



New Fraud Discovery Institute Report Reveals Ponzi Plus Pyramid Equals Pre-Paid Legal Services Inc.

FDI's PonziPlusPyramidEqualsPrepaid Web site showing points of similarity with Madoff scheme: Consumer group issues new-updated and expanded report from expert, launches new Web site and YouTube, and unveils chart of top five points of similarity between PrePaid Legal Services Inc. and Madoff fraud scheme.

For Immediate Release

SAN DIEGO/EWORLDWIRE/Feb. 23, 2009 --- The Fraud Discovery Institute Inc. (FDI) launched PonziPlusPyramidEqualsPrepaid ('<http://www.ponzipluspyramidequalsprepaid.com>'), a Web site containing the results of a multi-month investigation of Pre-Paid Legal Services Inc. (NYSE:PPD), a New York Stock Exchange, publicly traded company.

The just-released Web site also contains a report by expert Robert FitzPatrick, nationally recognized by both law enforcement and the private sector, where he concludes: "Pre-Paid Legal Services Inc. is not a direct-selling company but a bogus 'business opportunity' scheme in which money is transferred from hundreds of thousands of consumers who are falsely lured to invest time and capital, only to inevitably lose money and quit the scheme year after year, to the benefit of a handful of company owners and recruitment promoters. Pre-Paid Legal is an 'investor Ponzi scheme' in which funds gained from the fleeced consumers are also used to manipulate Pre-Paid's share price which further enriches a handful of company owners at the cost of the company as a whole."

The new Web site also reveals how, between the years of 2007-2008, Pre-Paid Legal Services Inc. (NYSE:PPD) repurchased over \$111,175,000 worth of stock while executive insiders were, from 2007 through February of 2009, simultaneously selling their personal Pre-Paid Legal Services Inc. holdings on the open market for over \$31,654,000. "That is approximately 28 percent of the entire corporate stock repurchase program ending up in the pockets of executives," said Barry Minkow, co-founder of the Fraud Discovery Institute Inc. "It is no wonder the public has little trust in certain corporate CEOs because where Pre-Paid Legal Services Inc. got the \$111,175,000 to repurchase shares in the first place was through luring members into the scheme with the promise of an income opportunity when these people were at the most vulnerable points in life into an endless chain compensation plan that mathematically doomed them to failure before they even started."

The new site also unveils critical points of similarity between the Bernie Madoff-massive Ponzi scheme and the recruitment based multi-level marketing compensation plan of Pre-Paid Legal Services 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 Pre-Paid Legal Services Inc. utilizes the same money transfer game by delegating the recruitment aspect of the scheme to its "members" through the promise of outrageous income returns. "Both Madoff and Pre-Paid Legal Services Inc. are also closed systems," affirmed Minkow. "They both rely upon the transfer of money within the scheme as opposed to money from retail sales generated outside the scheme."

"How in the world can a company listed on the New York Stock Exchange get away for years with a business model that lures people into a fraudulent endless chain income opportunity rarely if ever achieved whereby the goal for each quarter is to repurchase as many shares as possible and call it, 'Returning shareholder value,' when in reality the only 'value' being returned is to the pockets of the Pre-Paid Legal Services Inc. senior executives?" added Minkow.

To view the report, visit PonziPlusPyramidEqualsPrepaid ('<http://www.ponzipluspyramidequalsprepaid.com>').

HTML: <http://www.eworldwire.com/pressreleases/19391>

MOBILE: <http://e4mobile.com/pressreleases/19391>

PDF: <http://www.eworldwire.com/pdf/19391.pdf>

ONLINE NEWSROOM: <http://www.eworldwire.com/newsroom/312116.htm>

LOGO: <http://www.eworldwire.com/newsroom/312116.htm>

CONTACT:

Barry Minkow

FDI

9747 Businesspark Ave #218

San Diego, CA 92131

PHONE. 888-300-8307

KEYWORDS: Fraud, Minkow, investigative, investigation

SOURCE: Fraud Discovery Institute