

Hillsboro Beach Attorney James Schneider Charged in Fraud Scheme



Summary: *A Florida lawyer, one among many involved in a fraudulent scheme, was charged with securities fraud, wire fraud, and much more.*

A Florida lawyer is one of at least two lawyers charged with securities fraud. Hillsboro Beach lawyer James M. Schneider is believed to have been involved in a scheme with several others across the nation. Nevada City, California attorney Andrew Wilson has also been accused of participating in a countrywide scheme to sell stock in shell companies with nine other defendants.

The U.S. Securities and Exchange Commission also filed a civil enforcement action, accusing the lawyers and others of participating in a scheme involving 22 “blank—check” companies “secretly bound for reverse mergers.” The appeal of blank-check companies is they “have no operations, making them attractive targets for those seeking reverse mergers for use in pump-and-dump schemes.”

The two attorneys each face one civil charge. Seven other men from three states have been convicted in the scheme. New York resident David Lubin, 52; California residents Daniel McKelvey, 49 and Jeffrey L. Lamson, 51; and Florida residents Steven Sanders, 73, Ian Kass, 45, Alvin S. Mirman, 78, and Sheldon Rose, 77.

Prosecutors allege that Schneider committed several crimes as he participated in a scheme that secretly controlled shell companies and sold fake financial documents. Schneider was part of the scheme from March 2008 to May 2015 when the group made shell companies, filing fraudulent SEC documents with a nominee chief executive officer. The group would then present the CEO as the owner plus a list shareholders, allowing them to take control over the block of shares. The shares would become open for “free trading.” The group of men would then sell the shares secretly while getting approval from the SEC to sell publicly.

The Department of Justice states, “Using false and fraudulent documentation describing the companies’ business purpose and share ownership, the principals would then obtain approval for the shares of the companies to be sold publicly over the counter.”

Schneider’s role in the scheme was to provide credibility to their offerings. He would draw up fake billing statements alluding that he worked for the CEOs. He also “authored false and fraudulent legal opinion letters indicating that shares of the companies were owned by persons who were not ‘affiliates,’ when in truth ... the shares were owned and controlled by the conspirators.” His involvement included “escrow services” during the sale of the shell companies, wiring over \$5.6 million to the bank accounts of the other men.

Schneider was charged with one count conspiracy to commit securities and wire fraud, five counts of securities fraud, six counts of wire fraud, conspiracy to commit money laundering, and 20 counts of money laundering. He has been a member of the Florida bar for over 41 years. He was part of the law firm Pearlman Schneider, but the firm has since changed their name to the Pearlman Law Group LLP.

He faces a maximum 25 years in prison for the fraud conspiracy, 25 years for each securities fraud count, and 10 years for each conspiracy to commit money laundering and money laundering counts. There is also a fine of up to \$250,000 or double the proceeds from each charge.

Lubin is scheduled to appear for sentencing before U.S. District Judge Marcia G. Cooke in Miami. Wilson is ranked on Martindale-Hubbell Peer Review Ratings as an AV-rated attorney. He has been a member of the California State Bar since 1974 and is founder and principal of Wilson Campilongo.

Is there any kind of regulation on attorneys that will prevent them from getting into this kind of trouble? Share your thoughts with us in the comments below.

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