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BUSINESS

## Theranos to Appeal Regulatory Sanctions

Regulators had revoked company's license to operate California lab, banned founder Elizabeth Holmes from blood-testing business



Elizabeth Holmes founded Theranos in 2003 as a Stanford University dropout. *PHOTO: ASSOCIATED PRESS*

By **JEFFREY NG**

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Silicon Valley startup Theranos Inc. said late Thursday it plans to appeal a decision made last month by regulators to revoke its license to operate a lab in California, among other penalties, because of unsafe practices.

The Centers for Medicare and Medicaid Services, the agency that oversees U.S. labs, also banned Theranos founder Elizabeth Holmes from the blood-testing business for at least two years.

“Theranos isn’t conducting patient testing at its Newark facility,” the company said in a statement, noting it plans to continue communicating with the regulator for a possible settlement.

“In addition, since CMS originally announced the imposition of sanctions, Theranos has made substantial progress toward correcting the deficiencies CMS identified, including appointing new laboratory leadership; enhancing Theranos’ clinical policies and procedures; and revamping training programs,” the company said.

Ms. Holmes founded Theranos in 2003 as a Stanford University dropout. The company was built largely on her personality and vision of revolutionizing medicine with a way to cheaply perform dozens of tests with just a droplet of blood. However, the true capabilities and accuracy of the company’s proprietary blood testing system have been challenged by former company employees.

In January, CMS said the company’s California lab posed an “immediate jeopardy to patient health and safety.” CMS proposed its sanctions in March, after rejecting a company plan to fix its problems.

Theranos has voided all results from its proprietary device for 2014 and 2015, The Wall Street Journal reported in May.

—*John Carreyrou, Michael Siconolfi and Christopher Weaver contributed to this article.*

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