

Heath figure lived lavishly

BANKRUPTCY: The wife's filing also shows the couple owes more than \$1.2 million in taxes.

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By DEVONA WELLS / The Press-Enterprise

The wife of Daniel William Heath, a defendant in the D.W. Heath & Associates fraud case, has filed for bankruptcy, revealing a plush life of BMWs, art and choice properties in Big Bear and Newport Beach.

The Chapter 7 petition, made by Leslee Jane Heath, also shows the couple owe the government more than \$1.2 million in taxes.

Leslee Heath filed for bankruptcy protection in July - the same month her husband was arrested and charged with 232 counts of securities fraud and grand theft. He faces up to 200 years in prison, if convicted, according to sentencing guidelines provided by deputy district attorney Michael Silverman.

Daniel Heath and three other defendants are accused of scamming at least \$178 million from more than 1,800 investors - many of whom gave Heath & Associates their life savings and Individual Retirement Accounts.

The foursome has pleaded innocent to the charges.

Leslee Heath made a solo bankruptcy filing. Complicating matters is a U.S. District Court order freezing Daniel Heath's assets.

"This is a very unusual set of circumstances," said Riverside attorney Norman Hanover, who is representing the bankruptcy's trustee, who is responsible for liquidating assets to repay creditors.

Leslee Heath's attorney, Jeffrey Broker of Irvine, did not return phone calls Monday or Tuesday.

In court records, Leslee Heath says she wants to keep \$1.6 million in goods even if her bankruptcy is approved. Among them: her \$1.5 million Chino Hills home, \$5,000 in jewelry that includes a cocktail ring and diamond bracelet and various sculptures and paintings.

She'd also like to hang on to a \$60,000 IRA she invested in TD Waterhouse rather than Heath & Associates, which snared more than 800 IRAs from investors.

Counted among Leslee Heath's belongings were late-model BMWs, a Ford Expedition, a Volvo and a Harley Davidson motorcycle, according to court records. In the last year, she estimated she gave \$3,000 to a Colorado church, \$7,000 to Chino Valley Community Church and \$400 to Corona Valley Community Church.

Because there is no cash to maintain Heath's properties, Hanover said he hopes to sell them as soon as possible. Besides her Chino Hills house, Leslee Heath listed a lake-front home in Big Bear valued at \$850,000 and a \$4.8 million lot in Newport Beach adjacent Crystal Cove State Park.

Hanover said he's in discussions with receiver Robb Evans & Associates, charged with recovering Heath & Associates assets to return money to investors, to find a way to sell the couple's three properties. If the Securities and Exchange Commission is successful in its case against Daniel Heath, he could end up selling his personal assets to pay back investors, said Brick Kane, Robb Evans' chief operating officer.

As for income taxes, court records say Leslee Heath is behind in paying the state \$511,924 and owes the Internal Revenue Service \$714,527. She also has racked up \$20,766 in credit-card debt.

Once her assets are liquidated, bankruptcy law dictates the priority for paying debts, Hanover said. At the conclusion of a bankruptcy case, most debts are forgiven, though taxes generally are not unless they are more than three years old, Hanover said. The Heaths' tax debt comes from 2002, he said.

Leslee Heath lists her monthly income, according to court records, at \$654 and has monthly bills of \$9,463 that include maintaining her home and paying for her Expedition, dry cleaning and charity contributions.

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