

BAD BLOOD: THE FINAL CHAPTER

EPISODE 6: HOLMES AND THE MEDIA

John Carreyrou: Is there really new technology?

David Boies: Well but listen. Is there really new technology? This is something no one's ever been able to do before, OK? Theranos is doing it. And unless it's magic, you know, it's a new technology.

That's David Boies, the legal heavyweight who famously brought Microsoft to heel in the late 1990s and later represented the disgraced filmmaker, Harvey Weinstein. Elizabeth Holmes had sent him to deal with me on the afternoon of June 23, 2015. By then, I'd been investigating Theranos for five months and I was on the verge of exposing two closely guarded secrets that would later form the core of the prosecution's indictment: the company was using conventional machines purchased from third parties for most of its blood tests; and its testing often had accuracy and reliability problems.

Elizabeth didn't want these truths to come out because they would destroy her carefully crafted image as a Silicon Valley prodigy and jeopardize Theranos' \$10 billion valuation, which had made her a billionaire. So instead of coming herself to answer my questions, she'd dispatched Boies, one of the country's most feared litigators, to try to kill my story.

Boies had arrived at the Wall Street Journal offices in midtown Manhattan accompanied by three other lawyers. One of them was

Heather King, a former Boies law firm partner who'd recently joined Theranos as its general counsel. King played the bad cop to Boies's good cop.

Heather King: We would just urge you to look very carefully at your sources... they're not reliable for many reasons.

But as the discussion heated up, Boies also got ornery. He said my questions touched on Theranos trade secrets, which were off-limits. To me, that just sounded like an excuse.

David Boies: I mean, we've got a technology.

John Carreyrou: So why don't we discuss it more freely?

David Boies: Because it's trade secret, that's why! And because you won't sign an NDA!

That's true, there was no way I was going to sign a non-disclosure agreement that would handcuff me. So I kept pushing for answers, which led Boies to make some thinly veiled threats.

David Boies: If you tell me you're not going to write about things that don't work, you know, then we're going to pressure you a lot less... bother you a lot less, alright?

This was a far cry from the way Theranos had interacted with the press up until that point. For the previous two years, Elizabeth had charmed the socks off nearly every journalist she'd encountered,

resulting in coverage that had portrayed her as a genius revolutionizing medicine.

It started with an interview in the *Journal's* opinion pages, followed by a cover story in *Fortune* magazine and snowballed into dozens of flattering articles and television segments. Elizabeth carefully cultivated the media attention and used it to raise hundreds of millions of dollars.

But then she made a mistake. A small, but fatal mistake that put me onto her.

I'M JOHN CARREYROU and this... is *Bad Blood: The Final Chapter*. On today's episode, a media darling's rise and fall.

For a while, Elizabeth enjoyed the type of glowing media coverage most entrepreneurs can only dream of. But in her quest to create and control the media narrative, she gave one interview too many.

In the fall of 2014, Elizabeth agreed to cooperate with the writer Ken Auletta for an article in *The New Yorker*. Before he went to press with his piece, Auletta interviewed her no fewer than eight times in person and over the phone. For the first time, Elizabeth had to field some tough questions and she lied in response to many of them. But it wasn't the lies that tripped her up, it was something more benign... Something she let slip almost as an afterthought. In retrospect, it was like the first domino in a chain.

Once it fell, it triggered a sequence of events that would bring the whole Theranos house of cards tumbling down.

That's after the break.

PREROLL BREAK

SEG A

Few people had heard of Elizabeth Holmes before Fortune magazine featured her on its cover in June of 2014. The iconic photo of the young prodigy wearing a black turtleneck and bright red lipstick next to the catchy headline “This CEO Is Out For Blood” changed that.

Dawn Schneider: Everybody recalls that story, the cover of that story, you know, that tight shot of her on the cover. I think it put her on the map, nationally, and if not globally.

That's Dawn Schneider, a New York public relations consultant who was working for Elizabeth at the time.

