

US probes target health care startup Theranos

April 19 2016

Theranos, a startup that touted a revolutionary new way to test blood, has revealed it is under scrutiny by US civil and criminal authorities.

Investigations by the US Attorney's Office and the Securities and Exchange Commission are ongoing, with documents being requested from the California-based company, Theranos told partners in a memo, a copy of which was obtained by AFP on Monday.

"In the past, we have generally not commented on the specifics of these inquiries out of deference to our regulators and in light of specific requests for confidentiality," the memo read.

"However, in light of consistent press attention in this area we want you to hear about them from us."

The Wall Street Journal on Monday cited unnamed sources as saying that federal prosecutors are investigating whether Theranos misled investors and regulators about its technology and its operations.

"The company continues to work closely with regulators and is cooperating fully with all investigations," a Theranos spokesperson told AFP.

Investigations into Theranos by departments of health in the states of Pennsylvania and Arizona, as well as by the US Food and Drug Administration, have been successfully closed, the startup said in the

memo.

"The investigations by the SEC and the US Attorney's Office, which began following the publication of certain news articles, are focused on requesting documents and ongoing," Theranos said.

Elizabeth Holmes took the crown of youngest "self-made" woman billionaire thanks to revolutionary blood tests touted by the Silicon Valley startup.

She has been on the defensive for months after news reports questioning whether Theranos has indeed delivered a revolutionary new way to test blood.

Media outlets knocking her from her pedestal had previously praised the 31-year-old as a visionary along the lines of Apple's famed co-founder Steve Jobs.

She was only 19 when she founded Theranos in 2003, launching it with money her parents had set aside for her education.

Theranos touts a new way of testing that uses far less blood and delivers faster results at much lower cost than traditional methods in US labs.

Holmes and Theranos were a hit with investors, who valued the startup at some \$9 billion during the last funding round in 2014.

Late last year, however, the Wall Street Journal published articles questioning the reliability of Theranos technology and the veracity of the startup's claims.

The newspaper accused Theranos of using widely available commercial equipment—debunking the firm's claims of "revolutionary" testing.

The company and its boss have publicly defended Theranos and stood by its innovations.

Earlier this year, US regulators warned Theranos in a letter that Holmes could face a temporary ban from being in the blood-testing business due to potentially dangerous problems found at its lab in Northern California.

© 2016 AFP

Citation: US probes target health care startup Theranos (2016, April 19) retrieved 3 May 2024 from <https://phys.org/news/2016-04-probes-health-startup-theranos.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
