

## Leader of Inland company pleads guilty

**RANDALL HARDING:** The ex-president of JTL bilked investors out of millions, authorities say.

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By DEVONA WELLS / The Press-Enterprise

### Bilked

Of the \$55.6 million raised by  
MX Factors, investors are  
owed more than \$20 million.

Source: Robb Evans & Associates

Randall Harding pleaded guilty this week to money laundering and wire fraud charges as part of a scam that authorities say bilked investors from Palm Springs to Orange County.

Harding, of Corona, was president of JTL Financial Group, an investment arm of Riverside's MX Factors, which lured investors with the promise of hefty returns.

Instead, federal prosecutors say the company's pitch was part of a Ponzi scheme that used money from new investors to pay off earlier ones.

Harding faces up to 30 years in prison and a \$500,000 fine, said Thom Mrozek, public affairs officer for the U.S. attorney's office. Sentencing is scheduled for April 11, he said.

Neither Harding nor his attorney could be reached Tuesday. Court records related to the charges and plea agreement have been sealed, Mrozek said.

MX Factors, along with JTL and its Palm Desert arm BBH Resources, told investors it bought accounts receivable - a practice called factoring, court records say.

Last February, the Securities and Exchange Commission sued Harding, MX Factors president Richard Harkless and Thomas Hawkesworth and Daniel Berardi, who ran BBH. The SEC said the foursome operated a scam luring about 250 investors by offering a 12 percent return every 60 to 90 days.

In all, MX Factors raised almost \$55.6 million from March 2000 until a state Department of Corporations order closed the company in September 2003, according to court-appointed receiver Robb Evans.

Federal prosecutors tend to go after supporting players while building an indictment against a scheme's ringleader, in this case MX Factors' Harkless, said Barry Minkow, a Fraud Discovery Institute investigator.

Minkow, jailed in 1988 for his role in the ZZZZ Best Ponzi fraud, said he began investigating MX Factors four months before it closed.

"They work this way when someone's on the run," Minkow said.

A warrant requested by the SEC was issued for Harkless in July. His attorney, Pat Swan, couldn't be reached Tuesday but said at the time he believed Harkless was in Mexico.

Harkless, who has said MX was a legitimate business, has not been named in a federal criminal case, Mrozek said.

In his plea, Harding admitted to soliciting \$1.49 million from more than 10 investors and using \$60,200 raised by the scheme to pay his credit cards, Mrozek said.

But JTL, which stands for Just the Lord, gave MX Factors much more - \$26 million, according to a JTL suit filed more than a year ago.

Investor Chuck Crites said Tuesday he was happy to hear Harding stop denying a role in the scam. JTL canvassed Crossroads Christian Church in Corona to recruit investors, according to the SEC.

But Crites, who gave Harding several large checks, is after more than a guilty plea.

"I'd rather have the money back than have him in jail. That's for sure," he said.

After expenses, receiver Robb Evans has recovered \$3.1 million of the more than \$20 million owed investors by selling the homes and automobiles of Harding, Berardi and Hawkesworth.

Robb Evans still is negotiating the sale of a 142-foot fishing boat that has brought in an offer of \$359,000, according to court records.

In October, a judge rejected an attempt by Alice Harding, Randall Harding's wife, to keep \$367,305 from the sale of the couple's six-bedroom Corona home. Robb Evans recovered \$500,037 of the \$2 million sale.

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