After the Fortune cover, the interview requests and conference invitations came streaming in, and Elizabeth said yes to practically all of them. *USA Today, Fox Business, TEDMED, Forbes, CBS, CNN, CNBC, Charlie Rose, Vanity Fair.*

<<montage of news clips>>

The list went on and on.

Some people would be overwhelmed by the attention. But not Elizabeth. She embraced it. Craved it even.

Dawn Schneider: Elizabeth seemed ready made, you know, for that moment.

Dawn's work for Elizabeth had begun when she'd introduced Elizabeth to Roger Parloff, the author of the *Fortune* article. After the article hit the newsstands, Dawn flew out to San Francisco for a celebratory dinner with Elizabeth.

Dawn Schneider: So she had sent her car and her driver to, you know, to pick me up and bring me to Palo Alto. And we met for dinner at the Four Seasons. And the focus of that dinner, you know, was discussion of the story. She was elated, I think. She was really, really happy with the story.

A big part of the reason Elizabeth was so happy is that Parloff had accepted her claims at face value, even though many of them were untrue. Like the statement that Theranos "didn't buy any analyzers from third parties," which was patently false. Or that Theranos had performed "70 different tests" from a single finger prick of blood—another lie.

Not only did Elizabeth not try to correct the record when the *Fortune* story was published, she included it and the false statements it contained in packets she sent to prospective investors. That now

makes it part of the evidence against her. Prosecutors plan to call Parloff to the stand and to play segments of his taped interviews with Elizabeth to the jury.

Dawn Schneider: Looking back at it, did she think she controlled the story? I don't know. But she leaned into the story.

Control. That was very important to Elizabeth. She wanted to control the media narrative. She used journalists like Parloff to build her mythology: the time machine she'd designed when she was seven; her phobia of needles; the uncle she'd lost to cancer; the ascetic life she lived in devotion to her startup.

After the Fortune story, she began tracking her press coverage very closely. She even had Dawn keep a spreadsheet listing the publications that wanted to interview her and demanded frequent updates on it.

Dawn Schneider: She wanted... enormous amount of time and resources to be spent on effectively, John, checking boxes like, "OK, this publication, this reporter wants to talk about this." And it was just... It was ridiculous.

Amid the flood of incoming interview requests, there was one that stood out: *The New Yorker*. *Fortune* had introduced Elizabeth to a business audience. *The New Yorker*, with its more than one million subscribers and its reputation as one of journalism's most hallowed institutions, would introduce her to the world. The request had come

from Ken Auletta, a well-known writer for the magazine who often wrote about technology. After Elizabeth said yes, Auletta went out to Palo Alto, and they had their first meeting over dinner at a Chinese restaurant.

Until now, no one has ever heard more than a snippet of Auletta's conversations with Elizabeth. But you're about to hear a lot more, because Auletta shared his tapes with me.

It started out like all the other interviews. Elizabeth told the charming vignettes about herself that had worked in the past, like the letter she'd written her dad when she was nine.

Elizabeth Holmes: And, and what I said to him in the letter was something to the effect of, "I want to create something that people never thought was possible."

But the following day, as they reconvened at Theranos' offices, Auletta started asking more substantive questions. Elizabeth had mentioned work Theranos did for pharmaceutical companies. Auletta wanted to know more. What kind of work?

Elizabeth Holmes: Yeah, so that's another business that we have. That's a very important part, we're still doing this and it's... it's going to, you know, continue to grow and be... be a really core area of focus for us.

Elizabeth had just uttered her first lie. While it was true that in its early days Theranos had conducted a few pilot studies for pharmaceutical

companies to see if its blood-testing technology could be useful in clinical trials, those studies had failed, and the work had petered out. The company no longer *had* any pharmaceutical contracts.

Not long after came lie No. 2.

Ken Auletta: I'm not asking you the amount, but are you profitable?

Elizabeth Holmes: We... we've been growing from cash from operations for... for quite some time. So, we reinvest every penny that we have back into the business. But, yeah, we haven't... I mean, I think we talked about this a little bit last night, ever since we... we did our, our series C in 2006, we, we've never... been dependent on... on equity capital.

