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21 page and line numbers will not match the rough draft, due to  
22 the addition of title pages, indices, appearances of  
23 counsel, paragraphing and other changes.

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1

THE VIDEOGRAPHER: This will be Disk No. 1

2

to the video deposition of William Taylor.

3 Today's date is October 4th, 2017. The time is  
4 now 8:49 a.m. Would counsel present please  
5 introduce yourselves and affiliations for the  
6 record.

7 MR. PEEL: Paul Peel. I am the attorney for  
8 the plaintiff, Mid-South Biologicals.

9 MR. WILBON: Clarence Wilbon, counsel for  
10 Defendant, Mi Medx.

11 WILLIAM TAYLOR,  
12 having been first duly sworn by the notary public, was  
13 examined and testified as follows:

14 EXAMINATION

15 BY MR. PEEL:

16 Q Mr. Taylor --

17 A Yes, sir.

18 Q Good to meet you. My name is Paul Peel. I  
19 represent the Plaintiffs. Do you mind stating your name  
20 for the record?

21 A William Taylor.

22 Q Mr. Taylor, do you realize that you have been  
23 sworn to tell the truth?

24 A Yes.

25 Q Do you understand that your testimony is being

3

1 recorded by stenographic and visual means and may be used  
2 at trial?

3 A Yes.

4 Q And is there any reason that you cannot testify  
5 truthfully today?

6 A No.

7 Q Is there any reason why you would be unable to  
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8 understand my questions today other than a poor question?

9 A Not as long as you speak them clearly.

10 Q Other than a poor question which I have been  
11 known to ask multiple times. I know you are not what I am  
12 about to ask you, but it's standard lawyer talk. So are  
13 you presently under the influence of any drugs and alcohol  
14 that may affect your memory --

15 A No.

16 Q -- your ability to understand questions?

17 A No.

18 Q -- or your ability to answer questions  
19 truthfully?

20 A No.

21 Q Have you ever been deposed before?

22 A Yes.

23 Q Offhand do you remember how many?

24 A In the neighborhood of four, five times,  
25 something like that.

♀

4

1 Q For your association with Mi Medx, individually  
2 or in what capacity?

3 A One of them was my previous job. And the others  
4 would have been for my association with Mi Medx.

5 Q And Mr. Taylor, you understand that today we are  
6 taking your deposition solely in your individual capacity.  
7 Do you understand that?

8 A I do.

9 Q And that you are not here testifying on behalf  
10 of Mi Medx Company?

11 A That's correct.

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12 Q Okay. Have you ever been yourself individually  
13 a part of a lawsuit, that is, not in association with your  
14 employment with whoever that may be that is your employer,  
15 just whoever?

16 A Any personal lawsuit that's not associated with  
17 my work?

18 Q Correct.

19 A I have not.

20 Q Okay. And have you ever been arrested before?

21 A No.

22 Q Have you ever been sued before individually?

23 A Individually, no. Well, in context with the  
24 company. There's a shareholder lawsuit against the  
25 company that sued the company and three of us officers. I

5

1 don't know if that's what you are asking for. Outside of  
2 company, no.

3 Q Okay. And have you ever sued anyone?

4 A Personally?

5 Q Correct.

6 A No.

7 Q And with these three or four other cases in  
8 which you have been deposed, that's where you actually  
9 been like where we are today and had a deposition with a  
10 court reporter?

11 A That's correct.

12 Q And you are not counting today as part of that  
13 count, right?

14 A No.

15 Q What was the nature of the lawsuits in which you  
16 have testified personally in lawsuits associated or

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17 against Mi Medx?

18 A The last one I was a corporate representative.  
19 I was not personal representative. I am not sure if you  
20 meant that distinction or not.

21 Q I don't think it matters. I am trying to figure  
22 out how many times you testified.

23 A The last one was in a lawsuit that we had filed  
24 against one of our former employees. And since then we  
25 settled it after he agreed to pay a substantial fee to us.

6

1 Q That was the last one?

2 A Yes.

3 Q Okay. Was that filed here in Atlanta?

4 A That one was in Texas.

5 Q Texas. Was it a covenant not to compete, type  
6 of deal?

7 A Non-compete. And I don't know if there was  
8 non-solicitation there or not.

9 Q That was the most recent lawsuit that you --

10 A That was the most recent time I have been  
11 deposed, yes.

12 Q Maybe it's a good time to go over some ground  
13 rules. I am sure you heard these before. When I say  
14 rules, it's more like guidelines as to our conversation  
15 today. The first guideline that I like to follow is wait  
16 till I asked my question and then give me your response.  
17 It's very difficult for the court reporter to record two  
18 people talking over each other. Does that make sense?

19 A It does.

20 Q Do you mind doing that?

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21 A I will try.

22 Q It's difficult. I know. I will try to do the  
23 same for you, which is I will try not to ask you another  
24 question until you have given me your full response.

25 Okay?

7

1 A Okay.

2 Q I can't promise that will always happen but I  
3 will try. The second kind of ground rule is to answer  
4 verbally. So instead of uh-huh or uh-uh or shaking heads  
5 or any type of non-verbal communication, I will need you  
6 to say yes or no or to answer some way easily recordable  
7 by the court reporter. Is that okay?

8 A Yes.

9 Q Do you understand what I am talking about?

10 A I do.

11 Q And if I prompt you later, like is that a yes or  
12 is that a no. I am not trying to be rude to you. I am  
13 simply trying to make sure the record is clear. Is that  
14 fair?

15 A I understand.

16 Q Okay. Finally, look, if I asked a bad question,  
17 I am not trying to trick you. I probably just asked you a  
18 very confusing question. So if you don't understand my  
19 question, ask me to rephrase it. I will be glad to do  
20 that. Is that fair?

21 A It is.

22 Q And is it also fair if I ask a question and you  
23 don't ask me to clarify it or restate it, it's fair to  
24 assume that you understood my question and answered  
25 accordingly. Is that fair?

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8

1 A Yes.

2 Q And lastly, this is not endurance test. So  
3 since we are basically taking your individual testimony  
4 today, it's probably not going to go that long. But if  
5 you need a break or anything like that, just let me know.  
6 I tend to drink a lot of coffee so I need a lot of  
7 bathrooms brakes myself. If you need anything like that,  
8 just ask me and I will be glad to go off the record. Is  
9 that okay?

10 A I will do that. Thank you.

11 Q And okay. So we were talking about this last  
12 lawsuit that was in Texas which is, as I understand, a  
13 lawsuit Mi Medx against a former employee for that  
14 employee's alleged breach of a covenant not to compete and  
15 a non-solicitation agreement. Am I restating that  
16 correctly?

17 A Correct.

18 Q Your role in that case was to testify as a  
19 corporate representative?

20 A That's correct.

21 Q Did you also testify individually or was it  
22 solely a corporate representative deposition?

23 A That was just as corporate representative.

24 Q Okay. And the name of the plaintiff -- or the  
25 name of the defendant in that case?

9

1 A Harold Purdy.

2 Q Do you mind spelling the last name?

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3 A P U R D Y.  
4 Q I was going to guess that's probably how you  
5 spell it. Okay. That was it filed in Texas or here in  
6 Georgia?  
7 A Texas.  
8 Q Do you know where in Texas?  
9 A The deposition was in Dallas, so I am assuming  
10 it's there but I don't know for sure.  
11 Q Was it a federal court lawsuit or a state court  
12 lawsuit?  
13 A I don't remember.  
14 Q Okay. If I recall correctly, you say that the  
15 case was settled?  
16 A That's correct.  
17 Q Did the law firm of Adams and Reese represent  
18 Mi Medx in that case or was it a different law firm?  
19 A Different law firm.  
20 Q Do you remember the name of the law firm?  
21 A Wargo French.  
22 Q Wargo French?  
23 A WARGO French.  
24 Q Is that two words or one?  
25 A Two.

♀

10

1 Q Two words. That would be a weird name if it was  
2 Ward go French like what is that. Okay. So that's the  
3 last lawsuit that you were in. Or that you testified as  
4 -- in a deposition. What other ones that you recall?  
5 A I have testified in a patent lawsuit and another  
6 non-compete -- I am trying to remember. I think it might  
7 have been two patent lawsuits. And then the non-compete

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8 with another former employee. With my other company, it  
9 was a dispute with an employee as well.

10 Q So if I am keeping track here, the lawsuits that  
11 you testified in a deposition for Mi Medx were a  
12 non-compete in Texas, correct?

13 A Correct.

14 Q A patent lawsuit, correct?

15 A Correct.

16 Q And two more non-compete lawsuits?

17 A Well, the one with the previous company was not  
18 a non-compete. It was an employee dispute but not  
19 non-compete. The previous company.

20 Q I am trying to understand how many lawsuits that  
21 you testified in on behalf of Mi Medx.

22 A Mi Medx, the last one employee, one for the  
23 previous company is not that. So it was the one with  
24 Harold Purdy. And then there was one with one of our  
25 former scientists, also a non-compete issue. And then we

♀

11

1 have had two other patent lawsuits. I know I testified in  
2 one of them. I can't remember if I had a deposition in  
3 the second one or not. It's been over in years. It's  
4 hard to remember all those.

5 Q So it sounds as if when we are talking about  
6 Mi Medx and where you testified in a deposition on behalf  
7 of Mi Medx, definitely two non-competes?

8 A Correct.

9 Q And at least one patent lawsuit?

10 A Correct.

11 Q And perhaps another patent lawsuit?

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12 A Correct.

13 Q The other non-compete, that is not the one  
14 involving Mr. Purdy. How long ago was that -- was it the  
15 former scientist?

16 A Yes.

17 Q Okay.

18 A In the neighborhood of two or three years ago.  
19 I don't remember the exact time but in that ballpark.

20 Q And do you remember the name of the scientist?

21 A Connan, like C-O-N-N-A-N, I believe is the way  
22 you pronounce his first name. Last name Young.

23 Q Connan like C?

24 A Maybe it's one N.

25 Q Like Conan or Connan?

‡

12

1 A He called it Conan. I would have pronounced it  
2 Connan.

3 Q And where was that filed, that is, where was  
4 that lawsuit filed?

5 A I don't remember.

6 Q Was it in federal court or state court?

7 A I don't remember that either.

8 Q It's C-O-N-A-N or C-O-N-E-N?

9 A I believe it's A-N.

10 Q What was the disposition of that case?

11 A We settled.

12 Q Was there a counter suit by Mr. Young or  
13 anything like that, if you understand what I mean by that?

14 A I do understand. I don't remember that there  
15 was one. I don't know for sure.

16 Q Okay. But you did actually testify as a 30(b)6  
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17 don't -- or witness in that case?

18 A In that case, I did, yes.

19 Q So this is this your first individual witness  
20 deposition that you ever had?

21 A First solely individual. I think in two of  
22 those cases I was both individual and corporate at the  
23 same time.

24 Q Okay. So basically you were testifying both in  
25 your individual capacity and as a 30(b)6 capacity?

†

13

1 A Correct.

2 Q Okay. This other company, what was the name of  
3 other company that was not MiMedx that you testified as a  
4 witness?

5 A The company's name at the time was Gai nor,  
6 G-A-I-N-O-R Medical. It later changed its name too Facet  
7 Technologies.

8 Q And what was the nature of the dispute?

9 A The owner of the company at the time, his name  
10 is Mark Gai nor. He terminated sales employee. And the  
11 employee filed a suit for wrongful termination. -- former  
12 employee I should say.

13 Q And you testified as a 30(b)6 witness in that  
14 case for Gai nor Medical?

15 A That's so long ago, I don't remember in which my  
16 capacity was at that point in time.

17 Q And do you remember how long ago this was filed?

18 A Sometime in the '90s.

19 Q Do you remember where it was filed?

20 A I have a vague recollection it was Texas, but I

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21 am not positive on that.

22 Q And do you remember the name of the employee?

23 A I do not.

24 Q Any other testimony that we haven't covered

25 where you testified under oath?

♀

14

1 A Not that I can recall.

2 Q Have you ever testified at trial?

3 A No.

4 Q Where do you reside, Mr. Taylor?

5 A In Roswell, Georgia.

6 Q What is your address?

7 A 400 Lafayette L-A-F-A-Y-E-T-T-E Close,

8 C-L-O-S-E.

9 Q Close like close?

10 A Yes, like close.

11 Q I thought you said clothes like clothes.

12 A No, close the door.

13 Q 400 Lafayette Close. You said that was in what

14 place again?

15 A Roswell.

16 Q Roswell. How long have you resided there?

17 A Approximately 12 years.

18 Q And do you have any -- are you planning on

19 moving within the next year?

20 A Not unless my wife knows something I don't know.

21 Q How old are you, Mr. Taylor?

22 A Forty-nine.

23 Q You said you are married?

24 A Yes.

25 Q What's the name of your wife?

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15

1 A Carol.

2 Q How long have you been married? That's a  
3 dangerous question.

4 A It is a dangerous question.

5 Q We can go off the record.

6 A It's good thing she is not here to listen to my  
7 pause. 24 years, 25 years next year.

8 Q Whenever someone asks me that question,  
9 especially if my wife is in the room, I always say well, I  
10 am married 19 but it feels like 40.

11 What is your level of education, Mr. Taylor?

12 A I have a bachelors degree.

13 Q In what?

14 A Mechanical engineering.

15 Q It is from Perdue University.

16 A It is.

17 Q I will hand you a bio. I will represent to you  
18 it was from an SEC filing by Mi Medx.

19 A Okay.

20 Q I just want to this that as the first exhibit.  
21 (Exhibit 1 marked for identification.)

22 BY MR. PEEL:

23 Q If you would, do you mind reviewing what it says  
24 there for you?

25 A (Witness complies.)

♀

16

1 Q Okay. Is that accurate?

2 A It is. I am not sure at that point in time. I

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3 am not sure which year.

4 Q 2011 or 2012. It's hard when you look at the  
5 SEC filings, it will say as of this date but they really  
6 mean the year previous. But the designation for it will  
7 say 2012, 10K Form A, or whatever. It's kind of hard to  
8 know if it's for 2012 or the year previous.

9 A I understand.

10 Q But does that look like it's around 2011 or  
11 2012?

12 A Approximately there, yes.

13 Q And you are now employed with MiMedx; is that  
14 correct?

15 A That is correct.

16 Q What is your position?

17 A I am at the present and chief operating officer.

18 MR. WILBON: Are you marking that as an  
19 Exhibit?

20 MR. PEEL: Yes, we did. Exhibit one.

21 MR. WILBON: You didn't state on the record  
22 that you were filing it.

23 MR. PEEL: I thought I did.

24 BY MR. PEEL:

25 Q Did you say chief operating operator?

♀

17

1 A That's correct.

2 Q COO?

3 A That's correct.

4 Q And what position did you start with at MiMedx,  
5 was that it?

6 A I was actually consultant for the company  
7 initially.

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8 Q When was that?  
9 A That was in the summer of 2009.  
10 Q And when did you become president and COO?  
11 A Approximately September of 2009.  
12 Q You Rose quickly. Tell me about medics at this  
13 point in time. How many employees does medics have in  
14 2009?  
15 A I don't remember the exact number but we had a  
16 few employees in Tampa at that point in time and we had  
17 some in Marietta, Georgia. Maybe in the neighborhood of  
18 35ish, 30ish, somewhere around there. I don't remember  
19 exact number.  
20 Q Both --  
21 A Combined.  
22 Q Both locations. And so you have been employed  
23 with Mi Medx since 2009?  
24 A Correct.  
25 Q Tell me in your own words what is your role and

♀

18

1 what do you do?  
2 A I am the president chief operating officer,  
3 which means I have the operating portions of the business  
4 reporting in to me, which includes the processing of the  
5 tissue, research and development, regulatory affairs, IT,  
6 reimbursement, all the sales and marketing functions,  
7 including customer service, basically almost everything  
8 except for the financial, legal, or HR functions.  
9 Q Did I hear you say you don't have oversight of  
10 legal, HR, and what was the last one?  
11 A So finance, legal, and HR report to our chairman

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12 and C00.

13 Q That would be whom?

14 A Parker Pete Petit.

15 Q He is the chairman and CEO?

16 A Correct.

17 Q Are you familiar with the -- strike that. Are  
18 you familiar with how Mi Medx stores electronically stored  
19 information?

20 A I am not an IT expert. I know we store it  
21 regularly and routinely. But I don't know the mechanism  
22 by which we do that.

23 Q What databases do they have?

24 A I don't know the answer to that question.

25 Q If I were to walk up to a computer at Mi Medx and

19

1 wanted to get into the system, how would I go about doing  
2 that?

3 A Which system are you asking?

4 Q That's what I am asking you. Are there multiple  
5 systems? Did you not understand what database meant?

6 A Database is something that holds data. It  
7 doesn't relate to a system. I do understand.

8 Q How are they different?

9 A Microsoft exchange where you have an email  
10 system. We have an ERP system. We have a number -- we  
11 have sales force dot-com system. Databases are not  
12 necessarily related only to one or the others. They can  
13 share databases.

14 Q We will get to that. You have a Microsoft  
15 exchange system, correct?

16 A Correct.



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17 Q That's for what?

18 A Email calendars, et cetera.

19 Q What is et cetera?

20 A I am not an IT guy. I use it for email and  
21 calendars.

22 Q You said an ERP system. What is that?

23 A Enterprises system which we have our financials  
24 on, our production records, inventory, things like that.

25 Q Let's break it down. You said financial

†

20

1 information, correct?

2 A Correct.

3 Q What else?

4 A Production records.

5 Q What else?

6 A Inventory.

7 Q What else?

8 A I am sure there is more, but I don't know off  
9 the top of my head.

10 Q Who's the person responsible at Mi Medx to manage  
11 and supervise the computer systems at Mi Medx?

12 A We have several people that manage various  
13 systems of the computer system. There is not a single  
14 person who managing all of them.

15 Q Who are those people?

16 A I don't know every single person's name. I can  
17 tell you supervisors. Debbie Dean reports to me. IT  
18 report to her. Jim Dozier is responsible for the IT  
19 group. We also have some of the sales force people that  
20 report into sales.

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21 Q You are talking about Debbie Dean. Who's Debbie  
22 Dean?

23 A She is an executive vice president that reports  
24 to me.

25 Q What is her title?

21

1 A Executive vice president.

2 Q Of?

3 A Executive vice president is her title.

4 Q So what is her -- what does she oversee?

5 A She has IT, she has reimbursement. She has  
6 quality and regulatory affairs. Government relations,  
7 let's see. I think I said reimbursement.

8 Q Yes, you did. IT reimbursement quality and  
9 regulatory affairs and government relations.

10 A It seems like I am missing something. Oh,  
11 clinical affairs.

12 Q She reports to you?

13 A Correct.

14 Q And we are talking about the computer systems at  
15 Mi Medx, is she responsible for one or more systems?

16 A She is responsible for IT. But which was which  
17 is more than one system, which, again, she doesn't do the  
18 management herself. She has a vice president of IT that  
19 directs those things.

20 Q But she is in charge?

21 A They group reports up into her, yes.

22 Q Does medics have an executive kind of  
23 organizational chart like who reports to whom and that  
24 sort of thing?

25 A We do.

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22

1 Q And so you got -- we know that Ms. Dean reports  
2 into you.

3 A Correct.

4 Q She is in charge of IT?

5 A IT reports to her, correct.

6 Q So whoever is in the IT department reports to  
7 her?

8 A Not necessarily. Eventually, yes. There are  
9 various managers in the chain underneath her, yes.

10 Q And would there be any computer systems at  
11 Mi Medx that don't go under her, I guess, supervisory  
12 authority?

13 A Our sales force dot-com team reports into our  
14 sales group. There are some connections through our IT  
15 group as well. I don't know what all those connections  
16 are off the of my head.

17 Q We will get into the sales force dot-com in a  
18 second. We are talking about the systems.

19 A Sales force dot-com is a system.

20 Q I will get to that. I will go back to you  
21 mentioned Jim Dozier. Who is Mr. Dozier?

22 A He is the -- I don't remember his exact title  
23 but essentially vice president of IT.

24 Q And how is his role or position different from  
25 Ms. Dean?

♀

23

1 A He reports to her.

2 Q He reports to -- he is one of the people that

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3 reports to her?

4 A Correct.

5 Q You mentioned -- let me backup for a second. I  
6 am trying to get an understanding of the systems that we  
7 are talking about. We have the ERP, which I think you  
8 said is the enterprises -- what does the P stand for?

9 A I don't remember what the official.

10 Q Just a consideration of enterprises?

11 A Enterprises something, maybe resource system or  
12 something like that. I am not sure.

13 Q The enterprises system, financial information,  
14 production of records and inventory. Correct?

15 A Among, I think, other things. Those are the  
16 things that I can remember.

17 Q Then you have the Microsoft exchange system  
18 which kind of, I guess, governs or encompasses emails or  
19 calendars and that kind of thing?

