

FTC Orders Illumina to 'Unwind' \$7.1B Grail Acquisition

BIOTECH: U.S. Regulators Cite Antitrust Concerns

■ By GEORGE LURIE

Illumina will appeal the Federal Trade Commission's decision announced last week that orders the unwinding of its \$7.1 billion acquisition of **Grail**.

The FTC, in a 4-0 ruling issued March 3, said that the deal would stifle competition and innovation in the U.S. cancer market.

Grail, a former subsidiary originally incubated inside Illumina, was spun-off from the company in 2015.

Illumina completed its takeover of Grail in August 2021 before securing final U.S. and EU regulatory approvals. Until the FTC's announcement last week, the regulatory agency had been supporting the deal.

But in late 2022, the European Commission blocked the merger in the EU, also on anti-competition concerns, another ruling Illumina is currently appealing.

Proxy Battle

Last month, billionaire activist investor **Carl Icahn**, who reportedly owns 1.4% of Illumina, initiated a boardroom challenge, calling on Illumina to divest itself of the Grail acquisition, which Icahn characterized as "risky" and costing Illumina shareholders \$50 billion in lost value.

In a statement issued shortly after the FTC made its March 3 announcement, Illumina says it intends to file a petition for review promptly with a U.S. Court of Appeals and will "seek expedited treatment of the appeal."

Order Stayed Pending Appeal

The FTC's order will be automatically stayed pending Illumina's appeal.



Illumina originally incubated Grail and spun off the business in 2015. Photo courtesy of Illumina

"Following the FTC Chief Administrative Law Judge's (ALJ) decision in favor of Illumina in September 2022, Illumina believes that it has a strong case on appeal," the company's March 3 statement said. "Illumina will move as quickly as possible and seeks to arrive at a resolution in the U.S. Court of Appeals by late 2023 or early 2024, at approximately the same time as the decision in the European Court of Justice (ECJ) jurisdictional appeal."

Company officials say the Grail acquisition has allowed Illumina to expand the "availability, affordability and profitability" of Grail's groundbreaking liquid biopsy tests in the booming \$44 billion multi-cancer screening marketplace.

Last week, Illumina also said that if the company does not prevail in the FTC appeal or the ECJ jurisdictional appeal, it will "move expeditiously

to divest GRAIL in a manner that serves the best interests of Illumina's shareholders."

Little Reaction on Wall Street

Illumina (NASDAQ: ILMN) shares lost about 1% following the news of the FTC ruling.

So far in 2023, ILMN shares have gained nearly 15%. The stock, which is currently trading around \$230 a share, has moved in a 52-week range between \$173 and \$371.

Two of Grail's founding directors have warned that Illumina's battles with antitrust regulators and activist investor Carl Icahn over its ownership of the cancer screening company threaten to hamper access to potentially life-saving oncology tests.

After the FTC ruling was announced, the Financial Times reported that **Jeff Huber**,

former founding CEO of Grail, and **Meredith Halks-Miller**, an Illumina scientist whose discovery led to the development of its blood test that detects 50 types of cancer, said the political and legal wrangling was causing delays and funding concerns.

"One of the disappointing aspects of the European Union and Federal Trade Commission regulatory issues and now the Icahn proxy battle is that Grail is moving more slowly than it should," Huber told the Financial Times. "There is real cost with the delay from the regulatory scrutiny and over-reach."

Huber said in the same interview: "Grail isn't broadly accessible now because of it, and we are missing many opportunities to detect people's cancers early. The very real cost is lives lost with every day of delay." ■

Helping Fill the Local Talent Pipeline with Diversity

EDUCATION: On-Job Program a Win for Students, Corporations

■ By KAREN PEARLMAN

San Diego's "best-kept secret" is helping create a diverse and inclusive talent pipeline for tomorrow's skilled workforce today, say leaders at a local private high school.

"We are 'The School that Works,'" says **Cristo Rey San Diego High School** Executive Director **Christian Kampfl**.

Cristo Rey San Diego High School, which opened in the southeastern part of San Diego in 2020, has a unique program that is putting students ages 14 to 18 literally "on the job" with local businesses.

The independent Catholic school, which draws from mostly underserved communities, offers a unique model that partners students with local businesses and puts them to work.

"We really feel that we are still the best-kept secret in San Diego and a high school that uniquely partners with local companies to help them improve current operations, help develop our future diverse workforce, and potentially come back one day and work for them," Kampfl said.

