# Elizabeth Holmes ‘was in charge’ of Theranos, says Gen. Mattis



Theranos’s board member James “Mad Dog” Mattis, a four-star general and the former secretary of defense, served among the company’s impeccably credentialed supporters – but testifying in Elizabeth Holmes’s trial on Wednesday, he resembled nothing so much as a nattily-dressed grandfather. At one point, he seemed befuddled when the defense asked him if he remembered discussion of high-throughput devices.

When Mattis first met Theranos’ Holmes in 2011, he told the court, she pricked his finger to give him an idea of the blood draw process. And like a damsel in a fairy tale, he fell under her spell. At the trial of the US v Elizabeth Holmes, he said he was “taken” with the Theranos device. Now “young Elizabeth,” as Mattis addressed her in an email, faces 10 counts of wire fraud and two of conspiracy to commit wire fraud.

*“I was a strong believer in getting this in theater so it*

*could stand and deliver."*
Mattis' testimony on Wednesday was the most damning of the trial so far. He portrayed Holmes as firmly in control of Theranos, even telling board members what to discuss with the press. He also seems to have been misled about the capabilities of the Theranos analyzer, called Edison.

"I'm trying to find a way to employ your device on a swift 'pilot project' or 'proof of principle to expedite its entry to our forces," Mattis wrote Holmes in October 2011, when he was the commander of US Central Command. In today's testimony, he said he had wanted to see a side-by-side comparison with existing blood testing technology. That never happened.

The small size of the analyzer was particularly appealing to him, he testified. Sick bays on ships have limited room, remote locations make it hard to set up labs, and the idea of being able to quickly and accurately run tests to triage wounded soldiers was particularly appealing. "I was a strong believer in getting this in theater so it could stand and deliver," he said.

*"It was pretty breathtaking what she was doing."*
Mattis also described Holmes as "sharp, articulate, committed" and said she was "aggressive" about trying to work with the Department of Defense. At the time, she didn't say that Theranos didn't have the resources to do this, nor did she mention the commercial launch.

To Mattis' knowledge, the Theranos analyzer was never deployed in clandestine operations, on military helicopters, or anywhere else in the military. This is a particular problem for Holmes' defense, as she told investors Theranos devices were being deployed in Afghanistan.

After retiring from the military, Mattis visited the Theranos headquarters in late 2013. There he saw the Theranos analyzer — and didn't see the commercially-available equipment that

Erika Cheung and Surekha Gangakhedkar testified Theranos was using for most of its tests.

Holmes invited him to join the Theranos board to help her build a good corporate culture – his management experience would be helpful, she told him. "It was pretty breathtaking what she was doing," he said. As a board member, Holmes was not just his primary source of information on Theranos' tech, she was his sole source of information, he said.

*"Ms. Holmes was in charge."*
Mattis invested $85,000 into Theranos when he joined the board, a significant amount for "someone who has been in government for 40 years," he said, smiling slightly.

At board meetings, Holmes was the primary presenter. Her co-defendant, Sunny Balwani, who is being tried separately, sometimes gave financial forecasts, but "Ms. Holmes was in charge," Mattis said. There were board meetings where Balwani wasn't even present, he said.

This testimony is, naturally, a problem for the defense, which has been trying to shift blame onto Balwani, among others. But it's consistent with media profiles of Holmes in that period, which presented her as being in complete control of the company.

Holmes' media coverage was introduced directly today. First up was a *Wall Street Journal* article that claimed the Theranos devices were "faster, cheaper and more accurate than the conventional methods and require only microscopic blood volumes, not vial after vial of the stuff." That was consistent with Mattis' understanding of the technology at the time, he said. The article was also featured in a board meeting.

*"Duty of loyalty"*
It wasn't until later that Mattis learned only a few tests were actually run on the Theranos machine. If he'd known that

third party devices were being used for most tests, that "would have tempered my enthusiasm significantly," he said.

Mattis also spoke to Roger Parloff for his *Fortune* article — and before doing so, he asked Holmes for guidance about what to say. Parloff's article claimed that Theranos "does not buy any analyzers from third parties," which was not true. But the claim was consistent with what Mattis understood at the time, he told the court. He also received directions about a *New Yorker* article: he was not to discuss how the tech worked.

Later, a Theranos lawyer emailed Mattis to tell him not to talk to John Carreyrou, who was reporting his blockbuster story about Theranos; in the email, Carreyrou's forthcoming story was described as defaming the company and exposing trade secrets.

After the story came out, the board of directors was rebranded as the board of counselors. A slide from that meeting was shown to jurors — and the only part of it that wasn't redacted were the words "duty of loyalty."

*"I thought all along that we were doing it on Theranos' gear."* That didn't stop another board member, Richard Kovacevich, former head of Wells Fargo, from emailing Holmes and the rest of the board with questions. "So when blood is withdrawn in venous tubes, do I understand correctly that the tests are done on lab-like equipment and not Edison and those are sent to CLIA for testing while Edison is only being used for the FDA tests?" Kovacevich wrote.

Holmes replied that Theranos was transitioning between regulatory standards, and Mattis said he understood that Carryerou had essentially "caught [the company] in mid-stride." Holmes did not tell the board that third-party tests were used because Edison didn't work for everything. "I thought all along that we were doing it on Theranos' gear," he testified.

But after some “surprises, disappointing surprises,” Mattis said he began to question if Edison actually worked. “There came a time when I didn’t know what to believe about Theranos anymore,” he said. He resigned as a member of the board in late 2016, because he understood he was going to be nominated as the Secretary of Defense.

Damaging as his testimony was, it also seemed that Mattis was easily confused. He wasn’t entirely sure where he’d met Holmes for the first time, though he knew it was before or after a speech in San Francisco. He also didn’t remember he’d bought stock options in the company — though the defense displayed the paperwork showing he did. When asked how much he made a year as a board member, Mattis said $50,000; documents introduced by the defense revealed he’d actually made $150,000 a year.

But when the defense tried to get him to say that Holmes never told him the tech was ready, Mattis pushed back. Holmes had told him the tech was ready to deploy in the field for a side-by-side comparison with existing blood tests, he insisted.

“I assumed it would be more than a handful of tests,” Mattis said, “or it would be useless to us.”

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