

Los Angeles Times

June 15, 2004

Investors Who Profited in Alleged Scam Face Suits

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The court-appointed receiver sorting out the aftermath of James P. Lewis Jr.'s alleged 20-year investment fraud won permission from a federal judge Monday to sue to reclaim profits from about 450 Lewis investors who came out ahead by \$72 million.

The receiver, Robb Evans of Sun Valley, will distribute any funds he recovers among about 2,000 investors who lost money they entrusted to Lewis and his **Financial Advisory Consultants Inc.** of Lake Forest.

Through attorney Gary O. Caris, Evans told U.S. District Judge Audrey Collins that he would evaluate legal action against the "winners" on a case-by-case basis and would write letters to those with recoverable assets and negotiate with them before filing any suits. He said he would not simply file lawsuits against all 450 of them.

Collins said she believed that approach was preferable to a proposal by Sean A. Okeefe, a Newport Beach lawyer representing 16 Lewis investors who turned a \$3.7-million profit. Okeefe had urged the judge to order losers and winners to submit to federal mediation, saying that would save on legal fees, which can run into the millions of dollars after the collapse of major investment frauds.

Lewis has pleaded not guilty to federal fraud and money-laundering charges and is scheduled for trial next year. Claiming to make money by buying and quickly reselling small businesses, he allegedly raised \$311 million fraudulently from investors over 20 years.

The Securities and Exchange Commission previously persuaded Collins to freeze the assets of Lewis, 57, who is being held without bail in Santa Ana. He recently retained attorneys to represent him.

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