This was simply untrue. Theranos was unprofitable and generating very little revenue from its business. By September of 2014, when this interview took place, it had lost more than \$300 million since its founding. We know that from the trial testimony of former Theranos controller Danise Yam. Theranos was *completely* dependent on equity capital, meaning money raised by selling shares to investors. This is a lie prosecutors will highlight because Elizabeth also told it to investors, orally and in writing.

More lies followed. One of the biggest was a lie by omission. A couple of days later, Auletta had dinner with Elizabeth and Sunny Balwani, Theranos' president and chief operating officer, at the same Chinese restaurant in Palo Alto.

Ken Auletta: So, I'm here with Elizabeth and Sunny, I assume we're on the record. So, I want to know about the relationship between you two guys and how you how you work together. How would you describe it?

Elizabeth Holmes: That's a good question... Well we've known each other for a very long time, and...

If she'd been truthful, Elizabeth would have responded that she and Sunny were a couple. But that would have raised uncomfortable corporate governance questions. Which is why she'd been keeping the relationship secret from her board and her investors. So instead of telling Auletta the truth, she answered in platitudes about how she and Sunny were both deeply connected to Theranos' mission. Sunny played along.

She doubled down on the lie in a subsequent interview when Auletta brought up the fact that Henry Kissinger had told him his wife had tried to set Elizabeth up on dates.

Elizabeth Holmes: I mean, I'm aware of attempts to do this, but... and I'm very appreciative of, of the care. But this, you know, this is... this is... this is what I'm focused on, and this is my life and it's... and it's what matters. And, and I know that I can't do this the way that I'm doing it if I didn't give it everything like I'm giving it.

Ken Auletta: When was the last time you, you had had a boyfriend? I'm not talking about a date. I'm talking about boyfriend.

Elizabeth Holmes: [laughs] I'm not going to get into that.

Ken Auletta: [laughs] I had to ask.

Elizabeth told Auletta she lived alone in a sparsely furnished apartment she rented in Palo Alto. That wasn't true. She and Sunny

were living together in a big house Sunny owned in Atherton, the billionaires' enclave just north of Palo Alto.

Auletta had no reason to suspect he was being lied to, so he didn't question these statements. But as he continued to interview Elizabeth in his quest to understand Theranos and its business, he put his finger on a touchy subject: the FDA.

Elizabeth had told *Fortune's* Roger Parloff that Theranos was *voluntarily* submitting all its fingerstick tests to the FDA for approval, even though it was under no legal obligation to do so. She repeated this claim to Auletta. This wasn't true. The FDA had told Theranos it *had* to get its approval. And at that point, Theranos hadn't submitted a single test to the agency.

Auletta mentioned he wanted to talk to Margaret Hamburg, the FDA's commissioner. That made Elizabeth nervous, and she tried to discourage him from calling other people at the agency and asking about Theranos.

Elizabeth Holmes: If you were, for example, just randomly calling FDA and saying, you know, tell me about Theranos, normally when people make calls like that, it's because there's a problem. And generally, people call the agency to report something or something like that. So that raises a whole bunch of flags so I just wanted to make sure that it wasn't gonna be...

But what Elizabeth didn't realize is she couldn't stage-manage a veteran reporter like Auletta who'd worked for *The New Yorker* since

1977 and had written eleven books. Auletta was going to follow his reporting where it led him.

And where it led him, wasn't going to be to Elizabeth's liking.

More, after the break.

BREAK 1

SEG B

Elizabeth had a few moves she used to butter up journalists. For instance, she could be very affectionate when she wanted to be. When Roger Parloff came to interview her, she welcomed him with a hug and plied him with dishes made by her personal chef.

Dawn Schneider: She would try to sort of form bonds with reporters and maybe it was ultimately to control them, I'm not sure. But she was very, very friendly, a gracious person in those settings. But sometimes I thought she crossed a line thinking that they were there... they were friends and fans first, and she had forgotten that they were there to do... to do a job.

