

What Happens to Your Share Price When Your Company is Indicted for Murder?

DE Brown August 18, 2015



The Astonishing Story of AAC Holdings and what happened after recently being convicted of a serious crime.

([Newswire.net](#) -- August 18, 2015) -- Many businesses live in fear of litigation from employees, customers or members of the public, but most don't expect to ever have their president and three of their other employees indicted for murder. That, however, is exactly the situation Brentwood, Tennessee company [AAC Holdings](#) has found itself in recently.

AAC

AAC Holdings is the parent company of American Addiction Centers, a well known provider of rehabilitation treatment to people suffering from drug and alcohol addiction. American Addiction Centers is AAC Holdings' main operating unit, and has seven rehab facilities in different locations all across America.

AAC was previously known as Forterus Inc., but was listed on the New York Stock Exchange in October last year as AAC and saw incredible growth – with share prices having risen by 150%, AAC was touted as one of the hottest stocks in the USA.

When news was released of the murder indictment of AAC – including president and co-founder Jerrod Nathan Menz – the reaction was swift. One of the darkest days for AAC was August 4th, which saw shares plummet at such an alarming rate that trading was even halted on the stock for a short time due to volatility. Prices fell by up to 53% that day alone, which can be taken as a strong expression of the market's failure in confidence in the previously robust stock.

So, what were the events that lead to this dramatic change in fortune for the drug and alcohol rehab giants American Addiction Centers?

A Better Tomorrow

One of the seven rehab centers owned by American Addiction Centers is A Better Tomorrow treatment center in Murrieta, California. The name may, in light of the story, seem somewhat ironic, as neither the patient in question nor the company saw a better day after the events there in July 2010, when AAC was still operating as Forterus Inc.

A 52 year old man named Gary Benefield had entrusted his care to A Better Tomorrow drug and alcohol treatment center, traveling from his home in Springerville, Arizona, to LA, and then making his way to the facility in Murietta. The addiction Mr Benefield was seeking treatment for has not been specified in relation to the case, but the married coal power plant worker was also suffering from chronic obstructive pulmonary disease and emphysema, and had recently been admitted to a local hospital with an additional case of pneumonia. He was not in a good condition, and was using oxygen when he traveled. His tank was emptied at the airport.

When Gary Benefield made it to A Better Tomorrow, staff at the treatment center didn't give him any more oxygen. They gave him a dose of antidepressants and some anti-anxiety medication.

Later that night, sleeping staff at A Better Tomorrow rehab center failed to check up on Mr Benefield in his room, from around midnight onwards, according to a report written in 2012 by the California Senate Office of Oversight and Outcomes which looked into Benefield's case along with some other deaths that had occurred at A Better Tomorrow in the same 2.5 year timeframe.

The following day – tragically, also Gary Benefield's 53rd birthday – the patient died. The coroner ruled that the cause of death was chronic obstructive pulmonary disease.

Indictment

Five years on from Gary Benefield's death, in July 2015, an indictment for murder was unsealed. Jerrod Nathan Menz himself was personally indicted, along with Mignon Dean, who is still working at AAC, and two other people – staff who were working at A Better Tomorrow when Gary Benefield was treated, but who have since parted ways with the company.

Jerrod Nathan Menz stood down from his role as president almost immediately, with a filing by the company claiming he felt it appropriate to resign from the board, but would still be intending to work closely with American Addiction Centers. He posted bond and is expected to be in court on the charges in October – just one year after the celebrations as AAC went public.

The story of AAC is an interesting and strange one that shows how quickly the consequences of one event can shake up the market, and how a company can very rapidly fall from grace.

Source: <http://newswire.net/newsroom/pr/00089979-what-happens-to-your-share-price-when-your-company-is-indicted-for-murder.html>