent with it and we just provided that in the kits. The little blood tubes are in there, it's as simple as can be with that side of it.

Buyer: So can't imagine that what you require- help me here- what you need is any different than what researchers would say- It doesn't sound too quantitatively different ok. You're going to (inaudible) all that. That's not going to be hard for you? Could we help you with that?

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SE: No, it's fine. We have standard kind of metrics that we found were doing things, it's helpful to have our own staff- so yea.

Kevin: Training? With your clinicians, have you spent any time with them on-

Buyer: That's what I feel is the most important thing right now-

SE: And [Name], you can handle that?

Buyer: Me and our techs, yea, we do it.

Kevin: (inaudible)

Buyer: Definitely, and we're fortunate to be working with sites right now that are high volume and have some experience doing tissue procurement. It's not a new thing, it's just like getting up to speed, like yea, this is important-

SE: And are the tech that you have are they based out of L.A too, or just different places?

Buyer: Yea, fly them out.

SE: Ok.

Buyer: What are your concerns, Kevin? What are you thinking about?

Kevin: No, I'm just curious, this is sort of Megan's domain, but you see a lot of various skills and capabilities and it's dependant on the mission or purpose of the clinic. If they're indifferent to what happens downstream then-

Buyer: Uh huh. Right.

Kevin: But if they're a little broader view then (inaudible)

Buyer: Phone calls too, it sounds like you get phone calls or complaints. So on our end, maybe training (inaudible) is that something that you want?

Kevin: (inaudible)

SE: Yea, or Megan will look at the paper work and say that they didn't fill anything out and say we don't have any information on this, you know? So things like that, you know? It makes it hard for us to do anything with it.

Buyer: So there are remote sites that you're not necessarily supervising what they're doing?

SE: Yea, and you know, relationships like what we're talking about from the

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standpoint of-

Buyer: The only complaint so far is- it was just a nightmare to say yea, we have this and then not be able to supply it. As for quality, that hasn't been a problem-

SE: Was it a volume issue? Or was it a one request-

Buyer: It was a volume issue, yea.

SE: So they wanted "x" per day and you couldn't get "x"-

Buyer: This was a private practice physician and yea- that's when I realized we need to go out. We need to contract with people who can deliver what they're saying, and I have to give credit to [Name] for the training that there hasn't been anything where people have said, "you can't use this"

SE: That's great.

Buyer: You can use it, it's good quality. But for people who promise and can't deliver- I just don't want that to happen.

SE: Sure.

Kevin: What business do you get with some of these other tissues?

SE: I was just about to shift that way too. I was going to shift off that topic as well.

Buyer: We have not done as much with cadaver tissue, the relationships are there with some of the hospitals to do it, but as my background is more in the regenerative medicine field, the conferences that I frequent and the networking that I'm doing to bring in those clients, that's just happens to be where the focus- we do a lot with adipose tissue as well, actually. We have relationships with a couple different cosmetic surgery centers, in Southern California-

SE: Sure, it's Southern California.

Buyer: Exactly. Exactly. There's an interesting -

SE: Do you offer to be like a person that they take it off of? I'm willing to donate!

Buyer: Everybody says that joke.

Buyer: Would that be next to your donation center with the bone marrow?

SE: Exactly. Your own adipose tissue here, just come on in. No charge.

Buyer: Can you imagine, "we'll pay you to -"

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SE: Oh my gosh. We'd have staff fighting for a position. They don't fight for that position for bone marrow collection, let me tell you.

Kevin: Path tissues? Disease, sort of-

Buyer: It can be that, it's the same situation, we know the people in the path lab in the hospital in Long Beach, if there was a specific request, we could do that, but if-

SE: What about blood samples from like, I'm thinking about the MML's. AML's, sort of the multiple myeloma samples. People with AML or leukemia or any sort of cancerous related blood samples?

Buyer: There was a cancer treatment center that we were working with, for a time to get biopsies for a client who wanted that. I don't know if that's where we would go, maybe just to a hospital for that.

SE: Maybe, something that we could do is put together a target list for you. AND then you can say, yes, no, maybe in the future, we can work towards this, maybe take six to eight months to get online.

Buyer: Mhm. Right.

SE: Something like that, just so we can-

Buyer: The feeling like there's a need-

SE: Right, because people come to us and we're like "oh, we didn't know there was a need."

Buyer: Exactly.

SE: Get ready for it take a year to get this together. We try to rally look at it- we're going to send you things like requests, they're not one off. That's my favorite, one off and saying request, well we could spend a zillion hours trying to do one request. We're gonna get to send you things that we know consistently if you can provide us "x" we know we can consistently buy it from you.

Buyer: Mhm. Right. Ok.

SE: Because I get where you guys are coming from in that space and so it's like you know, it'll be something that's consistent, not something you have to work for to sort of have just one in six months. You know, so yea.

Buyer: What can you- what cells are you isolating aside from other than fetal

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liver progenitors right now? are you doing any neural progenitors.

SE: We get requests, we've have all sort of requests, you know, RNA based and that's the other things i guess, I don't know if we want to look at if they're getting requests that they can't fulfill, if we want to look at, you know some sort of fee associated- we could provide you some fee transfer with that. Llike if you have a client request something that you can't get-

Buyer: Oh, like they come to us asking for a cell isolation-

SE: For "x-"

Buyer: We don't do that-

SE: Send them to us and we give you some sort of percentage, I don't know. Make sense from that front?

Buyer: Absolutely.

SE: But we've had all sorts of requests, DNA, RNA from neural tissue, any others?

Buyer: I asked because on the humanized mouse front that is coming down the pipe in kind of an exciting way, there's more that's starting to be done with neural engraftment and the places that could go. It's quite exciting.

044000 neural tissue discussion

SE: As you probably know, one of the issues with neural tissue, it's so fragile. It's insanely fragile. And I don't even know—I was gonna say, I know we get requests for neural, it's the hardest thing in the world to ship.

Buyer: You do it as the whole calvarium.

SE: Yeah, that's the easiest way. And we've actually had good success with that.

Buyer: Make sure the eyes are closed!

SE: Yeah! [laughter] Tell the lab it's coming!

Buyer: Yeah.

SE: So they don't open the box and go, "Oh God!" [laughter] So yeah, so many of the academic labs cannot fly like that, they're not capable.

Buyer: Why is that? I don't understand that.

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SE: It's almost like they don't want to know where it comes from. I can see that. Where they're like, "We need limbs, but no hands and feet need to be attached." And you're like, ? Or they want long bones, and they want you to take it all off, like, make it so that we don't know what it is.

