

# Cytotheryx, Inc. Announces Suit Against Castle Creek Biosciences, Inc. and Paragon Biosciences, LLC, for Fraud

*This litigation is the result of a failure by Castle Creek to make a required multimillion dollar stock redemption after the 2021 acquisition of novavita therapeutics.*



ROCHESTER, MN, UNITED STATES, January 25, 2024 /EINPresswire.com/ -- [Cytotheryx, Inc.](#), a privately held biotechnology research company, announced today that it has filed suit against [Castle Creek Biosciences, Inc.](#), a late-stage cell and gene therapy company, and its parent company, [Paragon Biosciences, LLC](#).

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The misrepresentations by CCB and Paragon’s leadership, and their refusal to provide payment, is not consistent with the actions of a financially stable company who adheres to contractual obligations.”

*John Swart, CEO*

This litigation is the result of a failure by Castle Creek Biosciences (CCB) to make a required multimillion dollar stock redemption after the 2021 acquisition of novavita therapeutics, Inc., a preclinical gene therapy company focused on rare liver and metabolic diseases and a former subsidiary of Cytotheryx. As part of the upfront consideration of the sale, Castle Creek provided Cytotheryx with shares of CCB stock, and both members of Castle Creek and Paragon Biosciences staff guaranteed liquidation of those shares on a set schedule if Castle Creek failed to reach a liquidation event prior to that timeline. As per the terms of the

contract, Cytotheryx requested the redemption of those shares; but Castle Creek refused to make that payment. The suit (case no. 2023-1142-VLM) filed in Delaware Chancery Court, a state court in Delaware, alleges fraud and promissory estoppel due to Castle Creek’s false representations, made with the intent to induce Cytotheryx to enter into the Merger Agreement and to accept shares of Castle Creek rather than cash as payment.

“We are shocked and disappointed in the failure of Castle Creek to meet its contractual obligations after the acquisition of novavita therapeutics in 2021,” stated John Swart, Cytotheryx President and CEO. “The misrepresentations provided during the acquisition process by Castle Creek and Paragon Biosciences’ leadership teams, along with their refusal to provide payment

under the contract terms, is not consistent with the actions of a financially stable company who adheres to their contractual obligations. We intend to pursue all available remedies under the law, to protect our investor's interests and further enable our continuing research and development activities addressing liver failure."

#### About Cytotheryx:

Cytotheryx, Inc. is a biotechnology research company utilizing proprietary technology developed at the Mayo Clinic to address the supply shortage of primary human hepatocytes, and ultimately, enable therapeutics for liver failure and rare disease. Primary human hepatocytes are the gold standard for in vitro modeling of the liver in drug toxicity and metabolic studies, as well as in liver disease-specific research. Cytotheryx is also advancing cell therapy strategies to address liver failure and rare diseases.

#### Representing Law Firm:

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#### Safe Harbor Statement

Some of the statements made in this press release are forward-looking statements. These forward-looking statements are based upon our current expectations and projections about future events and generally relate to our plans, objectives and expectations for the development of our business. Although management believes that the plans and objectives reflected in or suggested by these forward-looking statements are reasonable, all forward looking statements involve risks and uncertainties, and actual future results may be materially different from the plans, objectives and expectations expressed in this press release.

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