20 A That's correct.

21 Q Who manages that?

22 A Somebody in Jim's group.

23 Q Somebody in Jim's group. If you were going to  
24 go search for emails related to a particular topic, who  
25 would you go to try and find that information?

♀

24

1 A It depends. Are you talking about in my email  
2 or the companies email? What do you mean?

3 Q We will get to that. Let's talk about your  
4 email.

5 A I would search it myself or have my assistant  
6 search.

7 Q Company's email?

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8 A One of the ITs would search for it or outsource  
9 things outside as well.

10 Q If you were going to search on a particular term  
11 or person, could you do that for someone other than you or  
12 just for your own email that is your receipt and send?

13 A I can only do that for myself.

14 Q So if you wanted to do a company-wide search of  
15 emails related to particular people or particular topics,  
16 who would you go to?

17 A Somebody in the IT department.

18 Q Someone under Jim Dozier's authority or perhaps  
19 even Ms. Dean's?

20 A I would either ask her or him. And then they  
21 would either do it themselves or have somebody else do it.

22 Q Do you know whether they are able to search  
23 company-wide email for a particular people or particular  
24 topics or search terms?

25 A I would assume they do. I don't know for a

♀

25

1 fact. I would assume they can.

2 Q Have you ever requested information related to  
3 the lawsuits that you have been involved in as a witness  
4 for Mi Medx, an email search company wide for a particular  
5 people or particular topics?

6 A Well, if it's related to lawsuits, it would have  
7 went through our attorneys. I don't think that I can  
8 answer the questions if it's attorney-client related.

9 Q Okay. Let me ask the question again. Have you  
10 ever personally gone to someone at Mi Medx in the lawsuits  
11 that you have been involved in as a company representative

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12 and request that there's a company wide search of email  
13 for particular people or topics, have you ever done that?

14 A As I just indicated, that would have been with  
15 our attorneys. As it's attorney-client privilege. I am  
16 not supposed to disclose those things.

17 Q Sir, have you requested it from anyone at your  
18 company? Forget your lawyers for a company. Have you  
19 ever gone to someone at your company and asked that  
20 particular person, whatever that may be, to do a company  
21 wide search on a particular person or topic?

22 MR. WILBON: In general?

23 MR. PEEL: Yes.

24 A You are talking in general on these lawsuits.

25

♀

26

1 BY MR. PEEL:

2 Q How about in general?

3 A In general, the answer is question.

4 Q So it is possible to do it?

5 A To ask somebody to do that, yes.

6 Q Okay. Did you get the information that you  
7 requested?

8 A Yes.

9 Q So it's possible then isn't it?

10 A To ask for information and receive information  
11 back.

12 Q Yes.

13 A Yes.

14 Q What part of my previous question did you not  
15 understand?

16 A You kept saying "it." I didn't know what it  
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17 meant. Did you not.

18 Q Do you remember who you requested it from?

19 A In the general ones, I requested it either of  
20 Debbie or Jim. I requested it of both of those before.  
21 They have either -- I don't know if they did the search  
22 themselves or if they had somebody else do it. I don't  
23 know.

24 Q In the lawsuits are you saying that when there's  
25 been a request for information related to a particular

27

1 person or particular topic and those either emails  
2 associated with that person or emails associated with that  
3 topic, your request goes through an attorney?

4 A What I am saying anything related to these  
5 lawsuits, our attorneys manage the collection of data.

6 Q The attorneys manager?

7 A Finding out who they are getting it, how they  
8 are getting it. It does not get turned over to the  
9 executive team manager it. It's the attorney's job.

10 Q Who are these attorneys?

11 A Inside, outside. We have inside attorneys; we  
12 have outside attorneys as well.

13 Q Who are your inside attorneys?

14 A Mark right here is one of them. Lexi Haden is  
15 our general counsel. We have a few others. I don't know  
16 if they are relevant to any of these cases.

17 MR. PEEL: Mark, what's your last name?

18 MR. TRAINOR: Mark Trainor.

19 MR. PEEL: Like Trainor?

20 MR. TRAINOR: Don't make it more difficult





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29

1 objections in a deposition.

2 But he is telling you that the lawyers  
3 handle the request for information when it's in  
4 the middle of litigation. You are now wanting  
5 to press on about who do they ask.

6 MR. PEEL: Who do they go see?

7 MR. WILBON: How did they know? He just  
8 told you. He said it twice. If you want to read  
9 it back. He doesn't know when it's turned over  
10 to the lawyers. You can ask him over and over,  
11 but he is not going to be able to tell you who  
12 his outside counsel, inside counsel asked to do  
13 the email searches or other documents searches.  
14 So I mean, you can keep asking him the same  
15 question. But his answer is not going to change.  
16 We should move on.

17 MR. PEEL: I appreciate you not making  
18 objections. I do appreciate that. But this is a  
19 speaking one.

20 MR. WILBON: That wasn't an objection. I  
21 said I won't make objections. I didn't object at  
22 all. I was just telling you the way it is. You  
23 can keep asking him that same question, but he  
24 answered it three times. So you can ask it  
25 again. My guess is he is going to answer it the

30

1 same way. He told you.

2 MR. PEEL: We will narrow it down.

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3 MR. WILBON: The lawyers handled that. He  
4 doesn't know who they ask. Why do you keep  
5 asking the same question over and over?

6 MR. PEEL: I am going to keep asking  
7 questions as I will see fit. Would you mind  
8 reading the last question?

9 (Question read.)

10 MR. PEEL: That's not an attorney-client  
11 privilege. That's not attorney-client privilege.

12 MR. WILBON: His answer was -- read his  
13 answer. His answer was, he don't know. It's  
14 handled by the attorneys. That's why you didn't  
15 go to the last person. You went six questions  
16 back.

17 MR. PEEL: Read his response.

18 MR. WILBON: I can't see his response.

19 MR. PEEL: I am not talking to you. You  
20 can't see through this? They don't -- they need  
21 a flip one, right. I got a new idea for ...

22 MR. WILBON: You got to patent it.

23 MR. PEEL: Actually in a lot of these court  
24 reporter firms will have their own, have you seen  
25 those where they have their own little screen as

♀

31

1 a lawyer. That's pretty cool.

2 So read back my question and read his  
3 response.

4 MR. WILBON: We are six questions back now  
5 so probably. He is asking for the eighth time.

6 (Question read)

7 MR. WILBON: We are --  
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8 MR. PEEL: Hold on, hold on, hold on.  
9 MR. WILBON: We are not going to do this  
10 hold honor homed honor.  
11 MR. PEEL: Listen. All I need to know  
12 are -- are they ask going to ask Debbie or Jim or  
13 someone else they ask?  
14 MR. WILBON: Keep reading all the way to the  
15 very end, where he says he doesn't know who they  
16 ask. That's in there. Just go.  
17 MR. PEEL: Let's see if it's in there.  
18 MR. WILBON: He said, I don't know.  
19 MR. PEEL: Just keep on reading. No further  
20 response from him.  
21 BY MR. PEEL:  
22 Q Do you know who they ask?  
23 A No.  
24 Q With respect to the ER system -- ERP system,  
25 excuse me, who would you request, if you were looking for

♀

32

1 information, not related to a? Lawsuit, you understand  
2 that, right?  
3 A Yes.  
4 Q Who would that go through?  
5 A It depend on what information you are asking  
6 for. So do you have an example?  
7 Q Okay. Financial information.  
8 A Then I would ask some of the people in our  
9 finance, our CFO, Mike Senke, or some people that report  
10 to him.  
11 Q So they can access the data too, not just Jim or

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12 Debbi e?

13 A On ERP, there is a lot of people that can access  
14 data.

15 Q A lot of people can access that system?

16 A Correct.

17 Q Okay. Would you consider that a database?

18 A The system is not a database. The system uses  
19 database as I understand it.

20 Q So are there denominations, how do you  
21 denominate a database in the ERP system, are there  
22 databases within that system?

23 A I don't know the architecture of it. I know at  
24 that time bases that connect to it. I don't know the  
25 architecture of inside of it or outside.

†

33

1 Q What database is connected to it?

2 A I don't know the names. I know they have the  
3 data and warehouse the database.

4 Q Do they have a name?

5 A I don't know.

6 Q It's just data -- when I say a database, I am  
7 talking about a collection of data that's either  
8 segregated or unique related to a particular topic or  
9 issue or whatever. What do you mean by database?

10 A Data, so there's an amount of information that  
11 sits somewhere that sometimes different systems can access  
12 that data. I don't know, again, I don't know our  
13 architecture. If they have individual databases that are  
14 only related to a particular system like ERP or if we have  
15 databases that other systems can utilize. I believe other  
16 systems can utilize. Again I am not an IT person. I

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17 don't know the architecture of how it is set up.

18 Q You have systems that might be able to or can  
19 access multiple databases?

20 A Let me rephrase it. I know that our ERP system  
21 and sales force somehow take back together, talk to each  
22 other and they use a at that time base. I don't know same  
23 database or different ones. Again, I am not an IT person.  
24 I am not very well educated how to talk about the  
25 architecture here.

†

34

1 Q You know how to get on the system whatever that  
2 may be and find out what you need?

3 A I don't know what system you are talking about.

4 Q Like the ERP system.

5 A I do not get on the ERP system.

6 Q What system do you get on?

7 A I have email.

8 Q Email?

9 A Yes, E.

10 Q You don't get into the sales force dot-com  
11 system?

12 A No.

13 Q You don't get into the ERP system?

14 A No.

15 Q Can you talk about the sales force dot-com  
16 system, what it is and what it does?

17 A Very high level. So it's a system where our  
18 salespeople have their hospitals and doctors and  
19 territories listed in there. They can put notes in on the  
20 their call patterns, things like that. I believe we also

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21 have sales history in there, things like that. But again,  
22 I don't use the system. It's our sales force uses that.

23 Q Is it searchable; can you search for a  
24 particular term or --

25 A I don't know.

♀

35

1 Q Hold on. Can you hold on for a particular  
2 search or name?

3 A I don't know. I would assume so but I don't  
4 know.

5 Q Who would you ask to find that out?

6 A It would depend on what we are looking for. I  
7 could go to one of our people in our sales administration  
8 group if it was a simple piece of information, a lot of  
9 people have access to the system could look it up.

10 Q Let me stop you right there. For a simple piece  
11 of information, give me an example.

12 A What was the revenue for Hospital A last month.

13 Q Okay. What other information could be found in  
14 the sales force dot-com system?

15 A Lots of sales information. Probably anything  
16 that you want on any of the people you are selling to.

17 Q How about contracts with distributors?

18 A I don't know that those are listed in there. I  
19 am not aware of that.

20 Q Where would they be listed?

21 A In our legal group. We have legal drive that  
22 has all our contracts in it. Just a regular -- I don't  
23 know what the nomenclature is. But one of our shared  
24 drives that legal people and folks that need access to the  
25 contract can get to.

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♀

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1 Q Did you say share drives?

2 A Shared drives.

3 Q Shared. What does that mean?

4 A Just our internal electronic place where records  
5 are held.

6 Q When I hear shared, I -- it kind of connotes  
7 that other people can access the information. Is that  
8 what you mean by shared?

9 A Yes. But it doesn't mean everybody can. They  
10 are limited who can see which files.

11 Q Can you -- I'm sorry. Go ahead.

12 A I was explaining, for instance, our legal drive  
13 the people our attorneys have access to it. And I don't  
14 know anybody outside of the attorneys who would have  
15 access to that. Maybe people I don't know the structure.

16 Q Is it fair to assume from your statement that  
17 you don't have access to it?

18 A I don't even know. If I have access to it, I  
19 don't recall even gaining access myself. So I don't know.

20 Q Okay. Now, so if you are going to execute a  
21 contract with the distributor of your product, weaving  
22 through the process by which you would be involved in that  
23 if at all?

24 A Do you mean now or a few years ago because it's  
25 changed?

♀

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1 Q Let's talk a few years ago.

2 A Okay.

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3 MR. WILBON: If he, Mr. Taylor was going to  
4 do it on behalf of the company or just him  
5 personally going to enter into a contract --

6 MR. PEEL: I am asking what his knowledge is  
7 of it. I mean, you can read back the question.  
8 I don't remember the question. But I mean ...

9 MR. WILBON: When you say if he was going to  
10 go in there to do a contract, do you mean he or  
11 Mi Medx was going in there?

12 MR. PEEL: Do you want to read or what the  
13 question was? I don't remember exactly what I  
14 said.

15 MR. WILBON: Read it back.

16 MR. PEEL: I did say you. What I mean by  
17 you.

18 BY MR. PEEL:

19 Q What is your role or was your role a few years  
20 ago when it came to contracts with distributors, that is,  
21 did you play a role in execution of contracts with  
22 distributors a few years ago.

23 A I did. I was the final signatory on -- I don't  
24 know if it was all contracts but certainly most contracts  
25 several years ago. Today I have somebody that reports to

♀

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1 me that does contracts. But in the time that you are  
2 talking about for the dispute here, I was the one that was  
3 signing those contracts. I would have the ultimate say on  
4 whether or not we would accept terms and so forth.

5 Q Okay. But you are not the one preparing the  
6 contracts, right?

7 A Our attorneys prepare the contracts.



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8 Q Would that have been in this legal computer  
9 system that you are talking about here at Mi Medx?

10 A I would expect it would have been stored there,  
11 yes.

12 Q And that's -- have you ever been involved --  
13 have you ever accessed the legal database before or the  
14 legal system?

15 A When I won a contract, I will either one of my  
16 attorneys or assistant to get the contract for me if it's  
17 been executed or in the works. I don't recall ever going  
18 into that system myself to find it.

19 Q So lead me through the process. You are trying  
20 to execute a contract with a distributor. Lead me through  
21 your process of your involvement on behalf of Mi Medx at  
22 the time this was going on with legal and your role.

23 A So if I understand you correctly, you are asking  
24 me for a generic example of what happened?

25 Q I don't know your company. That's where I am

♀

39

1 here asking you questions. I am not here in your company  
2 every day, I don't have any knowledge in your company,  
3 other than what's been produced in this case. I am trying  
4 to understand the process at Mi Medx when they are  
5 executing and preparing to enter into contractual  
6 relationships with distributorships a few years ago.

7 A So I will give you a generic example of how many  
8 of these contracts were executed. Our salespeople would  
9 be working relationship and trying to find distributors  
10 that we may want to do business with. As they would find  
11 something that they were interested in doing business

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12 with. Sometimes we would meet with the principal.

13 Sometimes it was just we, being the management team in  
14 addition to our salespeople.

15 Sometimes the salespeople would be the only ones  
16 meeting with them. Sometimes we would use a standard  
17 contract. We since we have many distributors, we had a  
18 starting template that our attorneys prepared. Generally,  
19 we would use that starting template and send that to our  
20 distributor. Have a distributor propose any changes or  
21 tell us that they were accepting the terms that were in  
22 it. If they proposed changes, then we would discuss those  
23 changes and determine what we were willing or not willing  
24 to do. And either we would agree to sign the contractor  
25 not.

♀

40

1 Q And with respect to any changes to any  
2 agreements that were either proposed by a salesperson,  
3 distributor, whatever, or any changes to a proposed  
4 agreement by Mi Medx, would you be making the proposed  
5 changes on behalf of Mi Medx or forwarding proposed changes  
6 from any prospective salespeople to legal or would legal  
7 be the one preparing the changes and giving them to you?  
8 Who is leading who here?

9 A I don't know there's one answer. All contracts  
10 are different. So a lot of different things could happen.  
11 But usually the salesperson would work with legal on  
12 saying, here are the two, five, however items that the  
13 distributor wanted to change, and bring to us and our  
14 attorneys. Then I would rule, not rule but make a  
15 decision on the business decisions. Then the attorneys  
16 would usually weigh in on the legal decisions.

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17 Q Okay. And I think you stated that you had some  
18 stock agreements or just kind of base agreements. I don't  
19 remember exactly what you said so.

20 A Standard agreement. So yes, we had enough  
21 distributors that we had a basic agreement we usually  
22 start with kind of a template agreements.

23 Q We lawyers love forms.

24 A That is true.

25 Q So our do our clients. You don't have to

41

1 recreate the wheel, right?

2 A That's correct.

3 Q So there was a standard, at this time and let's  
4 make sure we can narrow down the time here. We are  
5 talking 2011, 2012. Is that the time that you were  
6 talking about previously in your testimony or are you  
7 referring to a different time?

8 A I was probably referring to maybe 2011 through  
9 '13 or '14.

10 Q Same thing, yeah. It didn't really change  
11 between 2011 and 2014, right?

12 A The process was pretty close to the same. I  
13 don't remember if there was minor differences. It's my  
14 recollection it's very similar.

15 Q When we are talking a few years ago, we are  
16 talking about that time period, 2011 to 2014?

17 A That's correct.

18 Q There was a standard agreement for distributors  
19 between 2011 and 2014?

20 A At least one. We may have made some changes in

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21 there to it over time. But yes.

22 Q Okay. And when we talking about standard, we  
23 are talking a form agreement?

24 A A template is the way I would call it, yes.

25 Q Part of the problem sometimes in these types of

42

1 depositions is trying to get the same vernacular down. My  
2 understanding of what y'all use in your company can differ  
3 even though you are basically talking about the same  
4 thing. When I say standard or form, you are talking about  
5 a people at that time?

6 A That's the way we describe it, that's correct.

7 Q Did you have a template agreement or any  
8 consulting agreements?

9 A I believe we had -- if it wasn't a template, we  
10 would use some earlier consulting agreements and use it as  
11 a template. So I would say yes.

12 Q We are talking about same time period, 2011,  
13 2014?

14 A Correct.

15 Q Was there more than one template or was it just,  
16 hey, man, this is what we used for Mr. Joe or whatever.  
17 We are just going to use that one and tanker with it and  
18 adapt it to this scenario or was there a template  
19 consulting agreement?

20 A I would say on the consulting side, we probably  
21 had more Variations because sometimes you have some people  
22 do different things. It's not necessarily going to be as  
23 much of a cookie cutter, the template might have a lot of  
24 basic elements of it. But there would be some pieces that  
25 would change depending what we are asking the consult

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EXHIBIT 2

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1 can't to do.

2 Q From my side of the deal, when you can looking  
3 at a complaint against someone, I don't have a form  
4 complaint. But I just remember previous cases that might  
5 be similar. Some lawyers will have actual form  
6 complaints, brief of contract, do you mean, whatever.  
7 Boom. Whatever different types of complaints that they  
8 have forms for and they designate them. They are very  
9 organized. That's what I am trying to get to from memo  
10 additions side. Is it form consulting agreement, form  
11 one, two, three, four or is it just, may than, this is  
12 what we used in the previous, this is what we used for  
13 different consultant. I think this will work out. I am  
14 trying to get an idea of what type of templates and how  
15 formal they are or if it's just kind of ad hoc, on a  
16 specific case to case basis?

17 A On distributor agreements and sales agent  
18 agreements, I would say we started with more of the  
19 standard template and then propose changes. The  
20 consulting agreements we have to ask our attorneys how  
21 they did it. It looked to me we used similar but they  
22 were different. So I don't know exactly what the  
23 methodology was for our attorneys to generate those.

24 Q Okay. When we are talking about the database  
25 excuse me computer systems, these types of templates that

44

1 we are talking about, that would be in the legal computer  
2 system?

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3 A I would think. If they existed they would be  
4 there.

5 Q Do you know for certain?

6 A Like I said, I never accessed that system myself  
7 so that I can recall. So I can't tell you what does or  
8 does not exist in there.

9 Q So you don't know?

10 A I don't know. I am making assumption.

11 Q That's what I am saying.

12 MR. WILBON: If you don't know, don't  
13 assume. Say you don't know.

14 BY MR. PEEL:

15 Q And the sales force dot-com system, would it  
16 have copies of either consulting agreements or distributor  
17 agreements or similar agreements with outside sales force  
18 in that particular system?

19 A I don't know.

20 Q Who would know?

21 A The people that manage sales force would know.

22 Q Would that be -- not now -- I guess now. Yes,  
23 now.

24 A I don't remember which one of our employees. We  
25 have a number of employees that are in that group. I

♀

45

1 don't remember which ones manager that.

2 Q If you were going to try that information, if  
3 you were go to get on the phone right now to find that  
4 out. Who would you call?

5 A I would probably call Mark Diaz, who's our VP  
6 sales operations, sales force team reports up under him.  
7 He would at least tell me who to go to or get me the

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8 information from whoever could supply it.

