



U.S. SECURITIES AND EXCHANGE COMMISSION

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Litigation Release No. 19445 / October 25, 2005

U.S. v. JAMES P. LEWIS, JR., CR 04-16(A)-CJC (C.D. Cal.)

SEC v. JAMES P. LEWIS JR., CV 03-9354 ABC (VBKx)/C.D. Cal.

JAMES P. LEWIS, JR. PLEADS GUILTY TO FRAUD CHARGES FOR RUNNING A \$300 MILLION PONZI SCHEME

The United States Attorney for the Central District of California announced on October 17, 2005 that James P. Lewis, Jr. had pleaded guilty to federal mail fraud and money laundering charges for running a massive Ponzi scheme that raised more than \$300 million from more than 3,000 investors.

In his plea agreement, Lewis admitted that he, doing business as Financial Advisory Consultants in Orange County, California, had operated a fraudulent investment scheme wherein he claimed that he would use investor monies to profitably purchase and sell distressed businesses, lease medical equipment, finance medical insurance premiums, and make commercial loans. Lewis told investors that they would earn annual rates of return as high as 18% to 40%, and provided them with account statements designed to convince them they were indeed earning the promised rates of return. In reality, Lewis used investor monies to make payments of purported profits to other investors, to enrich himself, and to trade currencies and make other unauthorized and unprofitable investments in his own name.

On December 23, 2003, the Commission filed an emergency enforcement action and obtained a temporary restraining order and asset freeze against Lewis and Financial Advisory Consultants in the U.S. District Court for the Central District of California. At that time, the Commission alleged that Lewis had defrauded thousands of clients by falsely representing that he could not honor their requests to withdraw funds because their accounts had been frozen by the Department of Homeland Security. On January 22, 2004, the court issued a preliminary injunction as to Lewis and Financial Advisory Consultants, and appointed Robb Evans as permanent receiver over their assets. The injunction remains in effect and Robb Evans continues as receiver over the defendants' assets.

Additional information can be found in Litigation Release Nos. 18525 and 18532.

<http://www.sec.gov/litigation/litreleases/lr19445.htm>