



Former SEC Enforcement Division Lawyer Letter Cites Potential Independence, Conflict of Interest Problems Between Medifast and Auditor, Reports Fraud Discovery Institute

Expert's letter cites possible stock-touting of Medifast (NYSE:MED) stock by company's single-officed, New Jersey based, outside auditor through alleged independent investment entity. Expert also notes that PCAOB cited Medifast auditor for significant deficiencies in three of six audit engagements reviewed, or 50 percent of audits in their sample.

For Immediate Release

SAN DIEGO/EWORLDWIRE/June 9, 2009 --- The conclusion of a six-week investigation conducted by the Fraud Discovery Institute Inc. (FDI) indicates the Medifast Inc. (NYSE:MED) independent auditor is moonlighting as the company's stock promoter to investor clients. The Fraud Discovery Institute Inc. today released several documents ('<http://www.frauddiscovery.net>') including a letter from Michael Brown, who, in addition to working in the SEC Enforcement Division, served as the general counsel for three nationwide securities broker-dealers - credentials which uniquely qualify him to identify alleged impropriety and conflict of interest issues.

The letter written by securities' expert Brown is posted, along with other evidence just released on Medifraud.net ('<http://www.medifraud.net>'), the Web site which FDI dedicated to publishing results from its almost year-long investigation of Medifast Inc. Brown's letter asserts that over the past three years, Medifast's outside accountancy firm - Bagell, Josephs & Levine & Company LLC ('http://www.bagelljosephs.com/abt_partners.html') has also operated Bjl Wealth Management LLC ('<http://www.bjlwealth.com/new/bjlwealth/gate.asp>') at the same address of the audit firm, and the businesses have many of the same partners in both firms.

The investigation revealed that Bjl Wealth Management LLC recommended the purchase of Medifast stock to an operative of the Fraud Discovery Institute Inc., an action which appears to cross the line of independence, according to Brown. He asserts that, "If such conduct is indeed occurring, then it would appear that Bjl's independence in acting as Medifast's outside auditor has been compromised."

Other evidence just released includes a recent and now resolved PCAOB (Public Company Accounting Oversight Board) letter of concern ('http://www.pcaobus.org/Inspections/Public_Reports/2008/Bagell_Josephs_Levine.pdf') and various recent dismissals of Bagell Josephs Levine & Company LLC by certain clients (see 'http://www.google.com/search?sourceid=navclient&ie=UTF-8&rlz=1T4HPIC_enUS315US315&q=%2b%22bagell+josephs%22+%2bdismissed').

The Fraud Discovery Institute Inc. has forwarded its findings to the newly appointed director of the Division of Enforcement at the SEC, Mr. Robert Khuzami.

According to Barry Minkow, co-founder of the Fraud Discovery Institute Inc., "This is a disturbing finding and one that seems to pass the test of 'the appearance of impropriety'. In this case, the corroborator of Medifast's recent blow-out earnings has subsequently induced massive public investment, thus dramatically increasing Medifast's stock price. In a post-Enron/Sarbanes-Oxley environment, for an independent, outside auditor to apparently have a stake in the game is troubling."

To view evidence just released by the Fraud Discovery Institute, visit Medifraud.net ('<http://www.medifraud.net>').

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CONTACT:

Barry Minkow

FDI

9747 Businesspark Ave #218

San Diego, CA 92131

PHONE. 888-300-8307

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