9 Q That's because like me, it's almost like if I am  
10 going to file a particular court, I know there is probably  
11 somewhere I could go look. If I know someone I can call,  
12 that's what I am going to do because that's the quickest  
13 thing. So the person that you would call would be Mark  
14 Diaz?

15 A That's correct.

16 Q So what is your understanding of what type of  
17 information is in the sales force dot-com system?

18 A Things that I mentioned before. Sales numbers  
19 for various hospitals, territory maps and plans for our  
20 salespeople, things like that.

21 Q So I have got sales numbers for hospitals,  
22 correct?

23 A Correct.

24 Q And territory maps and plans for salespeople,  
25 correct?

♀

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1 A Correct.

2 Q Anything else?

3 A I am sure there is a ton more in there but I  
4 don't know what they are.

5 Q You don't know?

6 A Correct.

7 Q Do you know whether that system is searchable,  
8 that is, I can type in a name or contract or term and be  
9 able to pull up data related to that name, contract, or  
10 term?

11 A I don't know.

12 Q Who would know? 48254204\_1.txt

13 A Either Mark Diaz or someone on his sales force  
14 team.

15 Q If you had a question about a particular  
16 agreement with an outside salesperson, who would you ask?

17 A Usually I ask our attorneys if I have questions  
18 about agreement.

19 Q Okay. But you wouldn't have access to those  
20 agreements, that would be solely within the control of the  
21 lawyers; is that what you are saying?

22 A That's not what I said.

23 Q That's what I am asking. No?

24 A No, I may in the early days I had copies of some  
25 of these contracts. I don't keep copies any more because

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1 the attorneys keep electronic copies. If I have a  
2 question on something, I will ask my assistant or a my  
3 attorneys about a copy of it. Or ask the attorneys what  
4 does it say about a certain subject if I had a question.

5 Q But you are not able to access the legal  
6 computer system?

7 A I might have access officially, I don't recall  
8 ever doing it. I don't know if I even have access. I  
9 might.

10 Q Let me ask you this: Do you know whether you  
11 have access to the legal system?

12 A Are you asking if I have access to the  
13 electronic drive that the legal contracts are stored on?

14 Q Yes.

15 A I don't know.

16 Q Okay. But you might?



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17 A I don't recall ever accessing it myself. I  
18 could have access to it, authority to get to it. I don't  
19 utilize it.

20 Q Do you want to explain that?

21 MR. WILBON: He asked that five -- I will  
22 object.

23 MR. PEEL: State your objection, and you can  
24 answer the question. You don't need to do any  
25 more speaking objections.

†

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1 MR. WILBON: Look, he answered this question  
2 five times.

3 MR. PEEL: You can state your objection and  
4 move on. Is it a form or foundation question?

5 MR. WILBON: He answered it five times.

6 MR. PEEL: Is it asked and answered, is it  
7 asked and answered?

8 MR. WILBON: You are wanting him to -- you  
9 are asking it for the sixth time.

10 MR. PEEL: Is it asked and answered? Is  
11 that what you are saying; is that the basis of  
12 your objection.

13 MR. WILBON: I stated what I had to say  
14 about it. You want to ask him a sixth time to  
15 explain what he just said?

16 MR. PEEL: I am trying to understand what he  
17 is saying. What's your objection, Clarence?

18 MR. WILBON: You can ask him a sixth time.

19 MR. PEEL: I want to understand what your  
20 objection is, because I am not going to let you

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21 get away with not stating your objection for the  
22 record.

23 MR. WILBON: I just stated it what I had to  
24 say on the record.

25 MR. PEEL: That it's asked and answered?

♀

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1 MR. WILBON: You said asked and answered. I  
2 mean, you know it was asked and answered. That's  
3 why you said it was asked and answered. I agree  
4 with you. You are right.

5 MR. PEEL: So it's an asked and answered  
6 objection.

7 BY MR. PEEL:

8 Q When you say you could have access, are you just  
9 saying I might, but I don't know, I never tried, or yes,  
10 it's possible to do it, I have just never done it. That's  
11 what I am trying to get, the "could." That's what is  
12 throwing me off.

13 A Okay. So I oh on my computer. Most computers  
14 have a C drive. Do you remember?

15 Q Uh-huh?

16 A Then there are network drives that are different  
17 designations. I don't remember the designations. I have  
18 access to different corporate drives on my computer. I  
19 don't get into them myself. Usually I ask for documents  
20 from my assistants or legal or from whoever else. I have  
21 certain access to certain drives that I don't know I don't  
22 have I don't utilize them.

23 Q For example, on my computer I will have a G, F,  
24 H drive, right, or F, G, H drive. I don't know what is on  
25 those drives. It's designated G H and F. Is that what

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1 you are saying?

2 A That's what I am saying. I don't know what  
3 those are. I don't have access to. I have an assistant  
4 that gets me the information or legal department that gets  
5 me this information that I ask for.

6 Q But if you look out on the computer and you  
7 click on it and you are looking at the drive, it's not --  
8 there's not going to be a denomination of legal drive?

9 A I don't remember. I don't look at all those  
10 drives all the time.

11 MR. PEEL: Could you get me some water,  
12 Clarence? It's the least you could do.

13 MR. TRAINOR: Are you going to sit here and  
14 watch me?

15 MR. PEEL: Mark is the nicer guy here. What  
16 kind of host are you, Man?

17 MR. WILBON: I got this microphone on.  
18 That's why Mark is doing. If I turn around, I  
19 will pull everything off the table.

20 MR. PEEL: I can guaranty you -- hopefully  
21 this is not pulled on to anything real tight. I  
22 will guaranty you, I will step off from this  
23 table and yank it off.

24 Thanks, Mark, for the water. You are a  
25 very nice gentleman. Very good Atl antan host.

51

1 BY MR. PEEL:

2 Q Okay. Thank you for that. That clari fies it.

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3 When you say you could have, it's like that is suggesting  
4 that you might be able to. I am making sure, yeah, I  
5 might. I just don't know. You are just trying to be  
6 accurate about it?

7 A That's correct.

8 Q So I got Microsoft exchange, ERP system, sales  
9 force dot-com system as three systems -- three computer  
10 systems at Mi Medx. Are those three that I just stated  
11 accurate?

12 A Yes.

13 Q Are there any other systems -- legal systems, I  
14 forgot the legal system, correct?

15 A Well, the legal system is just like I mentioned  
16 storage drives. It's one of those drives as I understand  
17 it. I don't know what other computer systems we have.

18 Q Other than what we just named?

19 A Correct.

20 Q In this case that we are here about today, did  
21 you assist in any way in gathering information in response  
22 to the plaintiffs discovery request in this case?

23 A Well, that was all directed by our legal  
24 counsel. We expected the legal counsel to coordinate all  
25 that. I did not get in the middle of coordinating any of

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1 that data.

2 Q So you did not -- maybe my question is not real  
3 clear. I think I bleeped. I asked, did you assist in any  
4 way in gathering information responsive to the Plaintiff's  
5 discovery requests in this case. Is there any part of  
6 that that is confusing to you?

7 A Did I assist in any way. Again, the attorneys

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8 coordinated the gathering of all that information. If I  
9 assisted the attorneys, I don't think that's anything that  
10 I could talk about here. Again it's relative to a legal  
11 case. Everything was managed through the attorneys and so  
12 forth.

13 Q In your individual capacity, right?

14 A Correct.

15 Q To be certain, I am not asking about  
16 communications between you and your attorney. I am not  
17 asking about what you told your attorney or what your  
18 attorney told you whether that be in-house counsel or  
19 outside counsel. I am actually about your asking about  
20 your particular asking.

21 I am not asking you whether you asked advice of  
22 your counsel or whether your counsel provided got answer  
23 or anything like that what I am asking is whether you  
24 assisted in the gathering of the information in response  
25 to Plaintiff's discovery request in this case. Do you

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1 understand what I am talking about?

2 A I do. Again, I don't understand if that's  
3 everything has gone with our attorney. I don't.

4 MR. WILBON: He has answered the question.

5 A I don't know that I can say anything more than I  
6 did because everything was managed through our attorneys.  
7 Whether it's a physical action that I took under the  
8 direction of the attorney or a conversation that I had  
9 with the attorney, I don't know that I can discuss that.

10 Q Can we take a break for a second?

11 MR. PEEL: We have been going on for an

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12 hour. I need to talk with you real quick.

13 THE VIDEOGRAPHER: Going off the record at  
14 10:03.

15 (Recess held.)

16 THE VIDEOGRAPHER: Were back on the record  
17 at 10:17.

18 BY MR. PEEL:

19 Q Mr. Taylor, we were asking some questions -- I  
20 was asking some questions about your role in collecting  
21 information for documents responsive to Plaintiff's  
22 request in this case are you saying that you played no  
23 role in this case?

24 A I did not assist in collecting documents with  
25 our attorney.

♀

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1 Q If I wrote down what you said, you did not  
2 assist in collecting documents with or for your attorney?

3 A I think it would be either.

4 Q Did you do any email searches on your own  
5 personal email?

6 A I did not.

7 Q Do you have a laptop?

8 A I do.

9 Q Do you have any tablets?

10 A I have an iPad.

11 Q Okay. That's what I mean by tablet. Do they  
12 still call it tablets or do you even know?

13 A I heard computer systems that are a tablet that  
14 looks like an IB. That's why I clarified.

15 Q Now Mike soft got kind of like a tablet that you  
16 can do with a keyboard. I am not up to speed on IT speed

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17 but I understand that.

18 Is that a personal tablet -- excuse me, a  
19 personal laptop or company laptop?

20 A Company laptop and company iPad.

21 Q Do you have your own personal laptop or personal  
22 iPad?

23 A I have some I pads at home that my wife and I  
24 share but there's no company information on those.

25 Q Would that do you have a personal laptop at home

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1 or personal computer?

2 A I have a personal computer. It's not a laptop.

3 Q Do you conduct business on your personal  
4 computer at home?

5 A The only time that I do that is when I log in  
6 through what's called Webb mail so I can go through  
7 Internet to the email system that's linked to exchange.  
8 As I understand it, it's a portal to get in and out.  
9 Everything is still stored on the work computer, not  
10 stored on my computer.

11 Q When I asked about no searches on your own  
12 personal email, did you I guess I should probably clarify  
13 that. Did you search your personal email at your -- let  
14 me backup for a second. Do you have a personal computer  
15 or is it just a laptop?

16 A Just a laptop at work.

17 Q Just a laptop at work. So did you search on  
18 your personal email for your laptop at work?

19 A Okay. Would you rephrase that please?

20 MR. WILBON: Hold on one second. I will

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21 object to the form. I don't even understand.

22 When you say ..

23 MR. PEEL: That's a bad question.

24 MR. WILBON: You are saying his personal, as  
25 in him. And Mr. Taylor, Ms. Taylor personally or

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1 are you asking email?

2 MR. PEEL: I admit I asked a bad question.

3 I will be glad to rephrase it.

4 BY MR. PEEL:

5 Q Did you personally -- that's what I meant to  
6 say. Did you personally search your email on your laptop  
7 at work?

8 A Related to this case?

9 Q In response to -- yeah, related to this case.

10 A No.

11 Q Can I assume that's going to be the same answer  
12 for your tablet as well for work?

13 A That's correct.

14 Q And this maybe just a clarifying question. A  
15 lot of times when we lawyers are looking a back at the  
16 transcript, we will go, man, why didn't I follow up on  
17 that question. It's mainly because it's hard to remember  
18 the exact words that you asked of a question five minutes  
19 ago. Right. I want to make sure that I understand the  
20 question -- response to a question.

21 Earlier I think you testified that you did not  
22 assist in collecting documents with or for your attorney.  
23 I am assuming we are talking about in response to this  
24 case that we are here about today?

25 A That's correct.



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1 Q So you graduated from Perdue?  
2 A That's correct.  
3 Q You are a Boilermaker?  
4 A That's correct.  
5 Q What is this is off topic. I always wanted to  
6 do know what a Boilermaker is, like a Tar Heels, no one  
7 knows?  
8 A It's, no it's somebody that made the boilers for  
9 steam engines.  
10 Q Okay. Are you -- that's in Indiana, correct?  
11 A That's correct.  
12 Q Are you from Indiana?  
13 A Yes.  
14 Q What part?  
15 A I was born in Goshen which is the northern part  
16 of Indiana.  
17 Q That sounds like a biblical name, isn't it?  
18 A It is.  
19 Q It's been a long time since I have been to  
20 Sunday School. That sounds familiar. Did you prepare for  
21 your testimony today?  
22 A I did.  
23 Q Other than your attorneys, did you meet with  
24 anyone else to discuss your testimony here today?  
25 A No.

♀

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1 Q Did you review any documents for your testimony  
2 here today?

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3 A I did.

4 Q What document were those?

5 A A number of emails -- excuse me.

6 Q Not communications your attorney.

7 MR. WILBON: The only documents he  
8 reviewed -- he didn't review any documents  
9 independent of with me. He doesn't have any --  
10 the only thing that he did was all in preparation  
11 for me. He didn't have any documents that he did  
12 not review -- I mean, he reviewed on his own  
13 outside of his meeting with me.

14 MR. PEEL: Do you mind if we take a break?  
15 I want to talk with you real quick.

16 THE VIDEOGRAPHER: Going off the record at  
17 10:25.

18 (Recess held.)

19 THE VIDEOGRAPHER: We are back on the record  
20 at 10:28.

21 BY MR. PEEL:

22 Q Did you prepare we were talking about your  
23 preparation for today's deposition. What documents did  
24 you review?

25 A Various emails, contracts, things like that.

♀

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1 Q What emails did you review?

2 A A number of them. I can't remember exactly  
3 dates or times or anything like that. If you show me what  
4 you got, I can tell you whether I reviewed it or not.

5 Q When did this meeting take place?

6 A Two days ago.

7 Q What contracts did you review?

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8 A The contract with Mid-South. Then there was a  
9 consulting agreement as well. There's other documents. I  
10 don't remember all the ones we reviewed but.

11 Q So what you recall as we sit here today  
12 reviewing are emails that you don't know what they are?

13 A Various emails. I can't quote to you, if you  
14 show to me. I can tell you whether I looked at them or  
15 not.

16 Q Do you have any specific recollection of any  
17 particular email, as we sit here today?

18 A There were emails when we were passing the  
19 contract back and forth, things like that.

20 Q You are talking about the contract bank and  
21 forth, you are talking about the consulting agreement?

22 A The consulting agreement, and there was some  
23 emails relative to distribution agreement, things like  
24 that.

25 Q Do you recall whether any of the emails that you

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1 reviewed did not have a Bates stamped number at the  
2 bottom?

3 MR. WILBON: Objection.

4 MR. PEEL: I am talking about the emails.

5 MR. WILBON: You are asking him -- my  
6 objection. You are asking him if he received  
7 emails that didn't have Bates numbers, which did  
8 I show him.

9 MR. PEEL: You are --

10 MR. WILBON: Hold on. You are asking him if  
11 he looked at emails that I showed him, because as

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12 I told you, that's what our discussion about,  
13 things that he looked at, he looked at in  
14 conjunction with the meeting he was having with  
15 me.

16 You are asking him did he look at things  
17 that didn't have an Bates number, i.e., did I  
18 show him emails not produced to you. I will  
19 instruct him not to answer that, because you  
20 are asking him for my mental thought processes  
21 as to what I showed him. You can proceed with  
22 your line of questioning.

23 MR. PEEL: Hold on, hold on. Let's be real  
24 specific here. Let's review, look at the  
25 question again and see what the objection is.

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1 Is.

2 MR. WILBON: Did you review any emails that  
3 didn't have Bates numbers on them.

4 MR. PEEL: Let's see what he says.

5 (Question read)

6 BY MR. PEEL:

7 Q Let's qualify that. Excluding any  
8 communications with your counsel or any counsel that  
9 represents MiMedx in this case, did any of the emails that  
10 you reviewed not have a Bates stamped number at the bottom  
11 of it?

12 MR. WILBON: You are asking him reviewed in  
13 his meeting with me?

14 MR. PEEL: Yes.

15 MR. WILBON: So again, that's the same  
16 objection. You are asking him you are trying to

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17 see what did I show him --

18 MR. PEEL: No, no, that's what you are  
19 saying, Dude. I don't know what -- listen, if  
20 you want to sit there and say -- listen, Man.

21 MR. WILBON: If you got specific emails and  
22 things you want to ask him about, ask him about  
23 it.

24 MR. PEEL: I think what we should do is  
25 this. That's the question that's on the board.

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1 Do you have an objection to it? If so, please  
2 state your objection. If you are going to  
3 instruct him not to answer, then instruct him not  
4 to answer. Then we can move on and we can  
5 address it with Judge Fowlkes.

6 MR. WILBON: I will not allow him to tell  
7 you what specific documents I showed him. If you  
8 got documents you want to ask him about  
9 independent, you are fine. But as to what I  
10 showed him in a meeting with me, he is not going  
11 to answer that.

12 MR. PEEL: Okay. So if you showed him the  
13 contract, I can't ask him about the contract?

14 MR. WILBON: Didn't he just answer about the  
15 contract? He answered about every document you  
16 asked him about.

17 MR. PEEL: Listen, man, I am about done. I  
18 am about done.

19 MR. WILBON: Quit, if you want to. I don't  
20 care about you quitting.

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21 MR. PEEL: I am about done with you.  
22 MR. WILBON: Well, I don't care about that.  
23 He -- you asked him about the contract. He  
24 answered about the contract. He answered --  
25 MR. PEEL: No, no, no. I asked him, what

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1 documents did you review. He said emails and  
2 contracts. He answered the question. There was  
3 no objection to any of that. There is nothing  
4 objectionable about me asking about what  
5 documents he reviewed.

6 MR. WILBON: Did I instruct him not to  
7 answer the documents that he reviewed? You asked  
8 him and trying to get at what did I show him,  
9 when you say were they Bates or not. A general  
10 question about what did I show him in a meeting  
11 whether they were Bates or not --

12 MR. PEEL: Did you not produce emails for me  
13 in this case?

14 MR. WILBON: Ask him about emails I produced  
15 to you. But don't try to backdoor me --

16 THE REPORTER: Please speak one at a time.

17 MR. WILBON: If you got specific  
18 questions --

19 MR. PEEL: Did you not produce emails to me  
20 in this case that I have been requested; did you  
21 not?

22 MR. WILBON: Didn't you just ask him  
23 about --

24 MR. PEEL: I am asking you --

25 THE REPORTER: I'm sorry. I can only take  
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1 one person at a time.

2 MR. PEEL: I am asking you, I am going you  
3 on the record: Did you not produce emails to me  
4 in this case that have been requested for by me  
5 other than what's contained in your privilege?

6 MR. WILBON: You know that we produced  
7 emails.

8 MR. PEEL: No. Okay. Are there emails that  
9 you did not produce to me that have been  
10 requested in this case other than what's not  
11 contained in your privilege law? That's what I  
12 want to know.

13 MR. WILBON: If you ask for emails between  
14 me and Mark, I didn't produce privileged emails.  
15 If me and the client discussed privileged emails,  
16 that makes no sense.

17 MR. PEEL: Did you not produce emails --

18 MR. WILBON: You can ask your question.

19 MR. PEEL: That have been requested by me in  
20 this case that are not contained in your  
21 privileged law?

22 MR. WILBON: What? I am not the deponent  
23 here.

24 MR. PEEL: No, no, no. We are going to get  
25 to the bottom of this. We are going to get to

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1 the bottom of this. We are going to get to the  
2 bottom of this.

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3 MR. WILBON: It doesn't have to be --  
4 MR. PEEL: I want to know it on the record.  
5 MR. WILBON: If I email something to Mr.  
6 Taylor in this case, that's not something  
7 produced to you. If he and I are sitting there  
8 and discussing it in a meeting among us, that's  
9 not relevant, that is not something that needs to  
10 be produced, and it's not something you will try  
11 to backdoor to --  
12 MR. PEEL: I am asking whether you are going  
13 to -- let me talk, whether you failed to produce  
14 emails in this case that I requested in my  
15 discovery that are not contained in your  
16 privileged law.  
17 MR. WILBON: That's a dumb question. That  
18 has nothing to do with -- I produced --  
19 MR. PEEL: Can you please answer a question?  
20 MR. WILBON: I am not a deponent. I don't  
21 have to refuse or not refuse --  
22 MR. PEEL: You are making a basis for an  
23 objection. And we are creating a record for  
24 Judge Fowlkes.  
25 MR. WILBON: You create whatever record you

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1 want. But I am telling you --  
2 MR. PEEL: Are you telling me right now --  
3 MR. WILBON: If you are asking him --  
4 THE REPORTER: Okay. If you gentlemen are  
5 going to continue to talk over each other, I  
6 can't write.  
7 MR. WILBON: Let's proceed with the  
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8 deposition. We can proceed with the deposition.

