

## Heath trial verdicts all guilty so far

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By LOU HIRSH / The Press-Enterprise

Daniel Heath, John Heath and Denis O'Brien are guilty in all counts announced so far in their fraud trial in Corona.

As of 10:39 a.m., guilty verdicts in 54 counts have been announced. There are about 400 counts between the three defendants, and the verdicts are expected to take the entire morning to read.



*(Kurt Miller / The Press-Enterprise)*

Defendant John Heath listens to the guilty verdicts Thursday at the Riverside County Superior Court in Corona.

Daniel W. Heath, who was president and sole officer of D.W. Heath & Associates, along with his father John Heath and business associate Denis O'Brien, were accused of a Ponzi scheme, taking money from new customers to pay earlier investors. Many investors were retired seniors who turned over their life savings and retirement accounts.

Verdicts were reached late Wednesday afternoon but will not be announced until this morning, in order to give attorneys and defendants time to prepare for proceedings. Court is expected to be in session around 9:30 a.m.

Jurors began deliberating Dec. 10, though the jury was recessed for the holidays between Dec. 24 and Jan. 1. Deliberations followed a trial that began Aug. 27 and included testimony from nearly 100 witnesses.

According to prosecutors, any sentencing in the case won't take place for at least another month, after probation department proceedings.



*(Kurt Miller / The Press-Enterprise)*

Defendant Denis O'Brien talks to his attorney as the guilty verdicts are read Thursday at the Riverside County Superior Court in Corona.

Prior to today's verdicts, prosecutors said Daniel W. Heath could face 100 years of prison time, depending on whether sentences for various counts are concurrent or consecutive.

John Heath and Denis O'Brien each faced up to 30 years of prison time.

The business operated out of offices in Hemet, Brea and Pasadena before it was shut down by a federal court in 2004. Prosecutors say the firm, while promising to put funds into safe and fixed investments, instead placed most of it into money-losing real estate and small business projects in which Daniel Heath had a controlling interest.

The investments took place over a 10-year period, starting in the early 1990s. Heath's firm invited prospective clients to free investment seminars at area restaurants, where representatives then invited them to visit Heath offices for follow-up consultations with investment advisers.



*(Kurt Miller / The Press-Enterprise)*

Jerry Jenson, foreground right, reacts as he listens to the guilty verdicts Thursday in Corona.

Prosecutors said the firm continued to operate despite a cease-and-desist order issued in 1998 by the California Department of Corporations, which said the firm was not properly licensed to sell securities.

The defendants were arrested in July 2004 and have been held without bail in Riverside County jail. They faced a total of more than 400 criminal counts, on charges including investment fraud, money laundering, elder fraud and conspiracy to commit grand theft.

Most of Daniel Heath's assets have since been liquidated and a court-appointed receiver has made three reimbursements to investors. But the receiver has reported that investors will ultimately get back no more than 22 percent of their original money.



*(Kurt Miller / The Press-Enterprise)*

Defendant Daniel Heath, left, his attorney Barry O. Bernstein, and defendant John Heath, right, listen to the guilty verdicts.

After losing their money, several elderly investors found themselves having to work longer than they had expected or delaying retirement, and in some cases having to find alternative living arrangements with friends or relatives after losing their homes and apartments.

Another Heath business associate, Larre Schlarmann, pleaded guilty in 2005 to 10 felonies involving money laundering and fraud, and is serving a 15-year state prison sentence. Schlarmann testified for the prosecution in the Heath trial.

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