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Report Date: September 22, 2020	Industry: Medical Devices
Company: Nano-X Imaging Ltd.	Stock Price: \$28.83
Ticker: NNOX US	Market Cap: \$1.3 billion
	Float: 43.2%
	Average Daily Volume (5-day): \$284 million

Nanox: Star Trek, Thernaos, and Nikola

“I feel like it's a misnomer to say that we are even collaborating with [Nanox] at this point. It's more like they're just using our name on their advertisement, which makes me very upset.”
 – employee of purported U.S. AI partner Curemetrix

We are short NNOX because we think it is a much bigger piece of garbage than Nikola will ever be. There are important similarities, though. Nikola rolled a truck down the hill to try to prove it's real. NNOX almost certainly used somebody else's chest images to try to make its ARC machine look real. Both Nikola and NNOX try to legitimize themselves by using the halo of respectable companies. Nikola gave a bunch of stock away to GM. Nanox issued options for 1.2 million shares at \$2.21 per share (worth ~\$32.1 million) to the president of SK Telecom after SK Telecom happened to invest in NNOX.

But NNOX gets much worse. A convicted felon, who crashed an \$8 billion market cap dotcom into the ground, was seemingly instrumental in plucking NNOX out of obscurity and bringing its massively exaggerated story to the U.S. NNOX touts distribution partnerships that supposedly amount to \$180.8 million in annual commitments. Almost all of the company's partnerships give reason for skepticism. A U.S. AI partner has apparently not received any ARC images, despite requesting them for six months. By contrast, we used our stock promotion imaging technology (a camera) to find evidence that the purported South African distributor expected to annually purchase \$15.5 million from NNOX is incapable of doing so.



NNOX’s Italian partner is supposedly committed to \$29 million in annual sales, but it had just €250,160 in cash on hand at year-end 2018, and had sales of only €4.6 million. Another distribution partner in Russia, purportedly good for \$12.6 million in NNOX revenue per year, is an investment holding company with a history of bankruptcies and allegations of fraud by its founder.

The below table summarizes the issues we have identified with purported partners – we provide greater detail throughout the report:

Partner Name	Country	Partnership	Stated Annual Fee / Letter of Credit	Nanox Systems	Apparent Deficiencies Identified
Golden Vine International Company, Ltd.	Taiwan & Singapore	Distribution	Up to \$29 million	500	No Industry Expertise Agreement Provides Significant Outs for Partner
Promedica Bioelectronics s.r.l.	Italy	Distribution	\$29 million	500	Not Capable of Providing Stated Service Level
Gold Rush	South Africa	Distribution	\$15.5 million	500	Not Capable of Providing Stated Service Level
JSC Roel Group	Russia	Distribution	\$12.6 million	500	Bankruptcies, Fraud Allegations Minimal Industry Expertise
APR 1998 S.L.	Spain	Distribution	\$11.4 million	420	Not Capable of Providing Stated Service Level Agreement Provides Significant Outs for Partner
LATAM Business Development Group Ltd.	Brazil	Distribution	\$9 million LoC, Year 1	1,000	Agreement Provides Significant Outs for Partner
Clarity Medical Solution	Belarus	Distribution	\$3.7 million	100	Agreement Provides Significant Outs for Partner
Curemetrix	United States	AI	N/A	N/A	Partnership Inactive

Another halo NNOX is using to try to legitimize itself is that of “Nobel Peace Prize-nominated” Hadassah hospital. We are convinced that this partnership has been greatly misrepresented. As background, the chairman of NNOX’s audit committee is the chairman of the board of Hadassah. He also received options exercisable at \$2.21 per share. We have tried multiple routes to understand what exactly is happening with the ARC at Hadassah, yet we have been unable to get anybody to even confirm that the device is operating at the hospital. Some investors are apparently under the impression that data from studies at Hadassah forms the backbone of NNOX’s 510(k) submission. However, that misunderstands the timeline of events and the submission process.

If NNOX's claims are achievable, it seemingly will come as a shock to most of the radiology profession. We interviewed five radiologists who were familiar with NNOX's claims. Not a single one expressed credulity of NNOX. Four of the radiologists – without any prompting – compared NNOX to Theranos.

The ARC appears to be little more than a futuristic movie prop. In fact, an Israeli company that designed a pickup truck used in the movie Jurassic World claims credit for its design. That company is run by a graduate of the same art school from which NNOX CEO Ran Poliakine dropped out after two years. Does Mr. Poliakine have qualifications that make him well-suited to run an industry-changing medical imaging company? It depends. We understand that he has no background in medicine, physics, or imaging. However, in two lawsuits, he has been alleged to have cheated investors in other businesses he ran. If the ARC is indeed real, it would be quite an achievement for somebody without such training. However, if the ARC is all promotion, it certainly would not be inconsistent with the conduct alleged in the suits.

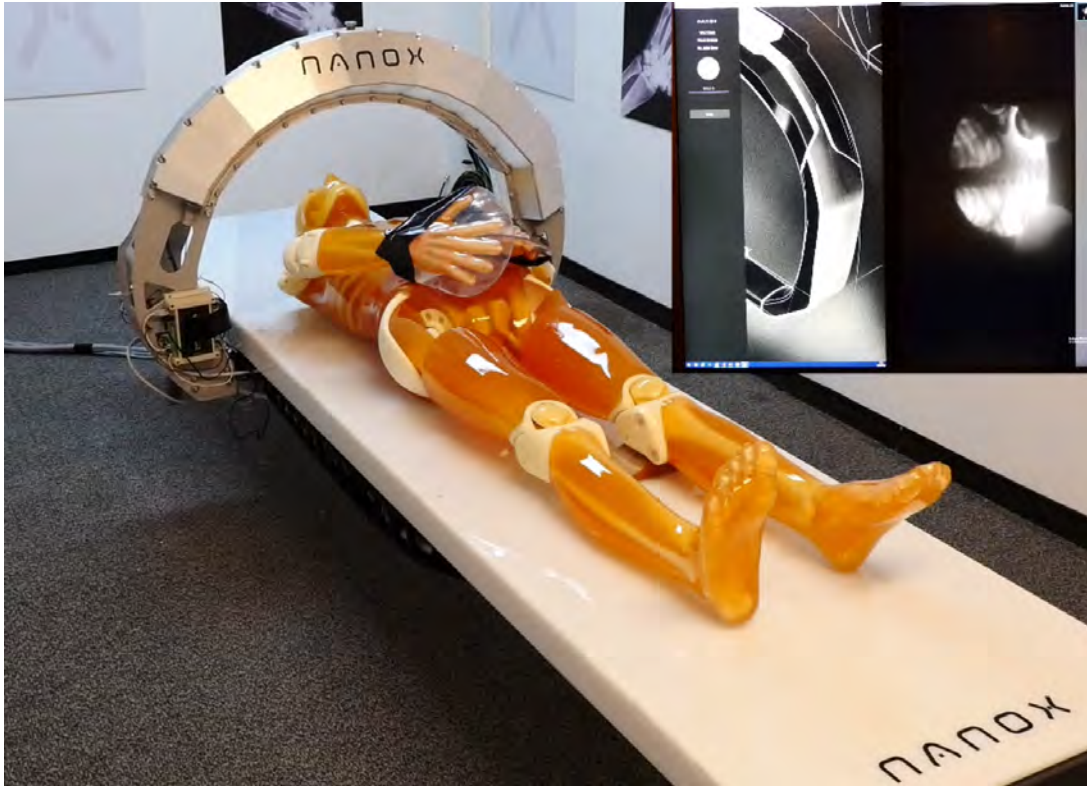
We conclude that NNOX has no real product to sell other than its stock.

Nikola Used Gravity; NNOX Seems to Have Used Somebody Else's Images to Fake its "Live Demo"

Recently, a [video](#) created by A-Labs of the ARC imaging machine performing a "raw chest scan" has circulated among NNOX retail investors. This footage, previously marked "private", was published in February 2020 and shows a dummy, known as a phantom, in an undisclosed room being passed over by the ARC. The video then cuts to full-screen shots of a black-and-white, rotating chest image on the left side of the screen and a stationary image of a chest on the right. Four radiologists opined to us that the imaging footage is fake.¹

In the beginning of the video, the phantom is laying with its arms across its chest as the Nanox.ARC moves down the torso:

¹ Interviews with Radiologists A, B, D, and E



Three radiologists noted that this position is never how chest CT scans are done, as the arms get in the way of the chest image, suggesting that knowledge of radiology or radiography is lacking at NNOX. (Below is a photograph of the same make and model phantom positioned properly for a scan.²)



One radiologist stated that there appeared to be something wrong with the way the ARC acquired the image in the top right once the machine advanced past the mid-torso: “It’s just one big blur.”³ Regardless, the video then switches to two shots that take up the entire screen:

² <https://www.supertechx-ray.com/Anthropomorphic/FullBodyPhantoms/PBU-60.php>

³ Radiologist D



The image on the left rotates, while the one on the right remains largely the same. However, all four radiologists recognized glaring issues with the image on the left: The arms are pointed upward. You can easily tell this by looking at the collarbones in the image:



Thus, this image is clearly not the phantom being scanned. To add to the amateurishness of the apparent deception, there are masses displayed in the lungs on the left image that are missing from the right image. This provides additional support that these two images come from different sources, according to the four radiologists. Two radiologists hypothesized that instead of being 3D tomosynthesis, as claimed, the image on the left is instead a reconstructed CT image

“from some other scan or technology”.⁴ Note that every radiologist with whom we spoke stated that the ARC is not capable of CT scans, despite the company’s claims; and therefore, any CT image would necessarily be from an outside source.

One radiologist found a similar type of phantom to the one being used, a Kyoto Kagaku PBU-60: the radiologist noted that because the phantom was closed-body and shipped free of nodules, there was no way for someone to insert such objects in the chest, meaning the image on the left was not of the same phantom, if even a phantom at all.⁵⁶ Another radiologist also stated that the angle of rotation being used in the left image was likely selected to impress a non-medical observer with clear contours of the chest, but it was useless from a radiologist’s perspective.⁷

Meanwhile, as far as the right-hand image is concerned, all four radiologists characterized it as exceedingly poor. One remarked that this image was “terrible... no radiologist would want to read images look like that”.⁸ Two radiologists opined that the chest image seemed not to advance with the movement of the Nanox.ARC.⁹ One remarked that for this reason, “those images certainly weren’t acquired then and there.”¹⁰

After viewing the footage, one radiologist said bluntly, “That is very fraudulent for them to do that video... I suspect neither of these pictures are from that machine.”¹¹

⁴ Source: Radiologist E. As an additional point of confirmation, five radiologists to whom we spoke did not believe that the Nanox.ARC is capable of generating CT scans, only rudimentary X-rays (see infra)

⁵ https://www.kyotokagaku.com/en/products_introduction/ph-2b/

⁶ Radiologist D

⁷ Radiologist E

⁸ Radiologist E

⁹ Radiologists A and D

¹⁰ Radiologist D

¹¹ Radiologist A



A-Labs is quick to provide excuses for the image quality in the video description: they say, “no filtering, no image processing, no collimation [image focusing]”. We would like NNOX to explain why the images appear to come from different subjects, as we suspect that has nothing to do with collimation.