9 If you are asking him about emails, say,  
10 between me and him that are privileged that  
11 don't have Bates numbers on there, that is not  
12 something that I would produce in this case.  
13 It wouldn't be relevant nor would it be  
14 discoverable. You are trying to backdoor your  
15 way asking him was it emails that he saw  
16 directly from me in a meeting. You are not  
17 going to ask him about that. That's my  
18 objection.

19 MR. PEEL: Let me get back on the record.

20 We are still on the record.

21 BY MR. PEEL:

22 Q Mr. Taylor, other than communications with your  
23 lawyer or any lawyer in this case, have you reviewed  
24 emails in preparation for this testimony today that did  
25 not have a Bates-stamped number on it?

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1 A I did not review emails outside of my  
2 preparation with my attorney.

3 Q Okay. With respect for preparation with your  
4 attorney, did you review emails that are not  
5 communications with your attorney, or any attorney for  
6 that matter, that did not contain a Bates-stamped number?

7 A Those reviews were done with my attorney. I  
8 don't know that I can talk about things we are in the  
9 middle of with my attorney. That's my understanding.

10 Q I will ask you the question again: It's either  
11 a yes or a no or you refuse to answer.

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12 MR. WILBON: Or if he knows.

13 BY MR. PEEL:

14 Q Did you review emails in this case in  
15 preparation for your testimony today that are not  
16 communications your lawyers that do not have a  
17 Bates-stamped number on it?

18 MR. WILBON: And outside the presentation of  
19 the lawyer.

20 MR. PEEL: Stop your -- no, no. I don't  
21 care how you --

22 BY MR. PEEL:

23 Q I don't care where it happened. I want to know  
24 whether you reviewed them or not.

25 A I can tell you I didn't pay any attention to any

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1 kind of legal numbers that were on these documents. I  
2 just read the scope of the documents. So I don't recall.

3 Q Okay.

4 MR. PEEL: No more speaking objections,  
5 Clarence. Because you just gave him the answer.

6 MR. WILBON: I didn't give him any answer.

7 MR. PEEL: Speaking objection is unethical.

8 MR. WILBON: Let's go back and look at  
9 Norm's if you want to talk about unethical.  
10 Nevertheless, that was not a speaking objection.

11 MR. PEEL: You just told him the answer,  
12 man. You just told him the answer.

13 A I think I am a little brighter than that. Thank  
14 you.

15 BY MR. PEEL:

16 Q There is no question to you, sir. This is  
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17 colloquy between me and him.

18 MR. WILBON: You may want to stop with the  
19 finger pointing if we are going to do this  
20 deposition. I am just going to tell you may want  
21 to stop with that, because we are not your  
22 children, we are not your children.

23 MR. PEEL: Let's take a break.

24 THE VIDEOGRAPHER: Going off the record at  
25 10:37.

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1 THE REPORTER: Before we go back on the  
2 record, I would like to chime in one more time.  
3 I cannot take more than one person at a time.  
4 You have hired me to create a record, and I'd  
5 like to make a good clean record for you. But I  
6 am unable to do that when you both are speaking  
7 over each other.

8 (Recess held.)

9 THE VIDEOGRAPHER: We are back on the record  
10 at 10:39.

11 BY MR. PEEL:

12 Q What documents did you review in preparation for  
13 your testimony here today?

14 MR. WILBON: Asked and answered.

15 A As I mentioned, the emails, agreement consulting  
16 agreement, things like that.

17 BY MR. PEEL:

18 Q What specific emails did you review?

19 A Again, I can't remember every single one of  
20 them. If you want to share some emails with me, I can

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21 tell you if I reviewed it or not.

22 Q You have no recollection, as we sit here today,  
23 of any particular email that you reviewed in preparation  
24 for your testimony today?

25 A I already answered that question.

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1 Q Is that a no?

2 A I already answered.

3 Q Is it a no?

4 A Look at the record.

5 Q Is it a no?

6 A I gave you an example of what I remembered.

7 Q Do you have a specific recollection of any  
8 particular email that you reviewed in preparation for  
9 today's testimony as we sit here right now?

10 MR. WILBON: He just objected. He asked and  
11 answered that.

12 BY MR. PEEL:

13 Q I am asking you again. You can answer the  
14 question again.

15 A I remembered some back and forth relative to the  
16 contracts as I mentioned before.

17 Q Both the consulting agreement and the other  
18 distributorship agreements?

19 A Consulting agreement and one of distributor  
20 agreements. I don't remember which one of the distributor  
21 agreements, which iteration of that.

22 Q Do you remember dates?

23 A No.

24 Q Do you remember who it was with?

25 A What was with?

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1 Q The email communication that you reviewed.

2 A There were several emails and several people.

3 It's hard to answer that question.

4 Q Do you know or do you not know?

5 A I can't remember specifically which ones were

6 from whom.

7 Q So emails and contracts, that's it, that's all  
8 you reviewed in preparation for your testimony here today?

9 A That's what I recall today.

10 Q You didn't review the complaint?

11 A I remember the key part about the dollars that  
12 are in the middle. I don't think I read the entire  
13 complaint.

14 Q You read part of the complaint, though?

15 A Relative to the allegation.

16 Q Is that a yes?

17 A Yes.

18 Q Did you review any discovery responses of Mi Medx  
19 in this case?

20 A I don't recall reviewing those.

21 Q How about Plaintiff's discovery responses?

22 A I don't remember reviewing those either.

23 Q Okay. So you did review the complaint partly?

24 A About the \$300,000 allegation, yes.

25 Q Was that in preparation for today's testimony?

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1 A Yes.

2 Q How about the answer filed by Mi Medx in this

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3 case, did you review that?

4 A I don't remember going through that.

5 Q Do you remember reviewing any other documents  
6 filed by your counsel in this case, that is, for example,  
7 the motion for judgment on the pleadings?

8 A I don't remember that one specifically.

9 Q Okay. Now, other than your counsel, did you  
10 speak with anyone else other than your counsel in  
11 preparation for your testimony here today?

12 A No.

13 Q You did not speak with anyone at Mi Medx?

14 A No. Other than telling people that I was going  
15 to a deposition but it was not in preparation.

16 Q Did you communicate with anyone at memo  
17 diagnosis concerning your deposition here today?

18 A Telling them that I am going to a deposition,  
19 yes, not about any of the subject matter or anything like  
20 that other than it's in the Mid-South case.

21 Q Who did you speak with?

22 A My wife, I told her I was going to a deposition.  
23 My assistant. Our chairman Pete. Probably a few other  
24 people who come to mind right now.

25 Q Your conversation with Mr. --

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1 A Peti t.

2 Q Parker Peti t?

3 MR. WILBON: P-E-T-I-T.

4 BY MR. PEEL:

5 Q You spoke with Mr. Pete about your testimony  
6 here today?

7 A That's not what I said. I told him I was going  
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EXHIBIT 2

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8 to a deposition. I didn't speak with anybody about my  
9 testimony, only that I was going to be deposed.

10 Q When did that conversation take place?

11 A Yesterday.

12 Q And what were, where, circumstances?

13 A In the office. I told him I wasn't going to be  
14 in the office this morning because I was going to be at  
15 this deposition.

16 Q What did Mr. Petit --

17 A Petit.

18 Q It's Pete Petit?

19 A Correct.

20 Q Did Mr. Petit respond back?

21 A My recollection is he said something like okay  
22 or something to that nature.

23 Q So other than Mr. Petit and your assistant at  
24 Mi Medx, did you speak with anyone else about your  
25 deposition today?

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1 A I mentioned to it my wife.

2 Q I said at Mi Medx.

3 A Oh, Mi Medx. I can't remember. There may have  
4 been somebody but nobody is coming to mind.

5 Q Did you speak with Mr. Carlton?

6 A I spoke with him. I can't remember if I spoke  
7 with him about me coming here today.

8 Q Did you speak with him about this lawsuit?

9 A No.

10 Q Did you speak with him about -- you did not  
11 speak with him about this lawsuit?

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12 A The only thing that I would have -- if I did, it  
13 was that I am coming to be deposed. That's it.

14 Q How about Mr. Diaz?

15 A I don't recall telling him I am being deposed  
16 today. It could have happened. I don't remember.

17 Q Have you spoken with Mr. Diaz about this  
18 lawsuit?

19 MR. WILBON: Are you asking him ever?

20 MR. PEEL: Yes.

21 A I can't remember. I might have. I don't  
22 remember.

23 BY MR. PEEL:

24 Q Same question for Mr. Carlton, that is, did you  
25 speak with Mr. Carlton about this lawsuit at any point in

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1 time prior to today?

2 A I don't remember specifics. We got -- Pete got  
3 an email from Norm. It looked like a spam email. There  
4 was an email conversation saying this is from Norm. Don't  
5 know why he would send an email like this during the  
6 lawsuit. It looked like it was spam like he had been  
7 hacked or something.

8 Q Is that the substance of your conversation with  
9 Mr. Carlton about this lawsuit?

10 A Recently, yes. Earlier than that, I don't  
11 remember conversations. It's been going on for many years  
12 now.

13 Q You don't remember any specific conversations?

14 A Correct.

15 Q Are you saying you never talked with him about  
16 this lawsuit or you just don't recall talking with him



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17 about this lawsuit?

18 A Don't remember. I don't recall.

19 Q Did you review the notice of deposition in this  
20 case, that is the 30(b)6 notice deposition from Mi Medx?

21 A I am not a 30(b)6 witness. I don't remember  
22 looking at that. I don't think it's related to me.

23 Q So that's a no?

24 A It's a I don't remember looking at that.

25 Q You do not remember looking at the 30(b)6 notice

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1 of deposition?

2 A Correct.

3 Q It's possible you just don't remember?

4 A That's correct.

5 MR. WILBON: Objection. You can answer.

6 A That's correct.

7 BY MR. PEEL:

8 Q When was the first time you ever met Norm  
9 LaChapelle, spelled L-A-C-H-A-P-E-L-L-E.

10 A I can't remember the date.

11 Q Do you mind if I call him Norm? It's much easier  
12 than LaChapelle.

13 A Much yes, sir I don't remember for necessity.

14 Q I can never get his name right, so I will spell  
15 it C-H-A-P-P-E-L-L-E it's only one P. It's easier to  
16 refer to him as Norm. So we understand each other, we  
17 understand each other when we say Norm?

18 A That's correct.

19 Q You have met Norm before?

20 A I have. I don't remember the year. But I

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21 remember at least meeting him and Judd, who was involved  
22 in the business as well back when we were in our what's  
23 called the address was at Chastain address which is in  
24 Kennesaw. I remember meeting him in that office. We are  
25 not in that office today. That would have been 2011 or

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1 2012 or somewhere around there. I don't remember  
2 specifically.

3 Q What was your personal impression of Mr. -- of  
4 Norm at the time you met him or afterwards?

5 A I can't remember what my initial impression was.  
6 It was good enough to do a contract with him.

7 Q What is your --

8 MR. WILBON: I am not rushing you by any  
9 means. I am just asking the question -- let's go  
10 off the record.

11 THE VIDEOGRAPHER: Going off the record at  
12 10:51.

13 (Off the record.)

14 THE VIDEOGRAPHER: We are back on the record  
15 at 10:55 with the beginning of Disk 2.

16 BY MR. PEEL:

17 Q I guess I was asking you about what your first  
18 thoughts were or your opinion was about Norm when you  
19 first met him?

20 A It was favorable to do business with him, new to  
21 do a contract.

22 Q Nothing else comes to mind?

23 A No.

24 Q And what is your opinion of Mr. Norm now?

25 A Well, I would like to understand why he doesn't  
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1 abide by the contract and suing us. It doesn't make a  
2 whole lot of sense to me. That kind of covers it.

3 Q Were you involved in the decision to terminate  
4 Mid-South Biologics?

5 A Yes.

6 Q From --

7 A Excuse me.

8 Q From whatever agreements existed at the time  
9 between the two, that is, between Mid-South Biologics and  
10 Mi Medx?

11 A Yes.

12 Q Tell me a little bit about that. What happened?

13 A Well, I think the in my view, the straw that  
14 broke the camel's back was when he physically threatened  
15 Mike Carlton.

16 Q What do you mean straw that broke the camel's  
17 back?

18 A Prior to that, the relationship was difficult  
19 because he or the people that reported to him were  
20 continuously calling our accounts payable people and  
21 harassing them to the point where one of them was  
22 basically in tears because of the way she was being  
23 harassed. I at one point called Norm and told him we had  
24 to have a professional relationship. They should not be  
25 treating it this way. If they decided to treat us that

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1 way we would terminate the contract.

2 Q So the straw that broke the camel's back, the

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3 camel's back, I guess would be the I guess requests or  
4 inquiries about payment from after care to MiMedx? I am  
5 trying to understand. How I took your testimony, that's  
6 just me, is that it was a contentious relationship at some  
7 point in time before this incident where you allege that  
8 Mr. Norm threatened someone. I am trying to get an  
9 understanding of the bases for your statement that it was  
10 a contentious relationship up to that point. Are you  
11 following me so far?

12 A I believe so.

13 Q Okay. And so you mentioned this scenario of  
14 Norm or someone from Mid-South Biologics calling in to  
15 after care asking about payment?

16 A I did not say after care.

17 Q Oh, I'm sorry. Not AvKare. I meant to say  
18 MiMedx. Is that what you said?

19 A That's correct.

20 Q Tell me a little bit more about that.

21 A My recollection is that the way that our  
22 agreement was structured is that they we would pay  
23 Mid-South for this we call it an override for the  
24 introduction to AvKare. We would pay them after we got  
25 paid in a calendar year until we reached the -- or if we

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1 reached the maximum which was the 3 percent on 10 million  
2 in revenue, in which those payments would stop until the  
3 next calendar year -- not calendar year, next 12 month  
4 period began.

5 And we repeatedly would get calls and complaints  
6 from someone at hit South yelling at our payable people  
7 saying was our payment in fact when it was not do you.

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8 That happened multiple times as I indicated.

9 Q Did MiMedx in the first year of the consulting  
10 agreement fulfill its obligations to pay according to the  
11 contract when it received payment from AvKare?

12 A My understanding is that we did that.

13 Q Okay. What is that based upon, what is your  
14 understanding based upon?

15 A My understanding is that we paid him the amounts  
16 in the first two years and a small portion of the third  
17 year. That it was a few days we had a 30 day termination  
18 provision if I remember correctly. And at the end of that  
19 30 days was four or five days into the third year he got  
20 paid a small amount for that as well.

21 Q I am talking about the first year of the  
22 consulting agreement. Do you follow me so far?

23 A Okay.

24 Q 2012, right?

25 A It started in 2012. It didn't end in 2012.

♀

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1 Q June of 2012, right?

2 A That sounds about right.

3 Q Okay. And what did the consulting agreement  
4 state when Mid-South Biologics was supposed to receive  
5 payment and the time of that payment? According to the  
6 consulting agreement.

7 MR. WILBON: Can you show him that? You are  
8 asking him to recall what it said without from  
9 2012 off the top of his head. If that's what you  
10 are asking off the top of his head.

11 MR. PEEL: He wants to look at it, let him

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12 say.

13 A Again my recollection is that we would we  
14 obligated to pay them a certain number of days after we  
15 got paid on that. I don't remember the exact number of  
16 days. But it was a certain number of days. My  
17 understanding is we did that appropriately.

18 Q Okay. For the first year of the contract?

19 A Correct.

20 Q Okay. Let's go back to 2011. I want to show  
21 you some documents. I will hand them to you. I will give  
22 this to you. I will not necessarily ask questions about  
23 all of them. They are in all in chronological order.

24 (Exhibit 2 marked for identification.)

25 (Discussion off the record.)

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1 BY MR. PEEL:

2 Q What is your document?

3 MR. WILBON: This is different.

4 BY MR. PEEL:

5 Q What's the Bates stamped number?

6 A I will give it to you and let you determine  
7 that.

8 Q It's 91. I gave you the wrong one. I have  
9 handed you what is marked as Exhibit 2; is that correct?

10 A That's correct.

11 Q And it's Bates stamped number MMX 000091.  
12 Right?

13 A Correct.

14 Q And tell me is this an email from Mike Carlton  
15 to you dated August 29th, 2011?

16 A It appears so.

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17 Q And it says, Mike, to you. He is on a roll.  
18 And needs something, parenthesis, 5,000 options each Norm  
19 and Judd, 10,000 total, not much, also 5 percent is a big  
20 motivator, in parenthesis. Did I read that more or less  
21 correctly?

22 A Yes.

23 Q And what is he talking about here?

24 A It looks like they are talking about -- when you  
25 say he, you mean Mike Carlton?

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1 Q It's to you, though, right?

2 A It is.

3 Q Okay. Do you not -- hold on. Do you not know  
4 what he is talking about?

5 MR. WILBON: Ask him if he had time to read  
6 the whole email as opposed to just reading one  
7 sentence.

8 MR. PEEL: Sure.

9 BY MR. PEEL:

10 Q Do you need more time? The other part of the  
11 email is not to him.

12 A I don't know if there was other emails that was  
13 associated with this.

14 Q Are you reviewing it?

15 A I am okay.

16 Q Are you good?

17 A Yes.

18 Q So the email from Mike to you, do you see that  
19 at the top?

20 A Yes.

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21 Q And do you know what Mike's is talking about?

22 A He is talking about his proposal to give options  
23 to Norm and Judd. And it looks like some type of an  
24 override.

25 Q Okay. And the options to Norm and Judd. We are

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1 talking about Judd Grisanti?

2 A Yes.

3 Q And we are one says Norm, we are talking Norm  
4 LaChapelle?

5 A Yes.

6 Q Was there ever -- options, you are talking about  
7 stock options in Mi Medx?

8 A Mi Medx stock options, correct.

9 Q Do you know why he is sending this to you?

10 A Because I am one of the people that will  
11 recommend to the Com might if he anybody would get stock  
12 option Osorio are stock from the company.

13 Q What was your response to this email?

14 A I don't remember. If you have another email  
15 that can show me. This is a long time ago.

16 Q I really don't. I am just wondering if you know  
17 what you did?

18 A I don't remember.

19 Q Were options, that is, stock options for Norm  
20 ever acted upon by Mi Medx, that is, were they ever offered  
21 to him?

22 MR. WILBON: Pursuant to this?

23 MR. PEEL: Ever.

24 MR. WILBON: In general.

25 A I don't remember what we did. There's a lot of  
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1 people that are in options program. I can't remember who  
2 are in or out or who we discussed and didn't get it, et  
3 cetera. I don't remember.

4 BY MR. PEEL:

5 Q To make sure I understand, you don't know?

6 A I don't remember whether we did or did not.

7 Q Okay. When he said he is on a roll, what did  
8 that mean to you?

9 A Again, it's very hard to put myself back into my  
10 frame of mind back to 2011. So I don't remember what it  
11 meant to me at that time.

12 Q Well, look at -- I mean, this is an email that's  
13 being sent to you from Mike to you on August 29th, 2011,  
14 correct?

15 A Correct.

16 Q And it looks like it's forwarding information or  
17 at least forwarding him emails from Norm to Mike below  
18 that?

19 A Right.

20 Q And Norm says, Mike, here is Bob's information.  
21 I believe he wants to be a stocking distributor. When you  
22 have a chance, give him a call. He also said that he  
23 would give me leads on other distributors for setting him  
24 up. I sold 16K worth of AMNIOFIX -- that's  
25 A-M-N-I-O-F-I-X -- today to a dermatology group and did

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1 our first -- I am not sure how you pronounce that --  
2 prostatectomy?

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3 A That's correct.

4 Q Do you want me to spell it for you? In Memphis.

5 Both surgeons loved it. Regards, The Memphis Mafia. Did

6 I read that correctly?

7 A Yes.

8 Q When Mike saying he is on a roll, is he not

9 referencing the email from Norm?

10 A It appears he is referencing an email from Norm.

11 Q I am not in your business. So I don't know if

12 selling \$16,000 worth of AMNIOFIX to a dermatology group

13 and did their first prostatectomy in Memphis is something

14 that is laudatory or good or bad. I mean ...

15 A Mike thought it was good.

16 Q Did you not?

17 A At that point in time I thought it was probably

18 okay. We were a very small company at that point in time.

19 Q You thought it was okay?

20 A I would expect that's what I thought. But I

21 can't remember specifically.

22 (Exhibit 3 marked for identification.)

23 Q I am handing you an email that is marked Exhibit

24 3. To make sure I am giving him the right thing, it's

25 says 68 at the bottom.

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1 A '95.

