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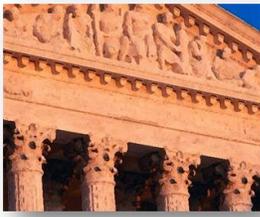
## *Venture-Backed Garnet BioTherapeutics, Inc. Files for Chapter 11 Bankruptcy*

Garnet BioTherapeutics, Inc., a Malvern, Pennsylvania "clinical stage regenerative medicine company," voluntarily filed for chapter 11 bankruptcy protection in Delaware on Tuesday. The company was founded in 2000 and spent \$45 million in investment funds between 2000 and 2008 pursuing "cell development and cardiac interests" without commercial success (during this period, the company was named Neuronyx, Inc.). In 2008, the company raised an additional \$10.4 million in venture backing, changed management, and refocused its product development efforts on the development of "cellular therapy in the treatment of post-surgical wound repair." According to TechCrunch's [CrunchBase database](#), investors in that funding round included Alliance Technology Ventures, SCP Vitalife Partners, and Safeguard Scientifics, Inc. Despite ten years and over \$50 million in funding, court filings report that the company has yet to generate any commercial revenues.

In March of this year, Garnet announced in a press release that "the first patient has been treated in a Phase 2 multicenter, double-blind, placebo-controlled study of its lead product candidate GBT009 at Unity Hospital in Rochester, New York." The March test was intended to test the use of GBT009 "for the treatment of incisional wounds following breast reconstruction surgery." Following that announcement, court filings report that Garnet received \$500,000 of bridge loans from existing investors with the expectation that Garnet would close a new round of financing this fall. However, the expected investors in the new round were unhappy with Garnet's "future business direction as well as the terms and conditions for a future financing" and the round did not close. Early this month, Garnet received an \$800,000 secured line of credit from Silicon Valley Bank and drew \$400,000 on that LOC.

The company blamed its bankruptcy filing on a lack of operating funds resulting from its failure to generate any revenue combined with the collapse of its expected round of funding. This lack of operating capital has resulted in Garnet's failure to remain current on its obligations and Garnet was facing eviction from its facility, mechanics' liens asserted by construction vendors, and lawsuits by former employees for unpaid wages and benefits.

Garnet BioTherapeutics is represented by the law firm of [Sullivan Hazeltine Allinson LLC](#) in the bankruptcy case. It is seeking authority to obtain debtor-in-possession financing from one of its shareholders, SCP Vitalife II Partners, L.P., which guaranteed its secured line of credit from Silicon Valley Bank.



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Key court filings to date include (click on the title of any document for more information or to purchase):

- [Chapter 11 Voluntary Petition . Fee Amount \\$1039. Filed by Garnet BioTherapeutics, Inc.. \(Hazeltine, William\)](#)
- [Affidavit in Support of First Day Pleadings of Geraldine A. Henwood Filed By Garnet BioTherapeutics, Inc.](#)
- [Motion to Reject Lease or Executory Contract nunc pro tunc to December 29, 2010 Filed by Garnet BioTherapeutics, Inc.. \(Attachments: # 1 Exhibit A# 2 Exhibit B\)](#)
- [Motion to Pay Employee Wages , Compensation, Payroll Taxes, and Employee Benefits and Authorizing Debtor to Maintain its Existing Employee Programs Filed By Garnet BioTherapeutics, Inc.](#)
- [Motion to Maintain Bank Accounts and Cash Management System and Continue Use of Existing Business Forms Filed By Garnet BioTherapeutics, Inc.](#)

*For access to all major pleadings filed in this case, please visit*  
[http://www.chapter11cases.com/Garnet-BioTherapeutics-Inc\\_c\\_14626.html](http://www.chapter11cases.com/Garnet-BioTherapeutics-Inc_c_14626.html)