The Convicted Felon

The architect of this egregious stock promotion appears to be a small Israeli banking firm named A-Labs Finance and Advisory Ltd, which, according to a newspaper report, is secretly controlled by a convicted Israeli fraudster named Eli Reifman. Reifman was previously imprisoned for four years for forging documents related to his ownership of shares in a stock of a company crashed from \$8 billion almost to zero.¹² Reifman proudly displays his prison term on his LinkedIn profile:¹³

¹² <https://www.globes.co.il/news/article.aspx?did=1001340188>

¹³ <https://www.linkedin.com/in/elireifman/>



Before the prison time and two failed attempts on his life, Reifman was the founder of a technology company that became Emblaze Ltd. Emblaze's expectations had run well ahead of reality into the dotcom crash, and the stock fell -90% from its peak valuation of \$8 billion over the ensuing decade, but Reifman had managed to cash out \$46 million in 2000.^{14,15}

In 2009, in an attempt to maintain control of Emblaze, Reifman forged documents stating that he controlled nine million shares through a British trustee in order to obtain \$6.3 million in loans from two funds.^{16,17,18} Reifman was in and out of jail and prison for the next five years, first for contempt of court and then for fraud and forgery. He declared bankruptcy in 2011 with approximately \$60 million in debt.¹⁹ The court-appointed special manager of his assets stated that Reifman was a "slippery, clever man who stops at nothing and does not recognize the authority of the court."²⁰

Last month, Globes reported that "market sources claim that Reifman is actually the power behind A-Labs."²¹ We corroborated this with a former NNOX employee who told us that Reifman had significant involvement in NNOX's pre-IPO meetings.²² A-Labs denied to Globes that Reifman has any official role, but we are skeptical. Globes has previously pointed out that one of Reifman's relatives, Rita Alter, is the head of life sciences at A-Labs.²³ According to documents that Israeli investigators retrieved and translated from the Israeli Companies Authority, Alter owns 40.1% of the A-Labs general partner entity, A-Labs Fund Holdings G.P. Ltd. The address Alter gives in the filing is the same as a place of residence that we found for Reifman himself:

¹⁴ <https://www.haaretz.com/1.5451157>

¹⁵ <https://www.globes.co.il/news/article.aspx?did=1001340188>

¹⁶ <https://www.jpost.com/national-news/reifman-gets-4-years-for-fraud>

¹⁷ <https://www.telegraph.co.uk/finance/newsbysector/mediatechnologyandtelecoms/6220367/Dotcom-visionary-Eli-Reifman-jailed-for-defying-court-order.html>

¹⁸ <https://en.globes.co.il/en/article-1000524275>

¹⁹ <https://en.globes.co.il/en/article-1000666873>

²⁰ <https://www.haaretz.com/1.5342402>

²¹ <https://www.globes.co.il/news/article.aspx?did=1001337931>

²² Interview with former employee

²³ <https://www.globes.co.il/news/article.aspx?did=1001340188>

Shareholder Number: 2

Name	Appointment Date	ID Type	ID Number
Margarita Alter	25/03/2019	Israel	304302326
Share Type	Number of Shares	Holding Percentage	Holding Type
Common	4,010	40,1%	Standard
Address			
HaSavyon 3, Kadima 6092000			

List of people living in Israel sorted by address

There are 102,429 people living in Israel
displayed over 1,708 pages.
You are viewing page 989 of 1,708.

46. HA SAVION 3  Kadima Hasharon 6092000  972544212444 **Eli Reifman**

Sources: ^{24,25}

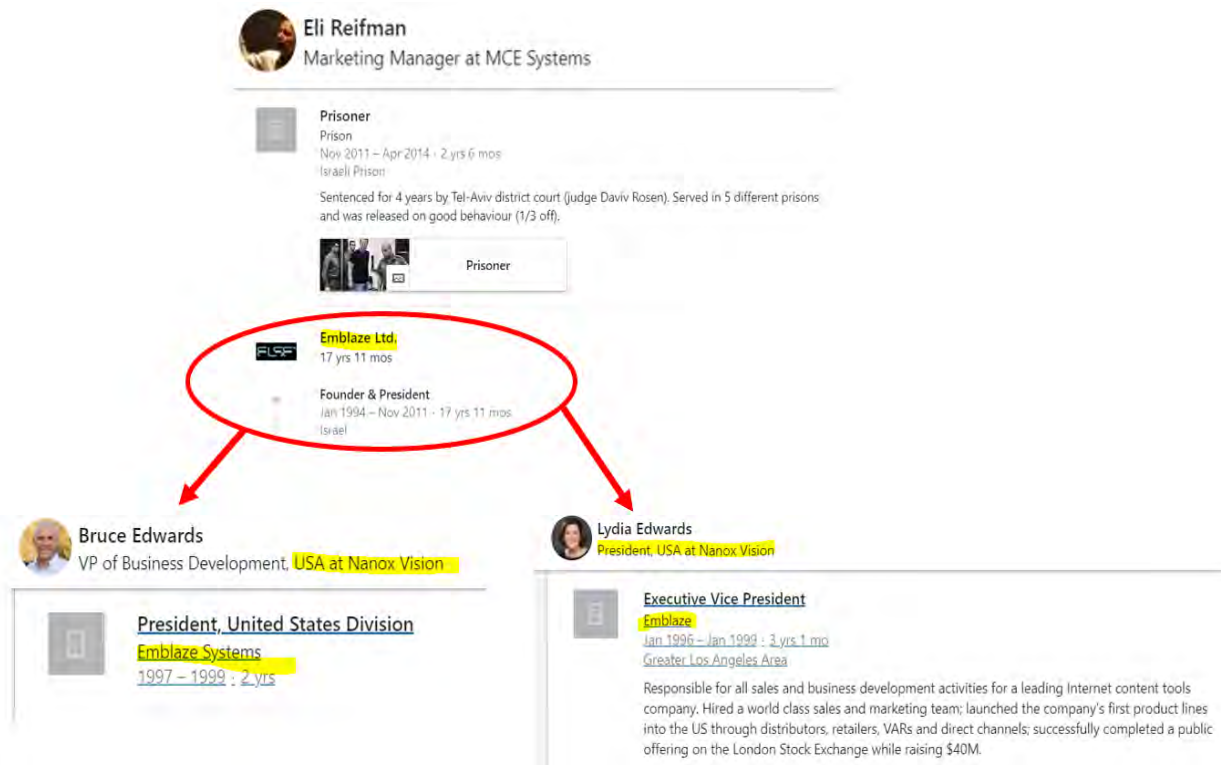
As the former NNOX employee told us, while the company executives were meeting with IPO bankers, Reifman would be sitting one room over: “a lot of people here wouldn't— wouldn't touch him, wouldn't go near him because getting four years in Israel back then is like getting, you know, 14 years today... and that conviction... maybe because of other things, he cannot go to the US. It was kind of weird. I mean, we were meeting banks and he was like in the other room because they wouldn't, you know... he was doing the whole thing. And then the Israelis that knew who he was, he would not come to the company at that day because they knew who he was.” The former employee continued, “Yeah, so he's the guy, real guy behind it... they [A-Labs] would do work. I imagine in terms of crafting the narrative and the pitch book and so forth. And I mean, basically, promoting the valuation.”

Two former senior executives of Emblaze hold senior roles at NNOX, strongly suggesting that Reifman has significant influence at NNOX. Both Lydia Edwards, who is President, USA at Nanox, and Bruce Edwards, who is Nanox's VP of Business Development, USA held executive roles at Emblaze. Unsurprisingly, certain A-Labs employees, including CEO [Doron Cohen](#), also worked for Reifman at Emblaze.²⁶

²⁴ A-Labs Fund Holdings G.P. Ltd Israeli Corporations Authority corporate records

²⁵ <https://www.locatefamily.com/Street-Lists/Israel/index-989.html>

²⁶ <https://www.linkedin.com/in/lydia-edwards-16619681/>



A-Labs have been handsomely rewarded for its work with NNOX. As part of a 2019 consulting deal to help bring NNOX public, the prospectus states that NNOX paid A-Labs a total of \$1 million in advance cash payment; 2.5% of the total cash raised in the IPO, or \$4.1 million; and warrants to purchase an additional 2.5% of the company.²⁷ Based on the current share price, A-Labs' warrants are collectively worth \$3.9 million if exercised. We calculate that in aggregate, A-Labs were paid at least \$9.0 million in connection with the IPO. NNOX's five underwriters collectively earned \$13.3 million in fees, and its top left underwriter earned only ~\$6.3 million.²⁸

The \$2.21 Club – Hadassah and SK Telecom

NNOX touts the Hadassah partnership; however, our research gives rise to serious doubts about the substance of that relationship. We note, however, that the chairman of Hadassah is on NNOX's board and received options with a \$2.21 strike. Having SK Telecom as a backer certainly sounds impressive. However, we were much less enamored when we learned that a president of SK Telecom, convicted felon Dr. Ilung Kim, has personally received options from NNOX presently worth approximately \$32.1 million.²⁹

Hadassah

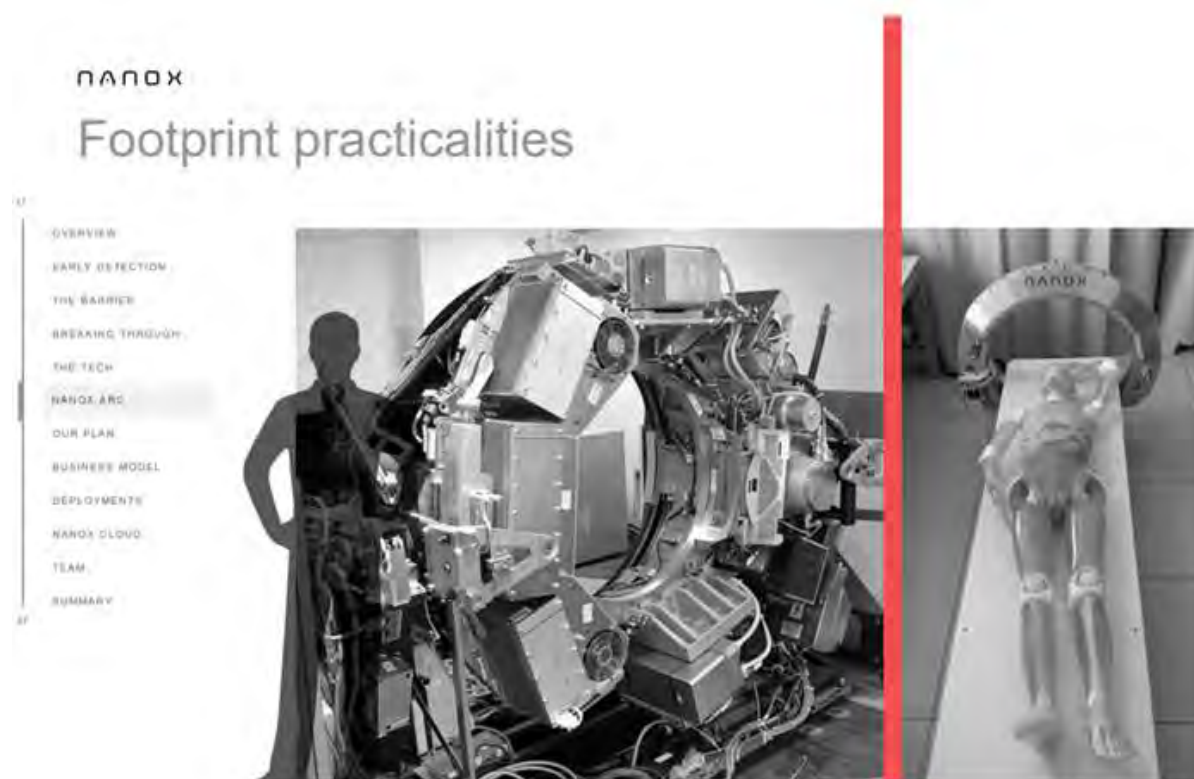
²⁷ NNOX Prospectus, p. 92

²⁸ NNOX Prospectus, p. 150

²⁹ https://www.justice.gov/archive/atr/public/press_releases/2007/222770.htm

Hadassah’s Executive Chairman, Erez Meltzer, is also Chairman of NNOX’s Audit Committee.³⁰ Echoing other bargain-basement deals select individuals have gotten, he received 40,234 NNOX warrants with a strike price of \$2.21.³¹ These are now worth approximately \$1.1 million. But we think something is amiss in NNOX’s partnership with Hadassah.

