

Judge denies release for fraud defendant

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By DEVONA WELLS / The Press-Enterprise

A judge denied another request Friday by fraud defendant John Heath to be released from jail, prompting cheers from an audience of seniors who lost savings and retirement accounts to investment firm D.W. Heath & Associates.

Heath, along with his son, Daniel Heath, and Denis O'Brien face multiple felony counts, including securities fraud, for what authorities say was a years-long scam to defraud more than 1,600 investors. Heath & Associates, with offices in Pasadena, Brea and Hemet, took in more than \$192 million. Prosecutors say the firm operated a Ponzi scheme, using money from later investors to pay earlier ones.



(The Press Enterprise)

The three men, who were arrested and jailed more than two years ago, have pleaded not guilty. A fourth defendant, Larre Schlarmann, pleaded guilty in November to money laundering and nine other felony charges. He was sentenced to 15 years in state prison.

John Heath's attorney, Chad Firetag, said his client's health has declined since Firetag took over the case in March and needs private medical care to get healthy for his trial, which is scheduled to begin in September. Court records show that Heath has severe pain in his hips and legs and a growth of prostate cells that can cause incontinence and other health problems.

Firetag said that while Heath, 79, has occasionally used a wheelchair in the past, he's now confined to one.

Firetag wanted Heath released or to have his \$144 million bail drastically reduced.

"I need Mr. Heath to be mentally and physically ready to handle a trial," he said.

But Riverside County Superior Court Judge Elisabeth Sichel pointed out that many 79-year-olds suffer declining health.

Sichel also said that Heath has turned down treatment multiple times and that there was no evidence he would get better care outside jail.

"It seems the best thing Mr. Heath could do is go to his appointments rather than refuse medical care," she said.

Deputy District Attorney Michael Silverman said the jail provides adequate medical treatment.

"Being released from jail is not going to stop the aging process."

When Sichel denied Firetag's change-of-bail request, 30 or so investors in the courtroom applauded.

Heath has previously tried to get his bail reduced and also has asked that his case be separated from his son's and O'Brien's so it could proceed faster.

Investor Ellen Humpal, 64, and her husband lost \$730,000 to Heath & Associates, causing her husband -- who had already retired -- to take a job as a school district administrator.

Humpal, of Redlands, said after the hearing that she and her husband had always carefully saved money.

John Heath "doesn't deserve any special privileges," she said.

In December, investors received checks for 15.3 cents of every missing dollar from the company appointed to recover losses. The company is scheduled Aug. 7 to ask a U.S. District Court judge to send another round of checks for at least \$4 million, or 3.4 percent, of investor claims.

Firetag said he was disappointed in the judge's decision, but his client, who had entered the hearing with little optimism, was not surprised.

Albert Rumpilla came to the Riverside courthouse from Diamond Bar with his wife, Sandra. The couple gave the firm all of their savings, about \$17,000, but their losses could have been far worse.

For a year, Rumpilla said Heath tried convincing the couple to take a \$300,000 mortgage on his paid-off house and invest the money with Heath & Associates.

"Mr. Heath should stay in jail till he dies. He wiped out a lot people's hopes," Rumpilla said.

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