Christian Kampfl
Executive Director
Cristo Rey San Diego
High School

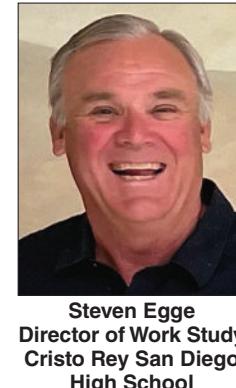
Even as they get a rigorous college



Cristo Rey San Diego High School student Mauro Gutierrez is one of a group of students from the school who are working in a special corporate work study program at Precision Diagnostics in Sorrento Valley. Photo courtesy Cristo Rey San Diego High School.

preparatory education attending Cristo Rey on an extended school day and extended school year basis, "Student Associates" in its corporate work study program also work professional jobs one day a week – onsite, remote or hybrid.

The student associates work in a four-person job sharing team to fill one full-time equivalent position during standard daily business hours, Monday



Steven Egge
Director of Work Study
Cristo Rey San Diego
High School

through Friday, for an entire academic year. Academic schedules are structured so that students work without ever missing class.

Cristo Rey students are employees of the program, not the company. Corporate partners pay a competitive, annual service fee to the program for the students' college preparatory education.

Federal Insurance Contributions Act federal payroll tax,

Federal Unemployment Tax Act and payroll needs are taken care of by Cristo Rey San Diego High School, which has an LLC affiliated with it that allows the school to function as an actual temporary staffing agency, with the approval of relevant state agencies and the **U.S. Department of Labor**.

Cristo Rey San Diego is one of 38 schools under the umbrella of **Cristo Rey Jesuit High School**, which began in 1996 in a Chicago neighborhood known for its working-class Latino family base. A feasibility study was launched in 2017 that assessed the need and support for a San Diego school.

Students receive extensive training from the school prior to as well as during their engagement with corporate partners. By working one day a week at one of the partnering businesses, students earn up to 2/3 off their tuition while gaining valuable social and technical skills, confidence and aspirations, along with professional mentorships not accessible in a traditional classroom.

Cristo Rey San Diego High School Director of Corporate Work Study **Steve** Talent page 26



Sarah Pekarek
Senior Human
Resources Generalist
Precision Diagnostics

UC

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central plaza, with a transfer student hub, the university's global initiative program and other initiatives geared toward international students, faculty and scholars to the west of the tower, and a 30,000-square-foot meta gallery to the east of the tower.

Along with serving as a beacon, the tower will also serve as UCSD's first alumni welcome center.

"We're excited that we're getting this," Smith said. "We're the only campus other than the UC Merced that doesn't have an alumni welcome center."

The health and wellness building will consolidate and expand student access to health care and include urgent care, primary care, optometry, and pharmacy services and will be the new home of the university's Counseling and Psychological Services.

"That's something that's very important to campus leadership, that student wellness is front and center," Smith said.

The multi-purpose building will include an art gallery that will host rotating exhibits, curricular activities, and university-owned collections.

"There will be a formal gallery, but also an immersive gallery and spaces for art that is digital and also experiential," Smith said.

The project also will include 10,000 square feet of retail space spread out though the four



Four-story tower with a transparent media mesh wall will be a beacon welcoming people to UC San Diego's new Triton Center at its La Jolla campus. Rendering courtesy of UC San Diego

buildings and a 175-stall parking garage, part of which will be below ground.

"The focus where possible is taking advantage of opportunities for retail activation and art – spaces which are not just for students and faculty, although we are student-centered," Smith said. "What was sort of historically a closed-off campus, the strategic plan for this chancellor is to engage the community and make UC San Diego a destination."

Smith said that Triton Center is part of UC San Diego's overall expansion to accommodate a growing population, which has reached a total enrollment of 43,000 students.

"This project is responding to that growth with a more dense, more urban environment," Smith said.

UC San Diego also is replacing some of its older buildings that no longer meet seismic standards. ■

UC SAN DIEGO

UC San Diego

ESTABLISHED: 1960

CAMPUS: La Jolla

CHANCELLOR: Pradeep Khosla

BUSINESS: Higher education, research and healthcare

ENROLLMENT: 43,000

WEBSITE: www.ucsd.edu

CONTACT: 858-534-2230

NOTABLE: UC San Diego is ranked among the best public research universities in the world.

Mushrooming

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farms," Roberto Ramirez said. "When restaurants closed down during the pandemic and had limited menus, mushrooms were not in the Top 10 of most of those menus, and our orders dried up. We started doing Farmers Markets and opened our facility looking for other ways to get our products out."

Ramirez actually gave away thousands of fungi during the pandemic, even sitting near one of Mountain Meadow's delivery vans at Grape Day Park in Escondido with a sign offering free mushrooms. **The San Diego County Food Bank, Feeding San Diego**, a Buddhist monastery, interfaith groups and several other nonprofits were also given crops.

The farm that originally had just a handful of employees, but blossomed to about

100 workers over the decades, has dropped to about 22, Olga Ramirez said.

"When COVID happened, and we got news about the shutdown in March 2020, we lost about 80 percent of our customers," she said. "We had to figure out what to do. It was pretty bad. At that point we had to switch hats. We tried our best to retain our workers, some of them had been with the farm 20 or 25 years. We were losing about \$100,000 a month."

