



March 19, 2009

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Office of the Assistant General Counsel
for Technology Transfer and Intellectual Property
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585
Attn: Technology Transfer Questions

Subject: Questions Concerning Technology Transfer Practices at DOE Laboratories (Federal Register/Vol. 73, No. 229/ November 26, 2008 /Notices)

Dear Mr. Gottlieb,

Thank you for the opportunity to respond to the questions published in the Federal Register. I am CEO of VerdiChrys Technologies, Inc, a seed stage, "virtual" venture backed company. The original idea for VerdiChrys came from a research group at Pacific Northwest National Laboratory (PNNL) through brainstorming discussions surrounding the ongoing issues in developing economical biofuels from cellulosic biomass. The idea that became VerdiChrys required further maturation before commercial partners or other investors could evaluate its value or relevance. VerdiChrys funded a project at PNNL to develop the proof of concept and its associated IP and also leveraged maturation funding from within the Laboratory.

In response to Question 1 as posted, the funding mechanism used by VerdiChrys was the "use permit" contract at PNNL, which we understand to be a unique mechanism that is currently being phased out. As a private company contracting to perform research and development services at a national laboratory, we found the direct contracting mechanism to be very workable. As the DOE considers modifications to the contract mechanisms, I would stress the importance of allowing for this kind of funding of proof of concept and IP by outside entities at a Laboratory, but with the understanding that it must be done at commercial speed, under flexible terms and within constrained budgets. It is imperative for a young company, particularly when financing is highly dependent upon demonstration of technical milestones, to be able to clearly define the scope of work and measure the value of the investment through the contracting mechanism. We found the terms of the agreement commercially appropriate, and clearly stated. The speed with which the agreement could be executed was also a tremendous benefit to VerdiChrys. This is in contrast to other agreement formats I am familiar with using at other DOE labs which have taken much longer to put in place, require many more approvals, are much more complex and less flexible.

In conjunction with the development contract, VerdiChrys worked with the team at PNNL to develop such a financial tracking mechanism and over the course of the project there was flexibility at PNNL to change direction as experimental data warranted. This tracking mechanism was facilitated by the simple and flexible nature of the contract arrangement.



This was, however, a very high risk program and unfortunately those milestones were not met; as of this writing, VerdiChrys does not have sufficient funds to continue the activities at PNNL. We still believe that the technology has the potential to be truly revolutionary in the biofuels sector.

I believe that for Technology Transfer from the DOE laboratories to be successful it is important to look beyond the "Technologies Available for Licensing" and leverage the capabilities of the researchers at the Laboratories to develop new ideas or old ideas in new directions. The use permit contract mechanism at PNNL allowed my company to embark on such a mission in a very efficient manner. The DOE could facilitate such activities through more flexible contractual arrangements that recognize the needs of entrepreneurial startups.

Sincerely,

A handwritten signature in black ink, appearing to read "Kef Kasdin", with a long horizontal line extending to the right.

Kef Kasdin

Chief Executive Officer
VerdiChrys Technologies Incorporated