

Synapse Rebounds From Fund-Raising Stumble, Adds \$1.2M To Series C

BY JONATHAN MATSEY

Synapse Biomedical Inc., a company developing neurostimulation devices to assist breathing, said it has added \$1.2 million to its Series C round a year after a planned \$10 million round fell apart.

"We were set to close on a round the week the banks fell apart," said Chief Executive Anthony Ignagni, referring to the bank failures of late 2008. "But a couple of the investors had to pull out at the time, so we took a little bit of debt and decided to bootstrap."

Failing to get the \$10 million in equity, the company decided to live off of revenue while securing \$433,000 in debt from its existing angels. That debt piece converted to equity as part of the Series C extension, which saw roughly \$800,000 more in additional equity from existing angels, closing at \$1.2 million.

Ignagni said the company's venture investors - JumpStart, Palo Alto Investors and Vivo Ventures - did not return for the tranche. "They said this is mere pocket change to them," he said, paraphrasing for one of the firms.

Based in Oberlin, Ohio, Synapse was founded in 2002 with technology developed by Case Western Reserve University and the University Hospitals of Cleveland. The company's device, the NeuRx DPS, provides electrical stimulation to the diaphragm to assist patients with breathing.

Synapse received a CE mark on NeuRx in 2007 and received a humanitarian device exemption from the Food and Drug Administration the next year for ventilator-dependent spinal cord injuries. Revenue from those approvals have helped the company survive since its \$4 million first tranche of Series C funding in 2007 from the institutional and individual investors.

Ignagni said the new Series C money will help Synapse secure clearance from the FDA on the device for patients with amyotrophic lateral sclerosis, or Lou Gehrig's disease, later this year. The company is also looking at a third market - helping patients in intensive-care units get off of ventilators faster. He said he is still looking at whether the company will raise a Series D to secure regulatory clearance on that indication or work off of the revenue proceeds from spinal-cord injury and ALS sales.

With the new funding, Ignagni said Synapse has raised \$7.8 million in total. The company has 12 employees.

<http://www.synapsebiomedical.com>