
Masimo Provides Facts, Exposes False Narratives in Response to Latest Politan Fictions



Masimo Corporation issued the following statement to address what Masimo strongly believes is Politan's campaign of deception and distraction to deflect attention from its own failures and its nominees' shortcomings.

The Company urges investors to choose Masimo's commitment to transparency and value creation over what it believes are Politan's fabrications and deflections by voting FOR Masimo nominees Joe Kiani and Christopher Chavez on the GOLD card.

Included below are examples of quotes and assertions by Politan that Masimo strongly believes are false and misleading, set against Masimo's explanation of the true facts and clear explanations. For more information on why the Company believes Politan should not be rewarded with votes for its candidates when it is providing stockholders with inaccurate, incomplete and misleading information in an effort to gain control of Masimo, please visit www.ProtectMasimosFuture.com.

"A lie gets halfway around the world before the truth has got its boots on"

In a desperate attempt to divert shareholders' attention from the absence of a clear plan, we believe that Politan continues to misdirect to cover up their own failures.

1. Politan Fiction: Politan's nominees are "unquestionably qualified and independent" and had "no prior relationship with Politan" and were "found via nationally recognized, third-party search firm"

MISDIRECTION: Politan is attempting to shift the focus away from Masimo's independent and highly experienced directors. Except for the Politan Board members, Masimo's Board has deep and relevant expertise, having led numerous public companies – as CEOs and directors.

FACTS: Mr. Jellison owes his board position with Anika Therapeutics (a company with a market cap well under \$400 million) to an activist. He was appointed to the board of Anika in May 2024 through a settlement with activist Caligan Partners. Caligan Partners shares the same attorney as Politan.¹ Mr. Jellison also has a history of questionable financial investments, including a large investment in Saddle River Advisors, which turned out to be a Ponzi scheme, undermining his credibility as a "financial expert".²

Dr. Solomon's technical expertise (Chemistry) is not relevant to Masimo and she does not meet the director search specification that Masimo's Nominating Committee – which includes Politan's Michelle Brennan – agreed on. Politan hand-picked Ms. Solomon and Mr. Jellison and is paying them \$50,000 each to run as Politan's nominees, with another \$50,000 due if they are elected or appointed to Masimo's Board.³

POLITAN'S FAILURE: Even Politan concedes it has not nominated truly independent directors and its nominees will vote as a bloc, telling shareholders that a "split vote would create a deadlocked board that cannot affirmatively act."

2. Politan Fiction: “Mr. Kiani is pursuing the transaction today with a single counterparty and no actual Board oversight” and the transaction “raises the exact same IP concerns and similar related party concerns the Special Committee objected to”

MISDIRECTION: Politan is diverting attention from the fact Mr. Koffey failed to deliver any value-creating solution for the Consumer separation as Chair of the Special Committee.

FACTS: Mr. Kiani is not pursuing any transaction without Board oversight. The full Board is overseeing and will approve any transaction following a sound process that was outlined and agreed to at the April 30, 2024 Board meeting.

The IP framework Masimo proposed to the potential JV partner matches what Mr. Koffey proposed to Mr. Kiani as Chair of the Special Committee. In summary, Masimo would license certain IP to the JV for use solely within the consumer field. The license would not extend to the professional healthcare field. As Politan is aware, the Board has agreed that an independent third party will review the IP allocation proposed by the company’s IP counsel.

The Special Committee also did not object to “related party concerns,” as Politan claims. The Special Committee was set up specifically to deal with the related party issues inherent in the terms agreed by Mr. Koffey and Mr. Kiani in January.⁴

POLITAN’S FAILURE: Mr. Koffey not only failed as Chair of the Special Committee, but we believe his behavior resulted in the resignation of former director Rolf Classon from the Committee, leading to its subsequent dissolution.

3. Politan Fiction: “Cercacor was the last time Mr. Kiani oversaw a separation” and “Mr. Kiani has done this before, with Cercacor”

MISDIRECTION: Politan is once again ignoring the fact that Mr. Koffey failed to find any viable options for the Consumer separation and has no plan to generate shareholder value.

FACTS: The separation of Masimo and Cercacor was completed in 1998, nearly a decade before Masimo went public, and was fully disclosed in the S-1 and subsequent materials. In 1996, Masimo was considering going public and one of its new investors who had visitation rights to Board meetings proposed a separation because he and other investors were not attributing any value to Masimo’s noninvasive blood constituent monitoring technology (released several years later as rainbow) as it had not yet produced revenue and required significant R&D investments. Mr. Kiani initially opposed the separation, but in 1998 relented. The separation agreement was fully disclosed and approved by Masimo’s shareholders (mostly Venture Capitalists) at the time. Mr. Kiani’s ownership share in both companies was the same, as were those of the other shareholders.

POLITAN’S FAILURE: Nothing about the Cercacor transaction, which was completed more than 20 years ago, had any bearing on Mr. Koffey’s inability to deliver the simple objectives of the Special Committee.

4. Politan Fiction: “No information on R&D, COGS, or SG&A beyond public disclosures” which Politan claims justifies the Politan directors’ refusal to sign the Masimo’s Form 10-K and approve earnings releases

MISDIRECTION: Politan is simply fabricating excuses to mask their failures on the Board.

FACTS: Politan's false claims regarding the directors' access to information were addressed in Masimo's previous press releases dated April 1 and June 20, 2024. As explained in those releases, in addition to the thousands of pages of documents management delivered during onboarding, Masimo's CFO Micah Young provided a detailed presentation to the full Board on October 31, 2023. He presented the management plan for 2024 and a long-range plan through 2033. He included a breakdown of each business (professional healthcare, consumer health and consumer audio), including revenue by major product line, cost of goods sold, gross profit, R&D expenses, SG&A expenses, operating income, adjusted EBITDA, working capital and capital expenditures for each business. He followed up by emailing this detailed information—which goes well beyond what is disclosed publicly—to Mr. Koffey. The email and attachment that Mr. Young sent to Mr. Koffey dated October 31, 2023, is available here: <https://protectmasimosfuture.com/plan-email/> (the data in the spreadsheet is confidential and has been removed).