Ken Auletta was a nice guy, but he had a job to do. As he delved deeper into certain issues, Dawn Schneider saw Elizabeth's enthusiasm give way to annoyance.

Dawn Schneider: When the story moved away from the narrative that she was comfortable with... it became difficult.

You can hear it in the interviews. I listened to all eight hours' worth. When Auletta interrupts Elizabeth's rehearsed spiel to ask tougher questions, her tone changes. She gets irritated.

After his visit to Palo Alto, Auletta returned to New York and had a series of follow-up phone calls with Elizabeth. During the first of these calls, he brought up the FDA again and Elizabeth got noticeably frazzled.

Ken Auletta: The FDA.

Elizabeth Holmes: Yeah.

Ken Auletta: I talked to Alberto Gutierrez.

Elizabeth Holmes: OK.

Ken Auletta: Um, he's in charge. You know him?

Elizabeth Holmes: I do know him.

Ken Auletta: Oh, OK. And, and he says that... that Theranos does not file all its... all its tests and results with them.

Elizabeth Holmes: Um... so I don't know how much of this we're supposed to be talking about on the record, um.

Ken Auletta: Well, you had said to me on the record that you filed all your tests voluntarily.

Elizabeth Holmes: We are filing them all. Absolutely.

Ken Auletta: But why would he then say to me you don't?

Elizabeth Holmes: Well, probably because they're not all done yet. [laughs] Um, I mean, we... I know... I mean, just off the record, our legal team has said that there's some rules about what you can talk with about with active filings and... um...

Off the record... Whenever Auletta put his finger on something sensitive, Elizabeth wanted to go off the record.

In a second follow-up call nine days later, Auletta brought up another prickly subject. A writer for a lab industry newsletter had gone to a Theranos wellness center and written that he'd had his blood drawn the old-fashioned way, with a needle in the arm. Auletta wanted to know what proportion of Theranos tests still required a traditional needle draw. Elizabeth gave him an evasive answer, but Auletta kept pressing.

Ken Auletta: But... but the question is, if you did approximately, would you say that 10 percent, 15 percent, five percent are, are done with a needle?

Elizabeth Holmes: I.. I... I don't have a really good number for you because it's changing. And we're really confident being able to say that we're very close to 99 percent being on capillary.

Ken Auletta: When you say pretty close, are we talking about in the next five years? One year? Three months?

Elizabeth Holmes: [laughs] No, much less than a year.

This was *another* lie. More than half of the 240 or so blood tests on Theranos' menu still required a needle draw. In fact, six months later, I would go to a Theranos site in Phoenix to see what was going on and I too would get a needle draw.

Later in the call, Auletta returned once more to the topic of the FDA and this is where things got *really* uncomfortable. He told Holmes

he'd gone back to Alberto Gutierrez, the head of the FDA department that oversaw lab testing.

Ken Auletta: He was concerned about what's in your black box. And he said, "It's very important to know what the performance of the device is because doctors can't use the device properly unless they know what the performance is. The fact that they are not sharing the data, I think, is somewhat problematic." And then I go on to say that, in fact, Theranos *is* sharing data with the FDA and somehow there seems to be a miscommunication here.

Elizabeth Holmes: Yeah... um... So, this is why our legal team is so concerned about this because that makes it sound like we're not working with them. And... um... there's a lot of context behind that that...um... we... I mean, so is that something you're planning on writing about?

Ken Auletta: Well, I have his quote. It's a strong... It's a quote. And I need some context. I mean, I know you said, and I believe you, that you've submitted... and I said this to him, but somehow, he said, not somehow, he said he hasn't seen... the results... of your tests... that Theranos says that it supplied the FDA with.

Elizabeth Holmes: Um...

Ken Auletta: So what explains that discrepancy?

