

VC FUND NEWS**TOP STORIES****Paloma Pharma Flies Away With \$5M, Shuns VCs**

The drug developer picks up another angel round and vows to resist the temptations of venture capital funding, as the CEO says he's not willing to give up the majority stake that firms demand. With therapies targeted at oncology, ocular disease, skin disease and fibrotic conditions and enough money in hand for two Phase I trials, he says the company could look for an exit by the end of this year. »

TOP STORIES

JAMAICA PLAIN, MASS.

Paloma Pharma Flies Away With \$5M, Shuns VCsBY [JONATHAN MATSEY](#)

Despite just raising a \$5 million Series B round, David Sherris, chief executive of Paloma Pharmaceuticals Inc., said he may go public by year's end without ever taking money from venture capitalists.

"When I went to VCs, they would offer \$25 [million], \$30 million, but say we want 80% of your company," Sherris said. "But once you lose ownership of the company, you lose control of the company."

As a result, Sherris said he has been able to keep a majority stake in Paloma, based in Jamaica Plain, Mass., after the recent \$5 million angel Series B and an earlier \$2 million angel Series A raised shortly after the company was founded in February 2005.

Paloma is developing drugs based on PI3K/AKT inhibitors and is targeting four areas: oncology, ocular disease, skin disease and fibrotic conditions.

Sherris is Paloma's only employee. "Everything is farmed out," he said. "But if you totaled the number of people working on the company, it's about 50."

Sherris said the money is sufficient to launch two clinical trials later this year, one each for oncology and an ocular condition. While the money on hand could pay for both Phase I trials, he said, the company would likely look for an exit by the end of 2008.

"We're looking for a business development deal, and it might be easier for them to simply buy the company," Sherris said. "Or we may go public." If the company seeks an IPO -- and Nasdaq is the targeted exchange -- he said the company would look to raise at least \$25 million in proceeds.

Sherris, a former chief operating officer at OXiGENE Inc., credited his avoidance of VCs and his complete control of the intellectual property for allowing him to keep the staffing to the barest minimum. He believes it will allow him to streamline the process to the clinic as well as a sale or public offering.

<http://www.palomapharma.com>