

## HOW PLANNED PARENTHOOD PROFITS FROM FETAL TISSUE “DONATION”



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### Introduction

Since CMP began releasing videos of Planned Parenthood’s senior leadership describing the grisly details of its trade in aborted baby parts, Planned Parenthood has steadfastly denied that it has received any financial benefit from supplying baby body parts.<sup>1</sup> However, Planned Parenthood has never been able to demonstrate the purported costs that its fees for baby parts were meant to “reimburse.”

One of the major links in Planned Parenthood’s baby-parts-for-profit scheme, StemExpress, LLC, has now been subpoenaed by the Congress for its refusal to hand over key documents to the Congressional investigation. CMP expects StemExpress, Planned Parenthood, and their allies to fight tooth and nail to avoid producing such documentation because it will prove Planned Parenthood’s substantial financial benefit from trading in fetal tissue.

Planned Parenthood uses two primary models to harvest and sell fetal body parts: **1)** partnership with tissue procurement organizations like StemExpress, and **2)** direct supply to local buyers. In practice, both models operate in a way to minimize Planned Parenthood’s cost while maximizing the fees and profits it can receive for high-quality body parts.

### Model 1: Tissue Procurement Organizations (TPOs)

In the first model, the Planned Parenthood affiliate uses a Tissue Procurement Organization (TPO), like StemExpress, to manage fetal organ harvesting at their surgical abortion clinics. The TPO model virtually guarantees that the Planned Parenthood clinic will profit from supplying fetal tissue, because the TPO handles all of the costs of procurement while still paying the abortion clinic a fee per usable body part harvested.

The Planned Parenthood affiliates in California, who are currently suing CMP in retaliation for the videos exposing their illicit baby parts trade, used the TPO model nearly ubiquitously: Planned Parenthood Los Angeles partnered with Novogenix Laboratories, LLC; Planned Parenthood Pacific Southwest in San Diego has worked with Advanced Bioscience Resources,

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<sup>1</sup> Planned Parenthood Federation of America, “Statement from Planned Parenthood on New Undercover Video.” 14 July 2015. <https://www.plannedparenthood.org/about-us/newsroom/press-releases/statement-from-planned-parenthood-on-new-undercover-video>



## HOW PLANNED PARENTHOOD PROFITS FROM FETAL TISSUE “DONATION”

Inc. for over 10 years; Planned Parenthood Mar Monte and Planned Parenthood Northern California both worked with StemExpress until the scandal last summer.

StemExpress’ harvesting protocols are described by whistleblower Holly O’Donnell<sup>2</sup> and confirmed by multiple StemExpress documents and Planned Parenthood leaders. Specially-trained StemExpress “procurement technicians,” like O’Donnell, would arrive at the Planned Parenthood clinics each morning on abortion days with lists of body parts orders for the day.<sup>3</sup> The StemExpress techs would consent the abortion patients to “donate” fetal tissue, receive the fetuses in the back lab of the clinic after the abortions, dissect the ordered body parts out of them, package them up, and ship them off via the local FedEx office at the end of the work day.

StemExpress technicians handled every step of the baby parts harvesting, except the abortion itself, from the moment the abortion patients walked in the door. Yet according to Planned Parenthood’s contract with StemExpress, StemExpress still paid Planned Parenthood “fifty-five dollars (\$55) per POC [product of conception] determined in the clinic to be usable.”<sup>4</sup> StemExpress defined POC as “any fetal organ or other fetal or placental material taken from the human uterus during an abortion.”<sup>5</sup> That is, not only did Planned Parenthood still get paid for the baby parts after StemExpress did all the work, but Planned Parenthood would only get paid if the body parts were high enough quality for StemExpress to sell to research customers. This is a clear admission that the fees Planned Parenthood received for aborted baby parts were based on market value.

Kevin Cooksey, VP of Corporate Development and Legal Affairs at StemExpress, described this criminal arrangement explicitly in an email June 12, 2015, explaining the language of the StemExpress Clinic Procurement contract:<sup>6</sup>

*I call your attention to sections 2.2 and 2.4 because while the language is straight forward, often I find they nevertheless require some helpful explanation.*

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<sup>2</sup> Holly O’Donnell, interview, “Human Capital – Episode 2: Inside the Planned Parenthood Supply Site.” 12 August 2015. <http://www.centerformedicalprogress.org/2015/08/human-capital-episode-2-inside-the-planned-parenthood-supply-site/>

<sup>3</sup> StemExpress, “Updated Task Assignment: Procurement Schedule Wednesday 3/20/13.” <http://www.centerformedicalprogress.org/wp-content/uploads/2015/05/Updated-Task-Assignment-Procurement-Schedule-Wednesday-32013.pdf>

