

This report provides a summary of relevant data and documents we received in response to Freedom of Information Act (FOIA) requests we filed on this company.

**Disclosed SEC Investigation(s) Confirmed as On-going
Inadequate Disclosures Make It Impossible to Assess this Material and On-going Risk**

Watch List Status: Not on Watch List of Companies with Undisclosed SEC Investigations

Since announcing an SEC probe solely via press release on 17-Sep-2017, MiMedx filed an array of 8-K's, and a 10-Q before finally disclosing it in an 8-K filed in Mar-2018. A Feb-2018, 8-K disclosed an internal investigation, but not an SEC investigation. This feels deliberately evasive to us and cannot help but bring into question other representations made by a management willing to play these sorts of Disclosure Games® with investors. For more, see our report of 22-Sep-2017, titled [MiMedx Group: Parsing the Press Release Announcing an SEC Probe](#).

Relevant excerpts from company disclosures appear in this report.

Even though it's been running for over a year now, and the details/updates are lacking, we caution investors to remember that there is a reason the company keeps disclosing this investigation. Management believes it poses a material risk. We suggest you trust them on this. However, if you cannot independently understand why they reached that conclusion, you are effectively left with a company that has a known material risk that you cannot properly analyze and discount. We generally recommend investors avoid such scenarios.

Disclosure Insight®

Given how controversial MiMedx is, we'd be stunned if the SEC investigation wasn't still ongoing, as our recently received data confirms. Major SEC filings still are not being filed. But there's nothing to stop the company from updating investors on its abundant regulatory woes. Don't hold your breath. In our opinion, the stench of fraud is all over this company.

-- John P. Gavin, CFA

Keep in mind that a public company can be involved in more than one SEC investigation at a time. As such, we also routinely recommend asking a company if there are any investigations beyond what is disclosed or reported in media stories. Since we know there was at least one investigation in the recent past, we recommend those with an interest ask MiMedx Group Inc. what contact it has had with the SEC's Division of Enforcement in the past two years.

[From the Probes Reporter Database:](#)

We filed our first FOIA request on this company in **Dec-2016**.

If we alert you to the existence of an undisclosed SEC investigation – or any response from the SEC – that means we filed a FOIA request on the company in question and have a response, in black-and-white on government letterhead, that supports our statement. Below is the SEC response history for this company:

24-Jan-2017	FOIA Response	No SEC investigative records found.
16-Jan-2018	FOIA Response	SEC denies access to records over concern their release, "could reasonably be expected to interfere with enforcement activities."
29-Jan-2018	Appeal Response	Existence of on-going SEC enforcement proceedings confirmed on appeal; Access to records remains blocked.
20-Aug-2018	FOIA Response	SEC denies access to records over concern their release, "could reasonably be expected to interfere with enforcement activities."
25-Sep-2018	Appeal Response	Existence of on-going SEC enforcement proceedings confirmed on appeal; Access to records remains blocked.

When research history is available in our database, we present it above so you can compare it to company disclosures. Other interpretative guidance and disclosures appear below.

As can be seen in the table above, at least once in the past the SEC cited the "law enforcement exemption" of the Freedom of Information Act (FOIA) as basis to deny the public's access to the detailed records we sought on this company. As a matter of law, the SEC is acknowledging some sort of investigative activity with this response. We filed an appeal with the SEC's Office of the General Counsel to challenge that response. In response to our latest appeal(s), the date(s) of which is/are also shown in the table above, the SEC stated, "We have confirmed with staff that releasing the withheld information could reasonably be expected to interfere with on-going enforcement proceedings."

While the SEC as a matter of course tells the public that an on-going investigation should not be construed as a finding of any wrongdoing, the public interest is understandably high in tracking these investigations and their outcome. In this case, our research shows these SEC proceedings are disclosed by **MiMedx Group Inc.**

Notable Disclosures: On 21-Sep-2017, MiMedx Group Inc. disclosed its involvement in a formal SEC investigation through a press release that had no concurrent filing of an 8-K at the SEC. This disclosure was not made in official SEC filings until Mar-2018.

On 20-Feb-2018, MiMedx Group announced an internal investigation and postponed the release of its fourth quarter results. This sent the stock into a tailspin with the price dropping almost 40%. Interestingly, when the company disclosed a formal SEC investigation back on 21-Sep-2017, the stock hardly budged.

Documents Acquired Under the Freedom of Information Act: None in our library at this time.

Supplemental Data:

From the MiMedx Group Inc. 8-K filed on 2-Jul-2018:

Also as previously announced, the Company received a subpoena last year from the Securities and Exchange Commission (SEC). The Company continues to provide documents in response to the subpoena. In parallel with the SEC's investigation, the U.S. Department of Justice is also reviewing these matters. MiMedx continues to cooperate with these regulatory agencies. The Company does not intend to provide additional updates on the investigations until they are concluded or the Company determines that further disclosures are appropriate or necessary.

From the MiMedx Group Inc. 8-K filed on 15-Mar-2018:

As previously announced, the Audit Committee of the Company's Board of Directors is conducting an independent investigation into current and prior-period matters relating to allegations regarding certain sales and distribution practices, including allegations made by certain former employees and short sellers. As a result, the Company has delayed the filing of its Form 10-K for the year ended December 31, 2017. The Company looks forward to the completion of the Audit Committee's investigation. Also, as previously announced, the Company received a subpoena last year from the Securities and Exchange Commission (SEC). The Company continues to provide documents in response to the subpoena. In addition, the Company was recently informed that, in parallel with the SEC's investigation, the U.S. Department of Justice is also reviewing these matters on a preliminary basis. MiMedx will continue to cooperate with these regulatory agencies.