Elizabeth Holmes: Yeah. Um... OK, let me, let me talk to our legal team. Right now, they've told me that I can't comment on this because if we do have active submissions with them, it'll hurt our submissions, but I will talk to them... Um... this is... this is something that we really need to get resolved before this comes out because...

Ken Auletta: I'm with you. I'm not, you know, I'm not putting this to bed now. And, and, and I'm very eager to hear an explanation. And I have no problem going back to, to them at the FDA and saying, "I'm confused."

Elizabeth Holmes: Yeah. Yep.

Ken Auletta: I'm not looking for a headline here. I'm looking for the truth.

Elizabeth Holmes: No, I know that. But you're getting into an area that's privileged.

Elizabeth was irritated that Auletta had called someone at the FDA who knew all the details about the company's dealings with the agency. She'd hoped he would only speak to Margaret Hamburg, the

FDA head, who was too far up the food chain to be in the loop.

Elizabeth reminded Auletta that that's what he'd initially said he would do.

Elizabeth Holmes: When you said you were going to just talk to Peggy about the questions that you had said originally, which were things like, you know, what she thinks about the company, then that would have been totally different.

Ken Auletta: No, no, but I would never... I mean, as a journalist, that's my job. To find out what other people are saying.

Elizabeth Holmes: I know, it's just when you get into privileged information that it starts creating a problem, um... so...

Ken Auletta: So, fig... I mean, I have enough confidence that you can figure out with the lawyers an answer that, that, you know, puts this in a better context. And I have no problem going back to him.

Elizabeth Holmes: If we... Yeah, but... I mean, the more that you go back to him, that also... I mean they don't... it's... it's um... it's, it's very challenging. So, let me, let me spend some time with our legal team and then we'll loop back to you.

Ken Auletta: OK.

By this point, Elizabeth had become thoroughly disenchanted with Auletta's story. Dawn Schneider told me that as publication neared, she became less and less cooperative.

Dawn Schneider: She just would not become available. So, it was just the idea of getting her on the phone or getting her to review the fact checking. And, and it was frustrating for me because I thought, I thought the story was going to be a good story. I thought she needed to stay committed to it. And the fact check was... almost impossible. I think it... we ended up finishing it maybe hours before it actually closed.

In one of his last calls with Elizabeth, Auletta brought up the lack of published studies showing that Theranos's fingerstick testing was as

accurate as conventional methods. Up until this point, Elizabeth had largely succeeded in evading difficult questions and obfuscating. But *this* is the moment she made a mistake. Not by telling another lie, ironically, but by mentioning something that was... true.

Elizabeth Holmes: We have in fact... this year, we released our first publication, which was, you know, subject to scientific peer review. That was with Stanford. And we're doing more of them.

Ken Auletta: Elizabeth, could you send me a copy, email me... have someone email me a copy of that publication, the first one?

Elizabeth Holmes: Absolutely.

The study Elizabeth mentioned had been published a few months before in an obscure scientific journal called *Hematology Reports*. To most casual readers, it was the type of boring detail that would make their eyes glaze over. In fact, Auletta ended up devoting only two sentences to it in his *New Yorker* article.

But to one sharp-eyed reader, it was a loose thread that stuck out. And when he started pulling on it, the whole Theranos fraud would come unraveled.

That's after the break.

BREAK 2

SEG C

Adam Clapper: I looked into that journal a little bit more and found out some... that it was an online-only publication that charged its contributors to publish. And then when I went and actually looked at the article, I believe there was only about eight patients that she had accrued for the entire study and only looked at one analyte. So, I felt that that was pretty flimsy. And I said so in a blog post that I did a few days, or a week later.

Adam Clapper is a pathologist in Columbia, Missouri. When Ken Auletta's profile of Elizabeth Holmes came out in *The New Yorker's* December 15, 2014 issue, he read it and was immediately suspicious. Based on his training and experience, Adam was dubious that tests performed on just a few drops of blood collected from a fingertip could be accurate. So when he saw that the only scientific evidence Elizabeth cited to back up her claims was the flimsy study in *Hematology Reports*, he smelled a rat.