In its prospectus, NNOX stated, “we introduced a working prototype of the Nanox.ARC in February 2020”.³² In a conference presentation last week, Poliakine included a photo (below right) which he claimed is the working prototype that is taking “beautiful images” right now at Hadassah.³³ Moreover, a sell-side analyst attempting to rebut the Citron report claimed that the Nanox prototype “has been in place at Hadassah hospital in Jerusalem” and “[d]ata used for the FDA was gathered at this site”.³⁴ However, these admissions fail to match NNOX’s own claimed development timeline.



First, NNOX’s Third Party Review submission was made in January 2020, according the prospectus.³⁵ Second, February 2020 was the claimed development date for Nanox’s working

³⁰ NNOX F-1/A prospectus dated Aug. 20, 2020, pp. 104-105, 108, 111

³¹ NNOX F-1/A prospectus dated Aug. 20, 2020, p.123

³² NNOX F-1/A prospectus dated Aug. 20, 2020, p. 2

³³ <https://investors.nanox.vision/events/event-details/cantor-virtual-global-healthcare-conference>

³⁴ NNOX Analyst Note dated September 15, 2020

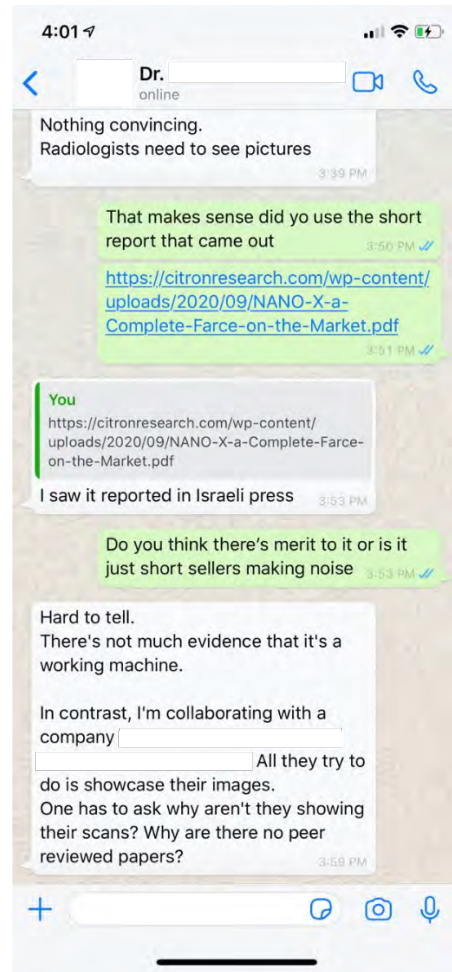
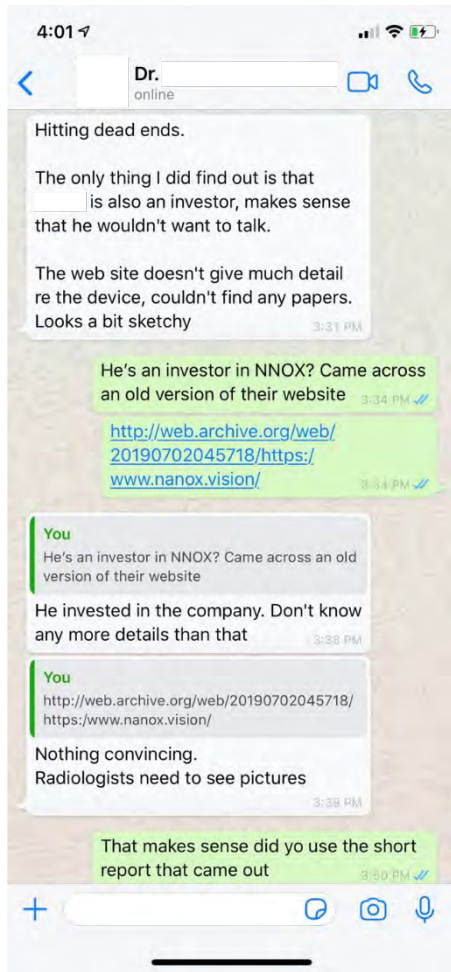
³⁵ NNOX Prospectus, p. 1

prototype. Third, formal collaboration with Hadassah did not begin until April 2020.³⁶ Taken together, these facts make it impossible for NNOX to have tested its working prototype anywhere, much less Hadassah Hospital, before 510(k) submission.

To add to what we view as a suspicious lack of clarity on this partnership, discussions with multiple radiologists at Hadassah Hospital failed to confirm that a NNOX machine exists there. Our investigators made contact with two Hadassah doctors being paid by Nanox. These doctors could not or would not acknowledge that there was a NNOX machine being used on patients, citing agreements with the company. Given that NNOX has publicized this partnership, we do not see how affirming that the machine is being used at Hadassah would violate an NDA.

A former Hadassah radiologist said that he hadn't heard of NNOX, but he asked his ex-colleagues currently at Hadassah about the company. He told our investigator that neither of the Hadassah radiologists had heard of Nanox. He also added that one of the Hadassah doctors who had refused to speak with us was "invested in the company". The radiologist went on to call Nanox's website "nothing convincing", stating that "there's not much evidence that it's a working machine":

³⁶ <https://www.businesswire.com/news/home/20200427005359/en/Nanox-Signs-Agreement-With-Hadassah-Medical-Organization-for-the-Development-of-Novel-Early-detection-Protocols-for-the-Nanox.ARC>



An X-ray technician at Hadassah stated, “If you talk about the CT scan machine, so in Hadassah it's Philips company. I don't know or think that this product is in use at hospitals in [I]srael.. I can ask at Hadassah the doctors or technicians [sic] about it. Because it's not my department. Like I told you I'm in Intervention Radiology at angiography. We do procedure's [sic] like embolization of bleeding, drainage, chemoemboliation [sic] of tumors, fixing vessels, stenting, etc.”

SK Telecom

In June 2019, SK Telecom purchased 2,262,443 NNOX shares at \$2.21 per share and received an equal number of warrants struck at \$20.87.³⁷ In June 2020, SKT followed up with a 1.25 million share purchase at \$16 per share.³⁸ However, SKT President Dr. Kim’s deal appears to have been much better.

³⁷ NNOX Prospectus, p. 127

³⁸ Ibid., p. 128

Filed in the original draft prospectus, we see that NNOX awarded Dr. Kim 1,206,290 shares in October 2019: these were struck at \$2.21.³⁹ According to the draft prospectus, the unvested options were to vest over three years (emphasis added):

“On **October 28, 2019** (“the effective date”), Nanox IL signed an agreement with Dr. Ilung Kim, according to which Dr. Kim will provide certain services to the Company. Dr. Kim will not receive any cash compensation but will be granted options to purchase 1,206,290 ordinary shares with an exercise price of \$2.21. 301,572 of the options vested as of the grant date and **the remaining 904,718 options will vest in equal monthly installments over a period of three years from the grant date.** The vested options will be exercisable in accordance to the terms specified in the agreement.”

However, we see in the final prospectus filed on August 24, 2020 that NNOX added language specifying that Dr. Kim would be able to accelerate his ability to exercise the stock upon an IPO, while inexplicably changing the grant date to December 2019 (emphasis added).⁴⁰

On **December 16, 2019**, Nanox IL signed an agreement with Dr. Ilung Kim for provision of services to the Company. Dr. Kim will not receive any cash compensation, but will be granted options to purchase 1,206,290 ordinary shares with an exercise price of \$2.21 per ordinary share. 301,572 of the options vested as of the grant date and the remaining 904,718 options will vest in equal monthly installments over a period of three years from the vesting commencement date. **In the event of an IPO or Deemed Liquidation (as defined therein), all unvested options shall fully accelerate immediately prior to the consummation of the IPO.** The vested options shall be exercisable until the earlier of (a) the second anniversary of termination of the engagement by and among the Company and Dr. Ilung Kim, or (b) the tenth anniversary from the date of grant.

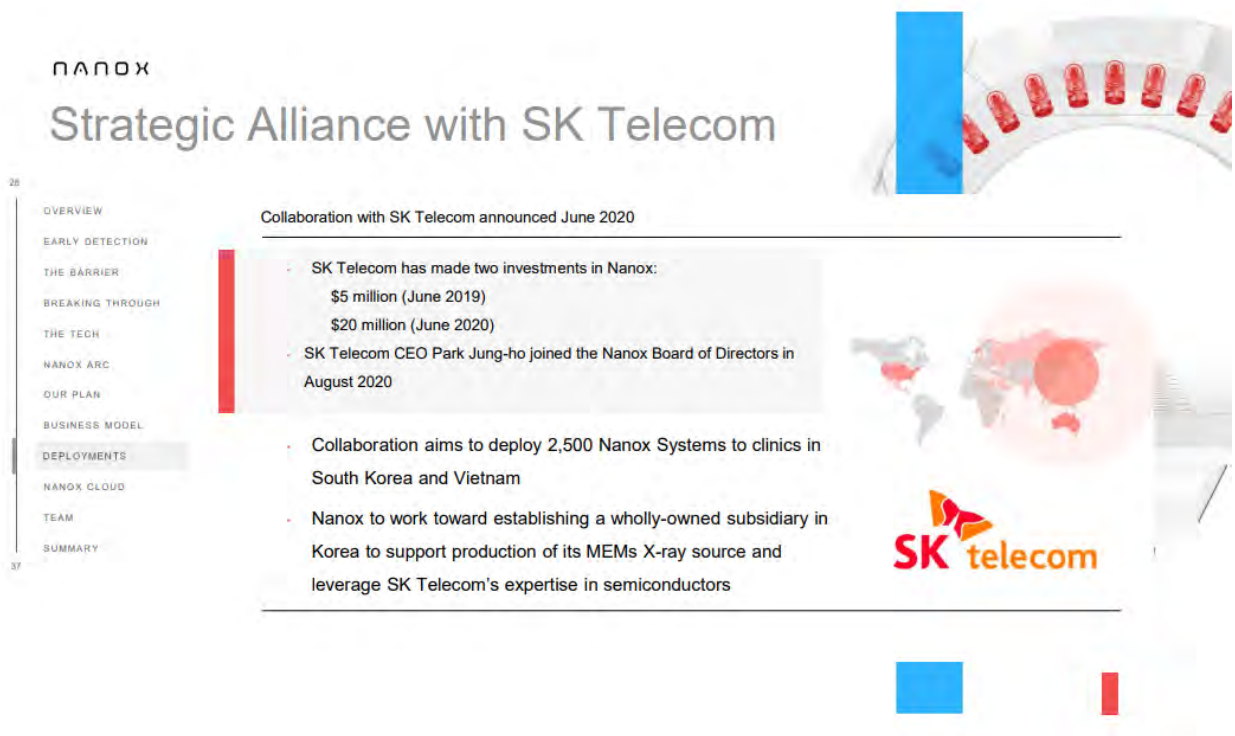
NNOX appear to be less than transparent about this troubling fact pattern, as the October 28, 2019 agreement is not referenced anywhere in the Final Prospectus.