Buyer: Bone the chicken for me and then we'll—

SE: That's it.

Buyer: And then I'll eat it, but.

SE: But we know what it is. I mean, [laughter], but their lab.

Buyer: But then it goes to that whole stigma.

SE: Oh yeah. And their lab techs freak out, and have meltdowns, and so it's just like, yeah. I think, quite frankly, that's why a lot of researchers ultimately, some of them want to get into other things. They want to look at bone marrow, they want to look at adipose- sort of adult human, kind of adult based sampling. They want to avoid publishing a paper that says it was derived from fetal tissue.

048000 talking about clinics and remuneration

Buyer: It can be a time and a half just reading through the material and methods section trying to figure out what they did, how they did it and where they got the material. Because they don't want to- what I'm saying it relates to what I work with, with women (inaudible)

SE: Yea.

Buyer: Are they not seeing the positive that they're doing? Do they not see the profit? Do they- I just don't understand that.

SE: I don't know if you guys have seen this, some clinics are very anti- receiving remuneration too, I don't know if you've seen that. They need money, they're also a little nervous about receiving money.

Buyer: They're nervous, I wouldn't call it "anti." They're just careful.

SE: Yea.

Buyer: They need to be very carefull, they need to have their attorneys make sure that they're saying it right, that they're writing it right-

SE: Sure.

049200

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Buyer: -that we're all talking about it the same way. We can't say, "Yes, the bottom line is, we are paying you money for baby parts."

SE: Yes! [smiling] That's it. Right, right. Yeah, you can't say that. [laughter]

Buyer: So, that's why, going full circle, fund Hillary.

SE: Yeah, that's true. [laughter] If she can get in—

Buyer: That signature, that autograph, she can put it on the bill to repeal the federal—

SE: Right! I know.

Buyer: And while we're at it, repeal the partial-birth, born-alive, whatever— get rid of that.

SE: Yea, what do you think?

Kevin: I could see it going both way, and I can see her face making both arguments too.

Buyer: You don't think she's reliable?

Kevin: No, I'm wondering if she'll bring in the political courage to do it.

SE: Yeah. [...] She's a Clinton. [winks]

Buyer: If anyone could do it-

Kevin: There's a lot of people who could do it. It's will they step up to the microphone?

Buyer: Will they get a backbone. We could procure that for them.

SE: I remember when Obama was running and I was so sad when Hillary stepped down and I know that it's a huge success for him to get where he has- I just remember when Hillary stepped down and he's up there at the podium you know, "we will bring back troops from the Middle East within-" I think it was six months? I think it was originally six months. We're still there eight years later right? I still remember him saying, I said he doesn't even understand what he's saying. You couldn't even move the tanks in six months. I read a TIME magazine article that showed what it takes to move one tank, one tank, from the Middle East to the United States. You can only put it one one plane, with a jeep behind it, and there's something like seventeen thousand tanks. So with the amount of tanks that we have in our arsenal, just doing this. It would take like three and a

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half years. Right? If all they did was this, back and fourth. That's the problem, and a lot of times they leave it, and then these militant groups seized it and then use it so. It's really incredible and a sad process.

Buyer: What happens when you have religious extremists, a Taliban or what have you, whether it's the Afghan Taliban or the Lebanese Taliban, my family, or the American Taliban, that all our friends have to deal with here, that's what happens.

SE: Yea, it's true.

Kevin: (inaudible) dominate the world.

054000 other adult samples available

SE: Right. So, on the path side, we'll send you a list on that. Also from live donor- or other source of sample base, I noticed you guys have on your website, bone marrow. The bone marrow side, what can you get on that-

Buyer: It's a hospital based donation.

SE: What are you collecting size wise with those?

Buyer: Last time we did bone marrow was probably a year ago.

SE: Ok.

Buyer: That's definitely- we're doing mostly adipose tissue from the cosmetic surgery centers and fetal tissue from Planned Parenthood.

SE: So, those are the two prominent- ok.

Buyer: There are other avenues, there are other possibilities, if you want to know about like now, versus the future, that would the now future break down.

Kevin: What I would suggest you know, something along the lines of a supply agreement for anything that you may be able to procure that fits the criteria that we'll supply to you, we would take everything that you could in those parameters. I would say very simple to move that out, we could provide a terms sheet for us to go back and forth.

000500 Cate suggests sending StemExpress kits to [Company] to collect initial try-out samples, "charge us what you normally would"

SE: You know what I think that would be great if you guys are open to it. Due to timing and part of our due diligence, I would say is if we could send over some kits. You guys open to that, we could send you some kits, while Kevin's working

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with you guys digging through the language and figuring these thing contractually. But it would be great to just get you guys some kits and get some samples so we could look at them. Even if you guys charge us what you normally would, while-

001000

Buyer: I was going to ask, what do you normally pay for a fetal liver from one of your sites?

SE: It varies drastically. I mean, what would you want for it is the easiest way? I think initially whatever you would charge to do some test samples is what we would do, while we're sort of figuring out contractually what we'd do. From that standpoint, what would you want for it?

Buyer: Your call- Oh, I hate this part.

SE: No, whatever you need. Just say "what I'd want" Just fair with yourself with it. I just think for us to test it, for us to make sure on our side, it would be our due diligence.

Buyer: And would I look at this as kind of a test period?

SE: Yea.

Buyer: To make sure we can satisfy you-

SE: One hundred percent.

Buyer: -and that it's profitable for you and profitable for us. Everybody goes away happy, that's how I'm looking at this.

SE: Sure. Yea.

Buyer: What am I charging you? What are you looking for? Give me specifics and then we can settle on price.

SE: Yea.

Megan : We could be a customer trying to buy from you guys and-

003300

SE: Whatever it is you normally charge you customer for that, you don't have to give us any special discount with it. Just from a standpoint of actually testing it-

Buyer: You know what? Being a business woman, I want to give you a discount, because I want to keep you happy.

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SE: Sure. Sure, and I appreciate that.

Buyer: And, I appreciate what you do. I'm willing to take a little loss, quite frankly, this year has been extremely profitable, beyond my dreams.

SE: Good.

Buyer: That's why I can dream those bigger goals. So, discount, I'm ok with that.

SE: Ok.

Buyer: I see how profitable it can be (inaudible) I see you're still standing out there, how can I support you.

SE: Yea, thank you I appreciate it-

Buyer: Tell the money lady, I don't care.

