

MIMEDX IS A POSTER CHILD

Unfortunately, MiMedx Group has become the “poster child” for the abuses that take place in our capital markets as the result of illegal short selling and for the significant change in public company responsibilities as a result of the “Sally Yates Doctrine.”

In today’s markets, illegal short selling is apparently overlooked by the federal regulators because they feel they obtain information from those sources, which proves to be valuable. However, that can be easily resolved by paying short sellers “whistle blower fees,” but still holding illegal short sellers accountable for violating federal laws and regulations.

The Sally Yates doctrine has significantly changed the manner in which companies have to investigate allegations. For instance, the MiMedx Board was advised that it had to spend lavishly on new law and accounting firms to investigate false and misleading allegations brought by employees terminated for violating their non-compete agreements and by illegal short sellers, including Marc Cohodes.

Please go to the “Howard Root Saga” section to see an excellent review of the “Sally Yates Doctrine.”

MiMedx paid King & Spalding, Sally Yates’ former and now current law firm, approximately \$40 million for a 15 month investigation supposedly of Cohodes’ allegations and those of the terminated employees. In addition, MiMedx probably spent at least \$30 million on other law and accounting firms to support this investigation. After 15 months of investigation, they located some emails and a letter that was written in 2015 that they claim shows that executive management knowingly made comments to distributors that the prosecutors claim modified the written contracts, and therefore, caused a revenue recognition issue in those specific quarters.

Apparently, the Cohodes allegations were basically ignored and executive management was the focus as per the Yates Doctrine. This approach matched well with the Audit Committee’s CYA focus. Petit and Taylor were never interviewed during this investigation to clear up the issues that the SEC/DOJ prosecutors have now highlighted. There was no “due process” provided during the investigation. In addition, the MiMedx contracts had specific language stating that they could not be modified without written agreements signed by both parties.

At some point, the MiMedx story will be fully vetted and told. It will be quite enlightening how lies and false accusations triggered unnecessary actions by an inexperienced and self-serving Board. The majority of the Board was intimidated into spending approximately \$70 million on large law firms and accounting firms which caused layoffs of 24% of the employees and dismissal of 14 of the top 16

managers who built the Company into the fifth fastest growing public company in America. Of course, shareholders suffered stock losses from \$18 per share (approximately \$2 billion valuation) to below \$1 per share (approximately \$100 million valuation) as a result of the former Board's decisions.