

October 18, 2017

The Honorable Johnny Isakson  
131 Russell Senate Office Building  
Washington DC 20510

Dear Senator Isakson,

We are an investment research group that has established a short position in MiMedx and believe the company is attempting to conceal its misconduct at the VA.

We are writing you to express our concerns about your role in the Department of Veterans Affairs Office of Inspector General's (VA OIG) investigation as it relates to your large donors, MiMedx Group, and your longtime personal friend, MiMedx CEO Parker "Pete" Petit.

As evidence of MiMedx's malfeasance has emerged, Mr. Petit has embarked on a campaign to intimidate whistleblowers and silence critics. We fear that he is also attempting to use his purported political influence to interfere in regulatory investigations.

Given your position as Chairman of the Senate Committee on Veterans Affairs, the conflicts of interest are self-evident. Yet Mr. Petit has recently told investors that you have become involved with the VA OIG investigation on behalf of MiMedx.

**We believe you should immediately recuse yourself from the VA's investigation and cease any efforts to intervene on behalf of Mr. Petit or MiMedx.**

In addition to an ongoing SEC investigation into accounting fraud allegations, MiMedx has disclosed that it received a subpoena from the VA OIG pursuant to an investigation that Mr. Petit claims to be assisting.

Yet MiMedx has admitted that one former employee recently pled "the fifth amendment rather than answer questions related to dinners provided to doctors" and that other former employees "provided gifts and meals to employees of the VA that potentially result in violations of federal law".

Whistleblowers first emerged in December 2016 alleging that MiMedx engaged in a fraudulent scheme involving VA hospitals. Mr. Petit has told investors that he subsequently met with you and that you facilitated discussions with the VA OIG on behalf of MiMedx. Mr. Petit also said that:

*Now, will an agency like that do the proper investigation? I would say absolutely, particularly since a senior senator, who has oversight over the whole organization, has asked them to. So I don't need to say much more than that.*

With these investigations ongoing, we find it troubling that Mr. Petit has separately bragged to investors about his political clout.

Campaign finance records show that you have received more than \$47,000 from Mr. Petit, his family, and MiMedx. Ethics disclosures show that you previously were a shareholder of Matria, a company previously led by Mr. Petit that paid \$9 million to settle Medicare fraud allegations. Furthermore, the *Atlanta Journal Constitution* has quoted you as stating that:

*“I’ve known him [Pete Petit] for going on 45 years and I’ve never known a finer guy”*

In addition to obvious conflicts of interest, the Senate Select Committee on Ethics (which you Chair) dictates that providing assistance to constituents “may not be made on the basis of contributions” and there should be “no special treatment”. Also, “the committee has recommended that members not intervene if an executive branch agency is engaged in an ongoing enforcement, investigative, or other quasi-judicial proceeding”.

We applaud your recent passage of the VA Accountability and Whistleblower Protection Act and agree with your statement that “Too often, the VA’s inability to hold bad actors accountable has undermined its mission to deliver on this promise to our nation’s veterans”.

But unfortunately, Mr. Petit and MiMedx have chosen to hire a significant number of employees from Advanced BioHealing (ABH), a company responsible for a record-breaking \$350 million settlement for an alleged kickback scheme that defrauded the VA. Current and former MiMedx sales employees were alleged in Qui Tam suits to have engaged in illegal conduct during their time at ABH including bribing VA doctors to flush product down toilets, payments in Gold Kruggerands, and luxurious gifts.

Now that evidence of MiMedx’s malfeasance at the VA has emerged, Mr. Petit should not be able to use his political influence to receive favorable treatment.

We know you care about Veterans and this is precisely why you should immediately recuse yourself from the VA’s investigation and cease any efforts to intervene on behalf of Mr. Petit or MiMedx.

Respectfully,



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