

Mimedx, Fuse, and a Whig Party

As we previously mentioned, Mimedx claims that they don't business with Fuse Medical. This statement is knowingly false and misleading given that we now know Fuse is an authorized distributor of Mimedx products thanks to the Texas AmBioMed, LLC distribution agreement.

Case No. 1:17-cv-07568 (PGG) (KHP)

"A "physician owned distributor" of MiMedx called Fuse Medical ("Fuse") was paying doctors in Fuse stock, which was false because MiMedx has never had a relationship with Fuse and that company's practices are irrelevant to MiMedx's practices;"

"....MiMedx has a relationship with Fuse. It does not. That's a false statement of fact."

19. USE OF AMBIOMED / MIMEDX TRADEMARKS / TRADE NAMES

19.1. Trademarks. AMBIOMED is a licensed distributor of Mimedx. During the term of this Agreement, Distributor shall have the right to indicate to the public that it is an authorized distributor of the Products and to advertise such Products under the applicable trademarks, marks, and trade names of AMBIOMED and Mimedx as set forth in Exhibit D ("Trademarks") and in the promotion and distribution of the Products; provided, however, that upon ninety (90) days' prior written notice to Distributor, AMBIOMED or Mimedx may substitute alternative marks for any or all of the AMBIOMED/Mimedx Trademarks. All representations of AMBIOMED/Mimedx Trademarks that Distributor intends to use shall first be submitted to AMBIOMED/Mimedx for approval (which shall not be unreasonably withheld) of design, color and other details or shall be exact copies of those AmBioMed\Mimedx used by AMBIOMED/Mimedx. In addition, Distributor shall fully comply with all reasonable guidelines, if any, communicated by AMBIOMED/Mimedx concerning the use of AMBIOMED or Mimedx's Trademarks.

https://www.sec.gov/Archives/edgar/data/319016/000147793214005148/fzmd_ex101.htm

While digging deeper into the relationship with Fuse, we came across an odd 2014 financing arrangement between Fuse and World Health Industries, Inc., a Mississippi corporation and WHIG Enterprises, LLC (aka WHIG, LLC), a Florida limited liability company. Based on our review of corporate and legal filings, from our vantage point, it appears that World Health Industries and WHIG Enterprises are subsidiaries of one another. Additionally, at the time, they were in the business of manufacturing and marketing medical and pharmaceutical products, including compounded medications. Why would they lend Fuse over \$700k?

EXECUTION VERSION

Schedule A

OUTSTANDING DEBT SCHEDULE

Note	Maturity Date	Amount
Promissory Note dated February 6, 2014, payable to World Health Industries, Inc. and WHIG, LLC from Fuse Medical, LLC	2/6/2016	\$116,777.24
Promissory Note dated May 23, 2014, payable to World Health Industries, Inc. and WHIG, LLC from Fuse Medical, LLC	5/23/2016	\$479,975.58
Promissory Note dated January 14, 2014, payable to World Health Industries, Inc. and WHIG, LLC from Fuse Medical, LLC	1/14/2016	\$131,023.66
TOTAL:		\$727,776.48

On December 31, 2014, less than a year after signing the first promissory note, World Health Industries and WHIG agreed to convert \$727,776.48 of principal and \$26,245.93 of accrued interest owed to them into 725,022 shares of Fuse common stock at a conversion price of \$1.04 per share.

Based on legal filings, WHIG's membership consists of Mitchell Chad Barrett (who holds a 35% ownership), ShennaCo (which holds a 35% ownership and is owned by former Fuse CEO Alan Meeker), and Dr. Joe Story and Hunsli Charara, who each hold a 15%.

Dr. Joe Story is a person of significant interest here due to the fact that he was not only a Mimedx co-founder but at one point also a consultant and Board member.

If there is no relationship between Fuse and Mimedx, how can Fuse be an authorized distributor of Mimedx products as well as receive financing from entities owned by both Dr. Joe Story and Alan Meeker?

Background on World Health Industries:

2/17/16: \$\$ Handoff To Brett Favre Worsens Pharmacy Fraud

“The Federal Bureau of Investigation has launched an inquiry into the shady practices of a compounding pharmacy, called World Health Industries, which does business as Aspire Rx (a division of Aspire Health). This company makes a compounded pain cream called Rx Pro, for which the celebrated former quarterback has been the commercial representative for three years.

What prompted the FBI probe is that these pharmacies had retained the services of marketing companies that cold-call beneficiaries of TRICARE, a healthcare program that covers 9.5 million members of the armed services and their families. TRICARE seems to be the victim of a large-scale scam, whereby phony prescriptions were generated simply by obtaining the beneficiaries' information and the names of their physicians. The prescriptions are for pain creams for which the insurance company can be billed upwards of \$15,000 for a single prescription.

In some instances, the doctors had not even met the patients for whom they were writing prescriptions and they received kickbacks from these compounding pharmacies to do so. “

<https://www.acsh.org/news/2016/02/17/brett-favres-exponential-contribution-to-compounding-pharmacy-fraud>

2/15/17: Details emerge in alleged compounding pharmacy scheme

“That closer look revealed a business culture riddled with systematic, institutionalized wire, mail and health care fraud, that in only three short years, left health care access at risk for some of this country's most vulnerable populations, including veterans, the disabled and the elderly,” the complaint states.

“The fraud allegedly generated hundreds of millions of dollars for the pharmacies and individuals who took part in them”

<https://www.clarionledger.com/story/news/2017/02/15/details-emerge-alleged-compounding-pharmacy-scheme/97974588/>

Sound Familiar???