2 Q My bad. '95. Okay. Okay. And it's an email

3 from Mike Carlton to you and Pete Petit on October 21st,

4 2011; is that correct?

5 A Yes.

6 Q And it's forwarding an email from Norm to Mike

7 to both you and Mr. Petit, correct?

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8 A Yes.

9 Q And Norm states in his email to Mike: The way  
10 you described it and what I read is different, I can't  
11 believe that a company would offer an eight state  
12 preferred vendor for a measly 150K without any significant  
13 sales. I don't mind playing the game. Just make it an  
14 even playing field. I know Kevin and Gary very well. I  
15 will not be involved with them or the way they conduct  
16 business. I will give you 200K and ask for all 50 states,  
17 exclamation point. Ha. Talk to you soon. Did I read  
18 that relatively correct?

19 A Yes.

20 Q Mike's response to you and Bill was: Expected  
21 feedback from Mid-South Biologics. Did I read that  
22 correctly?

23 A Where you said to me and Bill. I think you mean  
24 to me and Pete but yes. Other than that.

25 Q You are not Pete?

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1 A I am not.

2 Q Shocker. Okay. So to you and Pete, right?

3 A Correct.

4 Q Did you respond to this email if you recall?

5 A I don't remember.

6 Q Do you know what he is talking about here?

7 A It appears that he is talking about this Kevin  
8 and Gary people that appear to be other distributors or  
9 something.

10 Q Well, I am talking about expected feedback. My  
11 comments Mike Carlton's comments on Norm's email was

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12 expected feedback from Mid-South Biologicals. Do you know  
13 why that was expected?

14 A I can't remember. That's a long time ago. Now  
15 we are talking 2011.

16 Q What was your understanding or knowledge of the  
17 relationship that is contractually between Mi Medx and  
18 Mid-South Biologicals in this period of time in 2011?

19 A I don't remember. I mean, at one point in time  
20 they were a distributor. I don't remember the date that  
21 they started or anything like that.

22 Q Now, when you say a distributor, distributorship  
23 agreement; is that what you are saying?

24 A At one point in time, right.

25 Q People wouldn't, people like Norm wouldn't be

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1 distributing Mi Medx product without an agreement to do so,  
2 right?

3 A Well, there's different kinds of agreements.  
4 You can have a distribution agreement, purchase order that  
5 has an agreement on it. I am sure there was some type of  
6 agreement when we worked with them.

7 Q There's going to be a written agreement, you are  
8 not going to be doing stuff on a handshake?

9 A Typically, there's written agreements.  
10 Sometimes we have sold products to distributors without a  
11 distribution agreement. But the agreement was on  
12 basically a purchase order agreement.

13 Q I see what you are saying. Someone sends in a  
14 purchase order and buy from you?

15 A We may say we will sell you something on a one  
16 time basis as a purchase order as opposed to having an

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17 agreement. It didn't we didn't do it often but a few  
18 times.

19 Q Did it ever happen with Mid-South Biologics?

20 A I don't remember.

21 Q How would you describe MiMedx market at this  
22 point in time, that is, two big categories, governmental  
23 market, non-governmental market?

24 MR. WILBON: 2011.

25 MR. PEEL: Correct.

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1 BY MR. PEEL:

2 Q Go ahead.

3 A That was the year we were -- we just acquired a  
4 company called Surgical Biologics in January of 2011. And  
5 we were very small company. I think our entire revenue in  
6 2011 was in the neighborhood of \$8 million, maybe a little  
7 under that. We were not a very big company. We had, I  
8 believe it was later in 2011 we had a contract with the  
9 company called Affirmative Solutions, which was the  
10 company we were working with to sell into the government  
11 accounts, VAs, things like that, DOD.

12 Then we also had -- in '11 we were selling our  
13 products mainly through distributors. We didn't really  
14 have much -- there might have been a very small amount.  
15 Essentially, most of our revenue was through distributors.  
16 We didn't start doing a large scale direct business until  
17 2012.

18 Q And the name of the company that you were  
19 working with to sell into the governmental facilities?

20 A It was called Affirmative Solutions.

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21 Q Had you actually made any sales into the  
22 governmental facilities into Affirmative Solutions in the  
23 time we are talking about?

24 A We made some sales. I don't remember exactly  
25 the period of time. It was a reasonably low number. I

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1 don't remember when they started ordering or what that  
2 period of time was other than sometime between 2011 and  
3 2012.

4 Q Sometime between 2011 and 2012?

5 A Correct.

6 Q And what is your understanding of the  
7 requirements to be able to sell products like yourself,  
8 that is products like MiMedx to governmental facilities,  
9 what do you have to do in order to be able to sell those  
10 products to the government?

11 A There is a lot of different ways you can sell.  
12 Open market contract, which is simply getting a purchasing  
13 agent in a particular VA or whatever to issue a purchase  
14 order. You can do it that way. There are ways where you  
15 can be on a federal supply schedule, which means you have  
16 to be contracted with the government for a certain number  
17 of products that is negotiated, as I understand it, as a  
18 national price essentially. You can do what are called  
19 VISN level contracts, V-I-S-N. I know you are going to  
20 ask me what it stands for. I can't remember what it  
21 stands for. It's essentially an area of the country that  
22 has a number of federal agencies underneath it. You can  
23 do a advise know level contract for various products.  
24 There are other mechanisms as well, but those are the ones  
25 that I can think of at the moment.

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1 Q With Affirmative Solutions in 2011, 2012, did  
2 you have any open market contracts, for example, purchase  
3 orders for the federal government?

4 A We sold to Affirmative Solutions. And  
5 Affirmative Solutions sold to the government. So we did  
6 not have any governments with the government if that's  
7 what you are asking.

8 Q Okay. I am asking you said there's open market  
9 contracts.

10 A Which is effectively a purchase order.

11 Q Yeah.

12 A Effectively. So but that again would have been  
13 between Affirmative Solutions and the government entity,  
14 VA or whatever, not between MiMedx and the VA.

15 Q Do you recall if there were any purchase orders  
16 made by Affirmative Solutions for your products?

17 A To us or with the VAs in.

18 Q Either.

19 A Okay. So yes, they there were purchase orders  
20 that they made out to us for stocking product. That they  
21 took. They in turn would resell in to the government like  
22 a distributor would.

23 Q Could they have sold the product to someone none  
24 governmental?

25 A We would have to go back and look at our

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1 contract. I think they were focused in a certain  
2 territory which was government contracts. That's my

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3 recollection.

4 Q Okay. I was just wondering because they buy it  
5 in you, do you know what they do with it afterwards, I  
6 guess they can buy all they want. And sell it to whom  
7 ever they want. How are you going to know under that  
8 arrangement who they sell it to?

9 A Under our contract, typically with distribution  
10 contracts, we would have a territory that's defined in  
11 there. That territory is what they are supposed to stay  
12 within. They are not supposed to go whether it be them or  
13 anybody else, outside of the territory for selling their  
14 products.

15 Q And as we sit here today, do you recall what  
16 their territory was, that is Affirmative Solutions  
17 territory was?

18 A I believe it was either VAs or government  
19 accounts, something like that. I don't believe they had  
20 if they had commercial accounts, it wasn't very many.

21 Q And okay. So we mentioned these kind of  
22 purchase orders, that sort of thing. We also mentioned  
23 the federal supply schedule, FS&S?

24 A Correct.

25 Q Did you have that type of relationship or

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1 arrangement with Affirmative Solutions at this time?

2 A They did not have a federal supply schedule at  
3 the time or at least as it related to our products. I  
4 don't remember if they had federal supply with other  
5 products. I don't remember. But they did not for our  
6 products. They were working on it over the period of, I  
7 think back hatch of 2011 and early 2012.

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8 Q I'm sorry. I didn't catch that last part?

9 A They were parking on, we had discussions on them  
10 getting a federal supply schedule that our products could  
11 be put on. That was during, again, approximately back-end  
12 of 2011 and first part of 2012.

13 Q Before the AvKare agreement was executed between  
14 Mi Medx and AvKare, had you, had Mi Medx been put on the  
15 FS&S with Affirmative Solutions?

16 A No.

17 Q This is VISN thing VISN, did you have any -- I  
18 am uncertain what that is. But did you have that  
19 relationship or agreement with Affirmative Solutions?

20 A It would have been Affirmative Solutions having  
21 those contracts. And at least as it relates to our  
22 products, they did not have those. I don't know if they  
23 had any with other products.

24 Q Better you aware in January 2012 that Mid-South  
25 Biologics was negotiating with AvKare to reach an

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1 agreement for distribution of your products, that is  
2 Mi Medx products?

3 A I don't remember the month that I became aware.  
4 But when I became aware of it, I was very upset.

5 Q Okay. Tell me why.

6 A Because Mid-South Biologics did not have the  
7 authority to be negotiating with AvKare. They weren't  
8 given that authority. They didn't have the authority  
9 contractually. They were trying to set up a new company  
10 that would byproduct supposedly from us and they would  
11 turnaround and sell product to AvKare. They didn't have

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12 the authority to do that. When I found out about it and  
13 was upset and put a stop to it.

14 Q When you say didn't have the contractual  
15 authorized to do that, tell me the basis for that.

16 A Well, considering we didn't have a contract,  
17 they didn't have authorized to it I they were representing  
18 Mi Medx with AvKare trying to set pricing and come up with  
19 an agreement with AvKare, they had no authority to  
20 negotiate a contract like that because they didn't have  
21 the Countrywide distribution arrangement with us and we  
22 already had a contract with Affirmative Solutions. They  
23 knew nothing about that contractor our what our  
24 obligations were under that contract.

25 Q Now, are you saying that Mi Medx Mid-South

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1 Biologics couldn't struck its own deal with AvKare about  
2 distribution of product regardless of whether it's yours  
3 or not?

4 A They could have struck their own deal without  
5 outside of our products, they could have done that.

6 Q If they had reached an agreement with AvKare to  
7 distribute your product but didn't have an agreement with  
8 you on that point, that is to distribute product with  
9 AvKare, why couldn't they do that?

10 A They didn't have authorization from us to sell  
11 into the government facilities Nationwide. So that they  
12 would be constructing an agreement because they didn't  
13 have the rights to.

14 Q So if they had reached that agreement, between  
15 AvKare and Mid-South Biologics, what would have stopped  
16 Mid-South Biologics from going to Mi Medx and saying we

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17 executed this deal, let's do a deal on this? that is you  
18 and me, Mid-South Biologics and MiMedx doing a deal to  
19 sell to AvKare?

20 A Because as I understood it, they represented to  
21 AvKare they already had the rights to do what they were  
22 negotiating with AvKare and they didn't.

23 Q How do you know that?

24 A Because that's what they told us. They told us  
25 they were negotiating with them for Nationwide rights for

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1 them to sell our products, them being Mid-South biologic  
2 would sell our products to AvKare and Mid-South Biologics  
3 didn't have Nationwide rights on that. And the rights  
4 they did have still they weren't supposed to be selling it  
5 to the governmental agencies.

6 Q You say they, who is very?

7 A Mid-South.

8 Q No no, they told you that they were negotiating.  
9 You are saying they was Mid-South biologic and not AvKare?

10 A We had -- through the course of this, we had  
11 conversations with AvKare as well as Mid-South. Norm and  
12 his folks talked to our people being the company, Mike  
13 Carlton and myself, and that they were trying to make this  
14 middle man company, I don't remember what they were going  
15 to call it. It wasn't going to be Mid-South, some other  
16 company name. That they were going to set up exclusively  
17 to be a middleman company. My product must and sell to  
18 AvKare and AvKare would sell to government.

19 Q When did you first learn that Mid-South Biologic  
20 is negotiating with AvKare to do a deal?

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21 A I don't remember the exact month but it was  
22 probably in the neighborhood of January of 2012-ish.

23 Q How did you learn it?

24 A My recollection is that Mike Carlton told me at  
25 first that this was going on.

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1 Q What did Mike say?

2 A That I don't remember the exact words but it was  
3 essentially that they were trying to negotiate with some  
4 new company that they found which at the time I was not  
5 familiar with AvKare. That they could be large in the  
6 distribution in the federal government.

7 Q Do you know how Mike learned this?

8 A I don't know. I am not sure who at Mid-South  
9 told them.

10 Q How do you know it was someone from Mid-South?

11 A We later had conversations with Mid-South and  
12 ended up transition to be the introductory or override  
13 type of agreement. So in those conversations, we learned  
14 about what they were doing and so forth.

15 Q Are you saying the first time you found out that  
16 AvKare and Mid-South Biologics were negotiating was when  
17 Mike Carlton told you this?

18 A That's my recollection.

19 Q Okay. And do you know how Mike learned this  
20 information?

21 A I don't remember extremity complies I will how  
22 he learned from them.

23 Q Did Bill Cochrane tell them?

24 A I know Bill Cochrane was in the conversations  
25 but I don't know if he told him that or not.

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1 Q Did you have any conversations with Mr. Cochrane  
2 about any of this?

3 A I can't remember.

4 Q Wasn't Bill Cochrane hired soon thereafter by  
5 MiMedx in a national position?

6 A We hired him -- the way he was representing CPM,  
7 I don't remember if he was an employee or if he was a  
8 sales agent for them. And it was around that time. I  
9 don't remember the exact dates.

10 Q Did you hire him?

11 A Did I hire him?

12 Q Yes. Who hired him?

13 A I would have authorized the hiring. He would  
14 have reported in to Mike Carlton at that time.

15 Q Do you know if Bill Cochrane had any dealings  
16 with Norm and Mid-South Biologics while they were  
17 negotiating with the AvKare before he was hired by MiMedx?

18 A That sounds familiar, but I can't remember. I  
19 can't remember details around that.

20 Q And when you say it sounds familiar, what sounds  
21 familiar?

22 A It sounds like that Bill was in on the  
23 conversations that Mid-South and AvKare and so forth were  
24 having. But I don't remember the details there.

25 Q You say it sounds as if.

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1 A It's ringing a bell. It seems like he was part  
2 of that conversation, but I can't remember the details.

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3 Q When you say conversati on, are you talking about  
4 parti cular conversati on or series of conversati ons or what  
5 do you mean conversati on by conversati ons?

6 A The topic of Mi d-South setting up this new  
7 enti ty in order to buy product from us and selling it to  
8 AvKare, that general topic.

9 Q This conversati on that you had with Mi ke, where  
10 di d it take place when you first learned that AvKare was  
11 negoti ating with memo South Biologi cs?

12 A I don't remember where I was at the time.

13 Q Was it on the phone?

14 A I don't remember.

15 Q You don't remember who it was or other than  
16 Mi ke, you don't know whether anybody else was part of the  
17 conversati on?

18 A I am sure we brought other people in after that  
19 ini ti al conversati on. That ini ti al conversati on was I  
20 know Mi ke and I.

21 Q Okay. And you don't remember what he said to  
22 you?

23 A I remember he said these guys were trying to set  
24 up in between companies they di dn't have the right to set  
25 up.

♀

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1 Q They di dn't have the rights to set up as yet?

2 A Okay.

3 Q Is that do you have a response to that?

4 MR. WILBON: He responded.

5 A Yes, I mean, ei ther you have the rights or you  
6 don't have the rights. At the time they were negoti ating  
7 with AvKare they di dn't have the rights purporti ng they

48254204\_1.txt

8 were going to do.

9 Q Could they have not requested the rights from  
10 Mi Medx to do that after they did the deal with AvKare?

11 A They didn't have the right to do what they were  
12 trying to do with AvKare. They would have entered into an  
13 agreement with AvKare that they couldn't back up because  
14 they didn't have the rights with us. It didn't make  
15 sense.

16 Q That's between AvKare and Mid-South Biologics if  
17 they couldn't deliver the product, right?

18 A It has to do with us because they were a  
19 distributor of ours. They were misrepresenting somebody  
20 that was a customer potential that they did not have. It  
21 certainly affected us.

22 Q A potential customer that you knew nothing of  
23 until Mike Carlton said something to you about the deal  
24 going down between Mid-South Biologics and AvKare?

25 A No less a potential customers. Whether you know

♀

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1 them or didn't know, they are still potential customer.

2 Q You didn't know about them, right?

3 A I already said that.

4 Q So the deal that was going to go down between  
5 AvKare and Mid-South Biologics, you say Mi Medx could have  
6 told Mid-South Biologics they could not enter into that  
7 agreement legally; is that your statement?

8 A My statement they didn't have the legal right to  
9 represent they could sell our products to AvKare in a  
10 territory that they were discussing.

11 Q How would you have stopped them from doing that,

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12 to enter into an agreement from AvKare or Mid-South  
13 Biologics?

14 A I don't know if we could have stopped them or  
15 not.

16 Q And did you have any conversations with Bill  
17 Cochrane about any of this?

18 A I may have. I don't remember.

19 Q So I can take it if you don't remember if you  
20 had any conversations with Bill Cochrane you don't  
21 remember anything that may have or may not have been  
22 discussed with Bill?

23 MR. WILBON: Objection to the form. You can  
24 answer if you want.

25 A Can you repeat that?

♀

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1 Q I am trying to save some questions. Do you  
2 isn't have remember having any questions with Bill  
3 Cochrane, you don't know conversations for you to  
4 remember, period?

5 A I remember having conversations with him about  
6 this. I don't remember any specific conversations about  
7 this.

8 Q You have a recollection of discussing this with  
9 Bill Cochrane in general?

10 A I don't remember talking specifically this  
11 subject with Bill Cochrane. I talked to Bill Cochrane.  
12 You asked me have I ever talked to him. I talked to him.

13 Q To be specific, I asked you if you had any  
14 conversations with Bill Cochrane about the daily that was  
15 going down between AvKare and Mid-South Biologics?

16 A I don't remember the conversations that I had  
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17 with him around this time around about the subject.

18 Q Are you saying there were no conversations?

19 A I am saying I don't remember. So there might  
20 have been, might not have been.

21 Q And so when you learned of this information from  
22 Mike Carlton, you think it may have been in January 2012,  
23 sometime around then?

24 A Right around there.

25 Q Do you know whether there was ever a draft

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1 agreement between Mid-South Biologics and AvKare that was  
2 prepared?

3 A I don't know.

4 Q You don't remember seeing it or you just don't  
5 know just don't know?

6 A I don't know. I can't remember if I seen  
7 anything like that or not.

8 Q When you learned of this information, what was  
9 the first thing that you did?

10 A My recollection is I told Mike to stop. They  
11 didn't have the right to do this and put the brakes on it.

12 Q Would you have -- was there a distributorship  
13 agreement -- I am assuming there was a distributorship  
14 agreement existing between Mi Medx and Mid-South Biologics?

15 A My recollection is they had one, but they had a  
16 limited territory.

17 Q Was there any talk about canceling that contract  
18 if Mid-South Biologics continued with its negotiations  
19 between a separate deal between it and after war?

20 A I don't remember stated that way. I don't

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21 recall that.

22 Q I am not certain what I asked.

23 (Discussion off the record.)

24 BY MR. PEEL:

25 Q If Mid-South Biologics continued with its

♀

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1 continuations with AvKare, would Mi Medx have canceled  
2 their distributor agreement?

3 MR. WILBON: Objection. Calls for  
4 speculation. You can answer.

5 A That's a hypothetical question. There is a lot  
6 of different variables that go into that. It's hard to  
7 say yes or no because the conditions change depending on  
8 how things work out, right, it's hard to speculate.

9 Q Were there discussions about canceling the  
10 contract, that is, canceling the contract between Mi Medx  
11 and Mid-South Biologics if Mid-South Biologics continued  
12 its negotiations with AvKare for a separate deal?

13 A I don't remember if there were or not.

14 Q Was Norm told -- let me ask you this question.  
15 Strike that. Did you communicate to Norm any threat to  
16 cancel the contract between Mid-South Biologics and Mi Medx  
17 if Mid-South Biologics continued its negotiations with  
18 AvKare for a separate deal?

19 A I don't remember doing that.

20 Q Do you know if anyone at AvKare other than you,  
21 amount terminated or cancel the agreement between Mi Medx  
22 or Mid-South Biologics and Mid-South Biologics continued  
23 its negotiations with AvKare for a separate deal?

24 A I don't remember anybody doing that.

25 Q Do you remember considering that, that is, you.

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1 A I don't remember.

2 Q Other than canceling the contract between Mi Medx  
3 and Mi d-South Bi ol ogi cs, what other way woul d Mi Medx have  
4 to stop AvKare and Mi d-South Bi ol ogi cs from doi ng a  
5 separate deal ?

6 MR. WILBON: Obj ecti on. Cal ls for  
7 specul ati on.

8 A That's more of a legal questi on. I don't know  
9 what the avenues woul d have been. Si nce they stopped  
10 those di scussi ons, we di dn't have to go down those road I.  
11 I.

