



January 21, 2014

Citron Issues **URGENT** Trading Warning to the Public regarding Organovo.

At the present moment, Organovo (NYSEMKT:ONVO) is a highly speculative company in biotech which has been swept up in the mania for 3D printing stocks. ONVO has been spinning a story that its technology would allow the “bio-printing” of replacement organs.

Admittedly this “story” has sizzle but that is where it stops. Citron is not going to waste readers time rehashing the arguments that have been made tirelessly by writers showing that Organovo is nothing but fluff and the technology discussed by the company is 10 years away and they are not even the most credible player in the space, even when compared to the accomplishments and strategic partnerships of companies with 1 / 100th of ONVO’s current market value.

Here is some of the great research done by others on Organovo:

<http://seekingalpha.com/article/1848361-a-very-detailed-look-at-organovo>

<http://www.scribd.com/doc/191911338/My-View-on-Organovo-Over-Valuation>

<http://www.scribd.com/doc/192086736/Organovo-PfizerMy-thoughts-on-Organovo-Inc-NYSE-ONVO-%E2%80%93-Pfizer-NYSE-PFE-partnership>

Citron cannot think of a stock with this high market cap and **so little institutional ownership** or analyst coverage.

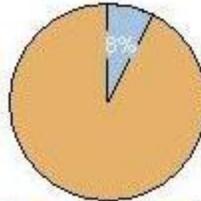
Citron notes that biotech funds are some of the sharpest research guys out there. And not a single one appears here.

Organovo Holdings, Inc. Ownership Summary

ONVO



Institutional Ownership



Shares Outstanding

Institutional Summary

Total Number of Holders	63
% of Shares Outstanding	7.98%
Total Shares Held	6,168,450
Total Value of Holdings	68,778,218
Net Activity	6,125,499

<http://www.nasdaq.com/symbol/onvo/ownership-summary>

🟡 So with all of that known, we ask ourselves the age old question:
“Who buys this SH\$% ?”

Answer: Yes, They Have Wolves in Japan

On January 7, 2014, the **Swedish Financial Supervisory Authority** issued a warning specifically about **Kanagawa Associates unauthorized cold-calling on ONVO stock** into Sweden.
http://www.fsma.be/~media/Files/press/2014/01/2014-01-07_kanagawaassociates.ashx

As US regulators have done a wonderful job shutting down these types of operations, boiler rooms selling U.S. securities have been popping up worldwide.

Online commentator “unemom” has done an excellent job explaining the issue:
http://unemon.com/ResearchEasy/20140116_ONVO.html

Citron produces the following links to verify that the warning and **the agency is legitimate**:
[http://en.wikipedia.org/wiki/Financial_Supervisory_Authority_\(Sweden\)](http://en.wikipedia.org/wiki/Financial_Supervisory_Authority_(Sweden))
<http://www.fi.se/Folder-EN/Startpage/Register/Investor-alerts/Warning-list/Warning-regarding-Kanagawa-Associates/>

2) The **Japanese Financial Services Agency** issues a warning about Kanagawa – Cold Calling – Investor Alert (Latest Update November 2013)
<http://www.fsa.go.jp/en/refer/cold/>

Again, the agency is legitimate.

http://en.wikipedia.org/wiki/Financial_Services_Agency
<http://www.fsa.go.jp/en/>

3) Further ominous signs about Kanagawa and Nakamura, which are easily verifiable: Kanagawa operates with the **identical address, phone number and fax number** as “Nakamura Venture Capital” <http://nakamura-venturecapital.com/>
(Note: Isn't it humorous that the websites for these companies both appear in English only, despite their Tokyo location?)

Analyst Coverage

It goes without saying that Citron has no love lost for sell side research, but when a company has a \$ 3/4 billion dollar market cap with limited to no sell side research, than buyers have to be especially on guard. As for Organovo, it appears that the only firm that covers them is JMP Securities.

Needless to say JMP was a placement agent for 4 million shares with insider selling:
<http://www.sec.gov/Archives/edgar/data/1497253/000119312513457208/d636802d424b5.htm>

BTW: The coverage from JMP had the stock fully valued at \$8 a share.

Conclusion

Please note that at present Citron has **no** evidence, and is **not** suggesting, that the boiler room operations retailing ONVO stock are explicitly linked in any way to the corporate governance of Organovo Holdings; yet management has not been shy about selling stock into this upward movement.

What **is** a problem is that Organovo has tied its heavily hyped story to the promise of a collaboration with Pfizer. Large companies' **compliance departments** are usually extremely cautious about creating over-exaggerated promises of relationships with smaller companies that invoke their name, especially in the context of small-cap stocks.

With no signs of a legitimate and enduring material research relationship between Pfizer and Organovo emerging since the latter's vague (no financial details) announcements over a year ago, these warnings create a situation of extreme risk. Due to the emergence of these boiler room associations, and the warnings of legitimate government agencies, Pfizer's hand could now well be forced – to distance itself from Organovo -- removing the uncertainty which has invited speculators to chase Organovo to a near-billion dollar valuation... on nothing but dreams. This would cause an immediate cliff-dive for ONVO stock.

Unfortunately, that is exactly the type of event which would wake up the most naïve victims of these cold-callers – too late to save their money.

🟡 **Cautious Investing to All.** 🟡