

Adviser pleads not guilty in investment-fraud scheme

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By **ANDREW GALVIN** / The Orange County Register

SANTA ANA – James P. Lewis, the Lake Forest money manager accused of running a financial scheme that cost investors more than \$100 million, pleaded not guilty Monday to a revised indictment in federal court.

It was the second arraignment for Lewis, 58, who also pleaded not guilty in February. Federal prosecutors recently obtained a new indictment against Lewis that adds several allegations that could become important if and when he is sentenced.

Prosecutors sought the new indictment after the U.S. Supreme Court ruled in June that any facts considered in sentencing a defendant must be decided by a jury, not a judge.

Greg Staples, the assistant U.S. attorney who is prosecuting the case, said the new indictment specifies that more than 50 victims lost more than \$100 million in Lewis' alleged scam. It also adds allegations that Lewis employed sophisticated means in devising and executing his scheme, that he abused a position of trust, and that he was the leader and organizer of extensive criminal activity.

"We believe that we need to plead those enhancements and prove them to a jury," in light of the Supreme Court's June ruling on sentencing, Staples said.

If Lewis goes to trial and is convicted of the allegations in the new indictment, he would probably get a life sentence, Staples said. If Lewis pleads guilty before trial, he would probably get 15 to 20 years, Staples said.

Lewis' attorney, Scott Schlegel of San Diego, said he will be ready to discuss a plea deal after he finishes going through more than 20,000 documents seized from Lewis' firm, **Financial Advisory Consultants**. The documents were turned over to Schlegel by the prosecution.

CONTACT US: (714) 796-6045 or agalvin@ocregister.com

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