SE: Ha. Money lady. Yea, [Name], I'm assuming you probably put that together. So if you just email Megan, "hey this is what we're comfortable with." Once you guys get home and talk about it over your flight. Then, Megan can get together a P.O. to send you and we'll get you the kits. We'll work on that in tandem with-

Buyer: Yea, you do all that. Im the one that says what goes, they can yell at me all they want. Stop scoffing and rolling your eyes.

Kevin: Oh no. I work with her, I know what you're saying.

SE: Not technically.

Kevin: I'm used the [snap] [point] Here's your coffee.

Buyer: We speak the same way, I want to keep you happy, if somebody tells me "oh hey we're going to lose money" so what, because I know what I want to do, and I know where this is going- I'll tell you in five minutes where this is going, it reminded me of Linda.

SE: Oh, Linda Tracy?

Buyer: Can we talk about-

SE: Yea, I want to hear, tell me the stories, I want to hear.

Buyer: Ok, but we tell you our story-

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SE: I have to tell you mine? Ok, because I've got them.

Buyer: No, that is not nice- well because, I've been drinking all night-

SE: [Name]'s like I've had three glasses of wine, I'm telling this story.

Buyer: We had a run in with them, but they were- I'm just saying, keep your voice down.

SE: Yea, let's hear it.

Buyer: So, you used to work for them, you told us.

SE: Yea. 2001.

Buyer: You did?

SE: Yea.

Buyer: How did you, well how was that?

SE: Yea, it was an experience-

Buyer: And not a good one, I would imagine.

SE: They're really, you know, this was back in 2001 and it was- I can't believe how long ago it was, was that fourteen years-

Buyer: It's still like it's 2001 or 1980, right?

SE: Yea, is that fourteen years ago?

Buyer: Tell me if I'm wrong, I don't see them as team players.

SE: They're absolutely not.

BUyer: Am I getting the right vibe?

007000 tell us about ABR

SE: Yea, you're totally getting the right vibe. I think that's why the clinics end up not wanting to work with them. The ones that have, have been doing it a long time, and they kinda ain't moving because they've developed such a strong relationship with them. Yea, they are- I'll say it from this standpoint: When I worked with them, in that space, I moved from the hospitals up to Northern California, working with transplant banks and I saw them hosting a job offer for

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people that are procurement based. I was like “well, I’m great a procurement, I can do anything procurement capacity. But it was really a- they’re really small, they’re twenty- I feel like they were twenty years, years ago. I don’t know how many years, they’ve been this now. Twenty five, maybe thirty? A long time, I would say, they’re most at most, five people. They’re really ok with sub par and-

Buyer: No vision, am I-

11800 Cate: “It used to be they did not pay anything to the clinics for 20 years.”

SE: In part, they’re just not a supporter of the clinic the we are a supporter of the clinics, the way we’re a supporter of clinics. They are- you know Megan and I were chatting about this at one point. The clinics work for them, it’s not the other way around. They don’t really give back much, as far as the clinics are concerned. They haven’t given anything to clinics for like twenty years. They were really about the “you give to us, and we take mentality.” Just no good partnerships, they’re not good partnership breeders. Yea, so that’s it, when I see them I’m like, you know? That’s about the distance, it’s about that far away, for that capacity. You know, we’re so much more the advocate, we’re like the total pro choice advocate, NAF supporters, we sponsor events, we sponsor NAF, we give money to these organizations. Were totally committed to everything, with supporting the clinics. I mean a clinic manager recently donated money for support, we’re just totally, all in. They are just so not in the realm.

Buyer: I feel like they’re out. When you say all in, I feel like when I was talking to- what’s her name? Linda?

SE: Did she come up and actually talk to you?

Buyer: I just went and talked to her-

SE: Good for you. Did she kind of stand there and do this?

Buyer: Oh Linda- could you do that again? Yea, there it is. I didn’t understand it.

SE: It’s very um- I know. I don’t know. it’s just kind of their way, their business culture. It’s just kind of who they are with it.

Buyer: (inaudible) and that’s our story.

SE: Really? Are you serious?

Buyer: Yes.

SE: Was she rude to you?

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Buyer: Yes I think so.

SE, Kevin: (inaudible)

Buyer: No, but looking behind it, I went away analyzing it like “was I weird” She was criticizing me because I didn’t know every facet of my business. I said “No, I don’t, and I’m willing to admit that, that’s why I hired good people. So, that was the (inaudible) it didn’t go well. I approached her with, I would like to (inaudible)

SE: It’s so funny that you would even think that, so Linda is so disconnected from the science. Like, entirely disconnected from the science. I know, that’s why you’re looking to him for help on the science end and she’s totally disconnected on the science side. And Perrin-

Buyer: No wonder she was asking me so many questions about the science side.

017000 Perrin [Larton] has one foot out the door, has for years

SE: Perrin is the only one that knows anything about what samples are being used for. Eem Perrin has had one foot out the door, has been for years. It’s just- she has a totally separate business, she is totally elsewhere. It’s really disjointed and yea, so you know, if StemExpress became successful because our growth grew and the organizations really looked at us like champions. Yea, I had a run with Linda, last year at NAF. So Vicky from NAF, she’s sitting there, and they’re such a believer in us, and we are such a believer in them and we’re so passionately supportive of each other in the space. Linda came up and I’m just talking to Vicky, and she’s just giving us huge praise. I’m talking with other clinic managers and here comes Linda. She stands right here, like right here next to me. And she’s like, as if she was this close. And doing this, looking at Vicky, looking at me, and just stands there. We’re just having this nice dialogue, it was super unprofessional and I’m like, ok. So, Vicky is like totally ignoring her, and she keeps engaging with me. I’m really uncomfortable by her being six inches from my face. I’m standing there talking to Vicky, and I’m just like “well Vicky, I don’t want to dominate any more of your time. I can see someone is here to talk with you.” Linda’s like “thank you” and kinda just pushes in. Vicky’s like “I don’t have time for this, and turns around and walks away.”

Buyer: Wow

SE: And just totally ignored Linda. Linda is like “wait, I just need to talk to you about this. You’re such a promoter for StemExpress, we’ve been here-” and Vicky just kept walking. She just didn’t want to hear it, and I was like-

Buyer: Wow. At least Vicky sees, she knows what’s going on.

SE: Yea, I think that’s the thing um-

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021000 good ties with NAF, PPFA

Buyer: Do you feel that support from Cecile [Richards] and from Deborah [Nucatola]?

