I remember Tom Perkins, and we took them on a little tour of our little lab, and then we went and we had a meeting -- we took them to the airport, and we sat in the bar at the airport, and Tom Perkins offered us three hundred thousand dollars to start the company, which was a hundred and twenty-two thousand dollars more than we were asking for -- so, the first and last time anybody ever offered us more than we were asking for. And then we talked about who, the percent ownerships. It was going to be seventy percent for Kleiner-Perkins, and thirty percent, no, I forget, yeah, thirty percent for us, and Ivor got the lion’s share of that. I ended up with five or six percent, I really don’t remember. I was pretty upset about it because I thought that since I was the one that was leaving, Ivor was the one that was the M.D., he had the credibility, I was just this lab tech. In retrospect, it was pretty unfair. But, I didn’t really have a lot to say in the matter. I was sort of locked in, you know. I didn’t have a choice -- it was either do it or don’t do it, and I didn’t know what leverage I had at the time. I didn’t feel like I really had much, although probably I had more than I thought I did. I remember calling Brook in New York and debating this with him over the phone, and I think I eked out one more percent but I still got a lot less than Ivor did. A lot less. He got three times as much as I did.

Q: Had you discussed this with Ivor before, when you talked about starting the company?

Yeah, we did. And it was funny how things changed as we got closer to it being a reality. At first Ivor said, I’ll just take ten percent, you take ninety percent, because you’re going to go do it. And then, as we got closer, it was, ‘Well, let’s do it fifty-fifty.’ And then, when we got to the airport, he sure didn’t argue, or say that we had a deal fifty-
fifty. He let it go, and I was really angry with him at the time. I was pretty perturbed about it. I said, ‘Hey, you said fifty-fifty, and now it’s, you know, you get this, I get this.’ But he didn’t budge, and I didn’t have a whole lot of leverage. I was making fifteen thousand dollars a year with a master’s degree, I did not have the leverage to do it. I don’t remember when this was, exactly, it was the summer of ‘78, and then, I remember another meeting where Brook brought all of his partners down, and we met at the Las Vegas Hotel for lunch, and it was Gene Kleiner and Frank Caufield and Tom Perkins and Brook, and we had a lunch with them, Ivor and I. And then they were going to go hire some consultant to do due diligence on this whole thing, and they did that. I don’t remember the name of the consultant now; they hired some guy, and he went off and did some sort of report for them on where monoclonal antibodies could fit in, and what they could be in the industry, and then we had a meeting up in San Francisco. Actually, the consultant was going to give his report. It was the day, it was October 18th, 1978. It was the day we were going to do the closing setting up the company, and in the morning, the guy was going to give his report, and in the afternoon, we did the closing. This is the closing book. Let’s see -- it was three-hundred thousand -- they bought a dollar a share, three hundred thousand of preferred, and Ivor and I got one hundred and fifteen thousand, of which, I got thirty thousand, I believe, so he got eighty-five thousand, and I got thirty thousand. Anyway, they did a five to one split. It wasn’t reversed, it was a forward split. It was a split, a real split. They just took all of the shares and multiplied them by five. Anyway, so this guy gave his presentation in the morning, and basically what he presented was that these things in not just research, but also in diagnostics and therapeutics. You saw the little business plan we wrote. We said they would be useful in diagnostics and therapeutics, but we were proposing, initially, just research products. And basically, he saw that these would be very good in diagnostics and/or therapeutics, and then that afternoon, we did this closing, the legal closing, in the offices of Pillsbury,
Madison, and Sutro. Tom Sparks was the attorney that they had chosen. We also picked
the law firm for patent law -- Lyon & Lyon -- and Tom Kiley...we were doing a lot of
work down here, I’m remembering back now, we used to meet at Ivor’s house, off hours,
and Brook came down several times, and was helping me do budgets, and figure out what
we needed -- no that was after, I’m sorry, I’m getting ahead of myself. My memory’s not
that good. Let’s see. We did a little bit of that before the closing. Then after the closing,
they handed me a check for three-hundred thousand dollars, and I flew back to San
Diego, and I had this crummy old car, and I drove from the airport, and I ran out of gas on
the way home, and I had this briefcase, I was clutching it, I had this three-hundred
thousand dollar check in there. It was more money than I’d ever seen in my life. And
Brook, the thing about Brook that’s so fantastic is, he lets people do things that they’ve
never done before. So like, he gave me this money, and I went and set up this bank
account at B of A, and went in and just met this woman named Martha Demsky, who was
an account executive there, and we set up this account with this three-hundred thousand.
We had invested it, you know, like you do. I didn’t know anything about this kind of
thing, and Brook was helping me, sort of being my mentor on this. We had a number of
meetings at Ivor’s house with Brook and Tom Kiley, who was at Lyon & Lyon, who
subsequently went to Genentech. And when he went to Genentech, they gave us a guy
named Larry Respess, who then worked with me for fifteen years. He was with me at
Hybritech, Gen-Probe, and Ligand, and he’s still at Ligand. So, we had this report by this
guy, it was very good. We did the closing, and I came down and started the bank
account, and the next day was my last day at the VA, at the University, and we leased
space, and we moved into that space. My last day was a Friday, on the following
Monday, I went and it was just one lab that was empty, just lab benches, you know, and
an office, and I got a desk, and a phone, and that was it. And there I am, it’s a Monday
morning, I’m in my new office, I’ve got a phone, and nothing else. I had the phone put
on, I had the lease done on the space, I did all this stuff, while we were waiting, you
know, we got the thing done, and I was ready to go, and I went in there and I immediately
started ordering equipment and started interviewing people. We found out that there was
this guy that might be interested in a job, a real bright guy named Gary David. I started
interviewing him, and Brook interviewed him. Brook was acting president; I was vice-