12 Q What promi ses i f any were made to Mi d-South  
13 Bi ol ogi cs by Mi Medx that i f they ceased thei r negoti ati ons  
14 wi th AvKare and i f AvKare and Mi Medx were able to do a  
15 deal , were there any premi ses made to Mi d-South Bi ol ogi cs?

16 A You are asking me i f they stopped negoti ati ng  
17 wi th AvKare for what they di dn't have to authori ty to  
18 negoti ate, i f they stopped doi ng what they shoul dn't have  
19 been doi ng to begi n woul d, woul d we do somethi ng for them,  
20 i s that what you are aski ng.

21 Q You asked i t better than I di d.

22 A Okay.

23 Q So perhaps.

24 A Wel l, I thi nk the fact that we offered them an  
25 overri de for the i ntroducti on i s that at least at some

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1 point i n ti me that conversati on we tol d them they woul d  
2 compensa te them for the i ntroducti on.

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3 Q Do you remember when that came about?

4 A In the process somewhere. I don't remember  
5 exactly timing or how many conversations we had or  
6 anything like that.

7 Q Did you ever negotiate directly with AvKare  
8 between a deal with MiMedx and AvKare?

9 A Did I? yes, I did.

10 Q Were you the one leading charge here?

11 A With AvKare?

12 Q Yes.

13 A Yes.

14 Q When was your first conversation with someone at  
15 AvKare?

16 A I don't remember exactly when. I do remember we  
17 had a meeting in our offices at Chastain where several of  
18 the principals of AvKare came and met with us in a  
19 conference room. We had an introductory meeting.

20 Q When you say chat sustain?

21 A I'm sorry. That was our address the company  
22 used to be at. That was the road we were on. We just  
23 refer to it as -- that's the office we were before our  
24 main headquarters is in now. So it was the building where  
25 the company Surgical Biologics was that we bought in early

♀

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1 2011. So we moved into their building. But we had a  
2 meeting there that was kind of an introductory meeting. I  
3 don't remember if there was a phone call that I had with  
4 him before that or not. That's the first one that I  
5 remember certainly being face-to-face.

6 Q Were you present?

7 A I was.

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8 Q Who else was present?

9 A Pete was present. Mike Carlton was present I  
10 don't remember for sure. But Norm Judd might have been  
11 present for that one too. I can't confirm that. One of  
12 those inkling feelings that may have been there.

13 Q Would you agree that before this meeting --  
14 strike that. Would you agree that before you found out  
15 that Mid-South Biologics was negotiating for AvKare for a  
16 separate deal, Mi Medx had no relationship whatsoever with  
17 AvKare?

18 A That's correct. Mi Medx did not.

19 Q Would you agree that the relationship that was  
20 there existed between Mid-South Biologics and AvKare;  
21 would you agree with that?

22 A With relation -- can you clarify what you mean?  
23 That's.

24 Q That's probably a poor question. Would you  
25 agree there was a relationship between AvKare and Mi Medx

♀

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1 before you even learned they were negotiating for this  
2 deal?

3 MR. WILBON: Objection. You said AvKare  
4 Mi Medx.

5 MR. PEEL: I'm sorry. AvKare and Mid-South  
6 Biologics.

7 A They had some type of relationship. I don't  
8 know what it was. They were familiar with one another.

9 Q You wouldn't be able to characterize it?

10 A I don't know what they did or didn't have.

11 Q You believe that Mike -- excuse me, that Judd

48254204\_1.txt

12 Grisanti and Norm LaChapelle were present at this first  
13 meeting between Mi Medx and AvKare?

14 A I can't remember for sure. There were a lot of  
15 people there. But it just had kind of the glimmer of a  
16 remember ambulance but I can't tell you for sure.

17 Q Do you recall when this occurred?

18 A It was I don't remember the date. It had to be  
19 early 2012 or late to 11, somewhere around there.

20 Q Who was -- so you were negotiating on behalf of  
21 Mi Medx with AvKare, correct?

22 A Once we got to that point, that's correct.

23 Q Who were you talking with over at AvKare?

24 A The main person initially was Bobby.

25 Q Lindsey?

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1 A Lindsey, Bobby Lindsey was the first one. At  
2 the very end before we signed the agreement, then Troy  
3 Mizell got involved at the late 11th hour part of that.  
4 In the meeting those guys were there along with one or two  
5 other people from AvKare. Steve Shirley was one. I don't  
6 remember who else was there.

7 Q Are you talking about the first meeting?

8 A First meeting, yeah.

9 Q Discussions.

10 (Discussion off the record.)

11 (Exhibit 4 marked for identification.)

12 BY MR. PEEL:

13 Q I will mark this Exhibit 4. Take a second to  
14 review that, Mr. Taylor.

15 A Okay.

16 Q And I am assuming Leana Moss is your assistant?

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17 A She was at that point in time. She is not  
18 today.

19 Q LEANA. And but you are the one, I guess,  
20 sending the email?

21 A It looks like she sent it on my behalf.

22 Q It says: Norm, as per our conversation last  
23 week, attached is the consulting agreement. Please take a  
24 look at it and let's talk in the few days to fill in the  
25 blanks and address any comments that you may have.

†

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1 Thanks, Bill. Did I state that fairly correctly?

2 A Yes.

3 Q There's an attachment here, pdf attachment. It  
4 says 31312.pdf; is that correct?

5 A I see that's what it says.

6 Q It says subject, consulting agreement; is that  
7 correct?

8 A Yes.

9 Q Tell me what's going on here in this email.

10 A That we sent them a draft of a consulting  
11 agreement.

12 Q Okay. Who prepared the draft?

13 A It would have been our legal someone on our  
14 legal team.

15 Q Is this the first reiteration of the this draft  
16 -- excuse me, is this the first reiteration of the  
17 consulting agreement that was executed between Mid-South  
18 Biologics and Mi Medx for what we are talking about here  
19 today?

20 A I don't remember if it was the first or not.

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21 Q Do you remember we were talking about templates  
22 earlier in the day?

23 A Yes.

24 Q Do you recall whether this agreement was a  
25 template or do you know?

♀

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1 A I don't know.

2 Q Do you recall what the terms were?

3 A Not all the terms. The one that I remember  
4 sticks out is the 3 percent up to 10,000,000 in revenue.

5 Q Would you have been pulling the trigger on this  
6 consulting agreement or did you have to talk with Pete?

7 A I would have had to make sure Pete agreed with  
8 me before I signed it.

9 Q Would he be the ultimate decision-maker on this?

10 A Something like this, he would have the ultimate  
11 yes or no.

12 Q Mr. Petit is in his 70s, right?

13 A That's correct.

14 Q Seventy year olds in my office don't like to  
15 email too much. What was your normal way of communicating  
16 with Mr. Petit?

17 A Well --

18 Q During this period of time?

19 A He would have been both email and conversations.

20 Q Do you recall whether you had any emails between  
21 Mr. Petit and yourself concerning the agreement that was  
22 sent to Mr. Norm on or about March 13th, 2012?

23 A I don't remember.

24 Q Would he have had to have looked at the  
25 agreement?



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1 A Typically --

2 Q Would he have looked at the agreement before he  
3 approved it or would he rely upon his review and your  
4 discretion?

5 A The formal written approval would be essentially  
6 mine. But the way we work is with deals like this, if  
7 there are key particularly financial pieces, that maybe  
8 aren't necessarily common, or even the common once, we  
9 will do both, we will talk about it and make sure we are  
10 in agreement. Then I would execute the agreement.

11 Q Okay. But would he have reviewed this  
12 consulting referral agreement before you sent it on  
13 March 13th 2012 or would he relied upon your discretion in  
14 your review of the agreement?

15 A Typically, he would not review these agreements.  
16 He would typically rely on me and the attorneys to get it  
17 right and send it out.

18 Q Do you recall whether he reviewed this  
19 particular agreement?

20 A I don't.

21 (Exhibit 5 marked for identification.)

22 BY MR. PEEL:

23 Q Tell me when you are finished read that.

24 A Okay.

25 Q Ready?

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1 A Yes.

2 Q Do you see where it says like the third or

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3 fourth sentence down. MSB was also able to bring AvKare  
4 as a major player in the government facilities in 25 years  
5 experience. We came to Bill Cochrane and got you guys  
6 involved to facilitate this through. MSB spent well over  
7 six months and over 60,000 miles to make sure we had a  
8 solid partnership with no empty promises. No other entity  
9 has been able to get a FS&S number until now. No one from  
10 MiMedx has ever contacted me about this. We had a deal  
11 with AvKare and a very good relationship. MSB deserves  
12 respect to be involved with both parties moving forward  
13 and not just an override which will be sent by mail.  
14 Without MSB, this would not have happened. I know what  
15 percentage I was to make from my company, so anything else  
16 will have to be renegotiated. I believe a face-to-face  
17 with all parties involved needs to be made ASAP.

18 Did I read that portion of the email fairly  
19 correctly?

20 A Yes.

21 Q Okay. When you received this email, what did  
22 you think?

23 A Well, again, it's so long ago. I don't remember  
24 what was in my mind at that point in time.

25 Q When you read it now, what do you think?

♀

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1 A I think he was overplaying his hand that he  
2 delivered. He had no right to negotiate a contract on our  
3 behalf with our products to AvKare. So the arguments is  
4 pretty weak.

5 Q Let's talk a little bit about this. MSB was  
6 able to bring AvKare as a major player in the government  
7 facilities with over 25 years of experience. I am

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8 assuming he is meaning bringing it to you. Do you think  
9 it means something other than bringing AvKare to you?

10 A He brought an introduction to us. He is trying  
11 to make it sound like he brought more than an introduction  
12 to us. He only brought an introduction to us.

13 Q Now, we came to Bill Cochrane and got you guys  
14 involved to facilitate this through. Do you agree or  
15 disagree with that statement?

16 A I am not sure I understand what that statement  
17 means.

18 Q Okay. Okay. MSB spent well over six months and  
19 60,000 miles to make sure we had a solid relationship with  
20 no empty promises. Do you agree or disagree with that  
21 statement?

22 A I don't know what over 60,000 miles. I don't  
23 know how you spend over 60,000 miles. I don't know what  
24 that means.

25 Q You are saying you don't understand what he is

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1 trying to say here?

2 A I don't know how -- I understand how you spend  
3 six months. I don't understand how you spend over  
4 60,000 miles. Are those Delta sky miles.

5 Q You think he means you understand that to mean  
6 traveling on the road?

7 A I don't understand how realistic you could ever  
8 spend 60,000 miles working on a deal that you had no  
9 authority to do.

10 Q Regardless whether he had any authority to do.  
11 We are talking about 60,000 miles. You doubt they

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12 actually traveled 60,000 miles trying to build these  
13 relationships?

14 A AvKare was in Pulaski, Tennessee. How far away  
15 is that from Memphis? It's not 60,000 miles.

16 Q You doubt it. It seems like it.

17 A He would have had to take that trip something  
18 like 100,000 times or something like that. Maybe not  
19 100,000.

20 Q You disagree with it?

21 A I don't understand what he is taking about. It  
22 doesn't make any sense.

23 Q We had a deal with AvKare and a very good  
24 relationship. Do you agree or disagree with that  
25 statement or don't know?

†

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1 A In terms of the relationship. I can't judge one  
2 way or the other. I don't understand how they had a deal  
3 with AvKare when they didn't have the authority to deliver  
4 the product of ours with them. So I don't know understand  
5 how you can have a authority to do it.

6 Q You disagree they had a deal with AvKare?

7 A I am telling you I don't understand how they  
8 could have.

9 Q When you see this email, can did you respond to  
10 this email or what did you do?

11 A I don't remember what I did next. I mean,  
12 eventually it obviously turned into conversation in the  
13 consulting agreement was signed with the override that we  
14 agreed to.

15 Q Did you ignore it?

16 A Did I ignore it?

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17 Q This email.

18 A I don't remember what I did or didn't do. This  
19 is a long time ago, 2012.

20 Q If you had emailed in him in response, but you  
21 probably don't know whether you did or didn't?

22 A I don't remember.

23 Q Have you seen any emails where you did respond?

24 A I can't remember any.

25 Q Did you have any conversations with Mr. Norm at

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1 that time about this email?

2 MR. WILBON: No response about this email.

3 MR. PEEL: Yes, about this email.

4 A I don't remember.

5 BY MR. PEEL:

6 Q What was the status of the AvKare negotiations  
7 between Mi Medx and AvKare at this time?

8 A I don't remember what day, what point in time we  
9 started to direct discussions and direct negotiations. I  
10 don't remember so I can't tell you what the status was. I  
11 don't remember when we started.

12 Q Did you at any point in time during the  
13 negotiations with AvKare concerning a deal between AvKare  
14 and Mi Medx go to Norm or Mid-South Biologics to request  
15 their assistance in helping get a deal done between AvKare  
16 and Mi Medx?

17 MR. WILBON: Objection to the form. It was  
18 just long. I didn't follow. He may have.

19 A It would be helpful if you could repeat it  
20 employees.

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21 BY MR. PEEL:

22 Q Maybe I can write it out. You, yourself, are  
23 negotiating on behalf of Mi Medx with AvKare for a deal  
24 between AvKare and medics, correct?

25 A I was.

♀

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1 Q This was sometime in the first four, five months  
2 of 2012?

3 A That's right.

4 Q And at any point in time during your  
5 negotiations with AvKare, did you request assistance from  
6 the Mid-South Biologic or Norm to help get a deal done  
7 between AvKare and Mi Medx?

8 A I don't recall doing that.

9 Q Do you recall any conversations between yourself  
10 and Norm LaChapelle during the negotiations with AvKare  
11 and Mi Medx?

12 MR. WILBON: Any conversation about  
13 anything?

14 MR. PEEL: Yes. I don't know.

15 A I remember we had some -- well, let me see.  
16 There was negotiation how much the override should be. I  
17 remember those. Those emails. I don't remember whether  
18 we had any verbal conversations.

19 Q As we stand here today, do you is it your  
20 position that no conversations, did let me backup. Stuck  
21 that. Is it your position today that you did not request  
22 assistants from Norm or Mid-South Biologics in helping to  
23 negotiate the AvKare deal with ma'am disc?

24 A I can't remember asking them to do that.

25 Q Are you saying that it didn't happen or you just

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1 don't have any knowledge or recollection of it?

2 A I don't have any recollection whether it did  
3 happen or didn't happen.

4 Q Okay. Okay. Now, as to -- I believe you said  
5 there was some conversations between you and Norm related  
6 to the override agreement, which eventually is the  
7 consulting agreement, right?

8 A Correct.

9 Q When you say override, is that like overriding  
10 another agreement? I never understood this override thing.

11 A No it's not overriding another agreement. It's  
12 a term we use, rightly or wrongly, for instance, there  
13 have been sometimes when we change our distributorships  
14 where we maybe had a contract with a distributor and then  
15 we made their territory smaller. We gave them what we  
16 call an override on sales that used to be their territory  
17 for a period of time to compensate them for a change.

18 Q Let me backup a second. As I understand what  
19 you are saying is if you are shrinking someone's  
20 territory, someone else is selling in that territory?

21 A We did that for some of our distributors when we  
22 were going direct, later in 12 or 13, around there. And  
23 on the sales that we would make, we called it an override,  
24 a percentage of our revenue, we would good to those people  
25 for that transition. Contractually we didn't have to do

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1 that. As a matter of fact, contractually we would have  
2 changed the territory and eliminate the territory. We

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3 only did that because we thought we would do that as a  
4 fair thing to do even though we are not going to do it.

5 Q I guess what I am trying to say, override, the  
6 agreement for an override agreement is not an agreement  
7 where the party receiving the override is actually making  
8 the sales, somebody else is making the sales?

9 A Correct.

10 Q When I say override of an agreement, you are  
11 piggy backing off the sales of another agreement?

12 A Can you say that maybe in different words to  
13 help he understand that a little better.

14 Q What you are saying an override agreement is not  
15 an agreement where the person receiving the money under  
16 the override agreement the person making the sales for  
17 which he is getting the fees from the override?

18 A That's correct.

19 Q Someone else is getting sales. He is getting a  
20 part of the sales of someone else's sale?

21 A That's correct.

22 Q That's what I mean. The override agreement is  
23 in relationship in to another agreement or another sale?

24 A Correct.

25 Q There is no direct sales that the consulting

♀

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1 agreement as based upon made by the person receiving the  
2 money under that consulting agreement?

3 A That would have been a different distribution  
4 with Mid-South. That override was not related to their  
5 own sales.

6 Q The override is related to the underlying  
7 agreement of AvKare and Mi Medx?



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8 A In this case, that's correct.  
9 (Exhibit 6 marked for identification.)  
10 (Discussion off the record.)

11 BY MR. PEEL:

12 Q I will hand you an email chain, initial email  
13 looks like between you and Bobby Lindsey dated April 16,  
14 2012; is that accurate?

15 A That looks like it.

16 Q And do you remember this email?

17 A Let me finish reading it please.

18 Q I'm sorry. My bad.

19 A I don't remember it specifically. It looks  
20 familiar.

21 Q Okay. I am not going to read this entire thing  
22 because it's ridiculous. It's going to be an exhibit to  
23 the deposition. But it looks as if you and Bobby Lindsey  
24 are discussing what will happen if there was a termination  
25 of the AvKare agreement between it and MiMedx. Does that

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1 look like the topic of conversation in this email?

2 A It does.

3 Q Do you recall the reason why you are sending  
4 this to him, were there concerns about that or, about  
5 AvKare, tell me what your recollection of it was why you  
6 sent it.

7 A Well, I remember I don't remember specific  
8 details. Oh know this one it looks like AvKare didn't  
9 want the company to terminate the agreement cold without  
10 any further compensation to them.

11 Q You were trying to address that concern?

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12 A Yes.

13 Q And you have actually proposed some new language  
14 here at the bottom?

15 A Correct.

16 Q New language for the contract between AvKare and  
17 Mi Medx?

18 A I believe so, based on what I am reading here.

19 Q Was there language in the agreement that this  
20 particular portion that you site entered this email of  
21 April 16, 2012 that changed language in whatever draft of  
22 the agreement between AvKare and Mi Medx was out there?

23 A I don't remember if there was incorporated or  
24 not.

25 Q It looks like you are proposing a provision of

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1 the agreement in this email?

2 A That's correct.

3 Q And listen it sound like to me if they  
4 terminate, that if you terminated the contract, there  
5 would be, I guess a personality paid or what does this  
6 provision doing?

7 MR. WILBON: Object to the form.

8 A Well, as I understand it, what would happen then  
9 if we terminated it without cause, then they would still  
10 have some form of compensation for the work they put in to  
11 it ahead of time.

12 Q Okay. And it looks like if that happened, it  
13 would have been a termination fee of \$1.125 million?

14 MR. WILBON: Based on a hypothetical.

15 BY MR. PEEL:

16 Q I am just saying, where it says termination  
Page 106

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17 here, termination for 18 months equals 1.25 times  
18 5 percent equals \$62,500 per month, over 18 months equals  
19 total termination payout of 1.125 million.

20 A The calculation here means if the sales average  
21 over the contract period was 1.25 million per month. So  
22 at this time since we didn't have any contract, no sales  
23 history, it could have been \$25 a month or \$2.5 million a  
24 month. It's a hypothetical example.

25 Q I see what you are saying. You are basically

125

1 giving how that provision would work?

2 A Yeah. If it was \$5 a month, it would have been  
3 5 percent times \$5 a month.

4 Q Let's put that aside.

5 (Exhibit 7 marked for identification.)

6 (Discussion off the record.)

7 BY MR. PEEL:

8 Q Let me know when you finish reviewing. Okay?

9 A Okay.

10 Q Okay. The date of this email is April 17th,  
11 2012. That is this email chain that's in Exhibit 7,  
12 right?

13 A Correct.

14 Q Exhibit 6 was an email chain that started on  
15 April 16th, 2012, between you and Bobby Lindsey?

16 A Correct.

17 Q And at the bottom of Exhibit 7, there's an email  
18 from Bobby Lindsey to you on April 17th. It's AvKare  
19 final revision is the topic, right?

20 A Correct.

48254204\_1.txt  
21 Q It says: Bill, I have spoken to our  
22 shareholders, we have put together our agreement that  
23 represents how we see the best way to move this forward  
24 with dealing with the FSS contract only at the higher  
25 price that is currently on the FSS contract. Pleads

♀

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1 review. We can close the agreement today. We will  
2 understand if you feel this is not acceptable to Mi Medx.  
3 And we are very grateful to have had the opportunity to  
4 explore joint relationship with Mi Medx. Did I read that  
5 fairly accurately?