SE: Yea, oh yea. You know, everyone at PPFA. I just think that you're in the cause or you're not. If you're not in the cause, they don't need you around. They need champions and if you're not a champion, then you should go. That's just- I don't know, the clinics are very guarded, as they should be. Who do they let in their house, they let champions in their house. Right? I think it's that same concept and ABR has just never understood that. I think that's sort of the downside to them.

Buyer: Maybe- that's similar to a conversation we've had with Deborah- both Deborah's actually- if we can partner with PPFA directly. I saw we very inclusively, so that it's not affiliate by affiliate, but it's coming from the top and it's all locked down in a very professional, safe sort of way. So that nobody- to take some of the anxiety out of it, some of the nervousness. Some of the people being anti-remuneration, or nervous about remuneration or how ever we want to phrase it. That's what I got from Deb not Nucatola, the other one- from CAPS. They're kinda taking in all the anxiety on a national level. Why not, if we can help alleviate that from them and get all our ducks in a row, and let it go from the top, down. They said there have been ideas a couple years back, and it didn't pan out.

024000 are you guys set up as a non-profit or a for-profit?

SE: I think it's- it's almost like you're asking for an endorsement, right? It's not, but you sort of are because you're asking them to spread that conversation. I think it's really hard, Planned Parenthood has been so burnt in the past, I think that some of their folks are just like "oh," you know? I don't know- how are you guys set up? As a non-profit or a for profit?

Buyer: LLC.

SE: Yea, us too. So, I think that's a little bit-

Buyer: You see that as a negative? You do?

025000 ABR can't do non-profit right at all

SE: You know what? Honestly, when I started the company, if I had more money I would have probably done it as that. But, it's expensive and it's a lot to maintain and then of course, there's people like ABR who don't do it well at all.

Buyer: So, why not learn from each other and help each other? I don't think Linda gets that.

SE: Here's the thing, quite honestly, I used to go into this argument. **So ABR is**

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not for profit and wasn't paying any of the clinics, was funding places in Hawaii for themselves. All sorts of things, and I would go into the clinic, and they would go "oh you're for profit? ANd you want to pay us?"

026300 Cate to clinics: "I want to give money to you guys"

SE: So, I'm like "I wanna pay you, she doesn't want to."

Buyer: And she has a place in Hawaii.

SE: I'm like "I want to give money to you." You know? And they would say, "yea, that is kind of strange." Right and I pay tax, that actually donates, ends up funding programs back to you guys. No tax, no payment. Tax and payment. They're like "oh that makes sense." Literally, you can't put that on a for profit component. It's are you doing right by them or not? It's an easy argument, but from a for profit standpoint, they do have tax implementation. Sometimes taking money from a for profit, that can get scary for them and sometimes, these things come up. But again, in those capacities, we're the ones paying tax, folks. If you're getting grants, if you're getting federal money, we're actually paying for that. I think that's an important distinction and I think sometimes- for a long time, it's that argument right? If you were not for profit you were better to work with, I think that's-

Buyer: Do you think they learned their lesson?

SE: I hope so, but there's still people out there that think that way. You know, it's- I look at some of the hospitals locally that publish some of their numbers. You know, they're not for profit, yet they net one hundred and sixty million dollars a year. I'm like, "they don't have to pay tax." I think it's- I don't know, I'm hating the nonprofit realm too hard. I think it's really good for the right people who use it, but there's a lot of people who abuse it. You have to kind of weed that out, hopefully people are weeding that out better when it comes to ABR (inaudible) yea.

Buyer: Thank you for- that's good information.

SE: Yea. I think it's- I don't know, I'm just kind of amazed when I run into clinics in the past who have worked with ABR. They're like "well, ABR is-" or they would have called and talked to Linda, and know we're talking to them too, and they're like "well, Linda, she's a nonprofit." I'm like "Ok." Ask her why she's not paying you yet.

Buyer: They don't connect the dots, is that what you're saying?

SE: Some of them do and some of the don't, you know? I try to say, in the past, different things. Id say "gosh, look at the things they're selling to researchers." At the time, we were less, and I said we're paying clinics and they're not. You've got to ask yourself some questions here, you've got to think past these things. I try to tell them that, you know, if they still want to work with them, then they do. I try to

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educate from that perspective, don't let that be the thing that closes the deal, in that capacity.

Buyer: So I think this is for us. What I take away from this is be careful with how you talk about things with them? Is that-

SE: Yea, like with clinics or ABR? Who's them?

Buyer: With clinics, I'm not talking to ABR. We're done with them. I had one, last conversation with Linda, it was not pleasant.

SE: She's really crass, and can be pretty aggressive in that space. I think that clinics kind of feel it, they're kind of over it. I think they were really refreshed when we came along. Like with you guys, I think they were like "Oh, finally there is somebody else." I think they were pretty happy in regards to that. So, yea, any other things we need to-

Kevin: No, I think that (inaudible)

Megan: (inaudible)

Buyer: Definitely.

SE: Kevin is the very handy paperwork guy, he helps me from that standpoint. Who do you want him to work with on that side?

Buyer: I'm going to ask [Name]- Yea, start with me and I can make the connection with [Name], who is our contact administrator and also with Phil the attorney, I think that would be best, yea.

Kevin: We'll just with making sure the business side makes sense, that we understand what you need, and you understand what we need and that it makes sense in the laboratory (inaudible) I think the first thing is to get a PO together so we can-

SE: Yea. Just think about it, whatever you would charge someone else, it's fine. We'll just- just do what you want to do with it. But, the thing is- just do that and we'll initiate kind of a due diligence thing. If we do, do that in tandem we're going to get it done a lot quicker, and so Megan, you start working due diligence on all the samples coming in. And then, Kevin will work on the paperwork side and we'll get it done a lot faster.

035500 lawyer knows how to handle remuneration issue in contracts

Buyer: And I'm sure at this point you're probably comfortable handling the language around transfer, and remuneration and how that-

SE: Yea.

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Buyer: The layers that need to be there.

Kevin: Yea.

SE: The human acts and all the references leading up to- it's good on that front.

Buyer: And finally, if you're ever not happy, if there's ever something you need that we can do. Not that we can do but that's not good for you- I mean, that we'll talk.

SE: Yea, that's perfect. We're really transparent that way-

Buyer: Yes, we are too.

037700 water in one clinic was contaminated

SE: There's no issue on that front- sometimes we can't even figure out why things go wrong. I'll tell you, at one clinic we found- this was a long time ago. I was gonna say that we've actually found clinics that was using water in the dish, and their water was actually contaminated. We found that we were chronically getting things from a clinic with contamination issues. Found out when they had the water tested, it was contaminated coming out of the pipe. So typically we're pretty good at saying something's going on, it's out of the norm, let's track it down. We're a scientifically minded group so we're not like "Oh my god, what's going on?" Something's going on, something's not following a normal pattern, range, sort of out of conformity. So we're pretty mellow with that. Yea, Megan's got a new baby, did you see him? He's super cute. Is there anything you want to add?

