

MiMedx: Up Schmidt Creek

This report is concerned with the creation of Physician Owned/Related Distributors (henceforth PODs). The potential for fraud is well documented as evidenced by the release of the special fraud alert by the Office of the Inspector General of the Department of Health and Human Services:

https://oig.hhs.gov/fraud/docs/alertsandbulletins/2013/pod_special_fraud_alert.pdf

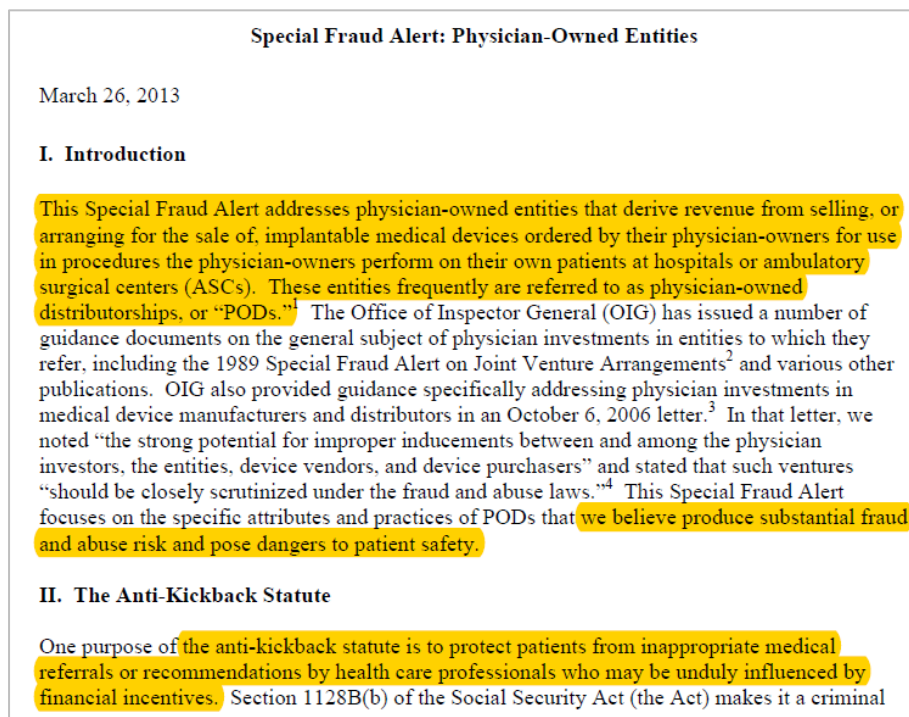


Figure 1 Extract from HHS OIG special fraud alert¹

We previously highlighted the activities Donovan Schmidt, MiMedx Market Development Manager available here:

<https://viceroysresearch.org/2017/10/03/mimedxs-selective-non-compete-litigation-questionable-disclosures/>

We now evidence MiMedx employee Donovan Schmidt’s active involvement in the premediated formation of a physician owned/related distributor (POD) with a prominent Atlanta physician.

“There is a MiMedx employee his name is Donovan Schmidt, he is an employee and also a distributor and also worked for Orthofix.” – Former MiMedx Employee

¹ https://oig.hhs.gov/fraud/docs/alertsandbulletins/2013/pod_special_fraud_alert.pdf

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Biohealth Associates LLC & Bio Tech Enterprises LLC

Biohealth Associates LLC², is an entity jointly owned by husband and wife, **Dr. Regis W Haid and wife Mary Ellen Haid**:

- Biohealth Associates formed as an entity on **April 12, 2017**;
- Its corporate filings were signed and lodged by **Jenisa Irizarry**; and
- The company's corporate address is in Florida, at registered agent provider **Corporate Creations International, Inc.** (Jenisa Irizarry's employer)
- The company's principal place of business is at **5555 Glenridge Connector, Suite 400, Atlanta**, an attorney's office

Dr. Haid's wife, Mary Haid formed a company called **Bio-Tech Enterprises LLC³** jointly with Donovan Schmidt: **MiMedx Development Manager**:

- On the same day as Biohealth - **April 12, 2017**;
- With the same corporate secretary as Biohealth (**Jenisa Irizarry**)
- At the same agent address in Florida as Biohealth (**Corporate Creations International, Inc.**); and
- Operating from the same principal place of business (**5555 Glenridge Connector, Suite 400, Atlanta**)

