

• BrainCells Gets \$8M In First Part Of Committed \$17.7M Series ABy [Estee Pierce](#)

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BrainCells Inc., a neuroscience-focused drug discovery and development company targeting therapies for depression, related neuropsychiatric disorders and other central nervous system diseases, has closed on commitments of \$17.7 million for its Series A round.

Of those commitments, the company has so far received a total of \$8 million, with the remainder to come through "no later than the first quarter of next year" upon the achievement of certain milestones, pursuant to the terms of the financing, according to founding Chairman and Chief Executive Harry F. Hixson, Jr.

Technology Partners co-led the round with seed investors Oxford Bioscience Partners and Bay City Capital. Other participants in the financing included A. M. Pappas & Associates, Neuro Ventures, as well as individuals including Matthias Bowman, former president and CEO of Merrill Lynch Ventures.

Following the first part of the round, the company is valued at roughly \$13.5 million, Hixson said. The company expects to look to hold its next venture event within the next 12 months, with a goal of raising up to \$30 million in fresh capital.

BrainCells was founded in December 2003 by Hixson, a former Amgen officer and serial entrepreneur, along with Fred H. Gage, a professor in the Laboratory of Genetics at the Salk Institute.

The company was built around Gage's discoveries that humans generate new nervous tissue throughout life and that this endogenous process - neurogenesis - can be manipulated using known small molecule therapeutics. Within a year, BrainCells had merged with NeuroGenix, a start-up founded by Eric Kandel, recipient of the 2000 Nobel Prize in Physiology or Medicine, which focused on the behavioral impact of modulating neurogenesis and the relationship of neurogenesis to depression.

The current investment syndicate came together by around the time of the merger with NeuroGenix. "Everybody was sort of rounded up and ready to go in December," said Hixson, adding that by that point last year, the company had secured "all but about a million dollars" of the first part of the round, which held its final close within recent weeks.

Over the past eight months, BrainCells scientists have developed proprietary screening technology designed to profile what the company describes as the "neurogenic potential" of various CNS active pharmaceuticals, including known antidepressants. These screens are designed to provide predictive insight into the preferred activities of neurogenesis-modulating compounds to be developed for the treatment of depression and other CNS disorders.

Proceeds from the Series A financing are primarily being used to identify one or more late-stage clinical compounds currently under development for a CNS indication. "We're looking to in-license a compound that has completed Phase I and is ready for Phase II trials," Hixson said.

Candidates include compounds being developed for indications other than depression where the compound would be repositioned as a novel treatment for depression and/or related neuropsychiatric disorders, based on its profile in the company's neurogenesis platform. BCI also plans to evaluate and optimize new compounds, selected based on activity against previously characterized CNS molecular targets.

Finally, the platform will be utilized to screen and characterize novel drug targets and to initiate drug development around these novel targets. Partnerships with larger pharmaceutical and biotech players are anticipated to play key roles in the latter two activities.

In connection with the financing, Roger Quy of Technology Partners and Arthur Pappas of A. M. Pappas & Associates have joined the BrainCells board. Other directors include Ellen Baron and Jonathan Fleming of Oxford Bioscience Partners, Carl Goldfischer of Bay City Capital, Paul McGonigle of PsychoGenics Inc., as well as Gage and Hixson.

San Diego-based BrainCells has 14 employees, and is in the process of recruiting a vice president of clinical development.

<http://www.braincellsinc.com>