Megan: No, I think (inaudible) so as soon as we get a PO, I can send those kits out over night.

Buyer: Thank you so much for taking my comments and questions and all that. Wonderful, thank you so much.

SE: Yea, I know, it's so challenging with a new baby. It's like "for goodness sakes." And Megan, when she went on maternity leave, we're like "oh my gosh." Because she does a lot. Yea, she's great, she's been with me a lot of years so. So yea, other things we need to-

Buyer: Contamination in the water, ok so-

SE: Yea, can you believe it? It's like- the city came out, and a lot of times they're using clean water throughout, containers, rinsing, they're doing all these things and rinsing, rinsing, and they blast it with water in the dish-

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Buyer: Why do they do that? It doesn't make sense, if you're trying to see if everything is there, why would you put a hose in here, you know?

SE: I know. It's incredible we-

Buyer: Is it the stress? Are they trying to get the stress out? Where does it come from- it's a training thing, [Name] was telling them, gently. They just don't get it.

SE: No, they don't. You mean like this? You know what I mean? You're like "oh god." I think that some of them- I don't know.

Buyer: There's a liver, right down the drain, thank you.

Kevin: Is there something in it and that's why they're blasting the heck out of it? Is there too much blood?

SE: They like to get all the red water out, which is why they're using the straining it, draining it, blasting it, straining it to get that out. Because they can see it and put it on a light tray and say "oh look, everything is complete." Then the physician can come in and say everything is complete. The issue is, they're so disruptive. There are so many ways you could do that without being damaging.

Buyer: Yea, just run it- rinse it, don't blast it, rinse it.

SE: It's like taking delicate china and taking it to your front lawn and hitting it to get that out. See how many chips you can get to come off the porcelain, you know? Get your pressure washer out and see if you can clean the dishes.

044000 "There goes a thousand dollars down the drain" "We should tell them that"

Buyer: I was standing back watching all this, keeping my mouth shut, like "there goes a thousand dollars. There goes a couple thousand down there." Oh my gosh.

SE: It's incredible.

Buyer: Maybe that's what we need to tell them. You guys are flushing money down the drain.

SE: We already told them, we already told them.

Buyer: What is their reaction to that?

SE: I mean, it depends on the clinic, it depends on the staff, it depends on the stain.

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Kevin: (inaudible)

SE: Thank you. It depends on the clinics, it depends on the staff. If you're in with enough people at the clinic level, they're passionate. They're not like one foot in, one foot out on whether they want to work with you. If they're kind of on the fence and you ask the lab person to do something different, the lab person is going to go to the manager and say "they're asking me to change everything." You know what I mean?

Buyer: (inaudible) I was told the medical director, or what is her title- was that Missy or was that Savita? Maybe both, they were so eager to get us in there. Whatever you need, top dollar, we're going to make this profitable for you and your clinic, and they're very eager, very happy. I told them you're eager, you see potential but once the honeymoon is over, I've seen this- your staff is not happy to have us here and they're flushing thousands of dollars down the drain. So that's when I told [Name] no, we have to train our own people because the money that's going down the drain (inaudible)

SE: Oh, I know. I think that's the thing, it really just depends. It depends on the medical director, how engaged they are. Some of them are like, "I don't care where it's going. I'm here for a paycheck and I'm going home at the end of the day." You're just like "Ok." It just depends on the setting, everywhere is different.

Buyer: I think that's what [Name] means by culture-yea.

SE: There's clinics- and Megan has has there where we're just like "you know? This isn't a good match." We have a vetting out process, because some of them, you're going to burn more wheels than you get any good. So we just stepped away from that. It's not a good fit. From that standpoint, no one is going to make anyone happy right? Then they're just going to complain about how unhappy they are. I think you just have to know your battles and know which ones are the right ones. Actually, there is a number of clinics that we decided not to work with, before we even started. We just started the process and kind of looked at that and said "yea, it's just not." Or they think they do these numbers, and we ask them to look at it and their this high. Or they think they have an amazing staff and we go in and vet it out and actually, no one is working. I think you have to really look at that and make a decision, it can't be yes to everybody.

Buyer: Are you seeing any trends between the independents versus Planned Parenthoods? Your breakdown right now, are things split pretty fifty-fifty?

SE: I think it probably is. I don't know- it is different. I don't think that one has more pro's or con's than the other. I mean, Planned Parenthood has volume, because they are a volume institution. If you're a physician in Nebraska, well, not Nebraska but somewhere else right? Minnesota or something and you're doing

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ten cases a day, you know, and you can take your time and do a thorough job and go home at the end of the day, that might be good for you and the tissue would be good. Then you go to Planned Parenthood six blocks away, they're doing fifty cases a day and you couldn't collect one thing, if you tried.

Buyer: Right.

SE: So you can't really go on numbers and you can't really go on that standpoint.

052500 Cecile Richards

Buyer: I have a question, it might be crazy. Cecile Richards, what if she (inaudible) trained technicians in all the Planned Parenthood (inaudible) So her clinics (inaudible) turn a profit. What do you think? Is that too stretching it? What do you think? She's the one that's in a position to do that.

SE: Yea, I don't know what you guys are seeing in terms of tissue requests but I don't know if the volume is high enough to support that. So you know, for comparison purposes, on a given week, or month, however you want to break it down. What's the average number of fetal tissue you're collecting, not including CV? CV is such an outlier. Just ballpark, I don't even care.

Buyer: Ballpark would be five to ten. We're small, five to ten.

SE: In a week period?

Buyer: But the potential could be so much greater. My feeling, talking to some researchers- I think an argument could be made that we're only about five percent of what we could be based on what the material could be used for, and the institutions that are out there. The fact that there are some people on waiting lists for the material that they want to work with, right?

SE: I know. I don't know what you see, but researcher requests we've gotten a lot better as a company, of educating them. "We'd like five week, intact eyes." I'm like "really? How long do you want to wait for those? Two years? Three? And what's your ballpark? You want sixty in the next four months? Let me just tell you , your gestations are wrong. You're never going to- I don't care if everyone in the state donates to you, you're never going to achieve that, in that amount of time." We had to really help them, because it doesn't matter if it's new issue-

000000 researchers are disconnected from procurement process

SE: -researchers are disconnected from the procurement. So they say things like "gosh, we'd really love one hundred mL's of bone marrow from someone with MML." It's like "somebody with MML cannot spare one hundred mL's of bone marrow." You know what I mean?