<p>2017 FLORIDA LIMITED LIABILITY COMPANY REINSTATEMENT DOCUMENT# L15000187459 Entity Name: BIOHEALTH ASSOCIATES, LLC Current Principal Place of Business: 5555 GLENRIDGE CONNECTOR SUITE 400 ATLANTA, GA 30342</p>	<p>FILED Apr 12, 2017 Secretary of State CR1895867750</p>	<p>2017 FLORIDA LIMITED LIABILITY COMPANY REINSTATEMENT DOCUMENT# L15000185993 Entity Name: BIO-TECH ENTERPRISES, LLC Current Principal Place of Business: 5555 GLENRIDGE CONNECTOR SUITE 400 ATLANTA, GA 30342</p>	<p>FILED Apr 12, 2017 Secretary of State CR1912158554</p>
<p>Current Mailing Address: 5555 GLENRIDGE CONNECTOR SUITE 400 ATLANTA, GA 30342 US</p>		<p>Current Mailing Address: 5555 GLENRIDGE CONNECTOR SUITE 400 ATLANTA, GA 30342</p>	
<p>FEI Number: NOT APPLICABLE</p>	<p>Certificate of Status Desired: No</p>	<p>FEI Number: NOT APPLICABLE</p>	<p>Certificate of Status Desired: No</p>
<p>Name and Address of Current Registered Agent: CORPORATE CREATIONS INTERNATIONAL, INC. 11380 PROSPERITY FARMS ROAD 221 E PALM BEACH GARDENS, FL 33410 US</p>		<p>Name and Address of Current Registered Agent: CORPORATE CREATIONS INTERNATIONAL, INC. 11380 PROSPERITY FARMS ROAD 221 E PALM BEACH GARDENS, FL 33410 US</p>	
<p><small>The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.</small></p>			
<p>SIGNATURE: JENISA IRIZARRY, SPECIAL SECRETARY Electronic Signature of Registered Agent</p>	<p>04/12/2017 Date</p>	<p>SIGNATURE: JENISA IRIZARRY, SPECIAL SECRETARY Electronic Signature of Registered Agent</p>	<p>04/12/2017 Date</p>
<p>Authorized Person(s) Detail :</p>			
<p>Title AUTHORIZED MEMBER</p>	<p>Title AUTHORIZED MEMBER, MANAGER</p>	<p>Title AUTHORIZED MEMBER, MANAGER</p>	<p>Title AUTHORIZED MEMBER</p>
<p>Name HAID, MARY ELLEN</p>	<p>Name HAID, REGIS W JR.</p>	<p>Name HAID, MARY ELLEN</p>	<p>Name SCHMIDT, DONOVAN</p>
<p>Address 5555 GLENRIDGE CONNECTOR SUITE 400</p>	<p>Address 5555 GLENRIDGE CONNECTOR SUITE 400</p>	<p>Address 5555 GLENRIDGE CONNECTOR SUITE 400</p>	<p>Address 5555 GLENRIDGE CONNECTOR SUITE 400</p>
<p>City-State-Zip: ATLANTA GA 30342</p>	<p>City-State-Zip: ATLANTA GA 30342</p>	<p>City-State-Zip: ATLANTA GA 30342</p>	<p>City-State-Zip: ATLANTA GA 30342</p>

Figures 2 Florida Filings for Biohealth Associates & Bio-Tech Enterprises LLC's (left to right)

Dr. Haid has established a POD through a common entity controlled by his wife and MiMedx employee Donovan Schmidt on the same day.

²<http://search.sunbiz.org/Inquiry/CorporationSearch/SearchResultDetail?inquirytype=EntityName&directionType=Initial&searchNameOrder=BIOHEALTHASSOCIATES%20L150001874590&aggregateId=flal-115000187459-48ba541d-6994-4e8e-be26-eb6682633a6a&searchTerm=Biohealth%20Associates&listNameOrder=BIOHEALTHASSOCIATES%20L150001874590>

³<http://search.sunbiz.org/Inquiry/CorporationSearch/GetDocument?aggregateId=flal-115000185993-63ecca1c-8ad2-4734-a3f0-9dd9a9478af4&transactionId=115000185993-re-c2f96be8-cbd3-4830-8a67-a31b26bd21b4&formatType=PDF>

Dr. Regis W Haid is a prominent physician⁴, and joint partner with his wife Mary Ellen Haid in Biohealth Associates LLC. Dr. Haid's specialty involves the use of MiMedx products.

