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Money Manager Is Denied Bail

A judge says James Lewis is a flight risk and that money offered on his behalf is 'inadequate.'

By E. Scott Reckard
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A federal judge in Santa Ana denied bail Tuesday for James P. Lewis Jr., the Orange County money manager accused of running a 20-year-long investment scam, ruling that he was too much of a flight risk to be released.

Aggrieved investors, along with friends and relatives of Lewis, jammed the courtroom where the defendant sat quietly in his jail uniform. Some of his former clients muttered and groaned as the defense described Lewis' strong ties to his family, community and the Mormon church. A foster daughter who emigrated from Ecuador submitted a letter saying that Lewis had arranged for her to attend Brigham Young University, paying her tuition and room and board.

Hoyt Sze, a deputy federal public defender, argued that Lewis would have returned to California from the Texas motel room where the FBI captured him instead of fleeing to Mexico, as prosecutors contended he was about to do.

In denying bail, U.S. Magistrate Judge Arthur Nakazato noted that Lewis allegedly transferred more than \$10 million in investor funds to his wife, two girlfriends and their families. The judge said maps found in Lewis' room at the Comfort Inn in Houston, with routes out of the country marked in felt pen, "show that all roads — the highlighted roads anyway — lead to Mexico, and that's where he intended to go."

Countering a no-bail motion from Assistant U.S. Atty. Gregory W. Staples, Lewis' family had offered to pledge \$900,000 in property, including his parents' home in Utah, to secure his release.

Nakazato characterized that amount as "insignificant and inadequate under the circumstances," saying he found it "\$39 [million] to \$40 million short, at the very least." He cited the "staggering" losses suffered by investors, many of whom entrusted Lewis and his Lake Forest-based **Financial Advisory Consultants** Inc. with their life savings.

Janet Goldblatt, an investor from Los Angeles, said she had feared Nakazato would be swayed by the defense arguments.

"We won! What a relief," she said after the decision.