



New Fraud Discovery Institute Report Reveals Madoff And Medifast Inc. Have Too Many Points Of Similarity

MediFraud.net (<http://www.medifraud.net>) Web site launched - Consumer group releases results of six-month undercover investigation of Medifast, Inc (NYSE: MED) including lead testing, 29 page expert's report, product testing, YouTube video and Bernie Madoff comparison.

For Immediate Release

SAN DIEGO/EWORLDWIRE/Feb. 17, 2009 --- The Fraud Discovery Institute Inc. has launched MediFraud.net ('<http://www.medifraud.net>'), a Web site containing the results of a six-month investigation into Medifast Inc. (NYSE: MED), a New York Stock Exchange, publicly traded company.

The site contains a 29-page report by expert Robert FitzPatrick that concludes: "Medifast, in fact, offers a misleadingly promoted income scheme that cannot possibly fulfill this promise. Medifast does not actually offer a viable income opportunity but the illusion of one, as portrayed in the endless chain mirage. The income lure - that requires paying fees and buying Take Shape for Life products - is an endless chain scheme. The vast majority of all consumers that Medifast enrolls in its 'business opportunity' and who serve as the engines of its growth are doomed to fail."

The site also unveils critical points of similarity between the Bernie Madoff-massive Ponzi scheme and the recruitment-based multi-level marketing compensation plan of Medifast Inc. According to the recently released report, just as Bernie Madoff had no real trading profits to distribute to investors and instead relied upon monies paid to investors to come from new investors, in like manner, Medifast utilizes the same money transfer game: Medifast delegates the recruitment aspect of the scheme to its "coaches" through the promise of outrageous returns - \$8,000 to \$20,000 per month - which is the bait to bring in new recruits whose efforts enrich the upline, not the new distributor/coach. "Both Madoff and Medifast are also closed systems," said Barry Minkow, co-founder of the Fraud Discovery Institute Inc. "They both rely upon the transfer of money between investors within the scheme as opposed to money from retail sales generated outside the scheme."

The MediFraud.net ('<http://www.medifraud.net>') Web site also contains lab reports from two FDA-approved, independent labs that tested some of the popular Medifast Inc. products and were then analyzed by lawyer and Dietary Supplement Safety Committee Co-Founder Christopher E. Grell. Grell summarizes that the tested products were in clear violation of California's Proposition 65 when he states that the "Medifast Dutch Chocolate contains 1.48 mcg per serving is 296 percent or 2.96 times more than Prop 65 allows. The second test was 1.46 mcg per serving, or 292 percent or 2.92 times greater."

Minkow believes that perhaps the most surprising finding in this extensive, six-month investigation was what was not found. According to Minkow: "Medifast's disclosures to new recruits and Wall Street are hopelessly inadequate and worse than any other product-based MLM that we have ever encountered. The company refuses to disclose failure and attrition rates which any potential party interested in the business opportunity ought to be aware of."

"Moreover, while the disclosures about saturation, attrition and total number of coaches - both active and inactive - are not disclosed, an income opportunity figure presented of between \$8,000 and \$20,000 per month is not hard to find."

To learn more, visit MediFraud.net ('<http://www.medifraud.net>').

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