



FDI: InterOil Corp. a Real Test for Law Enforcement

Are the recent Dow Jones allegations of possible fraud and material misrepresentation at InterOil, Corp (NYSE:IOC) a test case for law enforcement? asks FDI

For Immediate Release

SAN DIEGO/EWORLDWIRE/June 26, 2009 --- Barry Minkow, the co-founder of the Fraud Discovery Institute Inc. (FDI), believes that recent revelations by news wire agency Dow Jones - regarding the alleged material misrepresentation and nondisclosure by InterOil Corp. (NYSE: IOC) relating to a certain \$95 million debenture offering - present law enforcement with the unique opportunity to send corporate America a clear message: no financial fraud will be tolerated - especially that which includes apparent lies to the Securities and Exchange Commission documented, in this case, directly in the public record.

According to Minkow: "The two most important things law enforcement must do is to provide Wall Street executives with the perception of detection and a perception of prosecution. That is, the government must create, through consistency in prosecution, an environment on Wall Street whereby an executive officer of any public company comes to believe that there is a high likelihood of detection, and then, that detection will not be glossed over but ultimately lead to federal prosecution and real consequences. This kind of an environment would decrease the likelihood of behaviors such as the cooking of the books or the fraudulent, artificial inflation of a stock that adversely impacts investors."

Essentially Minkow believes that the SEC clearly has probable cause to dig deeper into this matter as InterOil Corp. has raised over a half billion dollars since 2003, and the InterOil issued multiple press releases during that time period at critical points when investors were relying upon the fact that the company was imminently in the process of discovering oil - yet, to date, has found no viable commercially exploitable oil. Moreover, the red flags for fraud ranging from the alleged undisclosed relationships with people with unscrupulous backgrounds (see '<http://www.theage.com.au/news/business/enron-survivor-hunts-for-riches-in-papua-new-guinea/2007/01/21/1169330765318.html>' and '<http://www.harpers.org/archive/2008/04/hbc-90002865>'), to the constant stock touting, and the apparent material misrepresentations established from the public record and reported recently from Dow Jones, do appear to provide an environment for fraud.

"Not only does InterOil continue to utilize the fraud technique of drawing big conclusions from little evidence as explained in the other press release now on the FDI Web site at FraudDiscovery.net ('<http://www.frauddiscovery.net>'), but the company also employs the fraud technique of diversion by attacking its critics," added Minkow. "How many times is the defense of IOC not any response that is believable for a reasonable person to embrace, but instead, the company shifts the focus off of its alleged malfeasance to the person making the allegations, hoping to neutralize one with the tired, 'Minkow is an ex-con/short-seller who ought to be dismissed a priori'."

While it is true that Minkow holds a short position with IOC, which has always been disclosed, and he is a convicted felon, the evidence that IOC is a glorified Ponzi scheme exists and can no longer be ignored based on these new revelations.

"Our goal is to continue providing law enforcement with usable, accurate evidence so that this company will be a case study that sends a message to all of Wall Street that the government has zero tolerance for fraud."

To learn more, visit FraudDiscovery.net ('<http://www.frauddiscovery.net>') or InterNOOil.com ('<http://www.interNOoil.com>').

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KEYWORDS: Fraud, Minkow, investigative

SOURCE: Fraud Discovery Institute Inc. (FDI)