

## **FOR IMMEDIATE RELEASE**

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### **Healthcare Marketplace Medical Supply Chain, Inc. Announces Bid to Acquire US Bank's Troubled Investment Banking Unit US Bancorp Piper Jaffray.**

**KANSAS CITY, MO., January 27<sup>th</sup>, 2003** -- Medical Supply Chain, Inc. announces it has bid to acquire U.S. Bancorp's investment subsidiary Piper Jaffray. Medical Supply Chain, Inc.'s offer comes on the heels of word A.G. Edwards of St. Louis, MO, Minneapolis-based Dain Rauscher are not seriously considering bidding for their wounded rival Piper Jaffray. Medical Supply Chain, Inc. has become concerned over U.S. Bancorp's reputed offering price of \$600 million. Medical Supply Chain, Inc. has valued Piper Jaffray significantly higher than this quoted price, even after accounting for the prospect of further civil lawsuits in the wake of the yearlong federal and state conflict of interest investigations Piper Jaffray settled for \$32.5 million on December 30th. Samuel Lipari, CEO of Medical Supply Chain, Inc. believes his company offers an attainable proposition for US Bancorp and the employees of Piper Jaffray. Medical Supply Chain, Inc. would benefit from the synergistic effect of building Piper Jaffray's established health system financing into Medical Supply Chain, Inc.'s web-based financial and hospital empowerment marketplace. Medical Supply Chain's ASP model that was scheduled to be released November of 2002 was halted by US Bancorp Piper Jaffray.

In November Medical Supply Chain, Inc. filed a legal action against U.S. Bancorp and its subsidiary Piper Jaffray for antitrust, racketeering and contract related violations stemming from U.S. Bancorp's acts in October 2002 to stop Medical Supply Chain, Inc. from entering the market.

U.S. Bancorp Piper Jaffray concentrated its investment in healthcare technology and supplier companies that participate in anticompetitive contracts with existing healthcare group purchasing organizations currently under investigation by the US Senate and federal trade commission for anticompetitive practices. In June of 2002, US Bancorp Piper Jaffray was censured and fined \$250,000.00 by the National Association of Securities Dealers for attempting to extort Antigenetics, Inc. a healthcare technology supplier.<sup>1</sup>

Court record documents Medical Supply Chain, Inc.'s damages at \$900 million for injury inflicted by US Bank and Piper Jaffray due to antitrust violations. Medical Supply Chain, Inc. is seeking injunctive relief restricting Piper Jaffray's promotion of equity investments in healthcare companies participating in anticompetitive contracts with healthcare GPO's. Medical Supply Chain, Inc. is seeking treble damages and attorney's fees as provided by statute. This action is the largest current and pending action against Piper Jaffray. The case in Kansas Federal District Court is 02-2539-CM and is currently in an interlocutory appeal before the Tenth Circuit Court of Appeals relating to preliminary injunctive relief.

Samuel Lipari, Medical Supply Chain, Inc. commented; "While we are in the early stages of prosecuting US Bancorp and its subsidiaries; we believe we have made a prima facie case on 18 counts concerning US Bank's failure to perform services it had contracted to provide Medical Supply Chain, Inc. We have alleged Piper Jaffray and U.S. Bancorp caused this breach once they had misappropriated our business trade secrets and perceived Medical Supply Chain, Inc. as a competitive threat to Piper Jaffray's healthcare technology and supplier investments. We also allege Piper Jaffray concentrated 70% of its venture funds in IPO candidates that depended on anticompetitive contracts with healthcare GPOs currently under federal antitrust investigation and in which Piper Jaffray and US Bancorp had interlocking directorates."

In the record, U.S. Bancorp NA *et al* through their counsel have conceded the central antitrust conduct complained of under the Sherman and Clayton Antitrust Acts: Refusal To Deal. The record contains evidence of tape-recorded conversations that prove

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<sup>1</sup> *State Steps up Probe of Research at Piper Jaffray*; Meisner, Jeff; Puget Sound Business Journal Oct 21, 2002

the motive for US Bank's actions to exclude Medical Supply Chain, Inc. from the hospital supply market was not based upon the required efficiency justification for a valid defense to Refusal To Deal antitrust violations.<sup>2</sup> Piper Jaffray's Deputy general Counsel and Managing Director, Mark S. Reed provided an affidavit stating US Bancorp Piper Jaffray, Inc. is a "market maker;" a technical term in investment banking specifically defining a firm that acts "to mark the price;" meaning to monitor prices of equities in a market and to adjust supply to demand of issues to set the market price. Samuel Lipari commented; "We feel this affidavit clarifies that Piper Jaffray sets prices in healthcare corporate capitalization markets, the relevant and related markets to Medical Supply Chain, Inc.'s antitrust claims. Because U.S. Bancorp *et al* has admitted the conduct of excluding Medical Supply Chain, Inc. from this market, we believe we will prevail in our antitrust and contract related claims."

The liability for these staggering damages that will be apportioned to US Bancorp Piper Jaffray, Inc. causes Samuel Lipari great concern at the currently quoted price for Piper Jaffray. Medical Supply Chain, Inc. would not be opposed to the sale of Piper Jaffray to a buyer capable of protecting against conflicts of interest that are devastating to banking customers and healthcare markets. Samuel Lipari commented; "We would willingly work with any institution capable of reforming Piper Jaffray's corporate governance. However, Medical Supply Chain, Inc. is initiating serious negotiations to acquire Piper Jaffray independent of a resolution concerning its antitrust controversy."

Samuel Lipari commented, "Medical Supply Chain, Inc.'s organizing purpose is to restore competition and efficiency to healthcare supply markets. We believe we can rehabilitate Piper Jaffray in the eyes of its customers and stakeholders by using its healthcare presence to increase competition vital to preserving the healthcare infrastructure America depends on while at the same time restoring a corporate culture of virtue essential for being entrusted with financial management."

Please contact Samuel Lipari with any questions you may have about Medical Supply Chain, Inc.'s proposed acquisition of Piper Jaffray or Medical Supply Chain, Inc.'s legal action against US Bancorp Piper Jaffray and its subsidiaries.

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<sup>2</sup> *Aspen Skiing Co. v. Aspen Highlands Skiing Corp.*, 472 U.S. 585 (1985) pgs. 609-11