president, and Ivor was consultant. So, we did that, and I started hiring people, and
ordering all this equipment and stuff...

Q: How did you hear about Gary David?

I don’t remember who told us about him. Somehow, through the grapevine we heard
about him.

He was at Scripps, yeah, I believe. [Actually, he had already left] And, he came on
board. He was one of our first employees.

Q: What were your criteria for hiring people then? Did you have an idea of exactly what
this guy was going to do?

I don’t remember that we knew exactly what he was going to do, but he had the right
background. He was in immunodiagnostics, he knew a lot about antibody assays, that
kind of stuff. He was not commercially oriented at all, I mean really. And he ended up
Q: And he was at Scripps?
staying at Hybritech until just about a year ago, or a couple years ago. So, he was there for almost twenty years, eighteen years or something. I remember hiring a bunch of people. We got up to about eight or nine people by the end of the year, so between October and the end of the year. I took my first business trip in December of that year, with Brook. We went to the East Coast, and went to Merck and various...we went around to some different places looking to...we wanted to talk to Merck about giving us access to hepatitis B surface antigen, so we could make monoclonals against it, and we went in there and talked to a guy named Bill Maclear [?], and another vice-president there, who’s name escapes me. He was a real crusty old guy, what was his name? Anyway we couldn’t get it from them, they wouldn’t give it to us, but I found a way to get it from somebody else, and we got it, and that was out first demonstration, and actually, I did those fusion myself, because there was nobody else to do it, and it worked. Out of our first experiment we got monoclonals that were very specific to hepatitis B surface antigen. And this was all in the fourth quarter of ’78. By the first quarter of ’79, we had antibodies. So, we were moving along, and Ivor was coming over, and you know, consulting, and he’d come over, I don’t remember once a week or twice a week, or whatever. We were trying to hire people, and then, we were looking for a president. They had told us that neither Ivor nor I would be president, that we would have to bring in an industry guy to be president.

Q: Kleiner-Perkins said that?

Yes. They said it right when they did the deal. They made it very clear that neither one of us had the background or expertise to be president, and we agreed. I mean, I think we agreed. So, I was this vice-president, basically, of everything, and I was effectively the COO. I was running it all and then, somehow, Ted Greene got contacted, or they found
out about him, I don’t remember how they found out about him.

