



Fraud Discovery Institute Releases Evidence Of International Undercover Investigation Of Herbalife LTD

For Immediate Release

SAN DIEGO/EWORLDWIRE/Nov. 5, 2007 --- The Fraud Discovery Institute (FDI) has just released a report corroborated by video and audio evidence indicating that Herbalife LTD (NYSE:HLF), a multi level marketing company based in Los Angeles, California, has been operating an underground multi level marketing business in China where they are only licensed to "direct sell" products. The investigation also demonstrates that the problem of recruitment in China extends to Herbalife distributor down lines in countries outside of China which taints company earnings.

"China, after much research, concluded in November of 2005 that multi level marketing would be banned in the country," said Barry Minkow, founder of the Fraud Discovery Institute. "However, as one Herbalife employee in China stated during a taped, in-person meeting, 'No company will make money if they perform business in accordance with the Chinese laws.' No truer statement has ever been uttered," said FDI's Barry Minkow.

The report also contains a 24-page analysis of the Herbalife LTD business model and demonstrates that over 82 percent of Herbalife's compensation paid to distributors goes to less than 1 percent of the company's reported 1.5 million distributors. The analysis also states that those who sign up for the Herbalife business model have over a 95 percent chance of failure because of a doomed by design business model that churns through an ever-collapsing pool of distributors.

"The theory of this case is simple," stated Minkow. "Because of the over 95 percent failure rate of distributors Herbalife experiences annually, the company must replenish hundreds of thousands of people every year, and because of saturation issues, Herbalife must enter new markets - and the best of those markets is China with its 1.1 billion 'people' prize. However, the government of China forbids its' citizens and residents from conducting multi level marketing within the country or outside the country." The report contains evidence from Web sites of Herbalife distributors who appear to be openly recruiting Chinese nationals into their down lines.

The report concludes with: "What are the odds of multiple Herbalife employees from different countries - and multiple Herbalife distributors from different countries - and multiple Herbalife distributor Web sites from different countries - all saying the exact same thing about an understood practice within the company pertaining to how Chinese nationals are illegally recruited outside of China and how multi-level marketing, not direct selling, is the common practice within China? Did we just get lucky at finding the needle in the hay stack every time and every where we looked, or did we find the evidence contained in this report because that is the common practice of how Herbalife normally and regularly does business? The odds are a million to one that we just happened to find fraud wherever we looked. The truth is we found fraud because it is the common practice that occurs daily all over the world."

To view the report, visit '<http://www.doomedbydesign.com>', '<http://www.cheatinginchina.com>' or '<http://www.frauddiscovery.net>'.

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