

Venable LLP Sued for Aiding in \$11M Facebook Scheme



Summary: *A powerhouse Washington, DC law firm has been accused of helping a con man with an \$11 million Facebook scheme.*

It could've been a brilliant con, but it wasn't.

Law firm, **Venable LLP**, has been accused of helping a serial con artist in 2011 with an \$11.3 million fraud involving shares of Facebook.

Venable LLP is a powerful Washington, DC-based law firm with 600 lawyers. Philadelphia-based investment advisor ESG Capital accused the firm of helping Tony Stratos with his scheme to sell Facebook shares that he didn't actually have. The New York Post wrote that Venable helped "by vouching for him to potential investors and running interference for him with banks reluctant to do business with the con man because of his history."

ESG first sued Venable in 2013 for malpractice, but the case was dismissed that year. Earlier this month, ESG asked a federal appeals court to reinstate the lawsuit.

Although Venable worked to keep the case from trial, the judges on the appellate panel deemed that Venable should be held accountable for the actions of its former partner, attorney David Meyer who worked in the Los Angeles office.

Venable lawyer Kevin Rosen argued that Meyer and the firm were unaware of fraudulent activity, but Judge Consuelo Callahan said that Meyer looks like a "co-conspirator" in the scheme. Judge Harry Pregerson said Venable was going to have a "tough job" of proving their innocence.

The 49-year-old Stratos was convicted of the Facebook fraud on May 19. In the scheme, he stole the name of his stepbrother Ken Dennis, to use as an alias. ESG claims that Venable did business for Stratos under the fake name, knowing it was fake.

Stratos as "Dennis" told ESG's Tim Burns that he was working with Mexican billionaire Carlos Slim. He said Slim wanted to sell his extra Facebook shares to Burns. This of course was a lie. He wasn't working with Slim nor did he have any shares.

ESG ended up wiring funds for the stock soon after their meeting. The first transfer was for \$2.8 million, and it was immediately spent. The con man bought a condo, spent \$92,000 on a new Range Rover, and paid off his gambling debt of \$333,000. He also paid Venable a legal bill of \$300,000.

It was the gambling debt, however, that brought Stratos and Venable to justice. The gambler, Robin Hood 702, was in the room with Stratos and Venable lawyers when that first transfer arrived. Robin Hood 702 told the FBI that when the money came in the Venable lawyers gave each other high fives.

The appeals court will rule on ESG's appeal in 2016.

Source: <http://nypost.com/2015/12/16/washington-law-firm-accused-of-helping-11m-facebook-fraudster/>