

**For Immediate Release**

**Title: New FDI Report Reveals Madoff and Medifast Inc. (NYSE:MED) have too many points of similarity--launch [www.medifraud.net](http://www.medifraud.net) website**

**Sub-title:** Consumer group releases results of 6-month undercover investigation of Medifast, Inc (NYSE:MED) including lead testing, 29 page expert's report, product testing, YouTube video and Bernie Madoff comparison.

San Diego, CA Tuesday February 17th, 2009

The Fraud Discovery Institute, Inc launched [www.medifraud.net](http://www.medifraud.net), a web site containing the results of a 6 month investigation into Medifast, Inc (NYSE:MED), a New York Stock Exchange, publicly traded company.

The site contains a 29 page report by expert, Robert FitzPatrick that concludes: "Medifast, in fact, offers a misleadingly promoted income scheme that cannot possibly fulfill this promise. Medifast does not actually offer a viable income opportunity but the illusion of one, as portrayed in the endless chain mirage. The income lure - that requires paying fees and buying Take Shape for Life products - is an endless chain scheme. The vast majority of all consumers that Medifast enrolls in its "business opportunity" and who serve as the engines of its growth are doomed to fail."

The site also unveils critical points of similarity between the Bernie Madoff massive Ponzi scheme and the recruitment-based multi-level marketing compensation plan of Medifast, Inc. According to the recently released report, just as Bernie Madoff had no real trading profits to distribute to investors and instead relied upon monies paid to investors to come from new investors; in like manner Medifast utilizes the same money transfer game by delegating the recruitment aspect of the scheme to its "coaches" through the promise of outrageous returns (\$8,000 to \$20,000 per month) which is the bait to bring in new recruits whose efforts enrich the upline, not the new distributor/coach. "Both Madoff and Medifast are also closed systems," said Barry Minkow, Co-Founder of the Fraud Discovery Institute, Inc. "They both rely upon the transfer of money between investors within the scheme as opposed to money from retail sales generated outside the scheme."

The [www.medifraud.net](http://www.medifraud.net) web site also contains lab reports from two FDA approved, independent labs that tested some of the popular Medifast, Inc. products and were then analyzed by lawyer and Dietary Supplement Safety Committee Co-Founder Christopher E Grell who summarizes that the tested products were in clear violation of California's Proposition 65 when he states that the: "Medifast Dutch Chocolate contains 1.48 mcg per serving is 296% or 2.96X's more than Prop 65 allows. The second test was 1.46 mcg per serving or 292% or 2.92X's greater."

But perhaps the most surprising finding in this extensive, 6 month investigation was what was not found. According to Barry Minkow: "Medifast's disclosures to new recruits and Wall Street are hopelessly inadequate and worse than any other product-based MLM that we have ever encountered. They refuse to disclose failure and attrition rates which any potential party interested in the business opportunity ought to be aware of" said Mr. Minkow. "Moreover, while their disclosures about saturation, attrition and total number of coaches both active and inactive are not disclosed, their income opportunity figure of between 8 and 20 per month is not hard to find."