Despite paying Dr. Kim tens of millions of dollars, NNOX seeks to hide him from the world. See no mention of Dr. Kim in the presentation slide below.⁴¹

³⁹ NNOX Draft Prospectus, p. F-18

⁴⁰ NNOX Final Prospectus, p. F-15

⁴¹ NNOX September 2020 Investor Presentation, p. 28



We wonder what exactly Dr. Kim does for his grant.

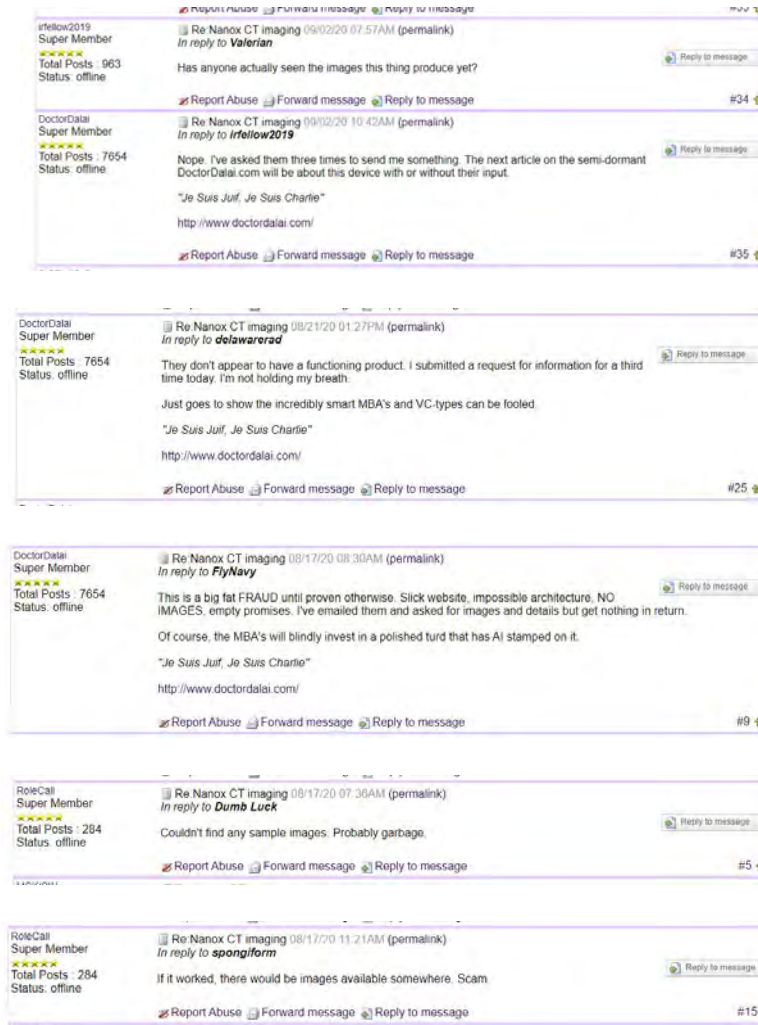
Purported U.S. AI Partner Curemetrix: “It’s a Misnomer To Say We Are Even Collaborating” With NNOX

NNOX’s partnership with Curemetrix, an AI mammography processing company, is little more than a handful of phone calls and clerical emails because nothing has materialized from NNOX’s end. We spoke with three employees at Curemetrix, all of whom verified that their “agreement” consisted primarily of a hope of co-operating in the future. All three of the employees we spoke with confirmed they have not received images from NNOX, not even for compatibility testing purposes. One stated:

“Every month we write them. ‘We’re ready.’ You know, ‘Would you like to send your image and we can run our CAD [computer-aided diagnosis] through your system?’ And they’ve just kind of ghosted us... They’re like, ‘Oh, we don’t have images ready yet. It’s still in production.’ I mean, this is from March until now, six months.”

The same Curemetrix employee stated, “I feel like it’s a misnomer to say that we are even collaborating with them at this point. It’s more like they’re just using our name on their advertisement, which makes me very upset.”

NNOX's unwillingness to provide images produced by the scanner is not restricted to its AI partners: radiologists on the "Aunt Minnie" forum, which is an industry forum for radiologists, corroborate the lack of available imaging. The forums are populated with practitioners who have been unable to obtain images from NNOX, despite numerous requests.⁴²



Medical Experts Voiced Profound Lack of Belief in NNOX Claims, Technological Validity

Five radiologists with whom we spoke about NNOX had reactions ranging from extreme skepticism to outright derision. Their doubts fell broadly along two lines: disbelief about the various sets of claims management has made, and skepticism about what kind of functionality, if any, the Nanox.ARC has. Two of the people we spoke with believe that the money raised in the IPO was for R&D purposes, with one likening the current status of NNOX's progress to that of a company doing an angel round. We view this as highly problematic, given that the company continually touts a supposedly near-finished product.

⁴² <https://www.auntminnie.com/Forum/tm.aspx?&m=628676&high=nanox&mpage=2>

We lay out experts' key statements below, subdivided among a series of eight serious points that the experts raised. We call upon the company to address these deep points of concern, each of which we believe indicates blatant fabrication and a near-total lack of scientific substance at the company.

Question 1: Where Are the Images?

The radiologists uniformly wondered why there are few images that NNOX has made public outside of the rudimentary X-rays that we discuss in Question 3. They highlighted that this runs in stark contrast to industry practice. Even an otherwise optimistic member of NNOX's Advisory Board admitted to not having yet seen images:

NNOX Advisory Board Member: "No, I have not seen a live demonstration... I have not seen a working device or any pictures or images from or computerized tomography pictures of this, or images with this device yet. I don't think that's something that is done yet. As far as I know, no one has gotten scanned by this device yet."

Radiologist C: "We've talked amongst ourselves; we came to some of these conclusions on our own because there's just nothing near there. There's not an image. There's not an approval. I'm not even sure they have a prototype. It is alarmingly vapor-like... Do you have a working prototype? Show me the images!"

"They're lying, they're overtly misleading, and they really are deliberately obscuring what the product does. Except the only pictures they show are the same X-rays that other folks have seen. It's really not a huge challenge to get an X-ray machine... That user interface [glossy promo video] is a total joke. I mean, that's like a Star Wars illustration."

"They haven't shown they can do anything except for the extremity X-ray. On the other hand, the rest of it is bluster. Will they be able to build it? Will they be able to build it at scale? Will it actually work as a CT scanner? Nobody knows."

"A buddy of mine was also looking at this company. He has CT patents himself. He ran the CT business for [large imaging company], ran the MR business for [large imaging company], very close colleague of [NNOX Advisory Board member]. He reads these things and he just laughs out loud. He says it's like there's not an ounce of credibility in anything they're claiming."

"Maybe they have something, but if I had a prototype at Hadassah Hospital, those images would be at the website. If I have a prototype sitting in a room that's never turned on, then images will not be on the website."

Radiologist D: "This thing just seems so outrageous and there's not a single article, there's no images anywhere. Where's the images? If you're doing it, there's images. Because the other thing would be is, you would have to say that your images have to be the same or better, but you're claiming it's all better. As a radiologist and someone who

does this for the last 40 years, I'm ashamed to say, it's too good to be true. That's how I looked at it.”

I've seen with companies like Siemens, any real company, and small companies, including ourselves and our other companies at RSNA [Radiology Society of North America], the first thing people always show is images. That's the first thing I ask for. You can tell me, "Our machine does this, that, and the other," and then I say, "Show me the images." Then I say, "How do these images compare to the other images?" The next question you ask, "How accurate is it?"

“Basically, if you could develop this, they would give you the Nobel prize. I mean, that's the thing. It would be so astronomical. It would be like, ‘Oh my God.’ That's what makes it even a little bit more hard to believe. Like I said, there's no images. There's nothing... It's almost like this is a little bit like the Theranos story.”

Radiologist E: “What you're showing me was just basic x-rays, that's probably the easiest thing that we do in radiology or plane films. So I wouldn't bank them generating any x-ray pictures as the ability to do much higher-level imaging in a satisfactory or potentially FDA approved way.”

Radiologist A: “On the website, they don't have a single picture of the machine, except the CEO sitting on a table where we can't see the whole table. To me, what I could see that table looked really flimsy and I just can't believe you could even build a medical grade table that's going to hold up to 300, 400, or 500 pound patient, based on what he was showing in the picture... from what I have seen in their publications, they haven't produced a single actual CT scan picture. If they did, you would think they would put on their website.”

“I think that's exactly the problem. My colleague said, ‘Oh, I saw a [Nanox] head CT on their website with the Qure.ai [Nanox AI partner].’ I said to my colleague, ‘I saw that picture, and that's a picture of a person who has a massive hemorrhage. There is no way that that was a volunteer that went inside their [Nanox's] machine..’ Then she agreed. She probably... realized that was a Qure.ai picture from another vendor.”

“[If I were at Nanox], I'd be the first one at our big [industry] meeting, RSNA, to submit an abstract and present and say, ‘Hey, here's my pictures, and here are some pictures from GE, and they look equivalent: this is the X-ray dose that [Nanox] produces, and there is a significant dose reduction.’ There's all kinds of things that you could present in the meeting without giving away your proprietary secrets. This company has not done any of those things.”

Radiologist B: “I mean, like all the radiologists and us, we just sit around and say, this is not even possible. Like the images that they're talking about they haven't [published] on their website, nor in the private [radiology] community have they shown any images that they produced.”

Question 2: What Data Did NNOX Actually Submit to the FDA-Designated Third Party Review Organization, and Why Did NNOX Receive a Major Deficiency Letter?

Receiving 510(k) approval from the FDA only requires equivalence to existing devices.⁴³ Our interviews indicated that NNOX's receipt of a major deficiency letter instead of approval suggests significant issues with the product and the company. A former FDA official who had participated in 510(k) approvals highlighted this fact:

Former FDA Official: "It's just [if there is a major deficiency letter] FDA or these third parties people are not very comfortable. There could be two different reasons. Either, when they actually submitted the data, it was not in the format that the reviewers wanted it. They would like to actually arrange it in a way that reviewers would like to see and be comfortable with. That's one thing. Another thing [would be] they don't have the data. They don't have the data at all."

"What a major deficiency letter means, they don't think this product is ready to launch."
"Yes, of course, because major deficiency letters are drafted in a way where something big is lacking. That means they are lacking in completely analytical validation or clinical validation as part of the study. Something is really lacking big time."

Radiologist C: "No one has seen an image, I'm not even sure they have a prototype, they can't get FDA approval, they can't be selling it, it's against the law, they can't even be taking preorders. Any US-based pre-orders would be against the law. In all honesty, how this thing got to be an IPO, I think you have to look into the guy who is the entrepreneur behind it and check out his background, because that's the guy I'd want to know about."

"Okay, I understand you got pushback from the FDA, what did that say? What is your plan for FDA approval? Are you still on track? Is there a device that can make images in a factory? Where are the images? It's ludicrous to say that they would sell something without having anything there."

"How do you do an IPO when you don't have an FDA approved [imaging] product? Unheard of. That caught everybody's eye. That, plus the extraordinarily level of hype associated with it, makes you nervous. Everybody I know that has looked at this, and by the way, the president of our west coast division—he called me to ask about this a couple of weeks ago... He came back to the same conclusion. It seems like a scam to all of us..."

Question 3: How Can NNOX Claim All-In-One Imaging?

