



Six-month Undercover Investigation of PrePaid Legal Inc. results in Fraud Discovery Institute PrePaid Illegal Web Site

PrePaid Legal, Inc. (NYSE:PPD) CEO Harland C. Stonecipher caught on video making multiple misrepresentations irrefutably documented by new FDI report.

For Immediate Release

SAN DIEGO/EWORLDWIRE/May 1, 2008 --- The Fraud Discovery Institute Inc. (FDI) (<http://www.frauddiscovery.net>) today unveiled some of the results of a six-month undercover investigation of PrePaid Legal Inc. (PPL) (NYSE:PPD) by launching a new Web site, <http://www.prepaidillegal.com>.

The site includes a comprehensive 25-page report from nationally recognized multi-level marketing (MLM) expert Robert FitzPatrick outlining for the first time the startling fact that PrePaid Legal Inc. is not a product-based, multi level marketing company like Usana Health Sciences Inc. (NASD:USNA) or Herbalife (NYSE:HLF) - which are both in a constant state of collapse, but rather it is a service-based multi-level marketing company actually collapsing.

That this is exactly the case and not an exaggeration, Mr. FitzPatrick - the nation's most respected and leading expert in the multi-level marketing industry as evidenced by his expert testimony on behalf of multiple state attorney generals and other law enforcement agencies notes: "To put the picture of Pre-Paid's recruitment mandate in starker perspective, and the compounding consequences of a decline - PPD had 444,499 associates at the end of 2006, and, during 2007, brought in 148,802 new 'sales' people for a total of 593,301. But only 90,123 or 15 percent of this group made even one sale in 2007. The company needed seven associates for each one that made sales during the year - and more than half of those making sales were making their first sales; that is, they were among those initially joining the scheme. During all of 2007, 503,178 of the Associates - 85 percent - either quit or did not make even one sale. Pre-Paid Legal's data for the first quarter of 2008 further confirm the pattern of decline. It reported to the SEC that 'during the 1st quarter of 2008, new sales associates enrolled decreased 16.9 percent compared to the first quarter of 2007. On a sequential quarterly basis, new associates enrolled decreased 28.4 percent.'"

The site also contains two new YouTube videos where CEO Harland Stonecipher is caught making multiple untrue statements to lure people into the doomed-by-design PrePaid Legal Inc.

"We anticipated that multiple Wall Street analysts would be quick to come out and blindly defend a company that literally ruins the lives of the over 85 percent who actually try to succeed at the PPD business opportunity, so we simply caught Mr. Stonecipher making statement after statement that we factually and accurately debunk one by one," said Barry Minkow, co-founder of the Fraud Discovery Institute Inc. "Moreover, in one of our new videos, former United States Attorney Brad Piggott states that when PrePaid Legal Inc. itself gets sued, the company does not utilize its network of attorneys to defend itself. In the other newly released YouTube video, FDI dissects multiple misrepresentations allowing the audience to infer their own conclusions from the primary source."

Furthermore, CEO Harland Stonecipher received over \$10,000,000 from the "dumping" - exercising - of his personal stock options between the years 2006 and 2007 while the company simultaneously used proceeds from failed associates and members to repurchase stock on the open market to the tune of over \$139,000,000 dollars. "The MLM industry has given new meaning to the phrase, 'pump and dump'," said Minkow.

Another stunning observation stated in the new Fitzpatrick report is that, "At the end of 2006, more than 1.3 million households already had worked for PPL as sales associates, The total number of households in the U.S. in 2006, according to the U.S. Census Bureau, is 110 million. Over 1 percent of the households of the entire current American population has already worked for PPL - there are only 99 possible households in America for every one that is or has already been a PPL sales associate."

"The significance of this number cannot be overstated," Barry Minkow. "Unlike Usana and Herbalife, PrePaid Legal, Inc. cannot sell their legal services illegally in China or anywhere else for that matter. The company is literally collapsing."

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CONTACT:

Barry Minkow

FDI

9919 Carroll Center Road

San Diego, CA 92126

PHONE. 888-300-8307

FAX. 858-547-6359

EMAIL: minkow@integrity.com

<http://frauddiscovery.net>

Chris Roslan

DRC Public Relations

PHONE. (212) 966-4600

EMAIL: chris@drcpublicrelations.com

<http://www.drcpublicrelations.com>

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