6 A Yes.

7 Q Do you remember receiving this email?

8 A Not off the top of my head.

9 Q Are you reviewing it now, does it refresh your  
10 recollection as to what's going on?

11 A Certainly some of it, yes.

12 Q What is your recollection of what's going on  
13 here?

14 A We had negotiated this agreement and were ready  
15 for final signatures. And AvKare came to us and made  
16 several demands at the 11th hour to change the agreement  
17 on things that we had already negotiated.

18 Q Do you remember what those changes were?

19 A One I remember was the amount that they got  
20 paid. So for instance, if essentially the transfer price  
21 to them. Originally it was going to know 10 percent.  
22 They were wanting a much higher percentage that we ended  
23 up on 16 percent was the essentially their gross margin.

24 Q So transfer what did you say transfer margin?

25 A Goss margin, effect if I have gross margin.  
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EXHIBIT 2

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♀

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1 Q What they buy the product from you, as I  
2 understand they are buying the product from you and  
3 selling it to the government?

4 A Correct.

5 Q Whatever they sell to the government Versed  
6 whatever they are buying from you is where they make  
7 money?

8 A It's a difference in the price they sell to the  
9 government Versed the price they buy from us.

10 Q Is that what you are talking about they wanted a  
11 higher percentage of that?

12 A Correct.

13 Q So what do they mean by put together our  
14 agreement that represents how we see the best way to move  
15 this forward with dealing with the FSS contract only at  
16 the higher price that is currently on the FSS contract.  
17 What does that mean?

18 A I believe what happened is we gave basically a  
19 letter kind of a preliminary letter that we are going to  
20 work together. They put the product on the FSS contract,  
21 on their FSS contract that they had with other products on  
22 it so they were able to add a modification which would add  
23 our product to it. They did that before we actually had  
24 the full distribution agreement.

25 Q Okay. Then they it says at a higher price that

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1 is currently on the FS&S contract. Is she he saying put  
2 your product on the FS&S contract at a higher price than

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3 what is already on the FS&S contract?

4 A That's what he said here.

5 Q Do you know what he is talking about?

6 A I don't remember.

7 Q You didn't have -- sorry. I am chewing. This  
8 thing. Is there a difference between having your own  
9 contract with the federal government to sell product in to  
10 governmental facilities Versed just having your product on  
11 a particular FS&S contract? Does that make sense?

12 A There can be a difference.

13 Q Yes.

14 A So if we, for instance, our distributor  
15 relationship with AvKare was such that we would sell to  
16 them, they would put our product on the their FSS contract  
17 with the government. Or later we ended up obtaining our  
18 own FSS contract with the government. And we had our same  
19 product on our contract.

20 Q With the contract that AvKare had, are they  
21 suggesting in this email April 17th that there was a  
22 contract that they could sell certain product at a certain  
23 price to the federal government, and that your product  
24 would be higher than that price? Is that what they are  
25 saying?

♀

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1 A My reading this is -- they had already put our  
2 products on the FSS contract at a certain price, because  
3 they believe we were going to finish this distribution  
4 agreement. And so it's still our products, not somebody  
5 else's products.

6 Q So you understand at this point in time this  
7 email is going on that your product is actually on the FSS

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EXHIBIT 2

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8 contract?

9 A If what I am reading here, that what it looks  
10 like based on reading this.

11 Q Did you know that to be a fact or not?

12 A I don't remember from back then.

13 Q Was it a fact at that time?

14 A I don't remember.

15 Q Okay. One thing, I am asking you your  
16 recollection. And one is sit actually true?

17 A If I can't remember, I can't answer those  
18 questions, other than I can't remember.

19 Q Just to make sure. We lawyers have to always  
20 tie up those lose strings.

21 A I understand.

22 Q And then you write an email back a short time  
23 later.

24 (Discussion off the record.)

25

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1 BY MR. PEEL:

2 Q It says: Bobby, we are very disappointed that  
3 you and your shareholders have taken the stance as to  
4 change the fundamentals of the agreement we have worked  
5 very hard on over the past month. Several key items which  
6 were agreed upon when we met here in Kennesaw and were  
7 fundamental continued dialogue. Pete has left a message  
8 for Troy to call him to discuss the situation.

9 If we can't resolve this today, I will write a  
10 formal letter to AvKare revoking the letter we signed a  
11 few weeks back giving AvKare distribution rights. And we

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12 will copy the contracting officer Isabel Ayala at the VA  
13 to make sure she understands that the rights have been  
14 revoked. Thanks, Bill. Did I read that fairly  
15 accurately?

16 A Yes.

17 Q And what happens after this email?

18 A Well, we eventually got together and worked out  
19 our discrepancies and signed a contract.

20 Q Were you involved in those discussions post this  
21 email?

22 A Myself and Pete were involved in them.

23 Q Well, I understand you and Pete and may have  
24 been talking. But were you about Pete talking with anyone  
25 at AvKare at this time, or was it just Pete talking with

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1 people at AvKare?

2 A I don't remember exactly who did what.

3 Q Now, when you say that you are going to copy the  
4 contracting officer, Isabel Ayala, at the VA to make sure  
5 she understands that the rights have been revoked. Did  
6 you have a relationship -- does AvKare have -- does Mi Medx  
7 have a contractual relationship with the VA at the time  
8 that you made this statement?

9 A No.

10 Q Did you understand AvKare to have a contractual  
11 relationship with the VA at the time that you made this  
12 statement?

13 A Yes.

14 Q And why were you letting them know that you were  
15 going to contact someone with whom you are not a party to  
16 a contract at the time you sent this email, why were you



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17 letting them know that?

18 A Our product were listed on that contract versus  
19 the contracting officer. If this all fell apart, we were  
20 going to revoke the distribution rights that we gave in  
21 the letter. We wanted to make sure the government at the  
22 VA knew they know longer had our distribution rights.

23 Q Do you have any previous conversations with  
24 Ayala?

25 A Not that I recall.

†

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1 Q How did you know that to put her name here?

2 A I don't remember how we got her name.

3 Q How did the you speak with Mr. Lindsey after you  
4 sent this email?

5 A I don't remember.

6 Q How did AvKare react to your statement that you  
7 were going to contact the VA to make sure that the rights  
8 had been revoked?

9 A Obviously from this document Steve Shirley  
10 didn't like that at all. He admitted they did change a  
11 whole lot from the meet that we had in Atlanta where we  
12 were kind of outlining we were going to do the agreement.

13 Q When you say he admitted that, you are talking  
14 about here in the email?

15 A Yes.

16 Q Did you have any conversations with Mr. Shirley  
17 following this, the transmission of this email?

18 A You mean regarding this subject?

19 Q Yeah.

20 A I don't recall that.

21 Q Any other subject? 48254204\_1.txt

22 A Yeah. I had conversation with him that first  
23 meeting.

24 Q I am talking about after this email. I am not  
25 talking about previously.

♀

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1 A After we signed the agreement over the years, I  
2 have been on a few different conversations with Steve and  
3 conference calls and things like that.

4 Q How about prior to the execution of the  
5 agreement between AvKare and Mi Medx?

6 A I don't remember having any conversation after  
7 he was in that first meeting that we were in till the time  
8 we signed the agreement. I don't remember having a direct  
9 conversation with him.

10 Q How did the execution of the AvKare agreement  
11 between Mi Medx and itself, between Mi Medx and AvKare go  
12 down, were you there together when it's signed or did you  
13 sign it separately?

14 A No. It was signed separately.

15 Q How did the Mi Medx receive it, that is, the  
16 executed agreement?

17 A I don't remember.

18 MR. WILBON: Receive it from AvKare?

19 MR. PEEL: Yes.

20 A Yeah, I don't remember if it was a FedEx or pdf.  
21 I don't remember.

22 BY MR. PEEL:

23 Q And how did you resolve your differences,  
24 something obviously there is -- it looks like AvKare  
25 threatening to walk away from the deal. You are

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1 threatening to contact Ayala at the VA to make sure their  
2 distribution rights have been revoked. There was this I  
3 am passing overcome. I remember treat and Troy had more  
4 than one conversations, and we made additional changes to  
5 the agreement and went back and forth and finally agreed  
6 on the final document.

7 Q Okay. And if I recall correctly, you don't  
8 remember whether you had a conversation with Norm or  
9 anyone at NSB about assisting the MiMedx in the  
10 negotiations with AvKare before the agreement with AvKare  
11 and MiMedx were executed?

12 A I don't remember if we had any of those  
13 conversations.

14 Q Do you remember what changes were made to the  
15 agreement to overcome this impasse?

16 A I remember one was going from the 10 percent to  
17 the 16 percent that I mentioned earlier. There were also  
18 some changes relative to their ability to have their  
19 salespeople manage some of the processing, territories  
20 where they could factually get some exclusive territories  
21 in there. I don't remember the details. That's all I  
22 recall on that.

23 Q Okay. Let's put that aside.

24 (Exhibit 8 marked for identification.)

25

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1 BY MR. PEEL:

2 Q Why don't you review that, Mr. Taylor. Is that

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3 8?

4 MR. PEEL: Yes. Okay.

5 Q This is a series of emails between you and  
6 Mr. LaChapelle copied to various people, that occurred on  
7 April 27th, 2012. Is that about right?

8 A Part of it is. It looks like this is a  
9 continuation of another email that we are missing some  
10 information on. This is what you just referred to is  
11 something that was forwarded.

12 Q Yeah. If you look at the last page, page, the  
13 last page. March 13th, 2012, email from you to Norm?

14 A Right.

15 MR. WILBON: That's an exhibit already.

16 MR. PEEL: Yeah.

17 MR. WILBON: That part of the email.

18 MR. PEEL: Yeah. I don't know which email  
19 it was. Exhibit 3. So the last page of Exhibit  
20 8 is an email from you to Norm, dated March 13th,  
21 2012.

22 Q Does that appear to be the same email that is in  
23 Exhibit 3?

24 A No. That would be Exhibit 4.

25 Q Yes, you are right. I think you are right.

♀

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1 Exhibit four. Exhibit 4? Okay. Yeah.

2 BY MR. PEEL:

3 Q Is that correct, Exhibit 4?

4 A Yes.

5 Q Then there's an email that is dated April 26 to  
6 from Norm to you saying, Bill can we get the contract done  
7 tomorrow for our override. I wanted to drive up but not

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8 sure if that's possible. We are very excited about  
9 working with AvKare and MiMedx and would just like to get  
10 the contract behind us. Can we agree on 8 percent for the  
11 life of the contract? Did I read that fairly accurately?

12 A Yes.

13 Q You responded: Norm, I am working on it with  
14 Pete. I will say that 5 to 8 percent is not reasonable  
15 for this kind of contract. The conversation needs to be  
16 commensurate with the value and effort provided. Making  
17 an introduction is definitely worth an override. But it  
18 needs to be in a realistic range for a realistic period of  
19 time. I've asked Pete what he would like to propose to  
20 you. And as soon as I hear back from him, I will let you  
21 know. Bill. Did I read that correctly?

22 A Yes.

23 Q So you say making an introduction is definitely  
24 worth an override. That's the same that you made back on  
25 April 27, 2012?

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1 A It is.

2 Q Is -- so I am assuming that you believe that to  
3 be true, they deliver an override for making the  
4 introduction?

5 A I do believe that.

6 Q Okay. And do you agree that that, the contract  
7 was consummated between AvKare and MiMedx at the time this  
8 email was written by you on April 27th, 2012?

9 A I don't remember if the contract was signed by  
10 that date or not.

11 Q I don't want to mark this as an exhibit, not

48254204\_1.txt  
12 even for a i denti fi cati on purposes.

13 MR. WILBON: Let's look and get the date it  
14 was. It was stipulated they entered into the  
15 agreement. Let me look at it.

16 MR. PEEL: Why don't you look at it.

17 MR. WILBON: This is a copy of the agreement  
18 between AvKare and Mi Medx, the formal agreement.

19 A Okay. April 19th, 2012.

20 BY MR. PEEL:

21 Q Back to my question: You agree by the time that  
22 you sent this agreement on April 27th, 2012, that the  
23 agreement between AvKare and Mi Medx had been executed?

24 A It certainly had been in effect. I don't know  
25 the date that the agreement was signed. It was certainly

‡

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1 effective as of that date. Yes, I agree.

2 (Discussion off the record.)

3 MR. PEEL: It's word for word on the SEC K10  
4 filings, not the particulars.

5 MR. WILBON: Yes.

6 MR. PEEL: It's definitely public record.

7 THE VIDEOGRAPHER: Going off the record at  
8 12:31 with the conclusion of Disk 2.

9 (Recess held.)

10 THE VIDEOGRAPHER: We are back on the record  
11 at 12:38 with the beginning of Disk 3.

12 BY MR. PEEL:

13 Q Now, Mr. Taylor, we were talking about  
14 negotiations between you and -- I guess ma'am disc  
15 technically and Mid-South Biologic consulting concerning  
16 the consulting agreement, right?

48254204\_1.txt

17 A Correct.

18 Q The consulting agreement, that's an override  
19 agreement, right?

20 A That's what we termed it, right.

21 Q The consulting agreement is in relationship part  
22 of the consulting agreement, that's an issue here, based  
23 upon the AvKare deal?

24 A Correct.

25 Q And the consulting agreement basically

†

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1 envisioned there would be other deals potentially that  
2 could be made between ma'am disc and Mid-South Biologics?

3 A There could be.

4 Q In the future, right?

5 A That's my understanding.

6 Q Did you draft the consulting agreement or did  
7 ma'am did who drafted the agreement?

8 A I believe our attorneys drafted that.

9 Q Okay. And do you recall -- strike that.

10 MR. WILBON: Are you through with this.

11 BY MR. PEEL:

12 Q What did you understand judge role to be with  
13 Mid-South Biologics?

14 A My understanding is had he dropped some  
15 relationships with various physicians and so forth. I  
16 don't know if he was a full-time employee or part-time. I  
17 am not sure.

18 Q Did you understand him to be a part owner or  
19 anything like that with Mid-South Biologics?

20 A I don't remember.

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21 Q Did you ever speak with Judd?

22 A I know there's at least one or two meetings we  
23 had in that Chastain building that he I talked to you  
24 about that he was present in. We talked then but.

25 Q Do you know if he is a family of Italian

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1 restaurant tours in Memphis?

2 A I heard his families I will has restaurants.

3 Q They weren't rugs with the name like history San  
4 any, right. Could have been. I don't know. That deal  
5 was eventually executed, right, between Mi Medx and AvKare  
6 -- AvKare and -- Mi Medx and Mid-South Biologic?

7 A The consulting agreement?

8 Q Correct.

9 A That's correct, it was.

10 MR. WILBON: No. Mid-South and Mi Medx.

11 A Mid-South consulting agreement.

12 MR. WILBON: Not Mid-South and AvKare.

13 BY MR. PEEL:

14 Q Mid-South Biologics and Mi Medx eventually  
15 executed a consulting agreement which is at issue today?

16 A Correct.

17 Q As I understand. We don't have the agreement in  
18 front of us. You are not a lawyer?

19 MR. WILBON: You can show him the agreement.

20 MR. PEEL: That will take a long time to do.

21 I want to get some general ideas about it.

22 BY MR. PEEL:

23 Q Mid-South Biologic was not going to get paid  
24 until under the consulting agreement until Mi Medx received  
25 payment from AvKare; is that correct?



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1 A That's my recollection.

2 Q Okay. So there's no obligation for Mi Medx to  
3 make any payments under the consulting agreement to  
4 Mid-South Biologics until payment was made by AvKare to  
5 Mi Medx?

6 A That's my understanding, yes.

7 Q What is your understanding as to what the  
8 consulting fee agreement required Mi Medx and when it  
9 required Mi Medx to pay Mid-South Biologics after it  
10 received payment from AvKare?

11 MR. WILBON: I am going to object. It's  
12 fine for him to answer the best he recalls. But  
13 the best evidence for him to have the chance to  
14 look at the agreement to answer these questions.  
15 But it's fine for him to do the best he can off  
16 his memory.

17 A I believe we had to pay within a few weeks after  
18 we were paid by AvKare until we reached that maximum cap  
19 of 10 million.

20 Q 3 percent of the first 10 million, right?

21 A Right.

22 Q Up to?

23 A Up to.

24 Q And for that first year 2012, do you remember  
25 when the first payment under that consulting agreement was

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1 made to Mid-South Biologics by AvKare?

2 A I don't remember.

48254204\_1.txt

3 Q Do you recall there being a significant delay of  
4 several months before there was a payment to them?

5 A Delay from what?

6 Q From the consulting fee agreement or dry from  
7 the first sale. I understand what you are saying now.

8 A Yeah. I don't recall there being a delay from  
9 the time that we were supposed to pay. I don't recall  
10 that.

11 Q Well, as I recall the first payment was  
12 June 12th, 2012.

13 A The first payment was?

14 Q Well, the first payment that -- the first money  
15 received by Mimedx through its agreement with AvKare was  
16 made June 12th, 2012.

17 A I don't remember. That could be right. I don't  
18 know.

19 Q Okay.

20 (Exhibit 9 marked for identification.)

21 BY MR. PEEL:

22 Q It an email from Norm LaChapelle to you and Pete  
23 Petit, dated October 4th, 2012. It says: Pete, I have  
24 asked for a monthly statement from your team that should  
25 have been implemented in place as of May 1st, 2012, to no

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1 avail. It's been six months, and I have not received any  
2 compensation or, as I have stated above, a detail summary  
3 of the total sales and what AvKare has paid to date. Norm  
4 LaChapelle. Did I read that accurately?

5 A Yes.

6 Q Do you recall receiving this email?

7 A No.

48254204\_1.txt

8 Q Does this email refresh your recollection as to  
9 when Mid-South Biologics received payment under the  
10 consulting fee agreement from MiMedx with its deal with  
11 AvKare?

12 A It only refreshes it to the extent that it's  
13 written here.

14 Q Do you disagree he had not received payment or  
15 had not received any payment as of October 4th, 2012,  
16 under the consulting fee agreement?

17 A Yeah. I don't disagree. I don't know. I don't  
18 remember.

19 Q Were there sales under the AvKare deal between  
20 MiMedx and AvKare prior to this point in time?

21 A Sales, but I don't know what the cash collection  
22 would have been during that point in time.

23 Q Are you saying there was no cash collection by  
24 MiMedx from its AvKare deal?

25 A No. I am saying I don't know what the cash

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1 collection records were as it relates to the between  
2 signing the contract and this date.

3 Q I am not sure what you mean by cash collection.

4 A When AvKare paid us.

5 Q Okay. So are you saying that if Norm hadn't  
6 been paid as of October 4th, 2012, MiMedx hadn't received  
7 any payment at all from AvKare?

8 A That's not what I said. I am saying I don't  
9 know. I don't know the -- this is a long time ago. I  
10 don't remember when we paid them. I do understand we paid  
11 him his \$300,000 for the first years worth of sales.

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12 Q I understand. But you made a statement earlier  
13 that part of the contentious relationship or at least how  
14 the relationship developed later on with MiMedx and  
15 Mid-South Biologics was based upon Norm or people from  
16 Mid-South Biologics calling in and complaining about where  
17 the payments are. Do you recall that testimony?

18 A It wasn't the complaints it was the berating  
19 nature of the call. People call with complaints all the  
20 time. Not the issue. When you berate, that's the issue.

21 Q When I am trying to get to. It areas as of this  
22 date the contract than in effect since May of 2012. That  
23 there had been a first payment or first sale made as of  
24 June 2012. And as of October 2012, Mid-South Biologics  
25 apparently had not been paid any money under the AvKare

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1 deal at this point in time.

2 A Okay.

3 Q Okay. So are you saying that he did not feel  
4 justified in complaining about that if he hadn't received  
5 payment for almost six months?

6 A I never said that.

7 Q Okay. I am asking you to say it now. Do you  
8 feel like he is justified in complaining about it?

9 A I don't have enough facts in front of me to know  
10 if it was justified. If it was true he wasn't paid, I  
11 don't have when MiMedx was paid. I don't have that  
12 information in front of me. I can't answer that. I don't  
13 know.

14 Q Do you think he is lying here he hadn't been  
15 paid?

16 A I don't know.

48254204\_1.txt

17 Q You don't know?

18 A I don't know.

19 (Exhibit 10 marked for identification.)

20 BY MR. PEEL:

21 Q It says October 31st, 2012, email between  
22 Mr. LaChapelle and Bill Taylor, which is you. And it  
23 says: Gentleman. Please look at attached copy of  
24 contract where it states Mid-South Biologics will be paid  
25 monthly. It states we will be paid, quote, referral fees

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1 on payments received during any month shall be paid within  
2 20 days following the end of such month, end quote.