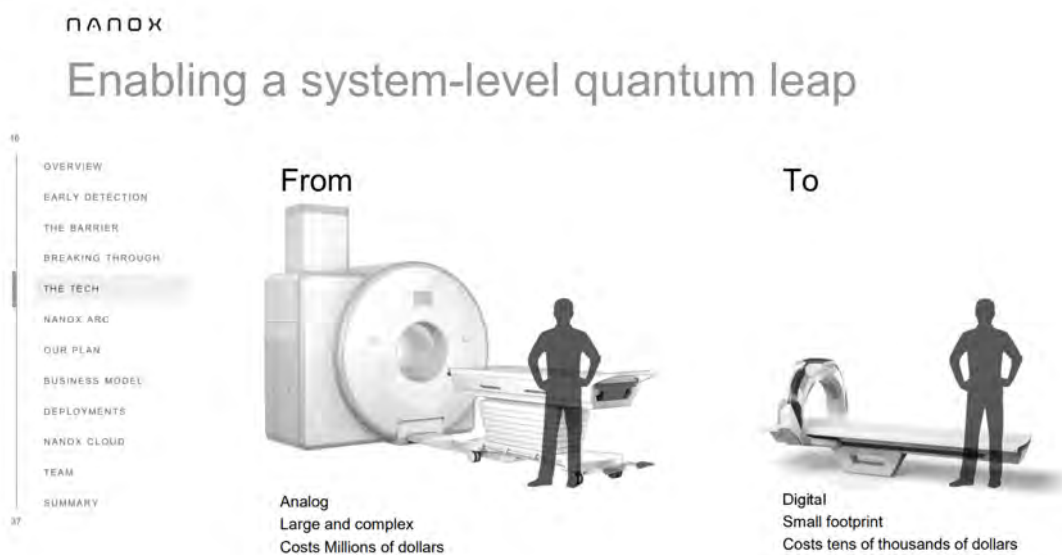
In an interview, Ran Poliakine asserted that "because it's digital, it's multispectral. You don't need different machines to do different kinds of imaging."⁴⁴ According to Poliakine, the

⁴³ <https://www.fda.gov/medical-devices/premarket-submissions/premarket-notification-510k#se>

⁴⁴ <https://www.israel21c.org/israeli-firm-aims-to-disrupt-mammograms-and-other-x-rays/>

Nanox.ARC will be able to perform X-rays, CT scans, and mammograms without requiring breast compression, as well as angiograms and fluoroscopies.⁴⁵ “It’s similar to using an iPhone to listen to music and take pictures and make calls,” he said at the time.

Indeed, Nanox seems to imply openly that the Nanox.ARC will replace CT scanners, even though none of the radiologists with whom we spoke believed that the Nanox.ARC was capable of CT scans. Below, the Nanox.ARC on the right is depicted as the successor to the bulky CT machine on the left:⁴⁶



The parade of claims continues: in June 2019, an article stated that NNOX was working on a CT scanner that would cost \$10,000 and fit in a suitcase.⁴⁷ Also in June 2019, NNOX asserted that it had developed “a new 5D X-ray source based on advanced nano MEMS technology that creates a stable X-ray stream at low voltage and at a fraction of the cost”, with “higher-quality images; no motion artifacts; real-time 3D imaging; multi-spectral layering; and digital sync with treatment tools”.⁴⁸ The radiologists with whom we spoke uniformly viewed these assertions as laughable.

Radiologist D: “They’re basically claiming they could do everything for everything. I wouldn’t believe that if Siemens told me that, with all of their money as well as their research.”

“You have some X-ray source, which has no articles about it. There’s no R&D, basically, and you just put something together out of the sky... It’s just sheer fantasy—I mean, it

⁴⁵ Ibid.

⁴⁶ NNOX September 2020 Presentation, p. 16

⁴⁷ <https://digitone.news/?p=1005>

⁴⁸ <https://www.prnewswire.com/news-releases/korean-multinational-sk-telecom-invests-in-nanox-one-of-the-first-global-players-to-join-the-nanoxvision-initiative-300870321.html>

works in the Star Trek movie, and thousands of years from now, perhaps, but it's so outrageous.”

“This whole thing here, like I said, the first thing is, when you tell me you've got a company that's going to make X-ray, CT, angiography, mammography and you don't have any images, and you're also going to do AI, billing, and reading, and everything's like an iPhone to take a picture, to listen to music? That's what an iPhone is, but medicine's not iPhones.”

Radiologist A: “**That is a statement by someone who does not know what he's talking about**, because one of the key things about mammography... is you got to get your boobs squished. We compress the breast because that is needed in order to spread the breast tissue to acquire the picture. That is an inherent part of the exam. You cannot just lay somebody down in a CT scanner machine and obtain a mammogram. That's ridiculous. I cannot fathom that that machine could be used for that purpose at all. Maybe that you could modify, but you're not going to replace the mammogram machine with that one little prototype. I just don't see that, and doing X-rays with that kind of a machine with a gantry that appears to be somewhat thin, it doesn't even have the proper field of view to do an X-ray, say, of your entire abdomen. A lot of that, it just doesn't make sense to me.”

“They're two totally different types of technology. X-ray image isn't so hard to produce, but the CT scan image is a lot more work because it's not just the image acquisition, but after it's acquired, there are algorithms called kernels, that you use to post-process the image, and also to create different renderings of the data. That's a process. The third thing is, to create mammogram images, is taking it to another level. [laughs] Mammography is, in some ways, the most difficult because the resolution has to be so high, and there are a lot of nuances to the equipment. With the grids, and the exposure time, and a lot of different factors that go into it. I think that they're attempting to apply the new, this novel X-ray tube, to apply it for multiple different X-ray modalities, but... It would be three completely different types of machines to do an X-ray, to do a CT scan, or to do a mammogram.”

“**I cannot imagine that [all in one machine]... No, it's a joke. No.**”

“You could create an X-ray type picture using a CT scanner, what we call tomograph, but it's a very, very crude image because there are things that go into creating an X-ray, what we call collimation. Where we kind of shadow out everything that's around the hand, to make the pictures look more crisp, and doing certain positionings to enhance the imaging. I don't know if you guys ever had an X-ray of a hand. You usually get different views of it, and we try not to expose-- There's something called scatter. You don't want to expose the rest of the patient's body if you're taking an X-ray of say, their foot, you don't want all that radiation to expose their lungs. **With that type of gantry, it doesn't seem that allows you to do that type of collimation that I'm describing.**”

Radiologist E: “With a fluoroscopy, even though that's an X-ray based technology, typically, that's done real-time. You're giving oral contrast [“dye”], somebody's in there

doing the exam, watching the contrast... you have to time the scan according to when the contrast is given for optimal visualization of different organs.”

“They even talked about angiograms, which is visualization of the blood vessels, and again that has to be done with contrast and specific timing to be able to see those blood vessels when the contrast is in there. So, I don't know how they would replace that either, and they didn't really go into any of that.”

“I'm not exactly sure how they would get really good [mammography] images without [breast] compression. Compression helps decrease the radiation dose. It helps spread out the tissues so we can see through it better. It helps decrease motion... So they talk about that, but they don't talk about how do they get past all of those reasons why we do it.

“They also talk about a decrease in radiation dose. They claim it's less than 1% for what we do for mammograms now... And they go into saying that there's this risk of radiation-induced carcinoma... There is a very nominal risk of someone developing a breast cancer from annual screening mammography, **but it's literally about one in 100,000**. So that is such a small risk, I don't know that that's something I'd be touting as, ‘Hey, we can just decrease this one in 100,000 chance of this happening, you know?’”

Regarding NNOX's claim that the Nanox.ARC enables mammograms to be taken 30% faster: “So is it the actual image acquisition that's decreased by 30%? You know, if that's the case, our image acquisition now for mammography is about, oh, 5 to 10 seconds per image. I mean, it's pretty fast. So, if you go from 5 to 10 seconds to 1 second, I don't know what the huge benefit is. A lot of the reason that it takes 15 minutes to do a screening mammogram is because you have to change position and you're doing images of both breasts. The actual image acquisition is very fast. So they don't really tell you how are they making that faster. So those were kind of some red flags.

“Mammography is a highly regulated field of radiology [due to the Mammography Quality Standards Act]... It's probably the most highly regulated field in radiology, so to break into that, not saying it's not impossible, but that's a huge hurdle that you have to get over is to prove that you can meet all these MQSA requirements.

“If you introduce a technology where maybe the images are acquired in different projections, or maybe they're required at the same time, like, what's the training involved with that? Who's going to train the physicians to say, okay, this is now how you're going to read this screening study? They [Nanox] didn't talk about any of that.”

Radiologist C: “The claims they make that you can do angiography without contrast are complete nonsense.”

“Is it appropriate for them to be claiming they can do mammography, CT scanning, and geography and they can do this this year and take pre-orders? That's completely scandalous.”

“Now, if you can turn this into a whole-body scanning unit and get X-rays from that, that's interesting because it is a little smaller and more field-adaptive, but it's an extra device, not necessarily IPO worthy at this particular point in time, the claims are it's going to replace everything. I don't have the website in front of me anymore, but your claims are very elaborate. I think right now, if you believe these images came from their system, it's an X-ray device, not the thing that's going to change the world.”

“The claims are it will replace everything. Right now, I wouldn't even pretend to believe that this machine can do what they're claiming.”

“I think they may realize that they can't do some of the things or they're not going to be able to do some of the things that they're pretending to be able to do, and they're happier to go on with the vague claims.”

Question 4: Why Has NNOX Shown Only Rudimentary X-Rays?

The images NNOX has revealed, pictured below, were panned by the radiologists as entirely underwhelming, on par with antiquated X-ray technology already available in cheap machines and small form factors.⁴⁹ These are some of the few purported NNOX scans, other than the “chest scan” video that we discussed above. One radiologist expressed doubt at the supposed lower radiation intensity (kVp) and shorter exposure time (mAs) put forward by NNOX for these images.

⁴⁹ NNOX F-1/A prospectus dated Aug. 20, 2020, p. 82

Right Foot/Ankle | Lateral | Comparative



Left Hand | Palm | Comparative



Right Foot | Standing | Comparative*



Radiologist D: “The easiest thing in the world to do is take an X-ray. People make very cheap X-ray machines. That’s the first thing is, all you’re seeing is you’re taking an X-ray of a foot. That’s the easiest thing in the world. Remember, Roentgen took an X-ray of a hand in 1895. That was the first image he ever made, his wife’s hand with a ring on. To make an X-ray of a foot, and it looked nothing special, but to say you can take an X-ray of a foot is not exactly stellar technology.”

Radiologist C: “They’re making thing seemed like it’s a CT scanner that will do what a CT does. It might be able to do what a planar X-ray does. In which case it’s an interesting but very expensive version of a machine that can do an X-ray. On the other hand, if it does what a CT does it could change the world which is why these people are spending or investing this money but there’s no evidence it’s ever going to be able to do that.

“You don’t take pre-orders unless you have a product. Where did these images come from, these three images? Did they come from Hadassah Hospital? If Hadassah is doing stuff why haven’t we seen them? If I was their advisor working with them and you didn’t see images, you’d know the machine wasn’t working.

“I think this could easily be sitting in a room unbuilt, sitting in the room potentially built, but not approved to be used in humans, sitting in a room approved to be used in humans, but not working or it could be in there doing X-rays all day long, just plain old, simple X-rays all day long. They're doing feasibilities they're testing and collecting data for approval. It could be any of those things. I'd like to know which one it is. It is not a CT scan, it is an X-ray.”

“Everything they've shown, it's an X-ray, they talk CT... Their claims about cost and availability are ludicrous, lots of inaccuracies and confusion, and inflated claims, but it seems like they can make an X-ray.”