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Buyer: (Inaudible)

SE: So, MML multiple myeloma.

Kevin: Someone with leukemia, and they want their bone marrow.

SE: You can't take that from them. You'll injure the patient.

Buyer: So are they're just (inaudible)

SE: Oh, they totally are, all the time. They'll ask for things that are literally harmful. So really, you have to be able to educate. I think that there is- yea, they're just disconnected. I've heard all sorts of things, people have asked for liver biopsies. I'm like "Ok. Cadavers?"

"No. Human. Live samples."

I'm like "Of live people?"

"Yea, at your donor center, can you guys get liver samples?"

From donors? Like donors coming into our facility? Can we biopsy the liver? Is that what you're asking? Are you kidding me?

Buyer: That's like the dig cell culture.

SE: Like, what are you talking about? We would be super medical malpractice, what are you talking about? They just don't get it, like total disconnect. In the beginning, I thought they knew more about what they were asking. So I was like "oh, yea." In the beginning they would ask for stuff I thought was unattainable, until I found out they were. So now, I think we're better as a company, to say "yea, it's unrealistic, but let me tell you what might be realistic." It's surprising, more of them will probably change their conversation then. Some scientists are like "I'm right. I'm positive that's what we need." You know, it just depends on who's on the other end of the phone, of how realistic. I just think of it, do you want to be successful or do you want to be right? If you're trying to get your work done in eight months and you're asking for something that's so highly rare? Do you guys ever get any requests for genetic samples?

Buyer: It's popped in conversation once or twice at the conference but it's not like-

SE: Let me give you an example, a women carrying twin male fetuses with T21. trichomy twenty one, like Down Syndrome, or Edward's Syndrome, or Huntington's Disease. twin samples thadt are both male fetuses. Sure. Does it exist in the world? Maybe once every three years, right? So, how many do you want?

Buyer: What's the disconnect?

SE: From the researcher's standpoint? I don't think they know what they're

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asking. Kevin's got a good science side too.

Kevin: (inaudible) to do this study and then hire a research protocol, then back (inaudible)

SE: So we spend a fair amount of time educating, educating on realism. It's like, you know, I've heard all sorts of requests. What was the one we had? It was Daisy Walker Syndrome a Trico genetic case. I can't even remember what the coding is for the DNA marker. It was so rare that one of our guys looked it up it was like point- likelihood of it being delivered in the United States, less than one percent a year. And they want twenty five samples a year and they're asking you to achieve something that's not even there could never be enough (inaudible) even if we covered every hospital in the country, there wouldn't be enough be (inaudible) you just have to be able to vet that one out as not realistic, and not set yourself to not produce for them right? Because if you don't produce for them then they're unhappy, if you tell them it's unrealistic, they're like "Oh." At least you did your part to say "sorry, that's not our cup of tea, and we just don't think it's possible to achieve that."

Kevin: (inaudible)

Buyer: Have you ever found yourself in a position to say "You know what? We do know where this comes from."

Kevin: They all say they know where it comes from, it's just-

Buyer: They don't want say-

Kevin: (Inaudible)

Buyer: They don't make the connection.

Kevin: Well between the washing and the sanitizing- what it is and what they remember of it. (Inaudible)

SE: My favorite one, is for human samples is "can you provide it sterile?" I'm like, "it's a human product, it's never sterile, it's never, ever sterile. Do you want us to take the cells and sterilize them? the cells will be dead, just to be clear. Do you want me to put them in a container and nuke them?"

Buyer: Are these all grad students you're working with?

SE: A lot of them are PHDs or postdocs, they just- you know-

012600 digoxin story

Buyer: Sometimes experts are really good at one thing, they don't see the whole picture outside, and it reminds me of the Misoprostol joke I made earlier.

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Deborah Nucatola was telling us how they wanted to do a federation wide study of digoxin and whether or not digoxin made it easier to do second trimester procedures. they could not get enough providers who would agree to a randomized study. The ones who used Dig would not give it up and the ones who didn't would not use it.

SE: Yea, and I've seen that happen. If I remember right, San Diego was doing- I'm trying to remember if Deb was still- she's not involved in-

Buyer: PPLA.

SE: Yea, she came out of UCLA didn't she? Deb Nucatola?

Buyer: Sort of.

SE: I can't remember if she came out of LA or Northern California.

Buyer: She's a So-Cal girl.

SE: I think she was always Southern California. She came out of San Diego, I think. You know, what I was going to say, maybe it was the Riverside Planned Parenthood, I can't remember but she- San Diego was one of the first Planned Parenthoods to change the dig rate to twenty-three weeks, and I remember it was a big deal.

Buyer: Oh they went up to twenty-three, rather than earlier.

SE: No Dig up to twenty-three right? They decided to do away with it. They had been doing I think, eighteen to twenty-three at the time. But, there was a number of physicians who felt like it was just toxic to women. Right?

Buyer: Right

SE: Which I would personally argue that it totally is. I mean it's- anyhow, a lot of women have had other problems due to it. Oregon State put out a paper saying women are more likely to have issues getting pregnant later.

Buyer: Because Digoxin is used? Wow.

SE: We've provided some of those papers to physicians in clinics in the past. It's interesting, I think, because the doctors that love it don't want to look at those papers.

Buyer: Wait a minute, let me understand this. Digoxin can present problems for women to get pregnant later, but the doctors that know that, but love using it don't want to look at that.

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SE: Well they argue, what they're going to argue is- they're going to say "I don't want to look at the paper. Well sure the stats are there, what's the likelihood a woman can hemorrhage, the percentages are the same." Well, no it's actually not. But they don't even want to look at it, they just want argue "well sure, if I'm doing the procedure, she can hemorrhage." Yea, but that's actually a much greater- "I don't want to hear it." The reality is the same, if I use dig, is it harmful? Can she hemorrhage? Sure, but it's my profession. They're just not going to want to hear you, you're always going to be wrong.