From the MiMedx Group press release of 20-Feb-2018:

The Audit Committee of MiMedx's Board of Directors has engaged independent legal and accounting advisors to conduct an internal investigation into current and prior-period matters relating to allegations regarding certain sales and

distribution practices at the Company. Company executives are also reviewing, among other items, the accounting treatment of certain distributor contracts.

The Audit Committee is working closely with its advisors to complete this investigation in as timely a manner as possible. The Company will not be in a position to release its financial results until the Audit Committee's internal investigation is completed.

The Company believes, based on information available to date, that the outcome of such investigation should not have a material impact on revenue guidance for 2018. The Company's unaudited cash and cash equivalents as of December 31, 2017 were approximately \$33 million, after giving effect to the use of approximately \$24 million for share repurchases in the fourth quarter of 2017 as part of the Company's Share Repurchase Program. The Company had no debt outstanding as of December 31, 2017. The Company also does not expect this delay to affect its operational performance and clinical research activities.

"Our Board of Directors and executives believe it is in the best interests of our Company and shareholders for our Audit Committee to address these allegations in an internal investigation with the support of independent legal and accounting advisors. We look forward to releasing our 2017 financial results as soon as this process is complete," said Parker H. "Pete" Petit, Chairman and CEO. "MiMedx has been experiencing rapid growth over the last few years as our product portfolio continues to meet significant, unmet needs in the marketplace. We are literally saving lives by saving limbs, and we expect to continue to deliver operational and clinical success in the months and years to come."

From the MiMedx Group press release of 21-Sep-2017:

Separately, Parker H. "Pete" Petit, CEO, said, "After the counterclaims alleging channel-stuffing were filed by the terminated employees last December, we began to assemble summary documentation to supply to the SEC, which would include information from the investigation conducted by the Board of Directors and others. We were in the process of taking the same proactive approach we took with the Department of Veterans Affairs (VA) as reported in our previous press release dated September 7, 2017. The Company then received a subpoena from the SEC that appears to relate to the former employees' allegations, and primarily is related to the matters that were the subject of the Company's previously disclosed internal investigation."

The Company reported that it is working with the SEC in its investigation of these accusations and supplying all of the documents requested, including those obtained through the civil lawsuit discovery process to help the Commission understand what has transpired.

The Company believes that the matters related to the subpoena were reviewed as part of the completed investigation conducted by the Audit Committee of the MiMedx Board of Directors, independent outside legal counsel, the Company's independent auditors, and executive management. The Company also engaged a nationally recognized expert in revenue recognition who reviewed and confirmed the Company's revenue recognition practices to be proper. To MiMedx's knowledge, no proceedings have been initiated against MiMedx by the SEC or any other governmental agency at this time.

From the company's website on 21-Sep-2017 with no associated filing at the SEC:

MiMedx provides Information on Its Interaction With The SEC

MARIETTA, Ga., Sept. 21, 2017 /PRNewswire/ -- MiMedx Group, Inc. (NASDAQ: MDXG), the leading biopharmaceutical company developing and marketing regenerative and therapeutic biologics utilizing human placental tissue allografts and patent-protected processes for multiple sectors of healthcare, announced today its interactions with the Securities and Exchange Commission (SEC).

First, as is disclosed in the Company's public filings, the Company already satisfactorily addressed a comment letter from the SEC earlier this year, which letter covered a variety of topics, including the Company's revenue recognition policies and procedures. The Company received the close out letter from the SEC on April 27, 2017. No restatement was required as a result of that comment letter.

Separately, Parker H. "Pete" Petit, CEO, said, "After the counterclaims alleging channel-stuffing were filed by the terminated employees last December, we began to assemble summary documentation to supply to the SEC, which would include information from the investigation conducted by the Board of Directors and others. We were in the process of taking the same proactive approach we took with the Department of Veterans Affairs (VA) as reported in our previous press release dated September 7, 2017. The Company then received a subpoena from the SEC that appears to relate to the former employees' allegations, and primarily is related to the matters that were the subject of the Company's previously disclosed internal investigation."

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Petit added, "We are providing our fullest cooperation to the Commission, and we hope to clear up this inquiry relatively quickly. We believe that the government's investigation will confirm our Audit Committee's prior findings. We view this activity in much the same way as the subpoena we received from a suit nearly three years ago which was filed by an executive of a competitor. We had nothing to hide, and cooperated fully. Within a matter of months the agency declined to intervene. We expect to have a similar result here."

'In spite of these distractions, your Executive Management team continues to operate MiMedx in a very effective manner, and you should continue to see the Company meet the objectives that we have publicized and discussed with shareholders. We appreciate your patience during this very frustrating period for your Company,' concluded Petit."

Independent Investment Research Focused on Public Company Interactions with the SEC.

Notes: *New SEC investigative activity could theoretically begin or end after the date covered by the latest information in this report, which would not be reflected here. The SEC did not disclose the details on investigations referenced herein. All we know is that they somehow pertain to the conduct, transactions, and/or disclosures of the companies referenced above. Companies with undisclosed SEC investigations are maintained on our Watch List of companies with undisclosed SEC investigations.*

The SEC reminds us that its assertion of the law enforcement exemption should not be construed as an indication by the Commission or its staff that any violations of law have occurred with respect to any person, entity, or security.

To learn more about our research process, including how to best use this information in your own decision-making, [click here](#).

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