

VC FUND NEWS

Venture Capital

Cleveland

Cleveland's Medical Growth Fund Hunts For More Angels For \$5M Close

By Jonathan Matsey

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BioEnterprise Corp., a Cleveland-based economic development nonprofit, said a group of local angel investors has contributed \$3 million to an expected \$5 million Ohio-focused life science fund.

The fund, Medical Growth Fund LLC, has had a first close, with 12 local life science business executives contributing \$250,000 apiece, said BioEnterprise Chief Executive Baiju R. Shah. He said he expects to find eight more investors by the end of November.

BioEnterprise is a business formation and acceleration nonprofit for life science companies in the Cleveland area. "Our focus is on emerging companies in the medical space and connecting them to money and other resources they need," he said.

BioEnterprise will handle the back-office functions for the fund, Shah said, but the investment decisions will be made by the investors themselves, who will meet monthly.

Because of the fund's small size, Shah said, the group will avoid pricy drug companies, focusing on medical device and health care IT and services. The fund will invest up to \$500,000 per deal, but he does not envision the fund concentrating on early-stage deals. "We're looking at opportunities at or close to revenue," he said. "There are many niche medical device or health care IT/services companies that are below the threshold of traditional venture capitalists."

Shah said the limited partners are currently "deep into due diligence" with two unnamed potential deals and he expects the fund to be investing by year's end.

Shah also said he expects the fund to leverage the investors' own money. "Like many other angel funds, besides their committed capital, the investors have the ability to give more as a sidecar," he said.

<http://www.bioenterprise.com>
<http://www.medicalgrowthfund.com>