



Fraud Discovery Institute Releases Expert's Detailed 20-Page Report Confirming Business Model Similarities

Detailed comparison of the business models and victim impact between Burnlounge, a multi level marketing company recently sued by the FTC for fraud, and Usana Health Sciences, Inc. (NASDAQ: USNA)

For Immediate Release

SAN DIEGO/EWORLDWIRE/July 3, 2007 --- In June, 2007, the Fraud Discovery Institute (FDI) contracted industry expert Robert FitzPatrick to perform a detailed comparison between two multi level marketing companies that have caught the eye of regulators: Usana Health Sciences, Inc. (NASDAQ: USNA) and Burnlounge, Inc. FitzPatrick is internationally recognized by state and federal law enforcement agencies as well as the country of China as an unparalleled expert in multi level marketing.

In the case of Burnlounge, the FTC filed a lawsuit stating that the company operated as a pyramid scheme and was in violation of federal laws. Expert Fitzpatrick, through painstaking research that resulted in a 20-page report (to read new report, go to '<http://www.barryminkow.com>'). Fitzpatrick compared and contrasted the two companies' binary compensation plans, their offer to consumers of extraordinary income opportunities through purchasing a "retail" distributorship and then recruiting a chain of other retailers; how both companies would be impacted by the proposed new Business Opportunity Rule of the FTC; and most importantly, Burnlounge and Usana Health Sciences, Inc. share the distinction of having the vast majority of consumers lose money in each program.

Fitzpatrick concludes that although there are differences between the two companies, at the core, they are distinctions without a difference. To substantiate this beyond any doubt, Fitzpatrick writes: "Both Usana and Burnlounge are multi-level marketing companies, and both disguise their pyramid money as 'purchases.' In both companies, where the money comes from (later participants at the bottom), how it is gained (lure of an income opportunity), how it is paid out (commissions and bonuses related to recruiting), and where it goes (to earlier investors with most going to a few at the top) are identical."

"This is not a level playing field," says Robert Fitzpatrick. "In the cases of both Burnlounge and Usana, the new recruit is mathematically doomed by the design of the binary compensation plan - not because of their efforts or lack thereof." According to sources at FDI, the report is being sent to 'all relevant law enforcement agencies' including some state attorney generals.

"Let me make a prediction regarding the inevitable response to this new report," says Barry Minkow, co-founder of the Fraud Discovery Institute ('<http://www.barryminkow.com>'). "The rhetoric from pro-Usana analysts and apologists will be the standard 'old news' and 'heard it all before' - implying that no one cares about critical facts like material non-disclosures, misrepresentation, untenable business models and doomed to failure business opportunities that literally effect thousands of people in the case of Usana.

"However, the apologists from Burnlounge made the same claims," said Minkow. "But they do not make those claims anymore." According to Minkow, the tide of popular opinion appears to be turning against those who doom innocent victims to failure in pyramid schemes like Burnlounge and Usana Health Sciences, Inc. "The release of the report by FDI is not intended in anyway to imply that the FTC is guaranteed to act against Usana Health Sciences, Inc., although we will petition it to do so, but rather to point out that in a recent case where the Federal Trade Commission did act, the arguments that support the law suit appear to have clear application to Usana.

"It took 15 years before Enron was shut down and almost the same amount of time for the WorldCom fraud to unravel and almost 20 years for authorities to shut down Financial Advisory Consultants," stated Minkow. "The fact that Usana supporters point to the length of time that the company has been in business as evidence of legitimacy for their multi level marketing structure should not infer that they do not possess a mathematically untenable business opportunity that is pushed on the masses."

The Fraud Discovery Institute has to date assisted state and federal regulators in 18 cases ending in resolution and, not counting Usana Health Sciences, Inc., currently has three open cases with federal authorities involving millions of dollars in victim impact. To view video and additional detail, visit '<http://www.barryminkow.com>'.

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