Given the systematic formation of PODs by MiMedx employees, legal threats by MiMedx for alleged breach of non-compete are blatantly discriminatory in nature. Legal counsel for ex-employees embroiled in legal action with MiMedx should take note.

It's no coincidence that Bio-Tech Enterprises & Biohealth enterprises were registered on the same day, signed by the same agent, the same corporate address, the same attorney and operate from the same premises.

The following infographic shows the complete conflict of interest by a current MiMedx employee and physician owned/related distributor see below. This is contrary to the OIG Department of Health & Human Services guidance⁵.

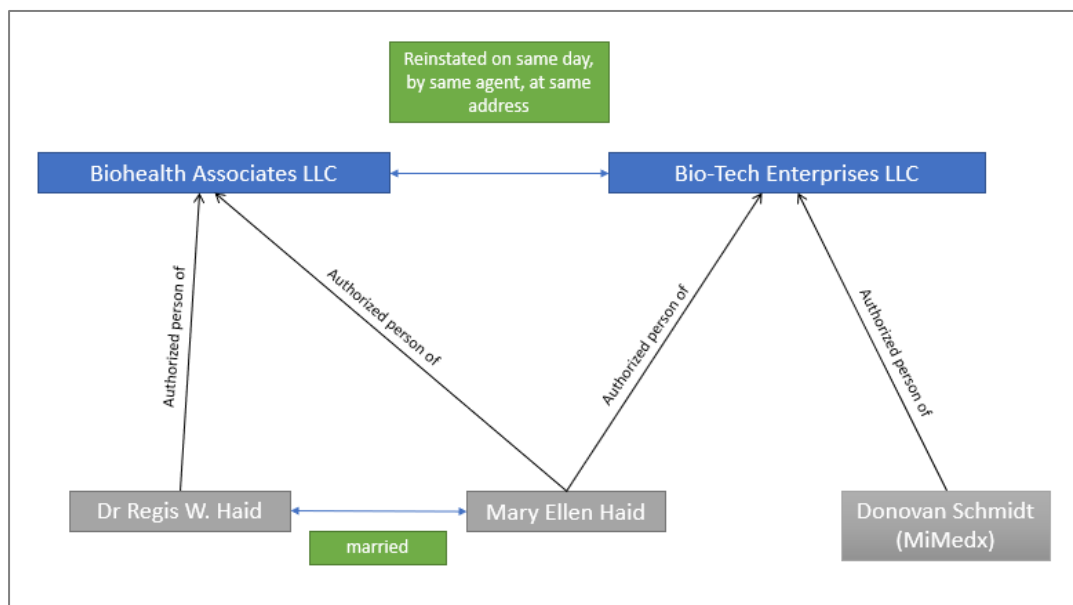


Figure 3 Merged corporate connections between Bio-Tech Enterprises & Biohealth LLC's⁶⁻⁷

Former employees highlighted that **the current employee Donovan Schmidt MiMedx Development Manager** was selling and developing the sale of MiMedx products via Bio-Tech Enterprises, which in turn was selling or arranging commissions for **Biohealth Associates LLC**.

We understand that this is how the kickback – or commission – can be enabled. **What other possible reason could there be for a current MiMedx employee to be in partnership with a physician's wife** and irrespective of reasoning, in breach of MiMedx's non-compete agreement?

⁴ <http://www.atlantabrainandspine.com/team/dr-regis-w-haid-jr/>

⁵ https://oig.hhs.gov/fraud/docs/alertsandbulletins/2013/pod_special_fraud_alert.pdf

⁶ <https://www.corporationwiki.com/p/2mgscx/biohealth-associates-llc>

⁷ <https://www.corporationwiki.com/p/2meuii/bio-tech-enterprises-llc>

Also note that ***these entities were formed shortly after MiMedx speedily completed a non-independent investigation*** supposedly exonerating them from channel stuffing, related party distributors & kickbacks.

The report has yet to be made public and we believe this is because various individuals, including ourselves and regulators, have information that can completely disprove the validity of any report.

We believe that MiMedx has information on its email server showing that gifts and kickbacks were organized, and that stock-as-compensation for employees were even allocated. Viceroy will release details in this regard shortly. (Hint for Pete: #DontForgetTheGameTickets)

... these companies were formed after the investigation by MiMedx that supposedly exonerated them for channel stuffing and various other allegations.