Tom Perkins brought him in, and he had been thinking about setting up this company called Cytex or something, that was going to be a monoclonal antibody company. So, we figured we could two things by hiring him, one, kill a competitor, and two, get a seasoned -- he was a Harvard MBA, he had worked at Baxter-Travenol, he was a McKinsey consultant -- that we could get a seasoned industry guy. He was about, at the time, about thirty-five. I was twenty-eight. He must have thirty-

 fine. And so, this was during the first quarter, we ended up hiring him, and he came aboard March 1st of ’79.

He was acting president. I was running the day-to-day stuff. Ted came in as president and CEO. Brook stayed chairman, and Brook was chairman until the end. He was always the chairman of the board. Now, that’s the other thing: Ivor also went on the board. The board was Brook, Ivor, Tom Perkins, and Ted, initially, once Ted came on board. I didn’t get to go on the board, which was also something that I was a little perturbed about. But, then Ted came on board, and we really stepped up, we were running out of money, we didn’t have a whole hell of a lot of money, so we then did another round of financing and we brought in Sutter Hill, Dave Anderson, and he went on the board, and we brought in who else?

Q: Is that when Pitch Johnson got in?

Pitch Johnson, Asset Management, and he went on the board, and who else? I think that Q: Prior to this, Brook Byers was president?
might have been it. I don’t remember really who else we brought in, and I think we
raised about three and a half million dollars total. And then, we helped write a business
plan. Ted wrote his first business plan then, which I have a copy of somewhere.
Anyway, so we raised this money, and we started hiring people. One of the things that
Ted did was he knew Tom Adams from Baxter, Tom had taken a job at Technicon, which
was on the East Coast, he had just moved from here to the East Coast, and Ted managed
to get him recruited, and he came on board at the end of ‘79, I believe. We were
expanding, we were taking over more labs within La Jolla Cancer Research Foundation.
I got permission to put a trailer, an office trailer in the parking lot, from the city, because
we were having such growing pains.

Q: No problem with the city, they receptive to that?
I don’t even remember, I think they were...I don’t remember. We got it done, though.
Anyway, we hired Ron Taylor as head of operations, Jim Jungwirth as CFO, Tom Adams
as head of R&D, Paul Rosinack as VP of sales and marketing. This was over time. Who
else? David Hale came on board in 1981. Dennis Carlo came on board in 1980-81,
therapeutics. We expanded the team out, Tim Wollaeger replaced Youngworth as CFO,
Hale brought in Cam Garner at some point in the future.

Q: What was the process of recruiting these people? Was it easy to get them to come?
No, it wasn’t easy because we were, you know, this little rascal start-up, big plans, but
you know, we were running out of money again. I remember we raised seven and a half
million from Hillman Company, and they went on the board, a guy named Steve Banks.
This was now like ‘80-’81. I think it was one of those rare situations where we really had
a group that clicked. There was a magic at Hybritech that I’ve never seen since at any of
my companies to the extent that it was there, I mean, I’ve seen some of it, but we used to
have TGs every Friday, and it was a rare mix of people that all clicked pretty well
together. The lower level people, the mid-level people, and the upper level people, all
started clicking, and there was this real sense of urgency there, there was a collective
sense of us against the world there. It was really quite a magical place.

It was a blast. I mean we had the best times. I sort of found -- you know, water seeks its
own level -- I sort of found my niche, you know, first I was VP of everything, then he’d
[Greene] hire R & D, and then I was VP of everything except R&D, and then he’d hired
finance, and then I was VP of everything but finance and R&D, and then operations, so I
sort of found my niche with corporate development. I started going out and in-licensing
antibodies from other places, other technologies from other places, and talking to other
companies about doing corporate development, you know, corporate deals with us, so I
started traveling a lot. I don’t remember what year it was, maybe 1980, I traveled some
thirty weeks out of the year, I mean I was really...I had one six week trip to Europe, I
remember. So, I started going all over the world, and this was great for me. I had never
been to Europe, I had never been to Japan, and all of a sudden, I’m off on these trips, and
the first trip I took to Europe was this really long trip. I was there for weeks and I was
there alone. It was really cool. You know, in time, the travel becomes much less
attractive, as you get, you know...but for me, this was wow!, this was the coolest thing.
And I was also in charge of our scientific advisory board, and I would get them all
together. I would plan the meetings and things like that.

