tion. It cited inaccurate detail in the instructions that should enable others to duplicate the genetic product developed by Stanley Cohen of Stanford and Herbert Boyer of the University of California. It notes that after the scientists filed the application, they revised their description of the technique.

The patent office also asked whether Robert Helling should be considered a co-inventor with Cohen and Boyer. The three scientists were authors of a seminal paper on genetic engineering which appeared in the *Proceedings of the National Academy of Sciences*. Subsequently, an article appeared in *Nature* in which Helling "is indicated as refusing to sign a disclaimer that he was not an inventor of the processes . . . ," according to the patent office. The office wants this "apparent dispute" resolved.

On a separate point, the document dispels rumors that a 1973 article in the *New Scientist*, which roughly described Cohen's and Boyer's genetic engineering methods, constituted prior disclosure that would invalidate the Stanford application.

The university, which has 3 months to respond to the patent office, sought to downplay predictions that approval of its application was in serious jeopardy. "None of the problems are insurmountable," said Niels Reimers, Stanford's director of technology licensing. "This is part of the routine back and forth. Our patent position will be strengthened because these issues will be aired."

There are indications, however, that some of the 73 companies which have purchased a license to the original patent may later dispute its validity because questions have arisen about its counterpart.—***Marjorie Sun***

Mathematical Magic

The Reagan Administration has apparently engaged in mathematical magic to calculate the enormous savings it expects to incur by dismantling the Department of Energy (DOE). The General Accounting Office (GAO) said in a report this month that it was unable to figure out how the Administration came up with its projected savings of millions of dollars.

The report was immediately seized upon by Representative Richard Ottinger (D–N.Y.) and others as confirmation that the Administration does not know what it is doing in energy policy. Ottinger, chairman of the House subcommittee on energy conservation and power, said, "The President's plan to dismantle the Department . . . ignores evidence of the nation's real energy needs."

The Administration has come up with three different estimates of reorganization savings but, the GAO was unconvinced about the validity of any of them. At first the Administration predicted that it could save $1.3 billion in 1 year by eliminating DOE and transferring some of its functions primarily to the Commerce Department. Then it estimated $1 billion could be saved over a 3-year period. In its latest projection, it ventured that perhaps a more modest $250 million could be salvaged. The GAO could not even substantiate the last figure. ". . . [T]he estimate is not adequately documented and does not reflect a full assessment of potential reorganization expenses," the report said.

The agency found that the Administration would achieve most of the estimated savings by the elimination of major programs (such as the synthetic fuels program) and the concomitant cutbacks in personnel. These savings, however, could be accrued without reorganization. "Consequently, we were unable to link the budget proposal directly with the reorganization plan," the report said.

When the Administration did venture an estimate based solely on reorganization, GAO still was critical. For example, the Commerce Department said it could achieve the biggest savings—$200 million—by the integration of computer systems with DOE. The GAO said, "Commerce officials had no specific explanation in support of the estimate."

Commerce authorities also said they could save $50 million by intensifying the auditing of DOE contractors. But, the report said, "Commerce officials agreed this estimate is speculative." The Commerce Department's suggestion seemed to ruffle energy officials who told GAO that their contractors were adequately monitored. They said they were concerned that "such a highly speculative estimate . . . could give the incorrect impression that there is a significant amount of serious fraud, waste and abuse" in the department.—***Marjorie Sun***

Genex to Go Public

Genex Corporation, one of the largest biotechnology companies in the United States, is about to go public at a time when biotechnology stocks are out of favor on Wall Street. The company, based in Rockville, Maryland, apparently needs an injection of capital to finance a major expansion of its manufacturing capacity.

According to a registration statement filed with the Securities and Exchange Commission on 28 July, the company is considering the sale of 2.75 million shares at $12 apiece, an offering that would bring in $33 million. A company spokesperson said that the offering would be made "after Labor Day," but declined further comment.

Genex was launched in 1977 and has received about $15.5 million in capital contributions from Koppers Company and subsidiaries of Monsanto and Emerson Electric. It currently employs about 200 people and is engaged in a variety of research projects under contract from pharmaceutical and manufacturing companies. Last year it reported an income of $5.6 million, mostly from research contracts, but still ended up with a small loss. During the first 5 months of 1982, the company reported a loss of about $2 million, largely as a result of an expansion of its research and development facilities; hence the need for capital.

This is, however, not a good time for biotechnology companies to go public. Ever since Genentech of South San Francisco tested the stock market in October 1979 and saw the price of its shares soar to $89 within a few minutes of opening, several other companies have tried to cash in on the boom but with less success. Wall Street has been taking an increasingly skeptical interest in biotechnology stocks lately and several companies have raised much less money from stock offerings than they originally anticipated.

Genex at least has the advantage of having several products in development, connections with major corporations, and a clutch of lucrative research contracts. Its stock offering will provide a clear indication of how far the biotechnology hoopla has subsided.—***Colin Norman***