



## **Pre-Paid Legal Services Inc. Recruitment Falls 18 Percent in Q1-09, Affirms Fraud Discovery Institute, 27 Percent Acceleration in Decline Over Q1-08**

*New Fraud Discovery Institute report also tracks a 50 percent cancellation rate of Pre-Paid Legal Services Inc. (NYSE:PPD) members, which triggers a devastating chargeback rate against future sales, which new recruits are not informed of.*

For Immediate Release

SAN DIEGO/EWORLDWIRE/April 23, 2009 --- Pre-Paid Legal Services Inc. (PPD) (NYSE:PPD) is crumbling under the weight of its own untenable business model and continues its "Trend of Collapse" as detailed by expert Robert Fitzpatrick in his analysis of PPD's first quarter earnings report, available in its entirety from the Fraud Discovery Institute Inc. (FDI) at [PonziPlusPyramidEqualsPrepaid.com](http://www.ponzipluspyramidequalsprepaid.com) ('<http://www.ponzipluspyramidequalsprepaid.com>')

"Despite declining recruitment - which is the company's key metric, and despite declining membership enrollment, the company repurchased an unprecedented 422,505 shares in Q-1 2009. This number is almost twice as many shares as the company repurchased in Q-4 of 2008 when 220,766 shares were repurchased," said Barry Minkow, co-founder of the Fraud Discovery Institute Inc. "What more evidence does one need that this company cares only about stock price and enriching itself during the past 18 months, when it was doing these aggressive repurchases? Insiders were dumping their shares and not increasing stockholder through the building of a better company, as the company asserts."

Recognized expert Robert Fitzpatrick, in pointing to the decline in associate recruitment and the decline in membership enrollment, asserts Pre-Paid Legal Services Inc. is a "pyramid in collapse." He points to the following irrefutable statistics to justify this assertion:

- . In fiscal 2008, total associates declined 4 percent.
- . The recruitment rate for the year - the key future indicator, fell 18 percent.
- . In the first quarter of 2009, the decline of associate recruitment accelerated by 50 percent over 2008's annual rate of decline.
- . In the first quarter of 2009, recruitment dropped 27 percent from the previous quarter.
- . Total membership enrollment rates are down 7.6 percent over the previous quarter and 12.6 percent from the same quarter one year ago.

In conjunction with the declining sales and associate recruitment, the increase in cancellations and chargebacks further accelerates the deterioration of the "pyramid." As noted in Fitzpatrick's analysis, "The deception of the PPD retail sales opportunity is further revealed in the 50 percent cancellation rate of members, triggering a devastating chargeback rate against future sales which new recruits are not informed of -

- . In 2009's first quarter alone, 154,686 PPD members canceled a figure equivalent to 10 percent of the entire membership base at the end of the quarter.
- . 32,091 more members cancelled during the quarter than were recruited, resulting in net membership loss of 2 percent."

The new report released by FDI summarizes the devastating impact of the continued declining numbers. Fitzpatrick notes: "As a collapsing pyramid, PPD's stated profits cannot rightfully be classified as 'earnings' any more than Bernard Madoff's payments to earlier investors could be termed 'returns on investments'. PPD's stated earnings are merely a pyramid scheme money transfer."

Fitzpatrick goes on to observe that "PPD's so-called 'earnings' are, in fact, deceptively gained capital investments. The company's insiders on the Board use a large share of these deceptively gained investments to buy back publicly traded stock and inflate the stocks' value, despite revenue and recruitment declines. They

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then take advantage of the inflated value to sell off their own personal shares in a classic Ponzi maneuver, at the expense of the proverbial 'last ones in'."

Minkow adds that "the great irony of this company's collapse is that the people who have turned to Pre-Paid Legal Services Inc. to protect them from legal injustice and have hoped for a profitable, income-generating business opportunity end up not with 'no value' but with less than no value, as almost all who join as business building members lose both their time and their hard earned money."

View the newest Fraud Discovery Institute Inc. report at PonziPlusPyramidEqualsPrepaid.com ('<http://www.ponzipluspyramidequalsprepaid.com>').

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