MiMedx's allegedly rigorous protocols are in place to prevent this from happening but it appears they allow it to be publicly abused by a favored few. **We will publish another example** where the employee went to some lengths (at least) to conceal the scheme, **but ultimately failed like Donovan Schmidt.**

MiMedx's alleged rigorous protocols are being publicly abused by a favored few.

As a reminder, investors should note that management have been aware of this possible – now confirmed – issue, and released the following statement:

We have never sold product to Alpha Med. The short seller's latest allegations about **MiMedx being involved with physician-owned distributorships (PODS) is FALSE.** While the Dallas medical market has had numerous questionable businesses of this nature over the last ten years, **MiMedx has not been involved in such activities.**

Figure 4 MiMedx states MiMedx has not been involved in such activities⁸

Investors and management are also reminded of U.S. Attorney John Parker's comments:

"Medical providers who enrich themselves through bribes and kickbacks are not only perverting our critical health care system, but they are committing a serious crime," said U.S. Attorney John Parker, of the Northern District of Texas. "Massive, multi-faceted schemes such as this one, built on illegal financial relationships, drive up the cost of health care for everyone and must be stopped."

Figure 5 Extract of Dallas News Article – Dec 1, 2016⁹

⁸ <https://mimedx.box.com/s/e8b95qh2dfo5sanny63j1r8ln3cusc>

⁹ <https://www.dallasnews.com/news/crime/2016/12/01/doctor-owners-execs-troubled-hospital-chain-indicted-massive-kickback-scheme>

Summary

MiMedx stated in their announcement of a lawsuit against the Capitol Forum that:

"The Company explicitly informed The Capitol Forum that, to its knowledge, MiMedx was not the target of any investigation"

Figure 6 Extract from MiMedx PR release dated – Dec 1, 2016 ¹⁰

In court filings against the Capitol Forum, MiMedx went further:

30. Second, MiMedx had informed Defendants off-the-record that MiMedx had initiated contact with the OIG, that MiMedx was voluntarily working with the OIG, and that MiMedx was specifically not a target of the investigation. While Defendants could not have

Figure 7 Extract of Case 1:17-cv-01925 Document ¹¹

We note MiMedx did not advise the Capitol Forum of the SEC subpoena or the fact they had *failed to make public their internal investigation into channel-stuffing*. It was only after these events that MiMedx admitted the material nature of SEC subpoena. Viceroy believe the SEC are conducting a significant investigation.

In the emergence of numerous whistleblower emails - which we will be releasing shortly - it is inconceivable to us that the Department of Veteran Affairs is not investigating MiMedx.

This has not prevented Viceroy from filing evidence with the OIG of the VA including emails, photos and transcripts.

We also described **the details of this report HSS Tips/Report Fraud Line** (Phone: 1-800-HHS-TIPS, press # 5, Press #4, for any other program...Press #4 again to speak to representative about concerns or frauds).¹²

Viceroy: An employee of MiMedx, Donovan Schmidt, is involved in the development of sales in the Surgical, Sports Medicine and Orthopedics sector and has formed a company called "Bio-Health Enterprises LLC" with the wife of Doctor, Mary Ellen Haid.

The wife then forms an entity on the same day/time with her husband the Doctor, Regis W. Haid involved in the purchase and use of Surgical, Sports Medicine and Orthopedics products.

Both entities were formed on the same day, using the same creation agent and same address.

The assistant for the Office of Inspector General for Department of Health & Human Services response was simple:

HHS OIG Assistant: Evidence like this is important for investigations especially where the information is so clear.

We will be exposing further issues that MiMedx have concealed from its investors shortly.

Finally, we thank MiMedx for their response on October 17th, 2017¹³, where in their desperation and without realizing they admit to allegations they had previously denied.

¹⁰ <https://www.prnewswire.com/news-releases/mimedx-files-lawsuit-against-the-capitol-forum-300523633.html>

¹¹ <https://www.mimedx.com/sites/default/files/The%20Capitol%20Forum%20Case%2017-cv-01925.pdf>

¹² <https://oig.hhs.gov/fraud/report-fraud/index.asp>

¹³ <https://mimedx.app.box.com/s/e8b95qh2dfo5sanny63j1r8ln3cusc>