



VG Life Sciences Inc. Sets Up Shop in Santa Barbara's Funk Zone District

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Santa Barbara's Funk Zone is being intensively developed to include a little of everything. In a short walk, you can find wine, beer, arts, great food, surf shops — and now, a life sciences company headquarters.

VG Life Sciences, formerly known as Viral Genetics and formerly based in San Marino, a leafy L.A. suburb, has moved its home base to 121 Gray Avenue to co-locate with TynanGroup and MedBridge LLC, the companies led by John Tynan and David Odell that recently invested more than half a million dollars into VG Life Sciences. Tynan has been named interim CEO of the company, and MedBridge is taking over all administrative functions for it.

VG Life Sciences is a development-stage company with two main products. The first, so-called metabolic disruption compounds that interrupt how cancer cells grow, is in the early parts of a Phase I clinical trial at Cancer Therapy & Research Center in San Antonio and the Scott and White Hospital system located in Temple, Texas. The company's chief scientific officer, Karen Roger-Newell, a professor at Texas A&M College of Medicine, and her colleague Brett Mitchell have received \$140,000 in grant money from the American Heart Association to continue work on the company's other major treatment, called targeted peptide technology. That drug aims to target the inflammatory response at the heart of most autoimmune disorders, from HIV/AIDS.

Early data in mice suggest that the technology might also be useful in preventing preeclampsia, a dangerous pregnancy complication in which high blood pressure can lead to deadly seizures. While the company has some bonafides — it has a portfolio of more than 50 patents, some of which are licensed from public research universities in Colorado, Texas and Vermont — it remains essentially a development stage company. It has little revenue and an accumulated deficit of \$87.5 million, according to its financial filings.

Tynan and Odell, who both sit on the board, got involved with the firm through their connections with doctors through MedBridge. Originally a successful real estate development firm — it actually shepherded what's now the Canary Hotel in Santa Barbara to completion — the TynanGroup has become a mini-conglomerate that includes a wind energy seller, an IT services firm and MedBridge, which manages medical buildings such as surgery centers. The idea at MedBridge is that doctors can focus on being good doctors while MedBridge handles financial administration and facilities management.

Viewed through that lens, it's not so unusual that Tynan and Odell, two longtime VG Life Sciences investors, would step in with cash and management skill when they felt the company was on the cusp of success. "Dave and I looked at the company and where it was trending last year, and we felt that it's very close in terms of turning the cures they've been working on in the laboratory into success with clinical trials," Tynan told the Business Times. "One of the things we're really good at is implementing business plans. That's what we do at TynanGroup and that's what we do at MedBridge — we implement and allow the experts to do their job." Tynan said the capital infusion and management takeover are meant to let Newell and her teams focus on getting targeted peptides into clinical trials and continuing the existing trials with the metabolic disruption cancer therapies.

The company was once publicly traded on the OTC Bulletin Board, the listing service for microcap stocks that requires reporting to the U.S. Securities and Exchange Commission and that is overseen by the Financial

Industry Regulatory Authority, the private-sector independent regulator. VG Life Sciences is now traded on OTC Pink, commonly called the pink sheets, which means it voluntarily reports some financial information but is not overseen by FINRA or the SEC. Tynan's firm structured its investment as convertible debentures, essentially debt with an option to convert to equity. The company also underwent a reverse stock split, reducing its outstanding shares from around 3 billion to a more manageable 60 million. Tynan said the company's goal is to regain listing on the OTC Bulletin Boards and, if its products succeed, perhaps move to one of the mainstream exchanges one day.

Tynan said that he expects to lead the company for a very limited time. If drug development is successful, he plans to recruit an experienced biotech CEO to lead VG Life Sciences. While research operations aren't likely to move to the South Coast, Tynan said he does hope to maintain and grow the firm's corporate headquarters. "Santa Barbara, in terms of a home base for technology, including biotechnology, is an area that can attract the people that we need. I see continued growth here in Santa Barbara on the business side and continuing our relationship with Karen Newell and her research team at Texas A&M," he said.

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