Radiologist B: “Their kVp and their mAs, I mean, the radiation is lower, but... I want to see the actual machine with the control panels and how you take the pictures. I mean, nowadays, anybody can make something up like those... They can totally just type it in and there's no way to prove it unless they show you a picture of their X-ray machine panel and that is the actual setting.”

“To make a 3D tomography mammography machine is a million times harder than coming up with an X-ray machine that has been around for over 100 years.”

Question 5: How Will NNOX Roll Out 1,000 Machines With its Partners in 2021?

The radiologists with whom we spoke roundly dismissed NNOX's touted 2021 distribution estimates of 1,000 machines.⁵⁰ They cited the lack of documentation and evaluation of the product's capabilities, namely given there are no studies **using the actual Nanox.ARC** in a research hospital setting, coupled with the lack of any peer-reviewed, published material discussing the efficacy of the machine when used on humans.

Radiologist A: “I think the likelihood [of a 1,000-unit 2021 rollout] would be low. If it's August now, and they haven't developed a working model...”

Former FDA Official: “It's a lengthy process. If somebody would like to launch the thing by next year in the US market, I don't think that's possible.”

Radiologist C: “That will never happen... 0% chance.”

“It's fake. I think there's a lot of lying going on.”

“I saw the [Hadassah] doctor speaking, but again, he doesn't talk about the product. He doesn't say what its done in his institution. He says, ‘It could’, or ‘this could’, or the ‘potential is great. I'm happy to collaborate,’ but doesn't say what the product is. Doesn't say where the product is. Doesn't say concrete things that he's doing with it. I listened to him. It's vapor. The first thing it would be, if I was that guy—I've been that guy, the testimonial guy—I will tell you the concrete things I'm doing with it. He didn't say that once.”

⁵⁰ NNOX Prospectus, p. 2

Radiologist E: “It was interesting, because when you read through their website, they're talking about wanting to distribute... and I'm like, where are you putting these? Like you haven't even shown a machine that does anything. So how are you going to have a thousand machines anywhere, you know, in the second quarter of 2021, or whatever it was?”

Radiologist D: “Well, I heard the guy from Hadassah... but he never really said they were doing anything: ‘We'd like to work with them.’ I'm pretty good at radiology and I'm at [major research center], and we try to do the best for the patients, but we would never make statements that ‘We're changing all these things.’”

About the USARAD distribution partnership: “Yes, you don't do that [sell machines as teleradiology company]. Teleradiology, what you're doing, basically, is just trying to read the images. You're not involved in anything else... It's like me selling machines.”

Question 6: Why Does NNOX Have Seemingly Weak Industry Presence, Given the Investor Hype?

Through our interviews, it became clear that though there is significant investor enthusiasm for the Nanox.ARC, NNOX does not seem to engage with the medical device industry in a meaningful way, nor do medical and industry professionals take the Nanox.ARC seriously, if they know of it at all.

Radiologist A: “I have... gone to almost every major medical meeting here as well as in Europe, for the last three or four years, regularly. Nanox has never had a booth, and to my knowledge, they never had a presentation, and they have never had any scientific publication.”

“They have a couple respectable people on the Advisory Board who are surprisingly silent.”

Radiologist C: “I think everybody in imaging space thinks this thing is very likely to be bogus. There are so many alarms. They do have really solid people who they have on their website who are making testimonials: Morry Blumenfeld is a serious player, Norbert Pelc is a serious player, **but then they don't seem to be talking about the product.** They talk about the potential if you had some revolutionary product, what it might do, but they're not talking the product.”

“My buddy is a very close friend and advisor to [Advisory Board President] Morry Blumenfeld. Morry hasn't returned any of his calls on this topic. That makes me nervous.”

Radiologist B: “I mean, you have to have peer review scientific papers to support your data and support your images... but they had zero papers, because they don't even have an image to show.”

“I actually think it's another Theranos.”

Radiologist D inquired with multiple senior R&D staff at a major multinational imaging company, but none had heard of NNOX.

Question 7: How Will This Technology Gain Legitimate Adoption, Even Over the Medium Term?

Even longer-term, assuming NNOX can fund future R&D for its seemingly abortive product, the radiologists expressed skepticism about the potential of the technology to come close to achieving the lofty claims laid out by the company or to besting the current standard of care.

Radiologist E estimated that would take 7 to 10 years even for a viable imaging product to successfully penetrate the mammography market:

“It's not something that's like, oh, we developed it, now start using it, because we need studies to say that the utility is good. [Tomosynthesis] was introduced or approved by the FDA in 2011. It's been almost a decade and we still are studying it.”

Radiologist E also highlighted the difficulties of cloud software development for radiology:

“Most radiologists, radiology groups, and hospitals have what's called a PACS system. These digital images you're talking about, even just for mammogram, it's usually on average about 600 to 800 images per breast when you're adding in the 3D component. So you could imagine how much storage that requires when you're doing anywhere from 1,200 to 1,600 images per breast per year... So would they be able to support that? Because that's one thing that we do run into, and every practice runs into, is archiving and storing this large amount of data and making it quickly accessible when you're in the clinic seeing these patients, and you need to compare. And when I'm looking at a mammogram, I don't want to just compare it to one year, I want to compare to five or six years. So you've got to bring in thousands of thousands of images from the past five to six years that a radiologist can look through and see if there have been interval changes. So would their cloud storage be able to support that? Would it be able to be integrated into these PACS systems that are already in place and these radiology groups and hospital systems?”

Radiologist E further stated that merely selling imaging machines into developing countries would be unlikely to be that helpful: “This is something that we talk about even here in the US, so let's say you image this person and you find something wrong, well, what do you do about it? Where are these patients going to go? I mean... they don't have access to healthcare. Well, is there a breast surgeon that can take it [a tumor] out? Is there an oncologist? [If] So, how do they pay for that? So, even if you find something, what are you going to do about it? I mean, is someone going to go in and help set up systems so these people can get treatments, because what's the point in knowing if you have breast cancer if you can't do anything about it?”

Radiologist E opined that putting compact NNOX imaging devices into ambulances, an idea postulated by Dr. Kim, would not be useful:⁵¹

“A medic's not going to be able to interpret a head CT on a patient that's lying on the side of the road or an abdominal CT. You're [also] not giving contrast so it's going to be of little utility. Plus once those images are obtained, how long does it take to get processed and sent to a computer, where a radiologist can then interpret it? And is there somebody waiting there to interpret it, to then turn around and call the medic and say, ‘Hey, this person's got, you know, a liver laceration. Get them to the nearest hospital’? How, logistically, would that make sense or work? And how does it help the medic to know if the patient has a broken arm, because the patient's going to go to the ER either way and get treated there.”

Radiologist C: “3D imaging is standard. You take a CT image, you put the slices together, you can make a 3D rendering. 4D is theoretically when the image moves. It's sort of an odd term: if you're doing dynamic imaging, it's 4D. Now they [Nanox] threw the word 5D in because they're going to get spectral information. Spectral CT has been out there for 10 years. It isn't putting the world on fire, and no one else is calling it 5D. It's kind of another nonsense piece of information. It's full of false claims all the way through to the orders.”

Question 8: Why Has NNOX Made Easily Disprovable Claims About The Industry and Its Own Technology?

The experts also highlighted several of NNOX’s claims to investors that ran directly counter to their experience and academic knowledge.

Radiologist C: “The average CT scanner sells for about \$800,000. The average MRI scanner sells for about \$1.2 million. You see they're completely misleading in these numbers. Now, look at the numbers they're claiming in their pro forma, \$3 million. They also say that two-thirds of the planet can't get a CT. That's hard to believe. They also say the other third has to wait weeks to months. You can get a CT scan right now, anywhere in America in five minutes. [They say] There are some underserved areas of the world where you will be able to bring this because it's low cost and it's portable and whatever it is. Right now, it's nothing. It's an X-ray machine.”

Radiologist E: “They also talk about mammography missing up to 20% of breast cancers—I’m not sure where they got that number from. The Breast Cancer Surveillance Consortium looked at 1.6 million mammograms, and they said it was 86.7% sensitivity and 88.9% specificity. That doesn’t match up.”

⁵¹ <https://techcrunch.com/2020/06/04/nanox-maker-of-a-low-cost-scanning-service-to-replace-x-rays-expands-series-b-to-51m/>

Partnership Details Cast Significant Doubt on How Real NNOX's Operations Are

We believe there is substantial reason to doubt the substance of NNOX's purported partnerships.

Question 1: What are the Circumstances Under Which Partners Can Abandon The Agreements?

Buried in the small print of the company's prospectus are significant get-out clauses with of the distributor agreements. NNOX's agreements with its second- and fourth-largest distributors, Golden Vine International Company Ltd and APR 1998 S.L, have significant conditions in them that allow the partners to terminate the agreement, calling into question \$40.4 million out of the \$180.8 million in annual revenue agreements. The Golden Vine agreement may "be terminated by either party upon notice stipulating that the notifying party has come to the conclusion, based on market evidence, that there is no business merit for the Nanox.ARC in Taiwan or Singapore."⁵² Meanwhile, the agreement with APR 1998 S.L. may be terminated "at the end of a six-month trial period by sending within five days a formal notice to the company if trial results are not satisfactory"⁵³.

NNOX's Brazil distributor, LATAM Business Development Group Ltd., received significant criticism from Citron, which noted that its three employees are all in Israel. However, Citron overlooked that LATAM are in fact a very big deal when it comes to specialty anal-rectal products. Through a distribution agreement they have signed with Peritech Pharma, LATAM is the distributor of choice for Peritech's hemorrhoid and anal itching gels.⁵⁴ Unfortunately for NNOX, they seem slightly less enthusiastic about committing a letter of credit for a device that doesn't yet exist. The \$9 million letter of credit referenced in the prospectus also appears to have significant wriggle room for the counterparty, as its enforceability is "conditioned upon the parties finalizing within 90 days of the agreement, in mutually agreed form, the terms and conditions of the statement of work, the system requirement specifications and the service level agreement."⁵⁵

Additionally, we spoke on the phone with a person familiar with the \$3.7 million Clarity Medical Solution contract who told us that the minimum fee was based on NNOX's obtaining FDA approval. This requirement does not appear to have been disclosed in the prospectus.

Gold Rush

Question 2: Why Does NNOX's South African Partner Seem to Be Headquartered in a Run-Down House in a Bad Neighborhood?

We believe NNOX's South African partner is little more than a man who used to work at a medical distributor operating out of his bedroom, if the address is real at all.

⁵² NNOX Prospectus, p. 89

⁵³ Ibid.

⁵⁴ <https://www.latam-bd.com/news>

⁵⁵ NNOX Prospectus, p. 89

NNOX claims that a south African company named Gold Rush signed a \$15.5 million minimum annual fee and letter of credit contract.⁵⁶ Unlike with the other agreements mentioned in the prospectus, NNOX don't provide the full legal entity name for Gold Rush. This made it a little harder for us to find what we believe is the partner, but we dug a little and think we may have struck fool's gold. We sent investigators to the residential address associated with the only matching entity we located, and here is the supposed place of business they found:



⁵⁶ Prospectus p. 91



We lay out our methodology below. Searching the South African corporate registry for “Gold Rush” yields the following results:⁵⁷

⁵⁷ Queried “Gold Rush” at <https://eservices.cipc.co.za/Search.aspx>

Enterprise Name ▼ Gold Rush 🔍

Please note that this search only retrieves the first 10 results. Be more specific with your search criterion to return a smaller set of results.