Q: What would they do?
Q: Well, Magic Bullets makes it sound like it was a lot of fun.

Well, we had our first meeting in La Costa. I don’t remember what year it was, probably about ‘79 or ‘80, and we brought in, we had this group of SAB guys, and Brook came, and I was there, and our scientists were there, and we had like a two day meeting, and we had a banquet, and it was just a blast. We told jokes, I’d get up and tell a joke, and it was just a lot of fun.

Q: And none of the companies you’ve started since then have been quite the same?

No, I don’t think any one of them has been the same level. They’ve had magic, some of them more than others, but Hybritech had a star of its own. I’ve never seen anything like that.

Q: Do you think that has something to do with the times? It was just so new?

I think part of it was that, yeah, part of it was that we were new, we were the first biotech company in San Diego, really. I mean there were a couple of other minor things going on here, but...we were growing in leaps and bounds, we were pushing to get a product out on the market, and we got our first product on the market in, I think it was ‘81, IGE, and...

Q: And what was that exactly?

It’s a test for allergy. It’s a general test to see if you come in with symptoms of a cold, say, they can take your blood and say, ‘Ah, there’s IGE in your blood. That means you’re having an allergic response, it’s not a virus, or, you know...
Q: And how many different products were you working on at the time?

Quite a few. I don’t remember them all. CK-MB, this and that, we made inventions -- this TANDEM assay invention, that was a big patent lawsuit that we ended up winning.

Q: And you used that for most of these products?

Yes.

Q: And when was that patented?

In ‘79.

Q: That early?

Yeah, ‘79. Ted’s an inventor on that, and Gary David.

Q: And Tom Adams, right?

Tom Adams wasn’t even there yet, when that was filed. Tom Adams made a number of improvements to it, but I don’t think Tom was there when the original concept was developed. I could be wrong about that.

That’s right, don’t forget that we were funded on technology that was non-proprietary.

Monoclonals antibodies could do it with immunity, basically anywhere in the world,
Q: But this was the big thing that established your proprietary position? because Kohler and Milstein didn’t patent it, and it was fundamentally public domain technology. And there were start-ups that popped up, Monoclonal Antibodies, Inc. started up, and others, Centocor started up, so you had to establish a proprietary position of some sort. And we did it in assay technology, and in proprietary antigens, there are proprietary antibodies -- I went out and licensed antibodies from Harvard, from there, from there. You know, that’s what I was doing a lot of, getting antibodies in. And we actually were selling antibodies at one point, a research mode, you know, to try to get some revenues.

Q: So, you did this before you got the first big money, the first three million?

You know, I don’t remember, I honestly don’t remember. I think it was probably after. Somewhere here, let me see if I can find that. We made our first...we were going to sell hepatitis B surface antigen, and I was sort of in charge of putting this all together, somewhere I kept this, I saw it the other day. I printed out the labels and spelled hepatitis wrong. I kept some of the labels of this just to save a momento of those years. Here was one of the first Kleiner-Perkins brochures when we first did the thing with them. I’ve got stuff on napkins...Here was a Gen-Probe napkin, I’ve got some other napkins here from other companies. Progenx business plans....Here’s the business plan, joke, joke, joke, hunting trip, joke, over the years, I’ve collected these jokes that I fax...Here’s a review of that book in the Wall Street Journal...Brook sent me this a long time ago....Here’s the original Gensia business plan

Q: You were on the board there?
Yeah...Here, I gave a talk, they called me doctor at Stanford...Here’s the Gen-Probe start
up thing...another thing about me, when I left Gen-Probe. This was Ligand. This is the
original document from Ligand. I had a bunch of photographs from the early days...but I
can’t find them, unless my secretary has them. I have this whole folder full of
photographs.

Q: Now, you’re VP of corporate development, making all these deals, adapting to life as
an executive. What was that like that, learning that process? Did Brook help you with
that a lot?

Well, he helped me in the early days, you know, I was never really good at taking order.
One of the problems that I’ve always had is that I resist authority, you know, part of it is,
I think I can do it better, which may or may not be true, but I’ve always been tough to
manage. Ted Greene and I were always butting heads.

