

Article published Dec 27, 2003

## **Local biotech firm gets \$750,000 in investor funding**

Alachua-based Pasteuria Bioscience has raised \$750,000 in venture capital that will allow the company to speed up the commercial production process for an environmentally friendly product that controls nematodes.

"This is a little over a year's worth of operating expenses, and it's enough to get us up to the pilot production scale," said company CEO Kelly Smith. "We're now looking for business partners for full-scale manufacturing, sales and distribution." Field tests of the product will begin in the spring, she said.

The \$750,000 investment came from Tampa-based Advantage Capital Florida Partners and Gordon River Capital of Naples.

Nematicides kill nematodes, plant parasites that feed on plant roots and cause up to \$100 billion dollars of crop damage every year, she said. The parasites also are an aggravation for homeowners, golf course owners and others who want to keep their gardens, lawns or courses healthy.

"Nematodes are microscopic worms - soil dwelling organisms. Home gardeners most often see root knot nematodes - galls on the root of tomatoes, for example, or caladiums. Nematodes cause the plant to be severely heat- and drought-stressed and the plants can even die."

Pasteuria's product is a naturally-occurring soil bacteria that infects and controls harmful nematodes, she said, adding that the initial technology was owned by Entomos, a biotech company that also was based in Alachua but has since gone out of business. Pasteuria, a four-person operation that opened six months ago in the Sid Martin Biotechnology Development Incubator in Alachua, has advanced the technology to its current stage, Smith said.

"Researchers have known for many years that strains of the Pasteuria bacteria showed great promise as a natural nematicide that can be used on all crops and in all situations, but no one was able to grow the

bacteria cost-effectively," she said. "No one could grow it in fermentation-type tanks. We've developed a way to do that. That was our major innovation," Smith said. Pasteuria has two patents pending on the process.

Tate Garrett, senior vice president of Advantage Capital, said his company is impressed with the potential size of the nematicide markets.

"Nematodes do a great deal of damage to high value specialty crops including peanuts, bananas, tomatoes and citrus. They also damage staples such as rice, corn and soybeans, and can destroy lawns and golf courses," Garrett said. "Pasteuria Bioscience's technology can provide safe, effective and economical nematode control in all of these markets, and eventually reach sales of hundreds of millions of dollars each year."

Richard Molloy, co-founder of Gordon River Capital, said the investment was particularly attractive because of the inherent product safety and the desire of the EPA to see products like these make it to market.

"We are excited to be able to work with Pasteuria Bioscience to help bring a much-needed product to market," Molloy said.

The Environmental Protection Agency must approve the product for use before marketing, because it is classified as a pesticide by the agency.

"We don't expect the process to be very difficult, because they have already expressed an interest in seeing this commercialized," Smith said.

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