



# Cancer-research lab sold to Texas firm for \$40 million

**Ronald J. Hansen and Ken Alltucker**

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A Phoenix cancer-research laboratory is being purchased for \$40 million by a Texas-based bioscience firm, company officials have confirmed.

## Executives

at Molecular Profiling Institute told workers at its Phoenix lab Thursday they were being acquired by Caris Diagnostics, a company with locations in Tempe; Irving, Texas; and Newton, Mass.

The move is not expected to immediately affect jobs at either company's Arizona location.

David D. Halbert, Caris chairman, said in an interview he expects to add workers to the Phoenix area, but could not say when or how many. The deal is expected to close in January.

MPI, which employs about 50 people, was the first spinoff of the International Genomics Consortium and the Translational Genomics Research Institute, anchors of Arizona's efforts to become the Southwest's leader in the bioscience industry.

MPI's rapid ascent from a startup with less than \$2 million three years ago to an attractive firm with direct ties to the potentially lucrative drug industry gives hope to those who pushed the state to invest in bringing bioscience to Arizona.

It also offers a sign of the growing commercial value for these businesses as the state is asked to continue providing millions to support bioscience research and development.

"We're trying to build a full-service, next-generation diagnostic service," Halbert said in explaining the purchase. "We believe in the future of personalized medicine."

"We're staying where we are," said Robert Penny, CEO of MPI. He said that the purchase "will allow to do what we already do, but on a much grander scale."

With the purchase, Caris will combine its research into the nature and cause of disease with MPI's work in tailoring individual cancer treatment to specific patients.

A key subsidiary of MPI is its Tissue Banking and Analysis Center, Halbert said. The center stores and analyzes biospecimens for US Oncology Research Network, a firm that conducts clinical trials on cancer-related drugs for the pharmaceutical industry.

Penny said he began discussing the company's sale in September.

The move typifies the rapidly evolving bioscience industry and Arizona's efforts to secure a place within it.

MPI was founded in December 2004 as the first for-profit spinoff of the IGC and TGen. Four groups chipped in to provide \$1.35 million in seed funding for MPI: pathology company AmeriPath, the Flinn Foundation, the Scottsdale Healthcare Foundation and EA Management, a San Diego-based investment company.

Its first major contract involved conducting genetic tests for breast cancer.

By mid-2005, MPI acquired the assets of Nanobiomics Inc., a spinoff from Arizona State University. Later in 2005, MPI had gained \$7.5 million in investment funding from other partners.

Last year, MPI formed its tissue center with US Oncology, further broadening its commercial research base. Earlier this year, MPI moved beyond cancer research, beginning a partnership with a California company that offers genetic testing for [heart disease](#).

According to Caris, nearly half of MPI's 50 employees have medical or doctorate degrees.

Caris was founded in Irving in 1996 and has grown to provide pathological research for about 1,500 physicians nationwide, according to the company. The company has annual sales of about \$100 million, Halbert said. MPI has annual sales of about \$7 million, he said.

A year ago, Caris changed its name from Pathology Partners Inc. and added George Poste, the director of the Biodesign Institute at Arizona State University, as a member of the Caris board of directors and an adviser to the company.

This year, Caris has expanded from its Texas roots. In May, it opened a 24,000-square-foot lab at the Cotton Center Industrial Park near the Phoenix-Tempe border. A month later, it merged with a lab in Newton, Mass.

Doing business in Arizona is nothing new for Halbert.

In a \$1 billion deal in 2001, Halbert's Advance Paradigm Inc. purchased PCS Health Systems, a pharmacy benefits management firm based in Scottsdale, from the Rite Aid Corp. He sold the resulting AdvancePCS in late 2003 for \$5.6 billion in cash and stock.

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