017700 providers have excuses

Buyer: Yes, they don't want to hear it and I- tell me if you think this is right. They all want to say all the providers- whatever, they all want to say "best interest of the woman." But it's really not that, that's just what they tell themselves. "It's in the best interest of the woman." I hear that almost like a mantra, they have to tell themselves. But if you can get passed that, if you can get passed that, no this is not about the what's best for the women, right? Just read the article, I've read them and I'm not even a science- sorry, nerd. I get it, it's not in the best interest of the women. Quit feeding yourself that line-

SE: There's a great article- Oregon state, did this study, if I can pull it up I'll send it to you guys. It's just been a while since I looked at it, it was a while back. I was going to say Oregon State, I love the research they did. I don't remember the physician that worked on it, but he was great. She basically did some examples where they were injecting Dig into the fetus, days before she did similar examples where they were injecting uh, air. Just did an air injection, it was the same result. It's cheaper, Dig is more expensive, it's more toxic to the woman. he was like "you could use air, you could use alcohol." She was using like one hundred cc's of like, ethanol. Done. Stopped the fetal heart.

Buyer: Wow. How'd she get that passed the IRB though?

SE: I don't remember, I don't remember. Oregon State probably used their own IRB and pushed it.

Buyer: Wow.

SE: Yea, it's just- you're basically saying, we're going to put something less toxic, that doesn't have a large pharmaceutical price tag attached to it, there's no risk because you're using organic products. I mean-

Buyer: That's a poster I'd like to see at the NAF meetings.

SE: The pharma companies hate those studies, they try to bury those studies right?

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Buyer: There's no profit in air.

SE: Yea, it's a free resource.

Buyer: The providers are only using Dig though, at the end of the day because they're scared right?

SE: Oh, god yes.

Buyer: Of the federal born alive, partial birth- whatever. Which also makes it complicated if you have others who are willing to do the whole convert to breech and everything like that. The others are like "ah, I'm going to send in my intent statement-" It creates, there's a lot of fear, there's a lot of other- frankly, illegitimate things that are coming in to that space. I don't know, I think it makes everything we have to do a little bit harder.

SE: It totally does, it totally does. I think it's one of those arguments- I can't remember the name of the physician- I'm getting older or my brain is getting weaker, one of the two. I'm trying to remember these doctor names and-

Buyer: Wasn't I just talking about me Alzheimer's don't even let her go there. Don't even start with that.

SE: Who's the doctor who's accredited for Dig, he's out of the bay area? Gosh, I can't remember him, it's Jackie, and I can't remember her last name. It's her clinic in the bay-

Buyer: Jackie Barbic.

SE: Yes, and the doctor there-

Buyer: I don't know any of the physicians.

SE: I can't remember his name.

Buyer: Who- Jacqueline Barbot runs family planning specialists-

SE: In Oakland, right?

Buyer: They're very close with Linda and ABR.

SE: Yea, well, they sit like six blocks from each other. But uh whoever works for Jackie, their medical director, I have to look him up, he's one of the accredited physicians starting Dig. So, I remember having conversations with him, where you're like trying to go to the source who was involved in promoting this to all of these clinics. And, even he sort of stepped down from being a huge advocate for

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Dig. So- but it takes time, and like you said, I think a lot of the physicians are scared so yea. When do you guys fly back?

Buyer: Well, I'm going back tonight- late, red eye.

SE: You're heading back tomorrow? Oh, you're hanging around for a while.

Buyer: I'm hanging around for a while.

SE: Do you have anything fun planned?

Buyer: We'll see, there's potential.

SE: Oh, nice. That's great.

Kevin: The sacramento area or the Bay area?

Buyer: The San Jose area.

SE: That's a nice area.

Kevin: Are you native Californian?

Buyer: (inaudible)

SE: I was born in Long Beach hospital. I'm a native Californian too.

Buyer: Did you grow up there?

SE: No, we kind of lived in Southern California for a long time, and then moved to the East Coast for a while. Then back- we landed, I went to High School at Westlake in LA. Westlake, Thousand Oaks area. Then moved up to Santa Barbara and then all the way up to Northern California. I've been all over California.

Buyer: Not a bad place to go right?

SE: It's true.

Buyer: What about you, Kevin?

Kevin: My dad worked for the railroad, so we got moved around like military children. We moved all around the United States, probably until my twenties. (inaudible) I've always been in California.

Buyer: Whereabouts?

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Kevin: (inaudible)

Buyer: How did you two meet?

SE: Let's see, I guess through Layton?

Kevin: You had- the biotech community is pretty small, there's a cluster near Davis but (inaudible) they use cell separation. So when that ran its course, I reached out to Cate and things went from there.

SE: Yea, we've got a good team of people, you met two great ones.

Buyer: (inaudible)

SE: Yea, it's cold. The wind comes in.

Buyer: Yea, I wasn't ready for that.

Buyer: Just a gust of wind.

SE: Yea, it's true. Perrin is not nearly as brass, have you talked to Perrin at all?

Buyer: Yea, it's almost like a good cop, bad cop routine they've got going.

SE: Yea, it's true.

Buyer: That's the perfect way to describe it.

SE: And Perrin is kinda the buffer with Linda, who's kind of you know, "shh. Let me talk" kind of a thing. At the end of the day it kind of comes and goes through Linda. I think the clinics feel that and they know- I don't think they have expanded that much, have you popped into clinics- I mean in LA obviously-

032000 ABR and other clinics

Buyer: They have San Diego and they're in tight with San Diego, there's no budging out of San Diego, I don't know who they had to kill- I had such an image, sorry [Name]. I had such an image in Baltimore when I felt was that people who are clients, who are very loyal (inaudible) I don't know-

033700 ABR had paid "advisors" sitting on the boards of clinics to keep the relationship

SE: Some of their- some staff, not that I know so much on the Planned Parenthood side, I wouldn't be surprised, there have been some staff in the past, that have been on the payroll at ABR, there's like, well enough known.

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Buyer: Wait a minute, I didn't follow that so-

SE: Like a nursing director or somebody who is like a paid employee-

Buyer: Are they doing procurement or are they just sitting there, holding the fort down.

SE: An "advisory roll." They didn't have to- yea it was an advisory role, but for a long time there was come clinics that were sitting on boards for these clinics, they are also advisors for ABR, they were never going to go anywhere with them, you know what I mean? So, you know, but I just can't imagine those days are still happening. That was like the wild west.

Buyer: That was the old model, don't pay the clinic just pay the one person at the clinic.

SE: I just feel like those days are done. It's just, I don't know-

Buyer: Maybe that's why she's grumpy.

SE: Maybe.

Buyer: Those days of paid condos in Hawaii are gone and so-

SE: Their taxes are public, by the way. Because they're non profit, we can pull their taxes, and we can the Lexus' that are paid for, you can see it's all public.