POLITAN'S FAILURE: Despite having requested an exorbitant number of documents, and having received those documents, the Politan directors were still unable to fulfill even the most basic director duties like signing the Form 10-K and approving quarterly reports. Indeed, it appears to us that Mr. Koffey was only issuing these document requests in furtherance of Politan's proxy contest to take control of Masimo.

5. Politan Fiction: "Corporate Jet Travel Appears Overwhelmingly for Personal Use, Even During Periods of Crisis for Company"

MISDIRECTION: Politan is diverting attention from the fact that it doesn't understand the business or the industry in which we operate.

FACTS: Mr. Kiani's corporate jet travel is overwhelmingly for business use, and Mr. Kiani pays for his personal use.

Politan wrongly characterizes a number of business trips as vacations. For example, Mr. Kiani's trip to Anguilla was for Masimo's CEO Summit, which is an award trip held annually for the top performing Masimo sales representatives. In July 2023, Mr. Kiani met with several customers in Spain, including a senior representative of the Andalusian Health Service to discuss Masimo technologies, including the telemonitoring technologies that we recently received significant orders for in Spain.

Mr. Kiani offered to buy the aircraft at the outset, but Masimo's advisors determined it would be preferable for Masimo for the company to own it. Mr. Kiani has told the Board he is still willing to buy the aircraft at fair market value if the Board prefers.

POLITAN'S FAILURE: In 12 months on the Board, including numerous executive sessions and audit committee meetings without Mr. Kiani present, Mr. Koffey never once raised Mr. Kiani's use of the corporate jet as an issue, when it could be evaluated by the other independent directors. It appears to us he is only raising it now to support Politan's efforts to take control of Masimo and distract from their failure to have a plan or viable CEO candidate.

6. Politan Assertion: "CEO has lowest employee approval rating of any peer, evidencing beleaguered employee culture"

MISDIRECTION: Politan is shifting the focus from their unqualified CEO replacement, Michelle Brennan.

FACTS: Mr. Kiani has strong support among current employees. Masimo was certified as a Great Place to Work for 2020-2021 and 2021-2022 and was one of Fortune's Best Workplaces in Manufacturing and Production for 2021, both of which are based on employee surveys including questions about the CEO and senior management. More than 300 Masimo engineers and sales leaders have publicly expressed their support for Mr. Kiani.⁵

POLITAN'S FAILURE: Politan's stop-gap measure, appointing Ms. Brennan, is farcical: she has no CEO experience, no ability to oversee a large complex company, and failed to deliver any options for the Consumer separation while on the Special Committee.

7. Politan Assertion: The Board was not timely notified of the DOJ and SEC subpoenas

MISDIRECTION: Politan is attempting to turn the focus away from their inexperience in the Boardroom.

FACTS: Masimo received the first DOJ subpoena relating to its Rad-G and Rad-97 devices on February 21, 2024. Management forwarded the subpoena to the Board the same day. The second DOJ subpoena also related to the Rad-G and Rad-97 devices and both subpoenas were discussed with the Board at the next regularly scheduled Board meeting. The allegations at issue in the SEC subpoena were raised with and had already been investigated by the Audit Committee, Internal Audit, and external auditors in 2023.

POLITAN'S FAILURE: Despite having been provided an exorbitant amount of information both by at request and in the Board's proper functioning, Mr. Koffey continues to fail in even his most basic duties as a director: to engage with the other independent directors in good faith for the benefit of Masimo's stockholders.

8. Masimo Foundation invested in Mr. Chavez's Company

MISDIRECTION: Politan is trying to shift attention away from Mr. Chavez's strong qualifications.

FACTS: Mr. Chavez does not benefit from – and was indeed until recently was unaware of – the Foundation's investment. Mr. Chavez was CEO of Trivascular, which was acquired by Endologix in February 2016. As part of the merger agreement, Mr. Chavez was appointed to the board of directors of Endologix but only served on the board for two years. Endologix was a public company and Masimo Foundation purchased Endologix stock in the open market. Endologix had its headquarters near Masimo and Mr. Kiani had been introduced to the company years before Mr. Chavez joined its board. Many investment fund bus trips visited both companies and Endologix was often discussed as a growing device company, bringing it to the attention of Masimo Foundation. Mr. Chavez was not aware that Masimo Foundation had bought Endologix stock until Politan filed its presentation on June 26, 2024.

POLITAN'S FAILURE: Politan appears to be uninterested in meaningful director independence. Its opposition to Mr. Chavez, like its selection criteria for its own nominees, appears to be rooted in Politan's lack of any understanding of what Masimo does, how the medical device industry operates, and where the future lies. In our view, Politan equates independence with loyalty to Politan.

Source & Image Credit: [Masimo](#)

References:

¹ <https://www.srz.com/en/people/ele-klein> (see "Representations")

² <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-23501>

³ Politan's 2024 Definitive Proxy Statement, page 18

⁴ Masimo's June 20, 2024 Press Release entitled "Masimo Provides Facts in Response to Politan's False Narrative", point #16, <https://investor.masimo.com/news/news-details/2024/Masimo-Provides-Facts-in-Response-to-Politans-False-Narrative/default.aspx>

⁵ <https://protectmasimosfuture.com/materials-faqs/>

Published on : Tue, 2 Jul 2024