Adam wrote a blog about abuses in the lab industry in his spare time. He decided to post a skeptical item about Theranos. Within a day, someone contacted him to say he was onto something. That someone was Richard Fuisz, a childhood neighbor Elizabeth had sued over a patent. During their legal battle, Fuisz had become convinced Theranos was a scam. He put Adam in touch with two other people who shared his suspicions, a Stanford medical school professor and the widow of a deceased Theranos scientist.

Adam Clapper: I realized that there was a story here and knew that I couldn't do it myself. I couldn't handle it myself. And I knew that I needed a... a professional. So that's why I called you.

As it happens, I'd read *The New Yorker* article on my subway commute home one evening, and I too had been skeptical. I found the notion that a college dropout was revolutionizing laboratory testing hard to believe. Unlike computer coding, medicine wasn't something you taught yourself in your parents' basement.

I'd also been struck by a quote Auletta had attributed to Elizabeth. When he'd asked her to explain how her technology worked, she'd said:

Elizabeth Holmes: A chemistry... is performed, so a chemical reaction occurs... and generates a signal... from the chemical interaction with the sample... which is then translated into a result... which is then reviewed by the laboratory.

That didn't sound like a sophisticated lab expert, it sounded more like a high school chemistry student. Auletta had called her explanation "comically vague."

So Adam's tip resonated with me. And I started digging. Within a few weeks, I landed an important source: Theranos' former laboratory director. But he wouldn't go on the record. Theranos' lawyers were harassing him and he was afraid of being sued. So I needed to find other sources to corroborate what he was telling me.

I did, eventually. One of them was Tyler Shultz, who had gotten a job at Theranos after graduating from Stanford. He was the grandson of George Shultz, the former Secretary of State. George was a member

of Theranos' board. Another source was Erika Cheung, a friend of Tyler's who'd worked in Theranos's lab.

Erika took the stand last week and testified that she had major misgivings about the accuracy of Theranos' blood tests.

I also flew to Arizona and interviewed doctors and patients who'd received bad test results from the company. By then, Elizabeth had caught wind of my investigation and had one of her minions reach out to Dawn Schneider for advice.

Dawn Schneider: They asked me what I would do, and I specifically said, "you need to engage this reporter, and to the degree that you don't do that, you do that to your detriment. You need to take him seriously and you need to engage."

Elizabeth didn't follow Dawn's advice. Instead, she and Sunny monitored my movements, and as we discussed in Episode 3, unsuccessfully tried to game my visit to a Theranos blood-draw site in Phoenix.

Privately, they were worried. About my reporting, and also apparently about something else. In a text exchange, Elizabeth wrote to Sunny, "Carreyrou is French," to which Sunny responded, "explains everything."

I *am* French. I grew up in Paris raised by a French father and an American mother. To Sunny and Elizabeth, this somehow meant I was

a cynic. “Cynicism and skepticism are diabetes of the human soul,” Sunny wrote.

This exchange says more about them than it does about me. Rather than address peoples’ legitimate questions, they always dismissed anyone who doubted them as a naysayer.

After I got back from Arizona, I asked for an interview with Elizabeth. But feeling burned by her *New Yorker* experience, she gave me the run-around. Elizabeth was too busy, I was told, even as she continued to make frequent media appearances.

Charlie Rose: I am pleased to have Elizabeth Holmes at this table for the first time. Welcome.

Elizabeth Holmes: Oh, it is so wonderful to be here.

But eventually, the company realized I wasn’t going away. That’s when Elizabeth decided to send David Boies. Boies was a legal legend. In addition to leading the Justice Department’s successful antitrust suit against Microsoft in the late 1990s, he’d represented Al Gore in the disputed 2000 election and overturned California’s ban on gay marriage. Those famous cases had burnished his image, but they belied a less savory side of his work. Boies made most of his money as a high-priced legal attack dog for corporations and dodgy characters like Harvey Weinstein.