<sup>4</sup> Services Agreement between Stem-Ex, LLC and Planned Parenthood affiliate, 1 April 2010, pg. 8, Memorandum from House Energy and Commerce Democratic Staff Re: Update on the Committee’s Ongoing Investigation of Planned Parenthood Federation of America. 9 September 2015, <https://democrats-energycommerce.house.gov/sites/democrats.energycommerce.house.gov/files/Memorandum%20from%20Energy%20and%20Commerce%20Committee%20Democratic%20Staff%2C%2009.09.2015.pdf>

<sup>5</sup> Stem-Ex, LLC Terms and Conditions, 1. DEFINITIONS: “The term ‘product of conception’ (‘POC’) means any fetal organ or other fetal or placental material taken from the human uterus during an abortion.” Pg. 5, [http://freebeacon.com/wp-content/uploads/2015/11/All-StemExpress-Documents\\_Redacted.pdf](http://freebeacon.com/wp-content/uploads/2015/11/All-StemExpress-Documents_Redacted.pdf)

<sup>6</sup> StemExpress, “Clinic Biological Material Procurement Agreement,” June 2015. <http://www.centerformedicalprogress.org/wp-content/uploads/2015/05/CLN-20150609.1-BIOMAX-FL-DRAFT-BMA.pdf>

## HOW PLANNED PARENTHOOD PROFITS FROM FETAL TISSUE “DONATION”

*Section 2.2 is intended to ensure that we receive only viable specimens from the clinics. As we discussed at dinner, in the past StemExpress has received tubes from certain clinics containing specimens that range from unusable tissue (unusable for a host of reasons) to blood clots that were mistaken for liver tissue. The common theme in these cases was that the supplier expected payment even though the material was unusable or non-existent.<sup>7</sup>*

StemExpress procurement logs document the number of fetal parts harvested at Planned Parenthood clinics on given days. The log for Planned Parenthood Mar Monte in Fresno shows 8 fetal parts harvested on December 12, 2012.<sup>8</sup> The log for Planned Parenthood in San Jose shows 9 fetal parts harvested on January 10, 2013.<sup>9</sup> The Mar Monte affiliate has a third large surgical site in Sacramento,<sup>10</sup> and a fourth in Stockton.<sup>11</sup> Assuming 3 abortion days per week at each abortion clinic, a baby parts yield of 8 per day would mean:

$$8 \text{ fetal parts/clinic} \times 4 \text{ clinics} \times \$55/\text{part} \times 3 \text{ days/week} \times 50 \text{ weeks/year} = \$264,000/\text{year}$$

Such an arrangement easily nets over a quarter million in extra profit margin for just this one Planned Parenthood affiliate each year.

### Model 2: Direct Supply

The second model for baby parts harvesting at Planned Parenthood clinics is one of direct supply to local biotech companies or university laboratories. Planned Parenthood Gulf Coast in Houston, TX has been using this model for decades. While it is possible in this model that the Planned Parenthood clinics may take on more of the work of harvesting baby parts, and thus may incur some actual costs, by cutting out the TPO middle-man the clinics can also charge much higher fees per fetal specimen, far in excess of any actual cost. In this context, Planned Parenthood has more line items to mask illicit baby parts profits, but its accounting gimmicks still cannot withstand close scrutiny.

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<sup>7</sup> Cooksey, Kevin. “StemExpress Update – Draft Supply Agreement.” 12 June 2015.

<http://www.centerformedicalprogress.org/wp-content/uploads/2015/05/Gmail-StemExpress-Upda...-Draft-Supply-Agreement.pdf>

<sup>8</sup> StemExpress Researcher Procurement log, 12 December 2012. <http://www.centerformedicalprogress.org/wp-content/uploads/2015/05/121212RP.pdf>

<sup>9</sup> StemExpress Researcher Procurement log, 10 January 2013. [http://www.centerformedicalprogress.org/wp-content/uploads/2015/05/FAX\\_20130110\\_1357862283\\_45.pdf](http://www.centerformedicalprogress.org/wp-content/uploads/2015/05/FAX_20130110_1357862283_45.pdf)

<sup>10</sup> Planned Parenthood Mar Monte – B Street Health Center. Sacramento, CA.

<https://www.plannedparenthood.org/health-center/california/sacramento/95816/b-street-health-center-2200-90130/abortion>

<sup>11</sup> Planned Parenthood Mar Monte – North Stockton Health Center. Stockton, CA.

