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Can crowdfunding cure cancer?



JOHN PLETZ ON TECH



Photo by Erik Unger Len Batterson

Venture capitalist Len Batterson is turning to crowdfunding to make chemo work better for cancer patients.

This is no Kickstarter campaign. It's worth watching what he's doing.

Batterson lined up a \$500,000 initial investment for Connecticut-based Intensity Therapeutics, which developed a treatment that has shown promise in solid-tumor cancers. The company already has raised \$3 million, and Batterson is trying to raise up to \$2.5 million more.

New rules let firms such as Batterson Venture Capital use the Internet to target accredited investors, people whose net worth is over \$1 million or who make more than \$200,000 a year. Those rules, part of the JOBS Act, let firms solicit a much wider investment pool, allowing them to market online and elsewhere.

Batterson isn't chasing small-time crowdfunders for Intensity Therapeutics. His firm focuses on high-net-worth investors putting in at least \$50,000. He soon plans to launch a new web portal called VCapital, which has been in beta mode for several months.

Batterson Venture Capital has a roster of 140 investors, mostly major Chicago entrepreneurs, investment bankers, investment managers, corporate executives, attorneys, doctors. The backers of Intensity include a major cancer researcher at AbbVie, an officer at Citadel and former top executives of large insurance companies.

"With the JOBS Act, I realized this could be an opportunity to significantly expand the size of that group and take it national," Batterson said.

Batterson does a deal or so a year but hopes to step up the pace with VCapital.

Untapped pool of wealth

Intensity's treatment, injected into cancer cells, allows chemotherapy drugs to pass through the fat membrane that surrounds the cancer cells, allowing more of the chemo drugs to penetrate the tumor. The treatment also creates an immune response against a return of the cancer. Its treatment has been tested in mice and dogs, and Batterson hopes it will begin human trials at a handful of university research hospitals in six to nine months.

"It increases the efficiency of the chemo drugs to get into the cancer cell and reduce the amount of chemo drugs needed," said Dr. Jay Berzofsky, chief of the vaccine branch at the Center for Cancer Research of the National Cancer Institute in Bethesda, Md., which assisted in designing some of the studies of the Intensity drug.

NCI was able to reproduce Intensity's experiments and verify the basic findings, he said.

What's really got Berzofsky interested is the immunotherapy possibility, protecting patients against future outbreaks of disease or the return of cancer cells.

"This approach involves an immune response against the tumor," Berzofsky said. "We think we can amplify the immune response to take better advantage of that."

Batterson came across Intensity when a friend in the Chicago investment community introduced him to its founder, Lew Bender. Batterson, 70, who got into the venture game more than 30 years ago and invested in AOL and Nanophase Technologies, has been looking to harness the web for fundraising since the dot-com boom.

Wealthy individuals long have been a key source of "private-placement" funding for new companies. But firms such as Batterson's have been limited to the networks of contacts they developed through personal relationships and cumbersome, state-by-state registration requirements. The SEC is relaxing some of those rules. **The state of Illinois also recently passed** a new crowdfunding rule.

He and others see the opportunity to more effectively tap into the pool of 440,000 accredited investors in the U.S. who invest in venture capital or private-equity deals and another about 8 million who qualify as accredited but have not yet invested. New rules also will allow crowdfunding sites and startups to tap the much larger market of Americans to invest as non-accredited investors. Such deals, which can be less than \$100, often amount to advance purchases of a prototype.

"We're not interested in non-accredited investors," he said. "That could turn into the Wild West."