Boies came flanked by Theranos General Counsel Heather King, two partners from his firm, a Theranos executive named Daniel Young, a PR consultant and a former *Wall Street Journal* reporter turned opposition researcher named Peter Fritsch. On my end, I brought along my editor and the *Journal's* deputy general counsel.

Soon after the meeting got underway, Heather King went on the offensive.

Heather King: It seems apparent to us that certainly one of your key sources is a young man named Tyler Shultz. I could go through a list, I don't have to, but I could go through a list for you of reasons that Mr. Shultz was in no position at all to be raising the questions that he did at the time because he didn't even have exposure to the things, let alone exposure in his own life and his own training, to be making the assertions he made. Nonetheless, the company engaged with him and tried to educate him...

When powerful people want a damaging story killed, there's a typical playbook they turn to. As a reporter, I knew that playbook front and back, and it seemed like Boies & Co. were going to exhaust every play in it. I kept my poker face.

They could suspect Tyler all they wanted, but I wasn't going to betray the promise of confidentiality I'd made him. What I didn't know is that the other two lawyers present, Mike Brille and Meredith Dearborn, had already ambushed Tyler at his grandfather's house and were putting intense pressure on him to recant and name my other sources.

As the meeting continued, things quickly got tense.

Heather King: We do not consent to your publication of our trade secrets. We believe that you publishing our trade secrets would damage us.

John Carreyrou: We, we do not consent to waiving our journalistic privileges.

At their request, I'd sent them a long list of questions I wanted to ask. We began going through them one by one, but the conversation soon went in circles because they kept invoking trade secrets.

Heather King: It just feels like you want us to give you the formula for Coke in order to convince you that it doesn't contain arsenic.

Jay Conti: Nobody's asked for the formula of Coke.

At moments like this, I found it hard not to roll my eyes. After initially taking a back seat to King, Boies too became aggressive.

David Boies: When you call up somebody as part of investigative technique and you say to them, "there are reports of bad Theranos calcium data, have you experienced that problem?" That may or may not be a good journalistic technique, but what it does do...

John Carreyrou: You're assuming that I use that technique?

David Boies: I do. And, and, and if you say... If you're telling me that you don't. Are you telling me you haven't done that?

John Carreyrou: Because you're on calls listening to... when I ask questions to... to...

David Boies: No, but are you telling me you don't do that?

John Carreyrou: Yes, I'm telling you that I don't do that.

We stared each other down across a long conference room table. Boies was an intimidating figure with his bushy eyebrows and his piercing blue eyes. When he got angry, he growled and flashed his teeth like an old grizzly bear.

The meeting went on like that for five hours. There were moments when I felt like I was watching a live performance of the Theater of the Absurd.

David Boies: Look, we know they do it on...on... on... tiny samples of blood, we know they do it fast, we know they do it cheap. If they do it accurately, I don't know what more you need to know to know that this is a revolutionary breakthrough. You don't need to know how they do it.

John Carreyrou: Well, to believe...

David Boies: I mean, I understand it's curious.

Jay Conti: No, it sounds like The Wizard of Oz. There's no need to peek behind the curtain... Just...

By the end, I was more convinced than ever that I was onto a big story. Otherwise, they wouldn't be stonewalling so much.

In the following days and weeks, things escalated. *The Journal* began receiving letters from Boies and King threatening litigation. Theranos hired private investigators to shadow Tyler and Erika. And Sunny flew to Arizona to pressure the doctors I'd interviewed to sign statements recanting what they'd told me.

Peter Fritsch, the former *Journal* reporter turned opposition researcher who'd accompanied Boies to our meeting, tried to find out who my government agency sources were.

Elizabeth, for her part, privately lobbied Rupert Murdoch, the *Journal's* owner and a big Theranos investor, to kill my story.

In my 20 years of reporting, I'd never experienced anything like this. But their scorched-earth campaign ultimately failed. My story finally went to press on October 15, 2015, breaking the scandal open and causing a stir in Silicon Valley. The story revealed that Theranos was using its own proprietary device for only a handful of the 240 tests it offered consumers, and it raised serious questions about the accuracy of its testing, quoting patients and doctors who'd received inaccurate test results.