Enterprise Name	Enterprise / Tracking Number	Status	View
ELDORADO GOLD RUSH	9162594948	RESERVED	
GOLD RUSH MINING	9255915858	RESERVED	
GOLD RUSH WEALTHSMITH	9135214845	RESERVED	
MAGAUTA GOLD RUSH	9122421718	RESERVED	
AFRICA GOLD RUSH PROJECTS	2014/137472/07	REGISTERED	🔗
GOLD RUSH BOTTLE STORE	2019/387718/07	REGISTERED	🔗
GOLD RUSH CHAUFFEUR SERVICES	2012/137551/07	REGISTERED	🔗
GOLD RUSH ECO	2017/401169/07	REGISTERED	🔗
GOLD RUSH EQUIPMENT SYNDICATION	2020/083785/07	REGISTERED	🔗
GOLD RUSH EXPRESS	2017/501277/07	REGISTERED	🔗
GOLD RUSH INVESTMENTS AND PARTNERS	2016/527067/07	REGISTERED	🔗
GOLD RUSH LONG	2017/358238/07	REGISTERED	🔗
GOLD RUSH MARKETING	2009/042360/23	REGISTERED	🔗
GOLD RUSH MINING	2020/246441/07	REGISTERED	🔗
GOLD RUSH NELSPRUIT	2016/106371/07	REGISTERED	🔗
GOLD RUSH STEAK RANCH	2006/015287/07	REGISTERED	🔗
GOLD RUSH TIMBER FABRICATORS	2016/028786/07	REGISTERED	🔗
GOLD RUSH TRADING	2016/055088/07	REGISTERED	🔗
GOLD RUSH TRADING 13	2002/057832/23	REGISTERED	🔗
GOLD RUSH TRADING 16	2002/076404/23	REGISTERED	🔗
GOLD RUSH TRADING 24	2002/076312/23	REGISTERED	🔗
GOLD RUSH TRADING 41	2017/103450/07	REGISTERED	🔗
GOLD RUSH TRADING 53	2004/088130/23	REGISTERED	🔗
GOLD RUSH TRADING 55	2004/094183/23	REGISTERED	🔗
GOLD RUSH TRADING 61	2005/135264/23	REGISTERED	🔗
GOLD RUSH TRADING 62	2005/156189/23	REGISTERED	🔗
GOLD RUSH TRADING 67	2006/077943/23	REGISTERED	🔗
GOLD RUSH TRADING 9	2002/053604/23	REGISTERED	🔗
MAGAUTA GOLD RUSH	2012/156959/07	REGISTERED	🔗
RUSH TO GOLD INVESTMENTS	2014/190653/07	REGISTERED	🔗
RUSHED DIAMOND GOLD EXCHANGE	2013/190834/07	REGISTERED	🔗
THE GOLD RUSH	2017/050003/07	REGISTERED	🔗

We think that only one plausible partner stands out, which is “Gold Rush Equipment Syndication”. The entity was formed in February 2020 and is registered to a suburb of Durban.

Enterprise Details | Director Details | Annual Return Details | Enterprise History

Enterprise Details

Enterprise Number: K2020083785
 Enterprise Name: GOLD RUSH EQUIPMENT SYNDICATION
 Enterprise Type: Private Company
 Enterprise Status: In Business
 Compliance Notice Status: NONE
 Registration Date: 2020-02-14

PHYSICAL ADDRESS:
 J 1743
 UMLAZI TOWNSHIP
 UMLAZI
 KWA-ZULU NATAL
 4031

POSTAL ADDRESS:
 J 1743
 UMLAZI TOWNSHIP
 UMLAZI
 KWA-ZULU NATAL
 4031

CIPC ENTITY SEARCH

Enterprise No.

Enterprise Details | Director Details | Annual Return Details | Enterprise History

Enterprise History

Date	Details
2020-02-14	New Company Registration - Web Services : 9999 : Ref No. : 9228120172

It is registered to an individual named “Sunset Blessing Mtshali”.

Enterprise Details | Director Details | Annual Return Details | Enterprise History

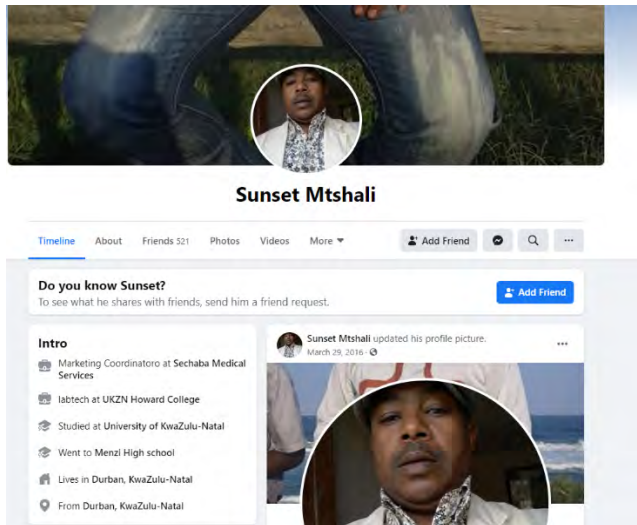
Registered Directors / Members

ID / Passport Number	Name(s)	Surname	Type	Status
630527 XXXX 08 X	SUNSET BLESSING	MTSHALI	Director	Active

The Facebook profile for a “Sunset Mtshali” says he works as a marketer for “Sechaba Medical Services”, a provider of IT systems and services to medical administrators:^{58,59}

⁵⁸ <https://www.facebook.com/sunset.mtshali.7>

⁵⁹ <https://www.3sixtyhealth.co.za/managed-care-services/>



We think it possible NNOX will respond to this (if, in fact, we have found the correct “Gold Rush”) by claiming that they are actually partnered with “Sechaba Medical Services”. Well, Sechaba Medical Services is headquartered in Johannesburg.⁶⁰ Accordingly, we ask, why would NNOX register with someone who is an employee that has set up a distribution business 582 km away from the employer?⁶¹

Promedica Bioelectronics

Question 3: Why Are The Committed Annual NNOX Sales for NNOX’s Italy and Spain Partners Multiples of Their Total 2018 Sales?

NNOX claims an Italian company called Promedica Bioelectronics s.r.l. signed a deal for \$29 million annually with an accompanying letter of credit.⁶² Yet, Italian filings show Promedica did €4.6 million in revenues in 2018 (the most recent year for which figures are available), only garnering €31k in profit. We find it hard to believe that with just €250,160 in cash on the balance sheet, Promedica is able to guarantee a payment in the dozens of millions:⁶³

⁶⁰ <https://www.linkedin.com/company/sechaba-medical-solutions/about/>

⁶¹ <https://www.google.com/maps/dir/Johannesburg,+South+Africa/Umlazi,+South+Africa/@-28.0833294,28.3784207,502253m/data=!3m2!1e3!4b1!4m14!4m13!1m5!1m1!1s0x1e950c68f0406a51:0x238ac9d9b1d34041!2m2!1d28.0473051!2d-26.2041028!1m5!1m1!1s0x1ef65344ead3333b:0xeaec1855e33c4621!2m2!1d30.8843434!2d-29.9687501!3e0>

⁶² <https://investors.nanox.vision/static-files/5810c5f6-62b1-4d96-b9fd-b74c73aadbf3>, p. 89

⁶³ Promedica Bioelectronics s.r.l. 2018 Annual Report, p. 2

Abbreviated balance sheet

	31-12-2018	31-12-2017
Balance sheet (mandatory scheme)		
Assets		
B) Fixed assets		
I - Intangible fixed assets	134.702	542.949
II - Tangible fixed assets	1.551.034	237.624
III - Financial fixed assets	88.790	88.790
Total fixed assets (B)	1.774.526	869.363
C) Current assets		
I - Inventories	121.088	391.529
II - Receivables		
due within the following year	5.783.512	4.536.308
due beyond the following year	13.293	19.893
prepaid tax	33.145	33.145
Total receivables	5.829.950	4.589.346
IV - Liquid funds	250.160	605.900
Total current assets (C)	6.201.198	5.586.775
D) Accrued income and prepayments	307.216	50.229
Total assets	8.282.940	6.506.367
Liabilities and shareholders' equity		
A) Shareholders' equity		
I - Share capital	1.000.000	1.000.000
IV - Legal reserve	13.221	11.424
VI - Other reserves	40.236	40.236
VIII - Retained earnings (accumulated losses)	68.216	34.060
IX - Net profit (loss) for the year	31.714	35.953
Total shareholders' equity	1.153.387	1.121.673
B) Reserves for contingencies and other charges	187	187
Total reserve for severance indemnities (TFR)	62.884	77.874
D) Payables		
due within the following year	5.819.260	4.300.934
due beyond the following year	1.196.325	953.227
Total payables (D)	7.015.585	5.254.161
E) Accrued liabilities and deferred income	50.897	52.472
Total liabilities and shareholders' equity	8.282.940	6.506.367

APR 1998 S.L.

Similarly, NNOX claims APR 1998 S.L. of Spain guarantees \$11.4 million in annual revenues to NNOX and a letter of credit of the same size.⁶⁴ However, we found that the company, which performs maintenance on diagnostic imaging machines, generated just €5.4 million revenues and €1.1 million in operating profit in 2018, the most recent year for which results were available.⁶⁵ The company also had a mere €322,530 in cash and short-term investments at year-end 2018.⁶⁶ We wonder what bank would give a \$11.4 million letter of credit to such an enterprise, and under what circumstances.

⁶⁴ NNOX Prospectus, p. 89

⁶⁵ APR 1998 S.L. Company Report, 2018, p. 21

⁶⁶ Ibid., p. 19

Profit and loss Account*(In Euros)*

	Key	Financial years			
		2015	2016	2017	2018
1. Net turnover	40100			4.121.311,12	5.444.749,00
2. Change in stocks of finished and semi-finished products	40200			0,00	0,00
3. Capital asset betterments and improvements ⁴	40300			0,00	0,00
4. Provisions	40400			-1.809.441,32	-1.966.189,00
5. Other operating expenses	40500			648,00	0,00
6. Personnel expenses	40600			-1.085.975,46	-1.524.564,00
7. Other operating expenses	40700			-402.880,56	-783.659,00
8. Depreciation of fixed assets	40800			-31.909,04	-45.107,00
9. Allocation of non-financial asset grants and others	40900			0,00	0,00
10. Provision excesses	41000			0,00	0,00
11. Deterioration and result for transfers of fixed assets	41100			-1.916,75	0,00
12. Negative difference in business combinations	41200			0,00	0,00
13. Other results	41300			655,70	-4.708,00
A) OPERATING PROFIT (1+ 2+ 3+ 4+ 5+ 6+ 7+ 8+ 9+ 10+ 11+ 12+ 13)	49100			790.491,69	1.120.522,00

 ANNUAL ACCOUNTS - COMPANIES REGISTER FORMAT**Balance***(In Euros)*

	Key	Financial years			
		2015	2016	2017	2018
IV. Short-term investments in group companies and sister companies	12400			0,00	0,00
V. Short-term financial investments	12500			19.024,50	4.025,00
VI. Short-term accruals	12600			0,00	0,00
VII. Cash and other equivalent liquid assets	12700			312.029,80	318.505,00

JSC Roel Group

Question 4: Why Did NNOX Choose to Align Itself With a Russian Partner That Has Minimal Medical Expertise and a Dubious Past?

Roel Group is a peculiar choice for a distribution partner. Rather than being a medical company, Roel is a holding company that primarily owns industrial businesses, like a Russian electric

motor manufacturer called Ruselprom, a textile plant, and a quartz crystal maker.⁶⁷ In fact, the closest Roel appears to be to having something of remote interest to Nanox is a single fertility clinic. At this clinic, X-ray imaging is not listed as a service offered.⁶⁸ Regardless, one clinic does not represent an opportunity for 500 purported NNOX systems, and Roel has no discernable strong ties to Russian hospitals.

