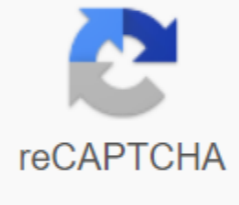




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Mimedx under investigation

MiMedx Group is a biomedical company based in Marietta, Georgia, in 2008. Using tissues from birth, such as the placenta, amniotic pouch and umbilical cord, MiMedx creates skin (for skin grafts) and bone tissue (for bone grafts). As of April 2020, the company had about 710 employees. [1] MiMedx joined the NASDAQ stock exchange as MDXG in April 2012. The company's 2012 revenue was around \$27 million. [2] MDXG was removed from the list in November 2018 due to fraud and other impropriety, and is currently trading at OTC Pink. [3] Motley Fool said deleting from the list could be the least of the company's problems. [3] [4] [5] History joined Parker H. Petit MiMedx, who founded Life Systems in 2009. Life Systems went public in 1981 as Healthdyne Inc. Healthdyne is divided into multiple companies, one of which was appointed CEO of Matria Healthcare and Petit in 2000. He retired from Matria in 2008 when he was bought by Alere. [6] After several fraud scandals, Petit was removed from MiMedx in June 2018. [6] [8] MiMedx was named one of Fortune's fastest growing companies in 2017. [9] In 2013, the FDA investigated MiMedx's amniotic products and determined whether section 361 was appropriate. If not, a drug should meet stricter requirements. [2] In August 2013, the FDA stated that the products did not meet Section 361, making them illegal until they met stricter standards. [10] Petit suspected his so-called organogenesis opponent and lobbied for it. [11] In 2013, the U.S. Department of Veterans Affairs reclassified allograft from MiMedx and stopped buying from the company. [11] Parker Petit said organogenesis was lobbying for this reclassification, and the VA reversed the policy change a week later. [11] However, after this reclassification, According to Bloomberg, Senator Johnny Isakson of Georgia made at least eight calls to the VA, FDA and FBI on behalf of MiMedx and Petit. [11] While federal agencies relieved MiMedx a little, there was no evidence that Isakson had influenced the relief. [11] In December 2014, MiMedx sued Organogenesis for his involvement in the VA business, but withstood it a month later. [11] In 2016, the VA rule change on the storage of medical products meant that MiMedx would have to buy back the product, causing revenue declines as sales were booked. Petit noticed mimedx executives that it wasn't going to happen because they were talking to the VA and making phone calls to our senator, referring to Isakson. The VA rule change was re-interpreted and had a lower impact on the company than previously expected. [11] Starting in 2017, investors and short sellers such as Marc Cohodes began announcing fraud and John Fichthorn of Dialectical Capital said the company is in a state of revenue fraud. Petit short wolf pack' exploded by making 'fraudulent and unethical accusations'. [Filing lawsuits against three blogs run by Dialectic, Sparrow Fund Management and Viceroy Research.[12] all short sellers, taking short sales in a fake and also illegal fashion. Other investors investigating the company at the time included Aurelius Value[13] and Citron Research. Cohodes accused Petit of defamation and wrote a series of threatening tweets against Petit. Following this, Senator Isakson reached out to the Atlanta FBI on Petit's behalf, and the FBI arrived at Cohodes' door in response. [14] MiMedx's website has a section refuting short sellers. [15] [16] [11] In March 2017, the company announced that a one-year internal audit had failed to uncover any wrongs. [17] In August 2017, the company fired its external auditor, Cherry Bekaert LLP, and hired Ernst & Young. [17] Allegations of accounting fraud led to an SEC investigation in September 2017, a Justice Department investigation in 2018, and subpoenas from the VA Department. Petit (CEO), William Taylor (COO) and Michael Senken (CFO) resigned in June 2018, but MiMedx said the trio had not resigned but had been relieved of their duties for some reason. The SEC filed a lawsuit names Petit and Senken. [18] [19] [8] In May 2018, three VA employees were charged with taking bribes from the company. [20] The company postponed its earnings announcement in February 2018, and stated that the Justice Department was not well-knew about any investigation. A week later, the Justice Department investigation was made public. [17] In 2018, the Wall Street Journal reported that the company did not think the 2013 Physician Payments Act applies to its business because it is part of FDA Section 361. Contestants reported payments through the law. The WSJ has found at least 20 doctors who receive payments that would normally be reported. MiMedx's website said they had received an opinion from HHS's CMS department confirming that MiMedx did not need to report, but CMS said they did not give such opinions. [21] In August 2018, Petit put his \$15 million mansion in the Florida panhandle up for sale. The New York Post named him After Georgia's Trump. Petit is one of the republican fundraisers in Georgia and finance chairman of Trump's 2016 campaign. [22] In May 2019, he was appointed CEO to replace David Coles. As of August 2019, 13 of the 16 executives were no longer at MiMedx. Petit, Taylor, Senken and former Auditor John Cranston ordered the establishment of a secret video monitoring system to expose and weaken whistleblowers called the Snow White Project, the company said. They also noted in an affidavit testimony of the four that he repeatedly misled or withstood information from auditors, including Senken, in a letter to Petit and sec. They stated that Petit and Taylor deliberately took action to ignore Rules. [23] In November 2019, MiMedx filed an SEC lawsuit and paid \$1.5 million for wide-ranging fraud to inflate revenue in quarterly and annual filings. The company hired auditors from Ernst & Young and said they would re-express their earnings by 2012 and would be removed from the list. According to Bloomberg, auditors resigned from the MiMedx audit in December 2018, which is never a good sign, but that Cohodes went too far in their attacks. [24] [19] [25] On the same day, indictments by SDNY's Geoffrey Berman, which accused Petit and Taylor of securities fraud due to financially inflated revenue in the second, third and fourth quarters of 2015 and the full quarter of 2015, inflated annual revenue by \$9.5 million. [26] [18] [27] Bloomberg said current and former executives and employees of a dozen companies have identified a tough leader who doesn't follow the rules when pursuing revenue growth. [6] On April 6, 2020, MiMedx concluded a Justice Department lawsuit against the Va. Department over inflated prices. MiMedx agreed to pay \$6.5 million to conclude the case, which was uncovered through informants. [28] On April 21, 2020, MiMedx announced that they had received \$10 million, the maximum amount allowed as federally backed small business loans, as part of the Paycheck Protection Program. The company has received scrutiny over this loan, which targets small businesses suffering from the COVID-19 outbreak. The New York Times said the payment was given to a company with serious abrasions with the government, while a company spokesman said mimedx needed a loan because it led to other financing channels being shut down. [29] [30] [1] References ^ a b MiMedx Announces Additional Access to Capital and Financing | MiMedx Group, Inc. MiMedx Group, Inc. Access date: April 29, 2020. ^ a b Germano, Sara (September 12, 2013). Placenta-Products Maker MiMedx FDA Attracts Attention. WSJ. 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