Q: Do remember over what?
I don’t remember specifics, but we never saw eye to eye. I didn’t really like working for
him. I tried to be a team player; on the other hand, I didn’t personally like it. So, you
know, I did it from, he came on in March ‘79, ‘80, ‘81, it was just very busy, but he and I
did butt heads about things. One of the problems was, I came on at a very low pay. I
started at twenty-thousand dollars, and then he’d bring these guys on at sixty, seventy,
eighty, ninety thousand dollars, but I’d never catch up. I’d get these little raises and I was
real resentful that I was doing the same work as everybody, but I wasn’t getting paid. So,
I had a lot of problems with him about that, about my pay, I was real money conscious. I
remember, I bought my first new car, actually I had bought one when I was younger, a
VW, but this was my first new adult car, a Honda Accord. I bought in, it must have been
about ’80. And I used to pick Ted up at his house, sometimes, and we’d drive in
together, and stuff. I remember talking about Japanese cars, and stuff like that. Anyway,
it was a real nice little car. The first time I had a decent car. Anyway, we butted heads,
and things were getting bigger, and then we had a therapeutics division, and a diagnostics
division, and we started having all these meetings with companies like, we had these big
meetings with Merck, we thought Merck might want to buy us, and we had all these big
high-level meetings, and then of course, Lilly came after I left, but I just started getting
disenchanted with my role. I wanted to have a more active say in things. You know, I
wanted to do my own thing really, so in ’83, I believe, is when Dave Kohne came over to
Hybritech to show us this new technology that he had developed, this ribosome RNA
thing, and Tom Adams and I believed that it was something worthwhile, and we went to
Hybritech and said, ‘You should do this.’ And the decision came down, ‘well, we’re in
antibodies, we shouldn’t be in probes, it’s too defocusing,’ that kind of thing. Probably
the right thing, so we petitioned the company to see if we could go do this ourselves. We
went to the board and basically they said, OK, and they actually invested in it, as it turned
out, in the final analysis. I think they put two million dollars into it, and Adams and I
went...I left, I think May 1st, 1984, was my first day at work at Gen-Probe. That was
really tough leaving Hybritech, really tough.

Q: Because it was your baby?

Yeah, that was really the toughest thing I ever had to do in corporate life, was leaving
that company.

Q: How much of this was finding a new technology that you thought should be
developed, and how was it simply getting antsy to get out and do something on your
own?

Well, it was big risk. I was with a good company. I was already a millionaire. At some point, Hybritech went public, and Dennis Carlo always tells this story about how we were flying back from the East Coast or something, we were on the plane, and all of a sudden, I got up in the middle of the plane, and I started pacing back and forth up and down the aisle. And he said, ‘What’s going on? What are you doing?’ And I said, ‘I just realized I’m a millionaire.” It was on paper, of course, but it was the fact that, all of a sudden, my stock was worth something, I don’t know what it was, a million and a half dollars or something like that, and I was nuts. I mean, all of a sudden, it just hit me that my dream had come true, I was a millionaire before I was thirty years old, and it just blew my mind. It hit me, the realization that I had a net worth of a million and a half dollars or whatever it was.

Q: So, had that change your life in practical terms?

I bought a house. I had been living in this A-frame for six years in Leucadia that I rented when I first came down here with Ivor. I rented the downstairs for five years, and finally the people move out upstairs, which was the nicer unit, and I was there for six years. I bought the house I’m in now -- I’ve been in the same house now for fifteen years, in two months -- I bought that in 1982, in May of ‘82. And it was much more money and far bigger than I had ever intended to do, and I sold some stock, and I bought this house. So things really did change for me. I bought a BMW, you know, I was becoming a consumer. And part of my motivation always was, really, to achieve some financial success.
Q: And then after the first million, you retained the drive to make more?

