

# MiMedx Halloween Special – Viceroy evidence more PODs and channel stuffing of deceased doctors.

Viceroy have uncovered yet more malfeasance at MiMedx including that MiMedx CEO Parker Pete Petit misled investors in the Q3 2017 earnings call, numerous PODs and sales to a doctor who is no longer alive.

Viceroy have discovered legal proceedings against MiMedx distributor RedMed for their alleged role in a kickback scheme and False Claims act violations. In addition to this Redmed's principal Jeff Hannes is also involved with several other Physician Owned/related Distributors (**PODs**).

MiMedx have previously acknowledged the legitimacy of a document obtained by Viceroy Research, confirming that it is a company document detailing sales agents.

MiMedx: This is FALSE. The spreadsheet attached and 'detailed' in the Viceroy fabrication is, in fact, a CONFIDENTIAL MiMedx document. However, it does not detail "Distributors," it details "Sales Agents".

*Figure 1 Extract from MiMedx Response to Viceroy*

Viceroy would like to bring attention to the words of MiMedx CEO Parker "Pete" Petit during their Q3 2017 earnings call:

<Q>: Okay. Great. And then last question. Have you ever or do you currently sell products through the physician-owned distributors?

<A>: I wonder where that question came from. No. N-O.

*Figure 2 Extract from MiMedx Response to Viceroy*

As we will detail in this report, their dealings with Stingray Medical LLC make this claim patently false.

Viceroy will detail MiMedx's involvement with a company involved in a False Claims act and kickback scheme legal action. In addition to this, Jeff Hannes, RedMed Principal is also involved with at least 7 businesses with physicians.

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## Stingray Medical – MiMedx selling product to deceased doctors / PODs

MiMedx claims Stingray Medical is a sales agent, and who appear in the 2016 sales document obtained by Viceroy. Stingray Medical LLC's principal is Dr Anthony P Keene DO (DO's receive slightly different training to MD's and are considered analogous to each other in the United States).

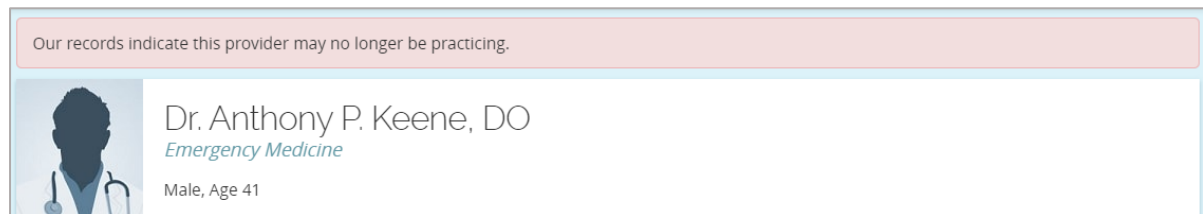


Figure 3 Extract of Dr. Anthony P Keene's healthgrades.com profile<sup>1</sup>

General Information	
Organization Number	0866226
Name	STINGRAY MEDICAL LLC
Profit or Non-Profit	P - Profit
Company Type	KLC - Kentucky Limited Liability Company
Status	I - Inactive
Standing	B - Bad
State	KY
File Date	9/4/2013
Organization Date	9/4/2013
Last Annual Report	6/30/2015
Principal Office	571 CEDAR CREEK ROAD B-5 PIKEVILLE, KY 41501
Managed By	Members
Registered Agent	ANTHONY P. KEENE 571 CEDAR CREEK ROAD B-5 PIKEVILLE, KY 41501

Figure 4 Extract of Stingray Medical LLC's Kentucky Secretary of State registration<sup>2</sup>

Initial impressions are that this is blatantly in contradiction with a question posed by an analyst in MiMedx's last conference call when asked whether MiMedx sell product through PODs:

<Q>: Okay. Great. And then last question. Have you ever or do you currently sell products through the physician-owned distributors?

<A>: I wonder where that question came from. No. N-O.

Figure 5 Extract from MiMedx Response to Viceroy

MiMedx can claim that Stingray was not a distributor on management's semantics argument that it did not hold stock, and instead classifies as a sales agent who is paid commission as a Vendor of MiMedx products. We fail to see how this distinction make the practice any less illegal than a POD.

In summary:

1. Petit claims MiMedx does not and has never sold products through physician owned distributors.
2. MiMedx claims the entities within the document obtained by Viceroy Research is genuine and details "Sales Agents" aka Distributors.
3. MiMedx used Stingray Medical LLC as a sales vendor
4. Stingray Medical LLC was owned by Dr. Anthony P Keene, a licensed physician.

<sup>1</sup> <https://www.healthgrades.com/physician/dr-anthony-keene-g9dy7>

<sup>2</sup> Visit & search <https://app.sos.ky.gov/ftsearch/>

We fail to see how Petit and MiMedx's statements can be reconciled with reality. There are further issues with MiMedx's business with Stingray Medical though.

	Q1 ORTHO	Q2 ORTHO	Q2/Q1 GROWTH	Q3 ORTHO	Q3/Q2 GROWTH	Q4 QTD ACTUAL	Q4/Q3 GROWTH
STINGRAY MEDICAL LLC	\$ -	\$ -		\$ -		\$ 7,500	

Figure 6 Extract from MiMedx document obtained by Viceroy Research

Through process of elimination we have also shown that that the Sales Agent document obtained relates to the 2016 calendar year.

