

Heath trial hearing set for July 9

COURT: A judge is to rule on defense motions. The investment fraud case could start the same day.

June 25, 2007

By LOU HIRSH / The Press-Enterprise

The long-delayed trial of three men accused of operating what authorities say was a fraudulent investment scheme that bilked more than 1,600 people has been pushed back again, this time to July 9.

Daniel W. Heath, former president of Heath & Associates, his father, John Heath, and Denis O'Brien were arrested in July 2004 and charged with numerous felony counts of securities fraud and grand theft. The three men, who deny the charges, are being held in Riverside County Jail without bail.



2004 / Kurt Miller / The Press-Enterprise

Defendant Daniel Heath, one of three men accused of operating a Ponzi scheme through D.W. Heath and Associates, is seen in this 2004 file photo.

On Monday, when the trial was set to begin, it was announced in court that a judge will not be assigned to the case until July 6. His or her first order of business will be to rule on defense motions that could delay the trial even longer.

Deputy District Attorney Michael Quesnel said the defense motions will be heard on July 9, and that the trial is likely to start the same day if the motions are denied.

Investors put more than \$192 million into what prosecutors contend was a Ponzi scheme run by the three men that used money from new investors to pay earlier ones. Many of the victims were seniors who turned over their life savings. The firm was shut down by a federal court in 2004.

The defendants are seeking to move the trial out of Riverside County, citing extensive pre-trial media coverage. The attorney for Daniel Heath, Barry O. Bernstein, also filed June 15 to have the county's judges recused and the Riverside County District Attorney's office disqualified from prosecuting the case.

The defense motion says the district attorney's office has a conflict of interest because it made statements to local media in 2004 that "added to the urgency of the arrests" by painting Daniel Heath as a flight risk. It seeks to have the case turned over to the state attorney general.

The motion seeking to disqualify Riverside County Superior Court judges from hearing the case is based on "their relationship to potential victims and/or witnesses" to be called at the trial.

The district attorney's office contends that the motions are without merit. Prosecutors say they have lined up between 60 and 70 witnesses to testify at the trial, which is expected to last several weeks.

Reach reporter Lou Hirsh at (951) 368-9559 or lhirsch@pe.com.

Copyright 2007 The Press-Enterprise