Yeah. What’s enough? I mean, I don’t know. I’m still driven by that, by making money, I’m still driven by having toys and nice things. It’s not as much anymore, though. It’s different. How cars can you have? How many houses can you have? It’s not the same anymore. I really do the things I do now because I really like them, and because it’s still a real thrill to put something together and get it to work, and get the money, and the people, and the deals, and everything, and get public, and that really is personally what motivates me now. The money is nice, and it comes, but it’s not the same as it was then. But that’s one of the reasons I did Gen-Probe, was Hybritech was public, I was not getting much more stock, I felt really like...at the time, they had this thing where you could do what they called a junior common stock, so we did this thing that was called series C common or something like that, and I got like fifteen thousand shares of this thing. It wasn’t very much. I remember that there were x number of shares, and everybody got a little piece, and Ted got the huge piece, and I was pretty perturbed about that. It just didn’t seem like I could any farther, really. I had what I had at Hybritech, and that was really all that I was ever going to get. I’d get little pieces, but...and I was making, not even a hundred thousand dollars a year then. My salary was low, so part of it was also money motivation, to make more money as salary, and to now start...I saw what I could do at Hybritech in making, it wasn’t just me obviously making that stock worth money, but the fact that I had started the company, received founder’s shares...One of the mistakes I made, in my opinion, is that throughout, up until this company, really, at Hybritech, at IDEC, at Gen-Probe, well, Gensia, I never worked at, I just helped put it together and was on the board, same with Neurocrine, I just helped put it together and was on the board, Ligand was another mistake -- I never put my own money into it. I just
took founder’s shares and then shares for being an operating person, and even though I
made a lot of money, I could have made a lot more if I had put my own money into it?

Q: You just didn’t want to put it at risk?
Well, I guess so, I just always was under this ‘use other people’s money,’ and get what
you can get on the cheap, but people have asked, they say, ‘Look, you’ve made all of
these successful companies, why aren’t you up with Bill Gates,’ I mean not that much,
obviously, but ‘why aren’t you way up there?’ And it’s because I never did risk my own
money. I never felt like I was comfortable enough to do that because I didn’t think I had
enough. I was always worried that, you know, part of my...my own insecurities where I
needed to keep something in the background. And this company, I’ve risked a lot of
money in, and if it hits and we go public, I’ll make a lot more than I’ve made in any of
the other companies. We’re being wooed right now to make a public offering, you know,
I don’t know if we’ll make it this year, but hopefully we will.

Q: Well, was Ivor involved with Gen-Probe?

No [tape ends]

Then I started Gen-Probe with Tom Adams and Dave Kohne. Dave Kohne was the
scientist who had the technology. He was at various places. At the time we met him, he
had his own little lab, but he had been at Scripps and Salk. But then, we started IDEC,
Ivor and Bob Sobol and I put together a business plan, and I worked with Bob Sobol,
who’s an MD who worked with Ivor at UCSD, and we put together this plan and we took
it took Brook, and Brook funded it, and then we merged it with another company and that
is what IDEC became today. IDEC’s doing really well, I was on the board for the first
five years, and then I left the board, but I never -- [checks the NASDAQ sticker on a laptop] 27 5/8 this is near one of it’s all time highs, it’s doing really well. Ivor and I were involved in that, and both he and I were on the board there. Now I was qualified to be a board member, and I was on the board for five years. He was on the board for I think six years. He’s not involved with them anymore, either. I was not an employee of IDEC, either. And neither was he. He was on the advisory board. But then the rest of the companies, Ivor was not involved with, not to any great degree.

Q: So, how did you start Gen-Probe? There were the three of you, and you’re using your experience from Hybritech -- this is how you do it?

Yeah, sort of a cookie-cutter formula. We went and did it, and Gen-Probe was a very tough technical challenge. Tom Adams was, you know, the president, and I was executive VP. I went on the board, and he went on the board, and we got other board members, and Brook was on the board, and then we ended up selling that company to Chugai in ‘89.

Q: I want to get in touch with some people at Stanford, you mentioned Len Herzenberg....

Yeah, he’s still there, but I didn’t really know him. Ron Levy’s still there. I worked sort of in his lab, and he’s the guy who had the other company that we merged with IDEC, Biotherapeutics, Inc., or something like that. I don’t remember. Ron Levy. Frank Stockdale, who I worked for is still there, and I see him occasionally, when I go up there.