Stingray Medical's principal Dr Anthony P Keene, DO was unfortunately killed **in a road accident in late 2015**.

**UPDATE 8/3/15 @ 11:30 a.m.**  
 FLOYD COUNTY, Ky. (WSAZ) – A doctor from Pikeville was killed in a motorcycle crash in Floyd County on Sunday.  
 Kentucky Sate Police say Anthony Keene, 39, was riding on KY 680 near Branham's Creek when he lost control in a curve and crashed.  
 Troopers say Dr. Keene was ejected in the crash, and died at the scene.

Figure 7 Extract from WSAZ article: *UPDATE: Pikeville Doctor Dies in Floyd County Motorcycle Crash*<sup>3</sup>

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***The business Stingray Medical was de-registered in January 2016. How could MiMedx possibly have sold product to / through Stingray Medical in Q4 2016?***

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Viceroy does not believe it is a coincidence that Stingray's account appears to only be served by Frank Braly, who we have previously shown to be complicit in questionable sales tactics to facilitate improper revenue recognition, including through the creation of PODs.

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***Why did Parker Petit lie about MiMedx not doing business with physician-owned distributors to investors?***

***How was Stingray Medical LLC placing orders in 2016 when its only recorded principal died the year earlier?***

***When will MiMedx stop engaging in illegal business with PODs and related party vendors?***

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<sup>3</sup> <http://www.wsaz.com/home/headlines/Man-Dies-in-Floyd-County-Motorcycle-Crash-320463802.html>

## Redmed Inc – a pod of PODs

Redmed Inc is a medical supplier located in McAllen Texas owned/operated by Jeff Hannes. As detailed in a sales document obtained by Viceroy Research, Redmed also does business with MiMedx as a sales agent as confirmed by the company.

MiMedx: This is FALSE. The spreadsheet attached and ‘detailed’ in the Viceroy fabrication is, in fact, a CONFIDENTIAL MiMedx document. **However, it does not detail “Distributors,” it details “Sales Agents”.**

Figure 8 Extract from MiMedx Response to Viceroy

REDMED, INC	\$	1,496	\$	15,140	912%	\$	13,460	-11%	\$	24,145	79%
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Figure 9 Extract from MiMedx Sales Document

REDMED, INC.	
Texas Taxpayer Number	32003096453
Mailing Address	PO BOX 5415 MCALLEN, TX 78502-5415
Right to Transact Business in Texas	ACTIVE
State of Formation	TX
Effective SOS Registration Date	01/17/2001
Texas SOS File Number	0161199100
Registered Agent Name	JEFF L HANNES
Registered Office Street Address	320 N MCCOLL, SUITE C MCALLEN, TX 78501

Figure 10 Extract from RedMed’s Texas Business Entity Register

**RedMed is currently involved in legal action due to its alleged use of kick-back payments to doctors and staff of the South Texas Health System.** The some of the most striking allegations are detailed below:

2.	In addition, Santos was receiving illegal kick-back payments from RedMed and Hannes. RedMed and Hannes sell medical devices to doctors in the Rio Grande Valley and
67.	The Santos/RedMed financial relationship also created powerful incentives for Fulp and Santos to overuse medical devices and products sold by RedMed. For example, a McAllen. Ponce learned that RedMed was paying kickbacks to Santos, that RedMed paid Santos a portion of the commission on devices used in Fulp’s scheduled surgeries, and that RedMed’s

Figure 11 Extract from Case 7:13-cv-00495

Clearly MiMedx either does not know or, more likely given events recently brought to light, does not care that its sales agents are in **active** legal action over these violations.

## Jeff Hannes and the PODs

In addition to the above allegations of kickbacks, the principal of RedMed Inc, **Jeff Hannes, is involved in several businesses with several physicians often as an owner or manager.**

RedMed’s address, 320 N McColl Rd McAllen, is shared by the vast majority of these physician related businesses.



Figure 12 Google Streetview snapshot of 320 N McColl Rd McAllen

Company Name	MDs involved	Office Address	Texas company ID
Jam Ranch LLC	Alejandro J Betancourt	320 N McColl Rd McAllen, TX 78501	32040945456
Jarr Ranch LLC	Ricardo Rene Veda	2876 Fleet St Brownsville, TX 78521	32019363111
PRN Neuro Monitoring Services Management LLC	Alejandro J Betancourt	320 N McColl Rd McAllen, TX 78501	32028151747
Free Run Neuro-Monitoring Services Management LLC	Reuben D Pechero, Guillermo Pechero	320 N McColl Rd McAllen, TX 78501	32018042591
Southwest Medical LLC	Derek Holland	320 N McColl Rd McAllen, TX 78501	32038116474
363622 LLC	Jose Dones	320 N McColl Rd McAllen, TX 78501	32027490435
Jhmlag LLC	Michael Lagrange	2319 Devries Palmhurst, TX 78593	32058755508

MiMedx has claimed that it absolutely does not sell to physician owned distributors. Considering:

- Management has admitted RedMed is a sales agent,
- RedMed's principal, Jeff Hannes, is clearly in business with physicians at the same address as the RedMed facility
- RedMed has been alleged to provide kickbacks to physicians in the past

Viceroy find it difficult to believe MiMedx are unaware they are doing business with PODs.

**We will release details of further PODs shortly.**