

# Attorney For Former MiMedx Top Executives Criticizes Layoffs, Audit Committee

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BOSTON and LOS ANGELES and WASHINGTON, Dec. 6, 2018 /PRNewswire/ -- "After spending tens of millions of Company dollars on lawyers, accountants, and 'strategic consultants,' the MiMedx Board of Directors and Interim management today announced the lay-offs of nearly a quarter of the sales workforce and the abrupt resignation of its outside auditor without adequate justification," said Quinn Emanuel attorney Bill Weinreb. Weinreb continued, "These extreme measures illustrate how the current Board of Directors and Interim managers have mismanaged a company that former Chairman and CEO Parker H. "Pete" Petit and former President and COO Bill Taylor built into the 5th fastest growing public company in the U.S."

Weinreb added, "the Company's announcements do not hold up under close scrutiny. For example, the Company announced that it had 'established an independent compliance function' even though the Company has already had for many years an independent compliance function that reported directly to the Audit Committee of the Board of Directors." Weinreb commented, "Similarly, the current Chief Compliance Officer, Mark Graves, was not hired by the Board or current management, as today's announcements suggest, but rather by former CEO Petit and former COO Taylor before their departure from the Company in June 2018. And today's announcement of a long-range strategic plan likewise suggests that having such a plan is a new management initiative when in fact the Company has for years had long-range strategic plans that were updated annually and approved by the Board of Directors."



Former CEO Petit commented, "Laying off so many members of the best-trained sales force in this healthcare sector makes little economic sense. The well-known changes in certain insurers' reimbursement policies for certain industry product lines will not prevent most MiMedx salespeople from generating an operating profit given the Company's excellent margins. These layoffs are a needless waste of talent and a huge blow to morale. I strongly urge the Company to rethink these extreme measures."

"EY's abrupt and unexplained resignation underscores the need for an independent investigation of the Audit Committee's role in the revenue-recognition and other matters currently under investigation, and to determine whether the Committee members have acted reasonably, with due care, and in the Company's best interests." Weinreb concluded, "EY's last-minute abdication of its audit responsibilities raises questions about whether EY mishandled its diligence prior to accepting the engagement and whether the Audit Committee has competently supervised the annual audit."

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