

ProNAi Therapeutics closes on largest VC funding round in state history: \$59.5M

By [Tom Henderson](#)

Plymouth Township-based **ProNAi Therapeutics Inc.**, a maker of cancer drugs, has closed on what is believed to be the largest single round of venture capital funding in state history, a series D round of \$59.5 million.

The previous record is believed to have been set by Ann Arbor-based **QuatRx Pharmaceuticals Co.**, which raised a round of \$44 million in 2007. No official database of venture capital funding exists.

ProNAi is expected to be gearing up for an initial public offering later this year. Company President and CEO Mina Sooch declined comment about an IPO. The **U.S. Securities and Exchange Commission** frowns on company executives talking about possible public offerings.

The round was led by **Vivo Capital** of Palo Alto, Calif., one of nine new investors in the company.

The oversubscribed round included previous investors Milwaukee-based **Capital Midwest Fund**, **Apjohn Ventures** of Kalamazoo; the **Amherst Fund** of Ann Arbor; and the **Grand Angels** of Grand Rapids.

"This financing is a transformative milestone in ProNAi's 10-year history and follows the clinical results recently reported by the company and its clinical investigators," said Sooch. "We are pleased to have attracted such an experienced and well-regarded group of investors. Their support of this financing will allow us to execute our plans with greater speed and broader reach."

In January, ProNAi raised a VC round of \$12.5 million. At the time, Sooch told *Crain's* that the company would soon raise another round, with a target of \$30 million that was easily surpassed. She said, then, the plan was to raise the bigger round and then do an IPO before the end of the year.

That's all dramatic news for a company that had struggled for funding for years and was considered on its death bed more than once.

"This is an impressive round and probably the biggest venture capital round ever raised by a state company. Congratulations for Mina and her perseverance. This is a company that coulda, woulda, shoulda died several times," said Jim Adox, chairman of the Ann Arbor-based **Michigan Venture Capital Association** and managing partner of the Ann Arbor office of Wisconsin-based **Venture Investors LLC**.

Adox is not an investor in ProNAi.

The funding flurry and the possible IPO grew out of a presentation the company made in December at the annual meeting of the **American Society of Hematology**, a major conference that drew 30,000 to New Orleans.

The presentation was on results of Phase 2 **U.S. Food and Drug Administration** human trials of ProNAi's lead product, a molecule with the working name of PNT2258. Twelve patients had been enrolled who had non-Hodgkin lymphoma that had been treated unsuccessfully with conventional therapies, including radiation.

At the time of the presentation, four of the 12 were in remission, and in 10, the tumors shrank. One of those in remission is a woman in her late 60s who had tumors in her abdomen, neck and chest. Another was a 40-year-old man whose tumor was so aggressive it had fractured his spine and packed his bone marrow with cancer cells.

Both had life expectancies of between six and 12 months before treatment. After six months of treatment, both appeared to be disease free. And, unlike chemotherapy and radiation, PNT2258 appears to have few side effects.

After the conference, the New York City research and brokerage firm of **Sanford C. Bernstein & Co. LLC** issued a report on the conference that included ProNAi on its list of four emerging companies to watch.

The "NAi" in the name comes from "DNAi," a biotech shortcut for DNA interference, which refers to a way of using single strands of DNA to target specific disease-causing genes. In this case, PNT2258 targets the gene BCL2, which produces a cancer-causing protein.

ProNAi was founded in 2004, though it traces its history to 2001 and to the work of Reza Sheikhnejad, a scientist at **Wayne State University** and the Detroit-based **Barbara Ann Karmanos Cancer Institute**.

WSU and Karmanos declined to pursue patents on Sheikhnejad's work, so he funded a patent himself and assigned it to ProNAi, an early portfolio company of Apjohn Ventures in Kalamazoo.