



FDI Responds To Herbalife: "Enron Was On The NYSE Also"

For Immediate Release

SAN DIEGO/EWORLDWIRE/Nov. 6, 2007 --- According to the November 5, 2007, Herbalife (NYSE:HLF) response to the Fraud Discovery Institute (FDI) report, the company states: "We have confidence in our direct-selling business model, our integrity and transparency as a NYSE-listed company and the fundamentals of our business."

Asks FDI's Barry Minkow, "Have Herbalife forgotten the imputed credibility of being on the New York Stock Exchange lost its value when another, well-known NYSE company failed - specifically, Enron? There was not one word about the 24-page expert analysis of the Herbalife that challenges the very core and foundation of its business fundamentals and business model."

"In fact, if the company can demonstrate that no less than 90 percent of its distributors actually do not fail within 12 to 14 months after starting an Herbalife business, then FDI will recant all of the reports' findings, take down the doomed by design Web site, stop filming the documentary and write a formal apology to Mr. Johnson and the Board - but the reason no specific answers were given in writing in defense of the company fundamentals - which is the very motive for our report, is that Herbalife knows over 82 percent of all the compensation paid to distributors goes to less than 1 percent of its 1.5 million 'doomed to failure' distributors."

As for the China defense, Herbalife says: "With regard to our business in the People's Republic of China, the Chinese government thoroughly reviewed our company, our global operating model and our specific operating plan in China as part of the licensing process. We received our first direct-selling license in China in March, 2007, and subsequently received an expanded license in July, 2007, which further validated the legitimacy of our operating plan in China. We believe our China marketing plan is compliant with all applicable laws, as are our marketing plans and business practices worldwide."

"The question is, who does one believe - the executives at Herbalife who have profited from the concealment of just how the company meets earnings in the U.S. by cheating in China, with over 110 million in insider sales in 2007 so far, or those lying video and audio tapes that corroborate allegations?" asks Minkow.

"To help the process, FDI will release additional corroborative audio and video evidence of cheating in China that demonstrates the problem transcends the '10 percent market of China.' In fact, Goldman Sachs, one of the largest institutional holders of Herbalife securities with approximately \$162 million in Herbalife stock, has a duty to its investors to investigate the serious allegations contained in the report, not to issue a reckless half-truth like the report is not material because 'the China business is only 10 percent of overall sales'," stated Minkow. "In actuality, the report clearly shows how down lines outside of China actively recruit Chinese nationals placing them in income generating down lines in many countries. The report also contains evidence of Herbalife employees actually structuring these kinds of arrangements for potential distributors. Again, corroborative evidence is on tape."

However, the company and FDI do agree on one critical point, as detailed in Herbalife's statement: "We believe our China marketing plan is compliant with all applicable laws, as are our marketing plans and business practices worldwide."

Added Minkow, "Here we agree. The marketing plan that is preached on the Herbalife Web site showing single level compensation in China is compliant with Chinese law. There is only one problem. What is preached is not practiced. In fact, what is preached gets the Herbalife foot in the door and access to that pool of 1.1 billion people. But what is actually practiced is nothing more than a 'doomed by design' endless-chain multi level marketing scheme - as the taped evidence reveals from Herbalife's own employees."

"The country of China may have its challenges, but obesity and the demand for weight loss products - which are products at the core of the Herbalife product line - does not appear to be one of them. Thus the only draw to the company by Chinese nationals would be for its income opportunity, not to its products, and that income opportunity is not that appealing in a single level model, direct sales model," concluded Minkow.

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

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KEYWORDS: Fraud, Minkow, Herbalife, MLM, Multilevel Marketing, FDI, Fraud Discovery Institute, NYSE, HLF

SOURCE: Fraud Discovery Institute