3 Mid-South Biologics would like clarification  
4 where it stands or where it states we are to be quarterly  
5 in the contract. Thanks for everything. Looking forward  
6 to good business in 2013. Did I read that fairly  
7 accurately?

8 A Yes.

9 Q He also copied Pete Petit, is that right?

10 A Correct.

11 Q Do you remember receiving this email?

12 A No.

13 Q Does this email now refresh your recollection as  
14 to this issue between Mi Medx and Mid-South Biologics about  
15 when Mid-South Biologic is to be paid under the consulting  
16 fee agreement?

17 MR. WILBON: Same objection. He can answer.

18 Best evidence would be the actual agreement  
19 itself.

20 A To me, it just refreshes what it says here. I

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21 don't remember the details around this email.

22 Q Okay. You don't remember anything as we stand  
23 here today about this dispute as to the delay in payments  
24 that was going on between Mid-South Biologics and Mi Medx  
25 for the first year of the contract?

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1 A I don't recall details of that, that's correct.

2 Q Okay. okay. This is an email chain between you  
3 and Mark Diaz, dated October 11th, 2012; is that correct?

4 A Correct.

5 Q Have you ever had a chance to review it?

6 A Yes.

7 Q Do you remember this email?

8 A Not off the top of my head.

9 Q Can you tell me what this email is about?

10 A It's a little bit of a back and forth. He was  
11 asking, he being Mark, was asking if the draft he had,  
12 the person Scott at Mid-South, if that was acceptable for  
13 him to send to Scott.

14 Q Yeah. You see the last email from Mark to you?

15 A Yes.

16 Q It says, cool. I will be bcc so you know but  
17 keep you out of it. I am sure Norm will go crying your  
18 way. I think hunting season for Norm's just opened up.  
19 Did I read that right?

20 A Yes.

21 Q Hunting season for Norm's just opened up?

22 A Is that a question?

23 Q What did you mean that to be?

24 A I didn't write that. So I didn't mean that to  
25 be anything.

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♀

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1 Q Did you agree with him hunting season for Norm's  
2 just opened up?

3 A Norm is a hunter, right?

4 Q I think hunting season for Norm's just opened  
5 up. Do you understand what that means?

6 A The way I read it is that Norm is a hunter, and  
7 he is going hunting.

8 Q You read it I think hunting season for Norm's  
9 just opened up. Is that Norm is a hunter. Do you have  
10 any Norm is a hunter or not?

11 A I have no idea. That's the way that I read it.

12 Q You think hunting season for Norm is because  
13 Norm is a hunter allegedly?

14 A That's the way I read it, yes.

15 Q Okay. Does that make sense for you?

16 A It doesn't make sense that we are here even  
17 making.

18 Q I'm sorry. Just need?

19 MR. WILBON: Hold on. Let him finish his  
20 answer.

21 MR. PEEL: It's unresponsive. I don't need  
22 your commentary.

23 MR. WILBON: He answered the question. He  
24 has a right to explain his answer. So if he  
25 wants to explain his answer.

♀

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1 THE WITNESS: Would you like to ask me the  
2 question?

48254204\_1.txt

3 MR. WILBON: You don't like it.

4 MR. PEEL: Hold on.

5 Q You think this means hunting season for Norm's  
6 just opened up, is that because Norm is a hunter?

7 A That's the way.

8 Q That's your explanation?

9 A That's the way I read it, as I indicated, three  
10 or four of the times.

11 MR. WILBON: You raising your voice is not  
12 going to change the answer.

13 MR. PEEL: Don't get mad. We don't want to  
14 go down this route again.

15 BY MR. PEEL:

16 Q So you are taking this email to mean that this  
17 hunting season now and Norm is a hunter so maybe Norm's  
18 not going to be around because he is going to be out  
19 hunting?

20 A That's not what I said.

21 MR. WILBON: Objection. It doesn't say  
22 anything about Norm not being around.

23 BY MR. PEEL:

24 Q Explain what you mean by hunting, explain.

25 MR. WILBON: What I am objecting. He did.

♀

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1 Paul. He didn't write this. So he didn't mean  
2 anything by it.

3 MR. PEEL: Then tell me how you took it.

4 A I took it that Norm was going to crying to me  
5 the way he wrote it by right there. Frankly, I don't know  
6 what he meant by the hunting season. It appeared to me  
7 Norm is going hunting. I don't understand how Norm going

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8 hunting makes any sense to me.

9 Q Maybe I should ask Mark that's him anything Norm  
10 did a hunter and that's how you took it?

11 A You are the lawyer you get to ask people whoever  
12 you want to ask.

13 Q As we sit here today your testimony under oath  
14 is that you took this to mean that Norm is a hunter?

15 A My testimony under oath is until you started  
16 going down this line of questioning, I thought this was  
17 referencing him going hunting.

18 Q As we sit here today --

19 MR. WILBON: Objection. He is not going to  
20 answer that question again. He is not. He is  
21 not going to answer it again. I will instruct  
22 him not to answer.

23 MR. PEEL: You can't. We can have someone  
24 not to answer. Someone to answer on is whether  
25 to enforce an attorney-client privilege or

♀

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1 previous answer of the court.

2 MR. WILBON: Don't answer. If even if you  
3 are right, we will take it up with the judge  
4 both.

5 MR. PEEL: I know I am right.

6 MR. WILBON: He told you what he thought  
7 what it meant about hunting.

8 MR. PEEL: Let's move on. We will have a  
9 conversation later about what you can and cannot  
10 instruct people to do at a deposition. You  
11 cannot instruct people to not say or testify

48254204\_1.txt  
12 about a court order to do it.

13 BY MR. PEEL:

14 Q What's your opinion of Norm at this point in  
15 time, do you think he is a crier?

16 MR. WILBON: In 2012 or today?

17 MR. PEEL: 2012.

18 A Actually this was about Scott bugging him. But  
19 yeah, Norm would -- early in that relationship 2012, 2013,  
20 he did complain about things.

21 Q Would you consider him a crier at this time?

22 MR. WILBON: Like real tears?

23 MR. PEEL: Do you want me to ask you  
24 questions? I will be glad to get you under oath.

25 A I don't remember calling him that, but it's

♀

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1 possible.

2 BY MR. PEEL:

3 Q I guess what I am understanding are you saying  
4 Norm didn't have a legitimate beef with MiMedx if he is  
5 not receiving payment from MiMedx on the AvKare deal up to  
6 this point in time?

7 A I didn't say that.

8 Q Why are you considering him a career or  
9 complaining error if he is not getting paid to him under the  
10 contract?

11 MR. WILBON: Same objection. He didn't  
12 write that.

13 MR. PEEL: It's a different issue.

14 BY MR. PEEL:

15 Q Okay. Could you we repeat that one more time.  
16 Do you think he is a complainer at this point in time?

48254204\_1.txt

17 A Yes. Look at all the emails about him not  
18 wanting five or 8 percent. He doesn't have a full grasp  
19 of what business is like. Yes, he complains.

20 Q I guess the question is: If he was not  
21 receiving payment as was required under the agreement that  
22 he signed with Mi Medx, that is the consulting agreement,  
23 and he is not receiving payment as-is required under that  
24 agreement by Mi Medx, are you saying he doesn't have a  
25 right to complain about that?

†

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1 A Are you making this as a hypothetical or are you  
2 making a statement on the facts?

3 Q Are you saying the facts are different from what  
4 I said?

5 A I don't know. I don't have the payment schedule  
6 I don't have that stuff? front of me. I don't memorizes.

7 Q I will ask you to assume that is the case, would  
8 he have a right to complain?

9 A If he was not paid according to the contract, is  
10 that what you are asking.

11 Q Yes?

12 A Sure, he has a right to complain about that.

13 Q Would you consider him a complainer if that is  
14 in fact true?

15 A If that is the only thing that happened, I would  
16 not consider him a complainer.

17 Q What else are you basing your opinion he is a  
18 complainer?

19 A I think I already mentioned before where he was  
20 calling and berating our accounts payable person, either

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21 him or somebody in his company, calling and complaining  
22 about it when we hadn't got into the second contract year  
23 in order to pay them under the contract. They are  
24 complaining even though we were following the contract.  
25 They are complaining about things that we were performing

♀

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1 perfectly under the contract. They still complained about  
2 it.

3 Q Do you know if it was him or someone else?

4 A I don't know if it was him or someone else.

5 Q Did you harbor any personal animosity toward  
6 Norm during the length of the contract between Mi Medx and  
7 Mid-South Biologics?

8 A No.

9 Q Did you act professionally, in your opinion,  
10 with Norm.

11 A In my opinion, I always act professionally.

12 Q I am talking about with Norm. Did you?

13 A I can't recall a time I would not act  
14 professionally. Would you like me to rephrase that?

15 Q You said I don't recall a time I would not act  
16 professionally. I am not talking about what your general  
17 practice is. I am talking about with Norm.

18 A My recollection is every interaction I had with  
19 Norm was professional.

20 Q Okay. Did you ever threaten Norm before the  
21 consulting fee agreement was executed if he didn't sign  
22 that agreement as-is, he would get nothing?

23 A I don't recall that.

24 Q What do you recall about your conversations with  
25 Norm about the execution of the consulting fee agreement?

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1 A Well, the things that we went through on these  
2 agreements, wanting five to 8 percent. Me telling him  
3 that's not a reasonable amount for this kind of  
4 introduction, those kind of conversations or emails.

5 Q Did you ever at any point in time before the  
6 contract was executed between MiMedx and hit South  
7 Biologics threaten to walk away to negotiations if they  
8 didn't agree to your terms?

9 A I don't remember doing that.

10 Q Are you saying that it didn't happen or you just  
11 don't remember?

12 A I don't remember that happening.

13 Q Are you denying it happened?

14 A No. I am telling you I don't remember that  
15 happening.

16 Q When you say I don't remember it happening, that  
17 leaves open the possibility it may have happened. You  
18 just don't remember it are you saying I don't remember.  
19 It may have happened, it may not have happened. As we sit  
20 here today I don't recall that?

21 A Well, I don't remember that happening. So  
22 whether it did or did didn't happen, I don't remember.

23 Q You just don't remember?

24 A I don't remember.

25 Q With respect to the termination of both

♀

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1 contracts, that is the distribution ship agreement and the  
2 consulting agreement, with respect to the distribution

48254204\_1.txt

3 ship agreement was mid-directi on changing it's busi ness  
4 model to some extent wi th his distri butors at that time?

5 A Remind me what year that was.

6 Q 2014?

7 A Yes. In 20 really 12 through 14, 15, we were  
8 changing our business model where we had a lot more direct  
9 salespeople and fewer distri butors.

10 Q Okay. You were transi ti oni ng distri butorshi p  
11 agreements to agency agreements, correct?

12 A In some cases, that's correct.

13 Q And the case of Mid-South Bi ologi cs, you were  
14 trying to transfer it from a distri butorshi p to an agency,  
15 correct?

16 A I don't remember the details but that sounds  
17 right.

18 Q If Norm had not signed the agency agreement,  
19 would mid-directi on have can he would the distri butorshi p  
20 agreement?

21 MR. WILBON: Obje cti on. Calls for  
22 specul ati on. You can answer.

23 A It's hard to remember all the details of what  
24 was going on. I just remember a few of the things such as  
25 why we terminated him with his threats and so forth. I

♀

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1 don't remember the pieces on the distri butorshi p and who  
2 the distri butors were and who the agents were. I don't  
3 remember those details.

4 Q I guess, the distri butorshi p agreement would be  
5 terminated, right, that he had with Norm?

6 A That's correct.

7 Q On 30 day's noti ce, right?

48254204\_1.txt

8 A If that's what it says.

9 Q And you have canceled distributorship agreements  
10 before with Norm prior to this point in time?

11 MR. WILBON: Prior to 2014?

12 MR. PEEL: Correct.

13 A I don't remember.

14 BY MR. PEEL:

15 Q The record is what the record is, right?

16 A Yes. It either happened or it didn't. I just  
17 don't remember.

18 Q You as Bill Taylor as being the CEO, you are the  
19 president?

20 A COO and president.

21 Q Did I see CE U?

22 A Yes.

23 Q COO and president. I am in the trying to make  
24 you jump over Pete. COO and president. If Norm, put  
25 aside whether there was any personal acrimony between the

♀

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1 parties during this period of time in May of 2014, if Norm  
2 had not signed the agency agreement, and refused to do it  
3 and refused to it it and did it in the most polite way  
4 possible, would that agreement, that is the  
5 distributorship agreement still been canceled?

6 MR. WILBON: Objection. Calls for  
7 speculation.

8 A I don't know. You are trying to put me in a  
9 situation many years ago. There is a lot of variables. I  
10 can't answer that definitive one way or the other.

11 Q You would have let the distributorship keep on

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12 gone, even though you were trying to transition  
13 distributorships to agency agreements?

14 A I don't know. We have some distributors that  
15 are still distributors today that are distributors back  
16 then. I don't know.

17 Q In fact, wasn't Mid-South Biologics targeted as  
18 one of the distributorships that will be transitioned from  
19 an agency -- from a distributorship agreement to a agency  
20 agreement?

21 MR. WILBON: Same objection.

22 A I don't know what you mean by targeted.

23 BY MR. PEEL:

24 Q Selected. By Mi Medx.

25 A If we were negotiating having him be a sales

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1 agent, having the company be a sales agent.

2 Q As we sit here today, any of the companies that  
3 were transitioned from distributorship to the sales agency  
4 relationship, did any of those ones that were selected to  
5 be transitioned still stay as distributorships?

6 MR. WILBON: Objection. Just to the form.

7 If he can follow it. You can.

8 A Let me repeat it back to you make sure I  
9 understand it correctly. You ever asking if some  
10 distributors we had back then were able to up to today  
11 still be a distributor and also be a sales agent.

12 Q That's not what I am asking. Y'all were  
13 transitioning certain distributorships to agency  
14 relationships, right?

15 A Correct.

16 Q In 2014, right?

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17 A Right.

18 Q Okay. Of the ones that were selected to go from  
19 distributorship to sales agencies, did any of the ones  
20 that were targeted for transition still remain as a  
21 distributorship?

22 MR. WILBON: Same objection. Are you  
23 asking, did they --

24 MR. PEEL: Let him answer the question.  
25 Don't -- you can do objection form and

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1 foundation. But don't ask me.

2 A I remember one of them that is -- both as a  
3 sales agent and still a distributor.

4 Q Okay.

5 A One out of four.

6 Q He apparently knew it and you didn't.

7 MR. WILBON: He answered a question. But he  
8 corrected your question and answered it for you.  
9 But the question that you asked, anybody could  
10 answer that one.

11 BY MR. PEEL:

12 Q Was Bill Cochrane involved in these  
13 negotiations?

14 A Which negotiations?

15 Q That is with Mid-South Biologic to transition  
16 from a sales agency to a distribute -- distributorship to  
17 a sales agency?

18 A I don't remember. I don't remember.

19 Q Who's Jeff Schultz?

20 A Jeff Shultz is one of our salespeople.

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21 Q National sales director at the time in 2014?

22 A That sounds right.

23 Q Okay. You just don't remember what his title  
24 was?

25 A He has had several titles since he has been with

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1 the company.

2 (Exhibit 12 marked for identification.)

3 A Okay.

4 Q Who is Bill Cochrane?

5 A He is the gentleman we mentioned earlier that  
6 used to work for -- or he is an agent for employee for a  
7 company called CPM. Later we hired him.

8 Q You don't remember what his position that he  
9 hired on at?

10 A He was in sales. I don't remember if he was a  
11 manager or director or whatever. But he was responsible  
12 for bringing on distributors and sales agents.

13 Q There's an email dated April 17th, 2014, between  
14 Bill Cochrane, Jeff Schultz, and Jeff Chavies. You are  
15 not copied on this. Do you ever remember seeing this  
16 email?

17 A It's not ringing a bell.

18 Q He says, Shultz. Do you know Jeff Shultz?

19 A I do.

20 Q Do you know Jeff Chavies?

21 A I do.

22 Q Does Jeff Chavies still have a relationship with  
23 Mi Medx?

24 A He is still account executive with our company.

25 Q Is he an employee of Mi Medx, or is he a

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1 distributor or what is he?

2 A Employee unless he recently left. I don't know  
3 all the people that recently left. My last recollection  
4 he is still an employee.

5 Q Is April 17th, 2014, email to Jeff Shultz, it  
6 says: Shultz had dinner with Jeff and Norm. Laid out the  
7 timeline. Made it clear the direction he will be headed.  
8 Explained the transitioning agent and transitioning  
9 account status as vendor to MiMedx. We also made it clear  
10 it's this way or no way. You see that?

11 A Yes.

12 Q Is that true for Norm; that it was this way,  
13 either he was going to transition to an agent or it was no  
14 way?

15 A It could be. When we were transitioning from  
16 distributors to sales agents to direct, there were times  
17 when we were terminating distribution agreements. We as a  
18 company were not willing to extend the distribution  
19 agreements. It's possible.

20 Q As you sit here today, do you recall whether  
21 that was the position that MiMedx was going to take when  
22 it comes to transitioning Mid-South Biologic from an  
23 agency distributor status to an agency status?

24 A I don't remember this specifically.

25 Q Were you part of the phone call that took place

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1 on or about May 14, 2014, between members of MiMedx and  
2 Norm LaChapelle?

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3 A I don't know what phone call you are talking  
4 about, so I can't answer.  
5 Q You say Mike Carlton was threatened by Norm.  
6 Were you present to hear the threat?  
7 A I was not.  
8 Q You weren't part of the call in which this  
9 alleged threat was made?  
10 A No. I heard that from Mike.  
11 Q Okay. When did you first hear it?  
12 A I don't remember if he told me verbally or if it  
13 was in the email that he sent.  
14 Q Okay. If email on that same day?  
15 A I don't remember if it was the same day or not.  
16 Q Did you question him about it, about what  
17 happened?  
18 A We had conversation about it. Yes.  
19 Q What did you say?  
20 A Not acceptable for anybody to threaten on  
21 employee of ours.  
22 Q Did you ask him what happened first?  
23 A I don't remember the whole conversation. I just  
24 remember the High Point about him being threatened.  
25 Q Do you remember the circumstances in which that

♀

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1 conversati on took pl ace?

2 A I don' t.

3 Q Do you know whether Norm was at the Memphis may  
4 barbeque festival at this time?

5 A I have no idea.

6 Q How often how long it was at the femoral miss  
7 Fay and festi val. May barbeque festi val ?

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8 A I heard good things about it but I have not  
9 been.

10 Q I am sure clearance would invite you to his tent  
11 if he actually had one.

12 MR. WILBON: You invite me to yours.

13 MR. PEEL: I don't have one. Too expensive.

14 BY MR. PEEL:

15 Q So did you ask him any questions about what  
16 happened or did you actually assume that Mike was telling  
17 the truth?

18 A I don't remember how that conversation went.

19 Q And with respect to your personal feelings  
20 towards Norm at this point in time, how would you describe  
21 them?

22 A As of that date.

23 Q Before you heard anything about Mike, before any  
24 of that?

25 A Before the complaint --

♀

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1 Q Yes.

2 A -- from Mike? Small business guy, not really  
3 growing the way our company is growing, probably have  
4 limited relationship in the long term with him.

5 Q Okay. Were you looking to terminate him anyway  
6 even before this whole thing happened?

7 A Only reading here terminate his distributorship  
8 and see if he would work with us as an agent.

9 Q If he didn't agree to the agency status, he was  
10 basically going to be out oh the door?

11 A If they didn't want him to have him be the

48254204\_1.txt

12 distributor any more, that would be the only other option.

13 Q Either agency or nothing for Norm?

14 A That's my recollection.

15 Q We are talking about before any of this blowup

16 or people can have their -- they say, someone said this,

17 someone said that, that will rest wherever that is.

18 Before any of that happened, that was what was going to

19 happen with Norm; he was either going to agree to be an

20 agent or there was not going to be a relationship anymore

21 with Mi Medx?

22 A Right.

23 MR. WILBON: Objection.

24 BY MR. PEEL:

25 Q I think Mr. Taylor, I thank you for your time

‡

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1 here today. And I am sorry that we have had this circus

2 going on. As long as you have a mayocoba. If you don't

3 have a mayocoba, I am withdrawing my mayocoba.

4 MR. PEEL: Do you have any questions,

5 Clarence?

6 MR. WILBON: No.

7 THE VIDEOGRAPHER: Going off the record at

8 1:16 with the completion of the deposition.

9 (Deposition concluded 1:15 p.m.)

10 MR. WILBON: E-Tran, email it, E transcript.

11 The manuscript and full size.

12 MR. PEEL: I want both. Whatever he is

13 ordering. Hard copy. Just electronic. Yes,

14 that's fine.

15

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