Buyer: No, don't stop I'm just trying to understand the-

SE: The Lexi-

Buyer: Yea. Like what is- I just didn't understand it, but now I'm getting a picture.

SE: Yea, I just think it's different, yeah I don't know. I know Linda was a nurse at some point, I can't remember for where or for who, I can't remember. Never involved with any clinics like that, never worked with any clinics. I can't recall any of that, I think it was a hospital, but she was a nurse.

Buyer: So her heart's not really there, her passion is not really there. It's just about the money.

SE: Yea, I've never-

Buyer: It's about the condo in Hawaii, it's about the Lexus versus what I'm hearing from you-

SE: Perrin is super passionate about the science side. Like, she is- she's

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genuine about it, but I never felt that from Linda, fifteen years ago and it's still the same way. Perrin's in it for the cause it feels like, but Linda never has been, it's always been the feeling.

Buyer: You know, and I do see where the lines can blur especially when there's so much money in it. So it can be tempting to just have- don't you think?

SE: I think it could be, yes. I don't know.

Kevin: Is she lazy?

Buyer: Oh, my gosh, you said that. Well, no-

Kevin: I know a lot of smart people that are really lazy.

Buyer: Oh my gosh, you're brilliant.

SE: He's like, "I knew this."

Buyer: (Inaudible) I don't remember saying that-

Kevin: She's one of the only players in the game, according to her. She gets really comfortable with that after about ten years or whatever. (Inaudible)

Buyer: That's my feeling, I call them a creature of the 1980's. The clinic had to install a fax machine or ABR.

SE: oh yea.

Buyer: Because, that's all they use.

SE: They don't. They don't use computers. Unless things have changed recently, but they don't, they don't even have a website. You know that right? They don't even have a website?

Buyer: Yea. There's maybe an argument for not having website.

SE: Yea, I think for a long time it was like, "we're the only person to come to." I think in some part there is kind of some anger and bitterness towards companies like us making them work harder, maybe the clinics are asking more of them. They're just like "god, the good old days when we didn't have to pay anybody." It was a just totally-

Buyer: Oh my gosh. Like we're-

SE: Yea, like we're raising the bar.

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Buyer: Raising the bar, willing to pay for the specimens-

SE: Right, and I'm sure they're like "What?" because it used to be easier for her. You know? I'm sure that's part of it, that's a big piece.

Buyer: Yea, I get it, maybe she won't have the two Lexi- she's down to one. She used to have three condo's she might only have one in Hawaii.

SE: Right. I guess I just feel like, no one's not going to be successful, but I think it's what you give back you know? We're really adamant givers in regards to that, so I think- I'm about paying it forwards, you know? It's a polar differences. But I bet you that clinic had to pay for that fax, I bet you they did. I wouldn't be surprised if they told you they have to foot the bill.

045500 clinics have minimal cost for tissue procurement

Buyer: I don't know, all I know is the medical director was already talking about "Yea, could we work out something different?" They were already unhappy with the relationship. (Inaudible) exactly now I get it. Im like "ok it doesn't cost you that much." Your cost is minimal and we're going to be paying you top dollar and I'm ok with that, no wonder they're acting-

Kevin: (Inaudible

SE: Something's wrong-

Buyer: Yea, and they're acting suspicious, really-

SE: Yea, and I think that's a big piece. ABR doesn't have many clinics-

Buyer: Like six.

047000 Cate says StemExpress has 36 to 60 clinics

SE: Yea, about that. Their reach is pretty small, I mean, ours is like six times that, at least. Maybe ten. I feel like they just- I don't know. I just kind of feel like when you're good to people they're good to you back. "I" doesn't really breed any sort of success, so. I think that's what their struggle is. Someone was telling me, they see Linda everywhere like, at all these clinics. Do you travel around clinics, the conferences and stuff do you see her?

Buyer: No. We were hitting some of the internal PP meeting pretty hard earlier this year, to really network with the medical directors and get in good with them. No sign of them anywhere.

SE: Yea, so maybe, Linda just likes to travel, I don't know. Maybe she's like, I've got a trip-

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Buyer: To Hawaii and I'll see ya later.

Kevin: (inaudible)

SE: Yea, she used to take like six months off a year.

Buyer: Wow.

SE: I mean, with five employees, that's like a 5th of- that's twenty percent of your staff. I think when people talk about lifestyle businesses, they're just kind of happy with where it is and just keep it that way. I think that they're pretty unhappy guys at odds with the standpoint of rocking that boat.

Buyer: Ok, how about we agree to disagree about rocking the boat.

SE: I know right. That's the funny thing right? If they were to walk by here and see us having dinner. They would be like "I don't get it, why are you guys having dinner together?" Like, this is why you don't get it. There's just not that synergy of working together, and building strong partnerships. You're just like burning bridges and torching houses. Ok, with that I will stop.

Kevin: (inaudible)

SE: Like I said, I do know- on the positive, I know Perrin is really into the science, she really is. I think that, you know, it sort of stops with her. It's funny because I have researchers that say the exact same thing. "Yea, I really like when I talk to Perrin, but god, I talk to Linda and it's awful." I've heard or they talk to their other staff and they don't know what they're doing. Perrin is great, I've heard that a lot from researchers.

Buyer: That's the feeling that I got, that's why I was shocked when I talked to Linda, it was such the opposite.

SE: Yea.

Buyer: And the positive note is that we met, I'm so thankful-

SE: Me too. Thank you guys so much for coming up here to meet with us too. I know you were in town on business, I'm sure we're pretty far away but I appreciate the drive.

Buyer: Our pleasure.

SE: Next time we're in LA, I will ring you guys and let you know we're headed down there. For sure. So yea, I think we have some good things in front of us, some action items to get going.

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Buyer: Do you have a business card with you?

SE: I do.

Buyer: I think that I dropped my wallet along the way-

SE: Like entirely?

Buyer: I think so.

Kevin: (inaudible)

Buyer: I'm not sure.

SE: You don't even want to look right now?

Buyer: You know what? It is what it is, why should I spoil this moment?

SE: Oh, well thank you for enjoying it with us. So we'll be in touch guys? And I look forward to it, and I think we'll create a strong partnership together.

Buyer: Me too. You're the last person standing-

SE: AW. Thank you. I appreciate it, thank you. It was so good to meet you.

Buyer: The next time you go see Hilary, call me.

SE: Oh, I will.

Kevin: [Name], good to meet you.

055000 Cate and Kevin leave

SE: Yea my sister, the other day worked with Nancy Pelosi on this bill for medicare and I was so excited to see her photograph (inaudible) Thanks guys, have a good night.