<https://www.plannedparenthood.org/health-center/california/stockton/95207/north-stockton-health-center-2528-90130/abortion>

## HOW PLANNED PARENTHOOD PROFITS FROM FETAL TISSUE “DONATION”

Planned Parenthood Gulf Coast invoices to University of Texas Medical Branch for a 2010-2011 fetal tissue study show the clinic charging \$25 per “Consent obtained” from abortion patients, and an additional \$150 “Consent fee” for a subset of abortion patients.<sup>12</sup> This is consistent with a two-tiered payment system where Planned Parenthood billed first for its staff to consent all the eligible abortion patients, and then billed a second, higher fee for the fetal tissue specimens that were usable. On April 9, 2015,<sup>13</sup> Melissa Farrell, Director of Research for Planned Parenthood Gulf Coast, described using these “two levels of invoicing” for a previous contract with Amphioxus Cell Technologies, a private Houston biotech company.<sup>14</sup> Farrell smiled as she said, “We had it worded as ‘per consent,’” and then explained that the two-tier payments “covered if a patient consented to be in the study and then for whatever reason we didn’t get a sample.” Farrell’s explanation of this compensation scheme, like Kevin Cooksey’s at StemExpress, shows Planned Parenthood’s fees for baby parts are based on market value of usable fetal parts.

Farrell also explained that Planned Parenthood Gulf Coast never handled shipping costs for fetal specimens: “All of our other researchers that were local, even the company, they sent a courier to pick it up.”<sup>15</sup> In such an arrangement, the only extra work for Planned Parenthood is consenting the abortion patients to “donate” fetal tissue. Dr. Deborah Nucatola, Senior Director of Medical Services for PPFA, indicated that the overall patient consent process typically only takes 10 minutes per patient.<sup>16</sup> In such a situation, patient consent for fetal tissue procurement should only be worth a fraction of hourly staff time wages, but for the sake of argument we can assume Planned Parenthood’s staff time is adequately reimbursed by \$25/hour, with a generous hour of consent “processing” time for each fetal specimen. This still yields a \$150 profit margin per usable fetal tissue specimen collected at Planned Parenthood Gulf Coast.

Farrell said the commercial Amphioxus Cell Technologies fetal tissue collection was large scale:

*It was collection Monday through Friday, they would send a courier over, and I don’t remember if it was any specific gestational ages [...] But it was basically everybody and anybody who agreed to donate. So like I said, some days we’d have as many as 6 or 10 in a day.*<sup>17</sup>

*8 fetal specimens/day x \$150/specimen x 5 days/week x 50 weeks/year = \$300,000/year*

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<sup>12</sup> Planned Parenthood Gulf Coast, invoices UTMB001 and UTMB002. 11 November 2010.

[http://www.centerformedicalprogress.org/wp-content/uploads/2016/02/SKMBT\\_65215090107450.pdf](http://www.centerformedicalprogress.org/wp-content/uploads/2016/02/SKMBT_65215090107450.pdf)

<sup>13</sup> “Planned Parenthood Houston Admits Accounting Gimmicks Hide Baby Parts Sales,” The Center for Medical Progress. 2 February 2016. <http://www.centerformedicalprogress.org/2016/02/planned-parenthood-houston-admits-accounting-gimmicks-hide-baby-parts-sales-invoices-charge-thousands-of-dollars/>

<sup>14</sup> Melissa Farrell, pg. 46, 9 April 2015. [http://www.centerformedicalprogress.org/wp-content/uploads/2015/05/PPGCtranscript04092015\\_final.pdf](http://www.centerformedicalprogress.org/wp-content/uploads/2015/05/PPGCtranscript04092015_final.pdf)

<sup>15</sup> *Ibid.*, pg. 43.

<sup>16</sup> Deborah Nucatola, MD, pgs. 13-14, 25 July 2015. [http://www.centerformedicalprogress.org/wp-content/uploads/2015/05/PPFAtranscript072514\\_final.pdf](http://www.centerformedicalprogress.org/wp-content/uploads/2015/05/PPFAtranscript072514_final.pdf)

<sup>17</sup> Farrell *ibid.*, pgs. 45-46.

## HOW PLANNED PARENTHOOD PROFITS FROM FETAL TISSUE “DONATION”

As in the case of Planned Parenthood affiliates who work with TPOs, the high per-specimen fees quickly add up to a significant baby parts profit margin in one year.

Information coming in from other Planned Parenthood affiliates seems to indicate their direct supply models operated according to similar principles, minimizing Planned Parenthood work while maximizing the fees collected. At Planned Parenthood of the Rocky Mountains, fetal tissue specimens were billed at \$160/consent.<sup>18</sup> Meanwhile, for fetal brain harvesting at Planned Parenthood of Wisconsin, UW-Madison apparently sent over a special “study nurse” to handle the patient consent process.<sup>19</sup> The logistics of baby parts harvesting—Planned Parenthood’s capping consent time with patients at 10 minutes, the use of outside couriers or research staff at buyer expense, and the high per-specimen fees paid to Planned Parenthood—ensure that fetal tissue harvesting on a direct-supply model remains highly profitable for Planned Parenthood.