What Roel does have are years of scandal and fraud allegations trailing it and its director in Russian media. Roel's proprietor, Vladimir Dorokhin, laid the groundwork for his business interests in the fast and loose 1990s and has left a trail of dealings questioned by media and online observers.



*Roel Group's Vladimir Dorokhin (right)*⁶⁹

In the early 2000s, while he was Deputy General Finance Director of Moscow's Sheremetyevo Airport, Dorokhin was reportedly involved in multiple corrupt dealings.⁷⁰ After allegedly facilitating a string of illicit transactions in connection with the airport's refueling company, its retail concessions, and debt owed to it by a regional airline, Dorokhin was dismissed from his post.

In 2010, Russian publication *Moment of Truth* accused Dorokhin of misappropriating 800 million rubles in advance payments from the Russian government (then \$33.6 million).⁷¹ Another report suggested that Dorokhin had siphoned out approximately \$60 million in loans from Alfa Bank, VTB Bank, and Moscow Industrial Bank.⁷² The government gave the advance to Roel Group portfolio company Ruselprom in exchange for future supplies to a state-owned power plant, while the loans were made to several Roel Group-connected electric motor plants. According to the reports, neither the advance nor the loans were repaid. Instead, Dorokhin allegedly tunneled out the money through a web of intermediary entities and promissory notes. Then, to evade payment obligations, according to *Moment of Truth*, Dorokhin fabricated 1.3 billion rubles in fake debts to affiliated Bahamian and Belize companies to plunge Ruselprom

⁶⁷ <https://www.ruselprom.com/>

⁶⁸ <https://www.ivf-russia.com/services/>

⁶⁹ <https://www.slideshare.net/roelgroup/30-9718890>

⁷⁰ https://web.archive.org/web/20170113131834/http://www.compromat.ru/page_25004.htm (Russian language)

⁷¹ https://moment-istini.com/news/novosti-kompanii_8355.html (Russian language)

⁷² <https://web.archive.org/web/20140706105409/http://www.iapm.ru/showpage.php?id=120&h=4> (Russian language)

and other guarantor entities into bankruptcy.⁷³ The Bahamian entity, which was controlled by an associate of Dorokhin's, became the eventual owner of Ruselprom.

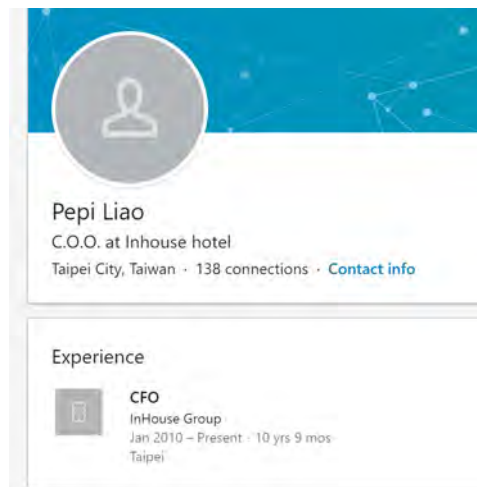
Similarly, one of Roel Group's holdings, OJSC Agrika, a poultry and frozen food manufacturer, raised bank debt that was subsidized by a Russian regional government.⁷⁴ However, a report alleges that rather than using the proceeds for the purchase of raw materials, Agrika funneled the cash to other Roel Group entities before taking out even more debt, until it owed 2.7 billion rubles (\$86 million). Having been allegedly hollowed out, Agrika declared bankruptcy in 2009.

Golden Vine International Company

In June 2020, NNOX touted a partnership with Golden Vine International, claiming that the business was led by Pepi Liao, "a second generation of the Liao Wan Lung (廖萬隆), family, who is the founder and chairman of CB CERATIZIT – one of the largest global suppliers of Tungsten Carbide to leading medical imaging vendors such as Siemens, Fuji Seiko, Samsung and others."

However, as much as NNOX might try to make Pepi Liao appear like a medical device entrepreneur, she works in the hotel industry and has little apparent direct connection to the family business that NNOX mentions. As a result, we find it hard to believe the \$29 million in future annual NNOX sales ascribed to Golden Vine.

An Internet report on the Liao family notes that her father, nicknamed the Tungsten King of Taiwan, "also created a boutique hotel, InHouse hotel in 2012 in Ximending. Pepi Liao is the second daughter of Wanlong Liao and she currently, works as the COO of the InHouse Hotel and has been involved in the aesthetic decision-making of the hotel."⁷⁵



Source: LinkedIn⁷⁶

⁷³ https://moment-istini.com/news/novosti-kompanii_8355.html

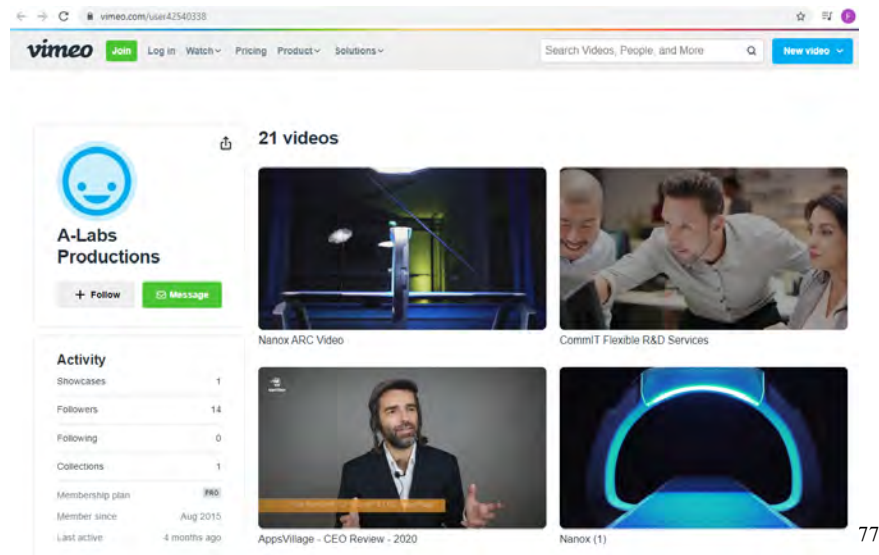
⁷⁴ <https://web.archive.org/web/20140706105409/http://www.iapm.ru/showpage.php?id=120&h=4>

⁷⁵ <https://askwonder.com/research/liao-family-businesses-w3qrhafdi>

⁷⁶ <https://www.linkedin.com/in/pepi-liao-5629835a/>

What Does the ARC Have in Common with the Starship Enterprise?

A-Labs' role in creating the NNOX mythology is far beyond that of a traditional banking relationship. The company produced promotional videos that have captured the imagination of unsuspecting investors. These impressive marketing materials show a futuristic-looking device that claims to perform a vast array of highly complex kinds of medical imaging (below). The videos are uploaded to Vimeo via the account “A-Labs Productions”, along with videos for other A-Labs issuer clients.



While the NNOX “fly-by” video is slick, the pictured device appears to be a model:⁷⁸

⁷⁷ <https://vimeo.com/user42540338>

⁷⁸ <https://vimeo.com/383060464>



This model is seemingly produced by an Industrial Designer named Amos Boaz, who went to the same art academy as Poliakine (~5 years later).⁷⁹ Boaz's website highlights the NNOX video, as well as a [prop truck](#) he apparently designed for the movie *Jurassic World* and other futuristic renderings and robot concepts, some of which are for other companies affiliated with Poliakine.⁸⁰



⁷⁹ <https://player.vimeo.com/video/383060464>

⁸⁰ <https://amosboaz.com/project/nanox/>

For What is Ran Poliakine Qualified?

Charismatic CEO Poliakine appears to have no formal training in radiology, physics or medicine—or to have even finished college. His only academic credentials seem to be a two-year stint he spent at the Bezalel Academy of Arts and Design. Our investigators contacted a Bezalel administrator who confirmed that he did not graduate.⁸¹

About Ran Poliakine

Born in Haifa, Mr. Poliakine studied at Bezalel Academy of Arts and Design in Jerusalem and lives in Motza Elite with his wife and 5 children. A prolific entrepreneur and recognized visionary, Ran Poliakine has founded several successful companies that bring new technologies to market, fundamentally solving real-world problems and improving people's lives. Poliakine is founder and Chairman of SixAI, the ground-breaking robotics company behind the world's first robot employment agency and joint venture with Musashi Seimitsu, Musashi AI.



In interviews and online, Poliakine refers to himself as the founder of wireless charging company Powermat.⁸² Allegations contained in two lawsuits filed against Poliakine paint a less than flattering portrait of him as a businessperson. We do not know the status of the suits or Poliakine's responses; however, these allegations are certainly not inconsistent with our view that as CEO of NNOX, Poliakine is leading a massive stock promotion.

In 2014, Powermat board member and billionaire investor J. Christopher Burch sued the company and Poliakine. In the suit, Burch alleged that Poliakine had “managed the company improperly and unlawfully... by treating the company as his own, providing favors to his close associates, mixing together various businesses and companies he controls and the company, and taking advantage of company resources and the company's employees.”⁸³ This “failing management” was responsible for the company's financial decline, according to the suit.

The suit further stated that Poliakine approved the \$54 million “unjustifiable” acquisition of HoMedics, in which Poliakin and entities affiliated with certain board members had stakes, while hiding the other board members' involvement from the broader board.⁸⁴ Poliakine did this, the suit said, “to enable them to collect personal profits, at the expense of the company and its shareholders' wellbeing, by causing significant financial losses to the company.”⁸⁵ Indeed, Powermat allegedly wrote down 95% of HoMedics' inventory within three months.

⁸¹ <https://www.roboticstomorrow.com/article/2020/02/musashi-ai-technology-for-dynamic-environments/14859>;

Our investigators confirmed he attended from 1992 – 1994.

⁸² <https://www.linkedin.com/in/ranpoliakine/>

⁸³ <https://en.globes.co.il/en/article-us-investor-sues-powermat-for-unlawful-management-1000976954>

⁸⁴ Ibid.

⁸⁵ Ibid.

Burch also claims that he invested on the basis of forecasts that Poliakin made of up to \$400+ million in annual sales based on “the vast business potential of the company”.⁸⁶ Actual revenue for those forecasted periods allegedly ended up being less than 10% what Poliakine had claimed, while Powermat allegedly “wrote off at least \$200 million in investments” and failed to make a profit.

In 2017, a director of Nanox Gibraltar, Moshe Moalem, whom Poliakine had described as his “close friend and business partner”, sued Poliakine in Israeli court for \$1.5 million dollars.^{87,88,89} In the suit, Moalem alleges that Poliakine committed accounting fraud; that Poliakine attempted to deceive Moalem and other partners as well as third parties; and that when Poliakine was selling Powermat shares, he misreported the sale price to Israeli tax authorities.⁹⁰ Moalem alleges that the purpose of these maneuvers was for Poliakine to meet his own financial obligations.

⁸⁶ Ibid.

⁸⁷ https://www.sec.gov/Archives/edgar/data/1613409/000161340917000001/xslFormDX01/primary_doc.xml

⁸⁸ Jerusalem Magistrates Case Court No. 27001-12-17 (Civil)

⁸⁹ <https://ranpoliakine.wordpress.com/>

⁹⁰ <https://www.news1.co.il/Archive/001-D-398043-00.html> (in Hebrew)