



*United States Attorney
Southern District of New York*

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**PHONY INVESTIGATOR PLEADS GUILTY IN SCHEME TO PROVIDE
"EVIDENCE" IN HIGH-PROFILE LAWSUITS**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that MICHAEL LAIR, President of consumerdefense.com, Inc., pled guilty in Manhattan federal court earlier today to charges of scheming to defraud parties involved in various high-profile lawsuits by claiming to have incriminating evidence, including evidence of illegal activity by opposing counsel and opposing parties. LAIR's organization, consumerdefense.com, Inc., purported to investigate consumer complaints and conduct research in connection with large fraud cases. According to the Information, LAIR's guilty plea, and other court documents:

LAIR's scheme lasted from approximately February 2003 through 2006, during which time he falsely represented to counsel or parties in litigation matters that he had information concerning highly publicized lawsuits. In exchange for cash payments, LAIR promised to provide information of illegal activity relevant to the litigation. Ultimately, LAIR could not deliver on these promises because he did not actually have the information he claimed to have. As LAIR failed to deliver on his promises, the parties originally targeted by LAIR ended their relationship with him. In total, those lawyers and their clients were defrauded out of over \$300,000 by LAIR.

Moreover, 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. 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. LAIR also 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, who resides in Bozeman, Montana, faces a maximum penalty of 80 years in prison and a fine of \$1,000,000.

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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