



*United States Attorney
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**INVESTIGATOR SENTENCED TO 27 MONTHS FOR WIRE FRAUD
SCHEME AGAINST HIGH PROFILE LITIGANTS**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced today that MICHAEL LAIR, President of consumerdefense.com, Inc., received a sentence of 27 months in federal prison for participating in a scheme that sought to defraud parties to high profile lawsuits by claiming to have proof of illegal activity by opposing counsel and opposing parties. LAIR pleaded guilty in Manhattan federal court to the offense on February 20, 2007. In addition to the 27-month prison term, United States District Judge JOHN F. KEENAN also ordered LAIR to pay restitution in the amount of \$307,103.50. According to the Information to which LAIR pleaded guilty, statements made during his guilty plea, and other documents filed in the case:

LAIR's scheme lasted from about February 2003 through 2006. LAIR approached lawyers or parties involved in numerous highly publicized civil cases and attempted to defraud them by claiming to have proof of illegal or fraudulent conduct by another party in the litigation. LAIR's organization, consumerdefense.com, Inc., purported to investigate consumer complaints and conduct research in connection with large fraud cases. LAIR requested payment of funds prior to turning over the purported evidence of wrongdoing to the parties or their lawyers. In exchange for cash payments, LAIR promised to provide information of illegal activity relevant to the litigation. Over time, as LAIR failed to deliver on his promises, the parties targeted by LAIR ended their relationships with him. These lawyers and their clients were defrauded out of over \$300,000 by LAIR.

In two instances, after defrauding one party in a litigation, LAIR then approached opposing counsel with the claim that counsel for the first party had hired LAIR and asked LAIR to take illegal or unethical investigative steps in support of the litigation. LAIR asserted that the illegal or unethical investigative techniques employed by these attorneys included

illegally hacking into computers, fraudulently obtaining financial records of potential witnesses, and use of "pretexting" to obtain individual's telephone records. In one instance, LAIR stated that he would not release evidence of these requests by opposing counsel unless he was paid \$50,000. In one instance, LAIR provided a forged email - which purported to be from opposing counsel asking LAIR to engage in illegal investigative techniques -- to support his claims in the hopes of receiving the \$50,000 payment.

LAIR, 46, resides in Bozeman, Montana.

Mr. GARCIA praised the efforts of the FBI for its handling of this investigation.

Assistant United States Attorney HELEN V. CANTWELL is in charge of the prosecution.

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