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GI Dynamics Secures \$4.1 Million In Series A Financing

Newton, Mass. – July 21, 2003 – GI Dynamics, an early stage medical device company developing novel approaches to treat obesity, today announced it has secured \$4.1 million in Series A financing. The round was co-led by Advanced Technology Ventures (ATV), Domain Associates and Polaris Ventures, with additional financing from Catalyst Health and Technology Partners and Seedling Enterprises. Proceeds from this financing will be used to complete product development and initiate clinical trials with patients.

Obesity is a large and growing market problem with high unmet needs for the effective use of advanced medical devices and drug therapies. The U.S. represents the largest market in the world, where more than 30 percent of the adult population – representing 80 million Americans – is clinically obese, which is classified as a body mass index (BMI) of 30 or more. Obesity leads to increased mortality rates due to associated problems of heart disease, high blood pressure, cancer and diabetes. More than 280,000 deaths are attributed to obesity in this country each year. Existing diet and exercise regimens, drug therapy, liposuction and behavior modification are limited in their efficacy. A surgical option known as gastric bypass is the only effective solution that adequately promotes prolonged weight loss. More than 80,000 gastric bypass surgeries will be performed in 2003. However, this surgery is difficult to perform, invasive, traumatic and expensive, with high operative risks and long recovery times.

GI Dynamics has developed novel devices that are delivered into the gastrointestinal tract using minimally invasive techniques. The devices affect weight loss in a manner similar to the mechanisms associated with the gastric bypass surgical procedure – but in a less invasive fashion that can result in substantially shorter recovery times, along with less risk and decreased medical costs.

"Obesity represents a growing area of medical need", said Michael Carusi, general partner, ATV. "This high unmet need, coupled with an experienced founding team and strong investor syndicate, make GI Dynamics a terrific investment opportunity. We look forward to helping to build a successful enterprise."

"We are proud to have the support of these prestigious venture groups," said Andy Levine, CEO of GI Dynamics. "This financing will allow us to accelerate product development in a high-growth area, and it will allow GI Dynamics to lead the way in the development of safe, simple and cost effective technologies to treat obesity."

The GI Dynamics Board of Directors will be comprised of Mike Carusi from ATV; Brian Halak from Domain Associates; Andy Levine, CEO of GI Dynamics; and two outside directors, Stuart Randle and Jack Meyer. Christoph Westphal from Polaris Ventures and Brian Dovey from Domain Associates will serve as observers.

About GI Dynamics

GI Dynamics was incubated by Seedling Enterprises, LLC, a Boston-based incubator managed by Andy Levine, Josh Tolkoff and John Cvinar. GI Dynamics was formed to develop novel, minimally invasive devices for treating obesity, a disease lacking a safe and effective medical device solution. The company has solicited expertise from internationally recognized bariatric surgeons and gastroenterologists and benefits from the engineering talents of the founding team. Mr. Levine has 25 years of engineering and medical device research, development and manufacturing experience. He has developed and commercialized products in the fields of interventional cardiology, gynecology, general surgery, thoracic and cardiac surgery and urology. He was the key R&D person for new businesses in gynecology for Bard Ventures and minimally invasive general and thoracic surgery for Microsurge, Inc.

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