

Heath & Associates salesman gets 40 years in investment fraud case

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By LOU HIRSH / The Press-Enterprise

CORONA - The second man to be sentenced in Riverside County's largest-ever case of elder-targeted fraud, with 1,600 investors bilked out of nearly \$190 million, was ordered Friday to serve 40 years and four months in prison.

Superior Court Judge Ronald Taylor ruled that Denis O'Brien, 53, a salesman at the now defunct D.W. Heath & Associates, must also join his two co-defendants in paying \$117 million in restitution to victims.

The judge also signed off on a request from prosecutors allowing a court-appointed receiver to seize O'Brien's remaining financial assets that had been frozen during his trial, including real estate, bank accounts and retirement savings. A hearing on the restitution issue is slated for May 2.

O'Brien received the maximum sentence for his January conviction on 70 criminal counts, including theft from the elderly, securities fraud and selling securities without a license.

The Friday sentencing concluded a three-hour proceeding featuring emotional testimony from several elderly victims, who told of losing their life savings, encountering costly health problems, and canceling retirement plans in order to meet living expenses after buying into investments sold to them by O'Brien.

"Elder fraud is just as serious a violation as killing and raping people," said Susie Hernandez, whose 86-year-old mother Arlene lost most of her life savings. Resulting health issues caused financial hardships for the whole family, she said.

"There is no excuse for what you have done," Hernandez said, looking toward O'Brien. "I want to see you get the maximum prison sentence for every mother, daughter and grandchild that you victimized."

O'Brien sat without emotion during most of the proceedings. But when it was his turn to speak, he stood and faced the court audience of about 40 to express his regrets.

Over the course of 10 years, D.W. Heath & Associates promised investors a high return on what were sold as safe securities, but in reality the bulk were failing real estate and business start-up projects in which company president Daniel W. Heath had a controlling interest.

The investment firm, which operated out of offices in Hemet, Brea and Pasadena, was shut down by a federal court in 2004. The receiver was ultimately able to retrieve about 22 cents on each dollar put in by investors, many of whom were elderly retirees.

After the proceedings, O'Brien's defense attorney, Joel Renk, said he was disappointed by the sentencing and will file an appeal.

County Deputy District Attorney Michael Silverman said prosecutors were pleased with the results. "We believed he deserved to get the maximum sentencing," Silverman said. "We don't believe Denis O'Brien has any remorse for what he did."

In February, the judge sentenced John W. Heath, 81, another salesman at the firm, to 28 years and four months in prison for his conviction on 52 counts. The judge also ordered Heath to join his co-defendants in paying \$117 million in restitution, including promised interest payments on investments and other money that a court-appointed receiver has been unable to retrieve through asset liquidation.

The restitution requirement will also likely be imposed on Heath's son Daniel, 51, who is slated to be sentenced April 18. The younger Heath, the investment firm's sole officer, was convicted on 400 counts and faces up to 117 years in prison.

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