Fraud Discovery Institute Inc. asks Herbalife Auditor to Resign

FDI cites Statement of Auditing Standards (SAS) numbers 54 and 99, "Illegal Acts by Clients," and past fraud training at KPMG as primary reasons for Herbalife(NYSE: HLF) resignation request

For Immediate Release

SAN DIEGO/EWORLDWIRE/April 11, 2008 --- The Fraud Discovery Institute Inc. formally requested through two separate e-mails: one on March 4, 2008, and another on April 10, 2008, that the accounting firm of KPMG immediately resign from the Herbalife (NYSE:HLF) engagement. According to Minkow, "We have been lobbying KPMG to resign the Herbalife account beginning March 4, 2008, and then renewed the request in writing late Thursday night, April 10, 2008."

"Based on the first request, we eliminate the opportunistic argument," said Minkow. "We want KPMG to do what Grant Thornton did in the Usana matter - only sooner."

In the two written requests sent by e-mail to the senior partner in charge of the Los Angeles and San Diego audit practice, Mr. Minkow cited SAS 54 and his past fraud training engagement at KPMG as the two primary reasons the firm should not ignore the request. Says Mr. Minkow, "My understanding of the implications of Statement of Auditing Standard 54 - and also SAS 99 which I cited during an audit training session at KPMG - and how I typically train auditors to apply these standards to their audit approach is simply that they have a responsibility, to be aware of the possibility that illegal acts may have occurred, indirectly affecting amounts recorded in an entity's financial statements. Specifically, when I spoke at KPMG and at other audit firms on fraud detection, I always state that auditors should never be impressed with earnings - but rather they should be riveted on where those earnings came from. "In the case of Herbalife, where a 'recession proof business is promised' to new recruits, either the earnings from the failed pool of supervisors and distributors who blindly sign up for a doomed by design business opportunity with little to no chance of success or they do not. We submit that these earnings do come from this pool largely due to misrepresentation."

Says Minkow, "Analysts on Wall Street can tout Herbalife's blow out earnings like they once did Enron's and ZZZZ Best's but not the auditor. In contrast, the auditors' obligation is to examine if those earnings were generated through material non-disclosures and misrepresentations - like selling a dream lie of Herbalife.â€•

"That our approach to educating potential distributors - through the vehicle of past failed distributors using YouTube - actually works can be seen in the Usana case study, as recruiting becomes increasingly difficult for MLMs when the playing field is leveled. With Herbalife presenting apparent fraud more than 10 times that of Usana, we hope to also impact its recruiting abilities - but one could only hope."

HTML: http://www.eworldwire.com/pressreleases/18392
MOBILE: http://e4mobile.com/pressreleases/18392
PDF: http://www.eworldwire.com/pdf/18392.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

Chris Roslan
DRC Public Relations
PHONE. (212) 966-4600

KEYWORDS: Fraud, Minkow, Fraud, Fraud Discovery Institute, KPMG, Herbalife, (NYSE: HLF), Herbalife resignation

SOURCE: Fraud Discovery Institute Inc.