Theranos had prepared for the story by hiring a company in India to send out a blizzard of tweets discrediting it. In a text to Sunny that day, Elizabeth wrote: "The tweet drown out is good." She also sent a few tweets of her own. One linked to a Theranos statement calling the story "factually and scientifically erroneous." The other showed a photo of Senator John McCain posing next to her after getting a tiny vial of his blood drawn. In other words, Elizabeth was still trying to control the media narrative.

A week later, she showed up defiant at the *Journal's* technology conference and forcefully denied my findings.

Elizabeth Holmes: What was written in the Wall Street Journal article is just completely false ... Just because some guy reports false stuff about us doesn't mean that it changes our business.

She also gave interviews suggesting she was the victim of sexism. But gradually, the rest of the press began to turn against her, including the publication that had most contributed to her rise. Ten days after the Journal conference, she was interviewed at a *Fortune* conference by the magazine's editor-in-chief, Alan Murray.

Alan Murray: Elizabeth, thank you for, for being with us. As you know, *Fortune* went all in on the Theranos story. I mean, the notion that with a single pin prick, you could get blood and do many dozens of blood tests at one time at a much lower cost was compelling. Do you think the hype... Did we let... Did we both let the hype get ahead of the story?

The answer, *Fortune* concluded, was yes. Six weeks later, Roger Parloff did something journalists rarely do. He retracted his original cover story, appending to it a withering correction titled, "How Theranos Misled Me."

A month after that, *Forbes* revised Elizabeth's net worth, which it had pegged at \$4.5 billion a year earlier, to zero. Soon, negative stories about Theranos were no longer the exception, they were the norm.

Maria Shriver: Ever since she was a little girl, Elizabeth Holmes dreamed of revolutionizing health care. But a recent government report has raised serious

concerns about her company, Theranos, and its methods.

Elizabeth's relationship with the media had come full circle. She'd used the press on her way up. Now, the press was hastening her downfall.

Looking back, Ken Auletta's *New Yorker* story was the turning point. And Elizabeth had sensed it.

Dawn Schneider: She really hated that story. It was a visceral... she... she... she did not like the story.

She'd disliked it so much in fact that she'd put Dawn in the penalty box.

Dawn Schneider: She told me that she regretted doing the story, that it was, you know, the company would have been far better off if she had never done the story. And I think I became the bad guy for overexposing her.

But what Elizabeth didn't understand was it wasn't Dawn's fault. It was her own fault. For thinking that she could engage journalists only on her terms and that she'd always be able to control them.

Dawn Schneider: She wanted to, to raise her profile and raise the profile of Theranos without ever being questioned. But I work with the media and the media is going to ask questions. That's what they're in the business of doing.

CREDITS

Bad Blood: The Final Chapter is a Three Uncanny Four production.

The show is hosted by me, John Carreyrou.

Our show is produced by Lena Richards, Rahima Nasa, and Jennifer Sigl, with help from Shane McKeon. Emily Saul is our reporter. Jenny Kim is our production manager. Rachel B. Doyle edited.

Laura Mayer is our executive producer.

The show was mixed by Kevin Seaman. Casey Holford composed the theme music.

A special thanks to Ken Auletta for sharing with me the tapes of his interviews with Elizabeth Holmes.

I hope you've been enjoying Bad Blood: The Final Chapter. And I'd love to hear your thoughts on the show. Your feedback goes a long way. It helps us make the best show we can make and it only takes a few minutes. Just head to [Bad Blood dot fans](#) on the browser of your choice to answer a few questions. We're looking forward to hearing from you.

And, if you like the show head over to Apple Podcasts, Spotify, Stitcher, or wherever you get your podcasts and hit subscribe. Leave a rating and a comment while you're there. It really helps new listeners find the show.

Thanks for listening. For Three Uncanny Four, I'm John Carreyrou.