

COHODES' ILLEGAL SELLING OPERATIONS

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We believe Marc Cohodes and his cabal orchestrate and participate in illegal short selling attacks commonly referred to as "Short and Distort" campaigns. These attacks involve Cohodes and several of his shills, such as Viceroy Research and Aurelius Value, who publish research, articles, and other Internet and social media communications, and his trading partners, who include hedge funds and individuals. These groups act in a coordinated effort to drive the stock price of a targeted publicly traded company down after they have repositioned their short sale of the company's stock.

The actual orchestration of this campaign can vary depending on whether or not there is already public information questioning if a company has violated regulations and laws. Some of the Cohodes' shorting schemes have worked effectively because he has simply jumped in to the fray when corporate malfeasance has already been alleged and exposed by others. The Cabal then attacks with a combination of coordinated media and/or "research" reports in addition to targeted social media activity all aligned to benefit illegal trading activities on the attack day.

In the MiMedx case, allegations were brought by employees who were terminated for cause, and we believe Cohodes and the Cabal picked up on those allegations to begin their scheme. MiMedx has answered the employee's and Cohodes' numerous allegations with correct and documented factual information. This information is posted on the Company's website under "Short Selling Commentary."

In MiMedx's case, we believe Cohodes is probably being paid by certain hedge funds that have developed substantial losses over the years by short selling the Company. In fact, MiMedx was recently named by *Fortune Magazine* as the 5th fastest growing public company in America. This is a tribute to an excellent product and technology platform, management's operational excellence and employee dedication, all of which has contributed to a significant increase in MiMedx stock price since 2012. This has resulted in substantial losses for short sellers who bet against the Company beginning in 2013 like Deerfield Management Company LP, Dialectic "S" Capital Management (now owned by B. Riley and managed by John Fichthorn).

In the case of MiMedx, all of Cohodes' sponsored publications with their "Short and Distort" themes have now been exposed. Importantly, the individuals behind Viceroy Research have recently been unmasked¹.

As a clear example of Cohodes and his publications going to extremes when there is no proof of corporate malfeasance, we believe they initially did two absolutely corrupt things in their campaign against MiMedx. First, they had one of their publication shills write a several page memo ostensibly from a current MiMedx employee alleging all types of malfeasance. This was published by Viceroy and sent to major media sources, regulators, law firms and competitors. For a number of reasons, the memo was determined to be fraudulent by the MiMedx Board and management. The way this memo was written appeared to be identical to certain documents that have come from Viceroy Research, the latest publication shill that has been recently exposed.

The second action this group took in an attempt to damage MiMedx was to set up a false email account in the name of the Company's Chairman and CEO, Pete Petit. They started communicating with one of the Company's most respected Wall Street analysts. The analyst became suspicious after he received several emails from this email account, so he reached out to the Company. You can imagine the severe ramifications to the Company that could have occurred if misinformation was communicated to this analyst supposedly from Petit.

¹ <https://www.moneyweb.co.za/in-depth/investigations/viceroy-unmasked/>

Up to this point, this discussion should clearly assist in understanding how we believe the illicit and illegal publications are developed², which is with full knowledge of Cohodes and the trading partners. They all know when new distorted or false information is going to be released to the public, and they fine tune their trading strategies in preparation for the release. In other words, they all have in depth knowledge on when the attack will occur, and they can position their stake in the Company's securities as they desire. This is, in effect, a form of trading with "inside information" and is illegal. This is often referred to as "Front Running."

We further believe that once the publication is ready for public dissemination, the hedge funds and individuals involved in the particular attack then go in to the trading market and preposition their trades. This can be done by short selling the stock or buying and/or selling Puts and Calls in the options market. On the day of the attack, these trading partners will participate in illegal trading activities and execute illegal trades to force a rapid decline in the Company's stock. It is these trading schemes that cause the majority of the rapid decline and keep the pressure up to enhance the decline. The publication on that date is merely the "starting gun" and referenced catalyst for the decline.

Illegal trading schemes include:

- "Painting the Tape", the illegal practice of traders manipulating the price of a stock by trading it amongst themselves to create the false appearance that large amounts of buying or selling are taking place.
- "Layering" and "Spoofing", the illegal trading techniques used to give a false impression that large amounts of buying or selling of a stock is taking place with the intent to cause the price of the stock to either rise or fall. This is done by entering multiple orders over a set period of time with the intention to cancel them before they are executed. "Layering" is the practice of entering multiple buy or sell orders at prices away from the current market whereas "spoofing" is the practice of entering multiple buy or sell orders at the current market.
- "Offering Out Loud" large blocks, the practice of entering large sell orders away from the current market with no intention to execute on these orders. This is designed to frighten away buyers.

Of course, when the public sees a significant stock price decline, uninformed shareholders panic and sell their stock, and uninformed investors do not buy the stock. The resulting increase in selling and decline in buying make it easier for rogue traders to continue to manipulate the stock price lower.

Thus, the Cohodes Cabal can get credit for exposing supposed malfeasance and causing the significant stock decline. However, one must recognize that it is actually the coordinated attack with media and the nefarious trading activity that causes the significant decline.

This coordinated and planned activity to push a company's stock price lower is illegal abusive short selling. The SEC has published numerous memos and white papers that clearly delineate what makes that particular activity illegal. The SEC has refers to this activity "Short and Distort" campaigns in their documents.

² Zatarra R.I.P. article (<http://pdfsr.com/pdf/report-25>)



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The price of being Marc Cohodes is always expensive---dumb stock picks due to his lousy analytical skills and mental illness, and I assume the legal fees from his assault on a money manager in San Francisco will not be small. \$OSTK
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