### Planned Parenthood’s Alleged “Policy Change”

Planned Parenthood Federation of American President and CEO Cecile Richards announced somewhat conspicuously on October 13, 2015 that Planned Parenthood would no longer receive “reimbursement” in exchange for fetal tissue. There are a number of reasons to be skeptical about this announcement, however, which came in the form of an open letter to Francis Collins, Director of the NIH.<sup>20</sup>

Previous PPFA policies on fetal tissue procurement, from May 2005 and June 2011, were oddly silent on the issue of remuneration in fetal tissue programs.<sup>21</sup> PPFA’s most recent prior “guidance,” from May 2015, recommends that an affiliate “must be able to demonstrate the reimbursement represents its actual costs.”<sup>22</sup> It is hard to understand why PPFA has purportedly chosen to change this recently-adopted policy, rather than simply to produce the

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<sup>18</sup> Smith, Samuel, “Colorado University Paid Over \$97K for Planned Parenthood Aborted Baby Body Parts.” 1 November 2015. <http://www.christianpost.com/news/colorado-university-paid-over-97k-for-planned-parenthood-aborted-baby-body-parts-151367/>

<sup>19</sup> University of Wisconsin-Madison IRB Basic Study Information, “Metabolic Gene Profile on Aneuploidy,” pgs. 18-19. Released 12 November 2015. <http://www.adfmedia.org/files/UWMadisonRecordsRequestResults.pdf>

<sup>20</sup> Cecile Richards to Francis Collins, 13 October 2015. <http://ppfa.pr-optout.com/ViewAttachment.aspx?EID=mr9WXYw4u2lxYnni1dBRVmiqCFHVBXQWHDzndIMBxKo%3d>

<sup>21</sup> Planned Parenthood Federation of America *Manual of Medical Standards and Guidelines*, “Aborted Pregnancy Tissue Donation Programs,” May 2005, and “Programs for Donation of Blood and/or Aborted Pregnancy Tissue for Medical Research, Education, or Treatment,” June 2011. <http://www.centerformedicalprogress.org/wp-content/uploads/2015/08/CMPLetterCongress.pdf>

<sup>22</sup> Planned Parenthood Federation of America, “Programs for Donation of Blood and/or Aborted Pregnancy Tissue for Medical Research.” May 2015, in Memorandum from House, *Ibid.*, pg. 2. <https://democrats-energycommerce.house.gov/sites/democrats.energycommerce.house.gov/files/Memorandum%20from%20Energy%20and%20Commerce%20Committee%20Democratic%20Staff%2C%2009.09.2015.pdf>



## HOW PLANNED PARENTHOOD PROFITS FROM FETAL TISSUE “DONATION”

demonstration of cost the May 2015 policy calls for—unless the truth is there was no “cost” to Planned Parenthood, and the purported “policy change” is really an admission of guilt.

If this is a true “policy change” at PPFA, it is also surprising that Richards does not quote the new policy or present it as an attachment to the letter. Top Planned Parenthood leadership, like CAPS (Consortium of Abortion Providers) National Director Deborah VanDerhei, and Senior Director of Medical Services Dr. Nucatola (who writes the Manual of Medical Standards & Guidelines), repeatedly told CMP investigators undercover that PPFA would never enforce a national policy around fetal tissue. VanDerhei said of remuneration to affiliates, “We’re not gonna say no,”<sup>23</sup> and Nucatola insisted, “There will never be guidelines.”<sup>24</sup> Because of the federated structure of Planned Parenthood and the significant independence of its affiliates, it is unlikely that any new “policy” against fetal tissue remuneration is anything more than a temporary gentleman’s agreement for immediate PR purposes, and this may explain Planned Parenthood’s failure to produce a copy of it.

### Conclusion

Planned Parenthood’s persistence in such a complete lack of transparency around its clinics’ apparent profiteering from aborted baby parts is inexcusable—especially while it continues to receive over half-a-billion dollars in taxpayer money each year. Planned Parenthood still cannot or will not answer basic questions about which affiliates have engaged in this barbaric trade, what exactly its purported “costs” were for fetal tissue “donation” at clinics where procurement companies did all the work, and how much money it has received total from companies like StemExpress over the past five years. The constant dissimulation and breezy question-dodging from Planned Parenthood spokespersons should be a red flag to elected representatives everywhere. After refusing to hand over key documents on its financial transactions for fetal tissue, StemExpress was subpoenaed by Congress—Planned Parenthood should now be on notice to stop covering up for its affiliates’ criminal baby parts sales and start answering the hard questions, if it can afford to tell the truth.

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<sup>23</sup> Deb VanDerhei, pg. 5, 27 February 2015. <http://www.centerformedicalprogress.org/wp-content/uploads/2015/05/PPCAPSDVDAMfinal.pdf>

<sup>24</sup> Nucatola *ibid.*, pg. 47.