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Warrant Is Issued for Money Manager

■The FBI is following leads across the U.S. for James Lewis, accused of an \$814-million fraud.

By E. Scott Reckard, Times Staff Writer

Federal authorities unsealed an arrest warrant Tuesday for James P. Lewis Jr., the fugitive Orange County money manager accused of engineering an \$814-million fraud by claiming annual investment profit of nearly 40% for two decades.

The FBI said agents were following leads across the nation in their search for the 57-year-old Lewis, who is charged in a criminal complaint with mail fraud. The agency appealed for Lewis to turn himself in and for anyone with knowledge of his whereabouts to call authorities.

"We believe he could be anywhere in the country," said FBI spokeswoman Laura Bosley in Los Angeles. "And as far as him leaving the country, that hasn't been ruled out."

Bosley said the FBI had seized several of Lewis' bank accounts, along with five cars that he bought for his children and estranged wife, who have said they had no inkling of any fraud.

Federal authorities said they hoped to recover millions of dollars that Lewis sunk into at least five luxury homes, but described that as likely to be a lengthy process because the properties were co-owned either by his wife or by other women.

The arrest warrant includes an affidavit by FBI Special Agent Brad Howard, who interviewed former secretaries for Lewis' company, **Financial Advisory Consultants Inc.** of Lake Forest.

The former employees said Lewis — the only nonclerical employee at FAC — spent much of his time trading Swiss francs and euros online, a speculative practice that can generate huge profits and losses almost instantly.

They added that they saw no income from or other evidence of the businesses that Lewis said FAC was engaged in, including investing in distressed companies and financing insurance premiums for medical practices.

In related court filings last week, the Securities and Exchange Commission and the receiver who has taken control of FAC's assets said Lewis did make a few investments over the years in small businesses, but described them as generally unsuccessful.

Lewis, who claimed to manage two investment funds, broke off contact with close associates and then his own lawyer after the SEC filed a civil fraud lawsuit against him and FAC just before Christmas. The lawyer, Douglas Pettibone, has since quit representing him.

Robb Evans & Associates, the temporary receiver appointed by U.S. District Judge Audrey Collins, estimated last week that even if the known assets of Lewis and FAC were sold, investors could come up \$100 million short of recouping their initial contributions to Lewis' funds.

As for the \$814 million that Lewis' books showed was owed to investors, nearly \$700 million of it appears to have been phony profit, the Evans firm said.

In a preliminary report to the court, Evans said FAC checkbook registers from Oct. 18, 1999, to Dec. 31, 2002, showed that the company wrote checks totaling more than \$10 million to Lewis.

Former FAC administrative assistant Diana Robertson, who said she and her family had known Lewis for 25 years,

Photos



James Paul Lewis, Jr.

(AP / Department of Motor Vehicles)

told the SEC how the self-styled financial genius, after one morning's currency trading session, boasted that he had "earned more money today than most men earn in their lifetime."

When one investor asked in a worried letter what would happen to her investment if something happened to Lewis, the investor received a letter saying "that in the event of Mr. Lewis' death, Bob Hilditch would take over management," Robertson said.

"I happened to know that Bob Hilditch had been married to Janet Lewis, who is an acquaintance and previously had been Mr. Lewis' sister-in-law," Robertson said in her SEC declaration. "I also knew that Bob Hilditch had been dead for several years at the time the letter was written."

She said she did not confront Lewis about the statement.

At a hearing scheduled for Thursday, the SEC was expected to ask Collins to make permanent the receiver for Lewis' operations.

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