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Investors to get back 14%

HEATH CASE: Initially, people had been told they would receive 13 cents on each dollar they put in.

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By JACK KATZANEK / The Press-Enterprise

BY THE NUMBERS

More than 1,600 investors gave money to Heath & Associates, including residents of these areas:

**Hemet: 336 Out of state: 224 Fullerton: 57 Anaheim: 55
Orange: 42 Yorba Linda: 41 Covina: 36 Murrieta: 34
Sun City: 31 La Mirada: 30 Temecula: 30**

SOURCE: Robb Evans & Associates

People who put money into D.W. Heath & Associates' failed investment scheme can expect a slightly bigger return on the money they lost than expected, but they were told Wednesday that the future is still bleak.

Robb Evans, whose company is responsible for recovering funds investors gave to Daniel William Heath and his company, told a gathering of about 400 investors in Riverside to expect a return of almost 14 cents on the dollar -- only a penny more than he estimated in January.

"It's a pitiful amount," Evans said.

Almost 1,700 people had invested money in Heath & Associates when the company was shut down last year by the U.S. Securities and Exchange Commission.

Authorities say the firm attracted seniors with free lunches and promises of interest of at least 5.5 percent a year but in fact ran a Ponzi scheme, using money from new investors to make interest and principal payments to existing investors.

Evans said Heath investors are still owed about \$118 million of the \$192 million he said Heath raised. Most are of them are senior citizens and many signed over their life's savings.



Dawn Haggerty, 75, of Canyon Lake, invested about \$100,000 and says she can't bring herself to tell her husband, who is 82, about it.
(Silvia Flores / The Press Enterprise)

After all the money is traced and what can be returned to investors is returned, they can expect a recovery of about \$17 million, Evans told the crowd at the Riverside Convention Center.

Earlier, Evans has said investors might only see 13 cents for every dollar invested, less any interest received or money withdrawn, and he said he wasn't happy with the slight upward adjustment.

Evans said his hands are tied in the pursuit of money. Every penny he spends comes out of the fund investors hope to recoup.

"We have found no third parties that I can justify spending your money to pursue," Evans said. "We think we have all the money tied up that there is to be tied up."

Of the \$192 million given to Heath's company, about \$74 million was returned to investors, Evans said. Some received more back than they originally put in and others got part of it back, which will affect how the recovered money is disbursed.

Evans and his company are sorting out the sale of Heath's holdings. The Northwoods Resort in Big Bear sold for more than Evans had hoped, and he said he's gotten good results liquidating Heath's investment in a string of fast-food restaurants. However, another Big Bear property, a luxury time-share resort, settled for just \$850,000.

"I felt pretty awful about that, but it was an incredibly ill-advised investment," Evans said of the time-share.

Evans said he is also eyeing the value of the homes owned by Heath's wife, who has filed for bankruptcy.

Investors said they were not encouraged.

"It's gone from 13 cents to 14 cents. Big deal," said Viola Anderson, 82, of La Mirada. "It's really sad."

Heath, his father John Heath, Larre Schlarmann and Denis O'Brien are all in jail in Riverside County awaiting trial on charges of fraud and grand theft, and government investigators say they operated a Ponzi scheme. Bail for each is \$144 million.

Richard West, who supervises the special prosecutions section for the Riverside County district attorney's office, said trial is still probably a year away.

Earl King, 77, of Banning, and his wife, Dorla, 75, said they worry the defendants will get off lightly, possibly with time served.

"I expect Mr. Heath and Mr. O'Brien to be walking down the street soon," Earl King said.

But West, who said he could not talk about other possible suspects, said his office can get a conviction on the quartet.

"The people we have in custody now are the ones we can take to 12 people and prove guilt beyond a reasonable doubt." West said.

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