

The Dropout—On the fraudulent rise and ignominious fall of Elizabeth Holmes’ Theranos

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Created by Elizabeth Meriwether, based on the podcast The Dropout hosted by Rebecca Jarvis and produced by ABC News

The Dropout, an eight-episode streaming series that premiered on Hulu in April, dramatizes the story of Theranos—a US company that promised to revolutionize the medical diagnosis industry and soared to great financial heights, but ultimately proved to be a thoroughgoing fraud. It is a drama that says an immense amount about the parasitical, swindling and openly thieving character of contemporary American capitalism.

Elizabeth Holmes (born 1984) founded Theranos in 2003, and by 2015 the company was valued at \$15 billion, with *Forbes* naming Holmes the youngest and wealthiest self-made American female billionaire. Theranos claimed that with only a few drops of blood it could perform various tests with its small automated device. The company partnered with Walgreens, the drugstore chain, to offer in-store blood tests at more than 40 locations. The Cleveland Clinic also announced a partnership with Theranos. The sky apparently was the limit. Theranos, however, never in fact succeeded in perfecting the device, and often used already existing equipment to carry out tests, many of them inaccurately.

Eventually, following an exposé by journalist John Carreyrou of the *Wall Street Journal* in October 2015, and other investigations, the company ignominiously collapsed in scandal and Holmes was charged with criminal fraud (by which time *Forbes* estimated Holmes’ net worth to be *zero*). In January 2022 she was convicted of defrauding investors, but found not guilty of defrauding patients. She is scheduled to be sentenced in September, and past cases of this nature suggest she will serve less than 10 years behind bars.

The title of the miniseries refers to Holmes (Amanda Seyfried) dropping out of Stanford University after her freshman year to pursue building a company and becoming a billionaire, the young Holmes’ stated goals in life. Leaving college allows her to bootstrap the start-up with as yet unpaid tuition money.

The drama brings to life the brutal reality of doing medical research within contemporary capitalism. The wealthy investors ultimately do not know or care about the science, their sole objective being to reap a windfall from a breakthrough technology. To raise funds from this crowd, the young female CEO has to oversell a technology each time, which, in fact, has not yet been developed. The series depicts vividly how under the pressures of

raising money, Holmes increasingly resorts to lying to the public, while legally threatening and bullying employees. She and her accomplices forge ahead regardless of consequences to patients and employees.

Her foray into raising financing brings her into contact with shortsighted, piratical “venture capitalists,” who above all are looking for a ruthless chief executive. Holmes trains herself with elaborate rituals—including repeating phrases she does not believe in over and over in front of a mirror in a fake baritone—to become the CEO the investors need.

Since *The Dropout* centers on Holmes, the viewer is not shown the emotional trauma faced by patients who were handed faulty diagnoses regarding miscarriages, HIV, and blood clots. This shortchanging of those harmed, unfortunately, is in line with the trial where Holmes was only convicted of defrauding investors and not patients.

Holmes’ insistence on using a malfunctioning prototype on patients faces stiff opposition from certain members of her staff, in particular from a couple of the youngest employees—Erika Cheung (Camryn Mi-young Kim) and Tyler Shultz (Dylan Minnette), grandson of former Secretary of State George Shultz. Holmes silos the company into separate departments so that it becomes difficult for a single employee to understand the extent of the fraud. Eventually, most of the original staff leaves or are summarily fired, leaving even fewer employees who could challenge Holmes and her then secret boyfriend Ramesh “Sunny” Balwani (Naveen Andrews).

The extraordinary lengths that Theranos goes to prevent its present or former employees speaking to the media are well presented. As the company moves from crisis to crisis, the workers are treated more and more like expendable commodities, a process that culminates in the tragic suicide in May 2013 of Theranos’ chief scientist, British biochemist Ian Gibbons (Stephen Fry).

The Dropout shows how the various chemists, analysts and engineers respond to Holmes’ fraud in contrast to the top management and its board. Ultimately, those who have invested in the company do not want to hear about its problems. It is another matter for the workers who are putting their labor and conscientiousness into the product—they want the technology to work accurately and are horrified at the swindle being perpetuated.