It was then that customer **Darian Wilson**, a Rancho Santa Fe resident with a serious appetite for mushrooms and a fan of Mountain Meadow's offerings, approached Ramirez with an idea Olga Ramirez called "a blessing."

Wilson asked her if she thought that growing and selling different types of mushrooms – including exotics like shiitake, portobello, maitake, king trumpet, lion's mane, cremini and oyster – and offering them to the public

with deliveries might be a way to help the farm stay firmly rooted.

"I knew from previous experience that there are platforms to build a subscription service," he said. "I told Olga I didn't think it would be a difficult or expensive project. We are delivering in kind of a controlled area, but we are hoping to bring the mushrooms to more people in the near future. We are also looking into the possibility of creating mushroom meal kits. Ultimately our goal is to see if we can reach about 1,000 subscribers a week."

Roberto Ramirez said "never in a million years" did he ever imagine he would own a mushroom farm. He said he had never even tried a mushroom until he started working at the farm. "My notion of mushrooms was from The Smurfs," he said, laughing. "Growing up, we heard about them on pizzas but I had a fear that mushrooms were poisonous."

Ramirez's foray into the fungi world has a moving backstory.

Back in 1996, longtime North County farmer **Bob Crouch** was moved by a speech given by Ramirez at an Orange Glen High ROTC event. In a bold move, Ramirez asked for a sponsor to help him with college finances.

Crouch, whose family in 1987 purchased the then 35-year-old mushroom farm for \$600,000, heard his cry and helped finance Ramirez's college needs at Cal State San Marcos. Crouch also worked with government entities to allow Ramirez to obtain documented U.S. citizenship.

Ramirez went on to study computer science and math at CSUSM and Crouch hired him to help develop a payroll system for employees at his farm. In 2008, Crouch's son, **Gary Crouch**, and Ramirez partnered to buy the farm and carry on the farm's legacy, and the junior Crouch retired from farming 11 years later, leaving it in the Ramirezes' cultivating hands. ■

Talent

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Egge said that an important part of the program that works for both the students and the corporate partners is that "there are opportunities for the students to grow within the company."

Egge mentioned that many of the vertical industries in the business community are actively emphasizing diversity and inclusion, and that is a major part of the pipeline created at Cristo Rey San Diego.

"Not only are the students working, they're becoming part of the culture,

almost like employees of the company," Egge said. "And the employers, in turn they show up at the kids' sporting events. That shows a lot from the San Diego business community and companies that are here."

Local companies that have Cristo Rey students working with them include **Buchalter, Marsh McLennan, Precision Diagnostics** and **St. Paul's Senior Services**. Other corporate partners include **A-1 Self Storage, CBRE, Cushman & Wakefield, Ionis Pharmaceuticals, Pacific Western Bank, The Uniform Store and WD-40**.

Currently, Cristo Rey partners with 31 companies and six nonprofits, including

Family Health Centers of San Diego, Groundwork San Diego – Chollas Creek and Junior Achievement of San Diego County.

Businesses have raved about the school's corporate work study program.

Sarah Pekarek, senior human resources generalist at Sorrento Valley-based Precision Diagnostics, said the program has been "extremely rewarding for both the students and Precision Diagnostics."

"The students provide support to our lab, billing, compliance, human resources and shipping/receiving teams and have proved to be integral in keeping the flow of important information between all

departments," Pekarek said. "Their work has become so important to Precision Diagnostics. Not only are we building experience and resumes for the students, but we are also providing valuable supervisorial experience for our staff."

Cristo Rey San Diego currently serves about 150 students. Ninety-eight percent of Cristo Rey students are persons of color, belonging to families with an average household income of \$41,000 for a family of 4½ members. Ninety percent of Cristo Rey students enroll in college.

Leaders of the school say students consistently receive a 98% "meet or exceed expectations" rating from employers. ■

Alliance

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MedTech space which is one of our three core focus areas as an agency," Crowe said. "Cindy and the entire team at ParkerWhite share our passion for excellence, creativity and innovation. We

are inspired by their impressive portfolio of work and look forward to offering full-service to MedTech clients seeking a synergistic approach to branding and market awareness."

Crowe said that the healthcare industry, including MedTech, continues to grow rapidly. Much of that, she said, is because of the external environment,

technology advances and changes in customer preferences.

She said that people are engaging with medical device and diagnostics companies in new ways, and that now is the time to evaluate and update marketing strategies and tactics.

"As two creative agencies that pride ourselves in thinking big, being nimble

and strategic, we felt that now was the time to partner and offer an integrated approach to the healthcare industry," Crowe said. "Our strategic partnership offers companies the opportunity to have trusted partners that work synergistically with each other on big, radical ideas that drive brand engagement and awareness." ■