The viewer might wonder how one young woman without a

college degree, possessing little more, in fact, than a fast line of talk, was able to gain the trust and ultimately make fools out of a slew of corporate big shots and major figures in the US political establishment, including Oracle co-founder Larry Ellison, members of the Walton family, Rupert Murdoch, Shultz, future Education Secretary Betsy DeVos, former Secretary of State Henry Kissinger, former Defense Secretary William Perry and former Senator Sam Nunn. The series deserves credit in this regard: it shows how limited, greedy and even stupid such people are and how that fact permits an entrepreneur to “sell” a fairy-tale in which they all want to believe.

The series captures in particular the self-deluded character of the American corporate financial elite in the early 2000s, emboldened by the dissolution of the Soviet Union and US military invasions of Central Asia and the Middle East, believing its own myths, seeing no limits to its ability to plunder and exploit.

The criminal role of the media in promoting Holmes and propelling her to “stardom” is not fully explored in *The Dropout*. Ethan Pines, the photographer who shot a cover story for *Forbes* in 2014, has explained in an interview how Holmes was perceived at the time: “She may be the next big thing ... visionary, guru ... young, a lot of CEOs can be very controlling, but she had none of that ... *Forbes* was already telling me that she was apparently America’s youngest self-made female billionaire.” And as Pines commented elsewhere: “How bizarre to look back and realize that we were in the belly of a massive fraud machine, the deception happening all around us.”

There is a tense scene in the Hulu series that speaks volumes about the different social types involved: the first test on real patients. Chief engineer Edmond Ku (James Hiroyuki Liao), accompanied by Holmes, takes a blood sample from a cancer patient. Once Holmes explains they just need a pinprick, the patient, worn-down and emaciated, observes, “I’ve been stuck too many times, I have no veins left. You all are doing a good thing here.” Unable to tolerate the depth of the deceit committed against the vulnerable, Edmond leaves the clinic, only to be forced back by Holmes.

A particularly repugnant scene takes place between Holmes and multi-billionaire Larry Ellison on board his gigantic private yacht. Ellison is trying to gauge Holmes’ leadership skills, which, it seems, boils down to determining whether she can fire people and whether she can “get the fucking money.” This is just corporate gangsterism on display. Things take a turn for the worse from then on, in terms of Holmes’ relationship with employees.

The Dropout tells us something about objective social pressures bearing down on friendships, parent-child relationships and romantic relations, and tearing them apart. We watch as bit by bit Holmes sacrifices whatever is decent in herself. No feeling or relationship is sacred. When she essentially celebrates the suicide of Gibbons, her chief scientist, because now he will not be able to testify against her, we know she has become something monstrous, a development she would not have believed possible only a few years earlier.

The acting is almost uniformly good. Seyfried’s performance is powerful, as Holmes evolves from the high school girl with an intense focus on mastering Mandarin, to the woman with the

unblinking gaze that charms, intimidates and deceives.

Andrews succeeds remarkably with the character of Balwani—Holmes’ boyfriend and business partner, who possesses a singular ruthlessness and thuggishness and, at the same time, considerable vulnerability. The Holmes-Balwani relationship, almost always on a knife-edge, essentially conspiratorial, menacing, occasionally suggests a modern-day, corporate Macbeth and Lady Macbeth, with the latter at the helm.

Laurie Metcalf has a few brief but memorable moments as Phyllis Gardner, the Stanford professor who sees through the Holmes and Theranos charade from the start. The tense encounter at Harvard where Gardner spurns the attempt by Holmes, now at the peak of her celebrity, to be friendly and familiar rings true.

The first few episodes leave no doubt in the viewer’s mind that the team assembled by Holmes worked tirelessly to build a working prototype of a miniature testing machine, able to perform miracles with a single drop of blood. The engineers and Holmes herself are relentless in repeated attempts to get the machine to work. But, as the lead chemist explains, “science is slow.” Investors, however, demand instant results, and to keep the research funded, Holmes resorts to public falsehood and internal repression.

The viewer may even share the optimism of the lead engineer and head chemist that Theranos’ technology was viable, that it just needed more time. But this is precisely what the money-minded private interests did not and could not allow for.

What might have been if the research had been funded on the basis of a long-term outlook, entirely apart from profit and prestige considerations, remains a question.

The makers of the series reveal a great deal about aspects of American corporate life. The series undoubtedly speaks to the growing disaffection with the financial oligarchy and capitalism generally, although the makers hold themselves back from the sharpest, most generalized criticism. We hope *The Dropout*’s creators will be even bolder in the future—there is still a lot left unsaid here.



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