

## U.S. seeks investment firm chief

**ARREST WARRANT: Inland Ponzi suspect Richard Harkless is believed to be in Mexico.**

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By DEVONA WELLS / The Press-Enterprise

### WHO'S WHO

#### **MX Factors Based in Riverside**

Richard Harkless, president

#### **Has two investment arms:**

#### **BBH Resources Based in Palm Desert**

Daniel J. Berardi, principal

Thomas Hawkesworth, principal

#### **JTL Financial Group Based in Corona**

Randall Harding, president.

A federal warrant for the arrest of Richard Harkless, president of Riverside investment firm MX Factors, went into effect Tuesday after he failed to return money he had transferred out of a bank account in Belize.

Harkless also did not provide a full accounting of his assets, as required by a court order issued in March by U.S. District Judge Virginia A. Phillips after the Securities and Exchange Commission sued Harkless and accused him of running an illegal Ponzi scheme. Phillips issued the warrant last week but put it on hold until Tuesday to give Harkless time to comply with the March order.

Until he does so, Harkless will be levied a daily fine of \$1,000, according to court records. Harkless was also required to surrender his passport.

The contempt order comes just days after a new report by court-appointed receiver Robb Evans & Associates that reveals few valuable assets have been located in efforts to return money to MX Factors investors. MX and its investment arms BBH Resources of Palm Springs and JTL Financial Group of Corona promised a 12 percent return every 60 to 90 days while running what the SEC says was a Ponzi scheme, paying early investors money from later ones.

Robb Evans has said investors are owed more than \$20 million.

Pat Swan, Harkless' attorney, said his client is working to get the SEC the information it wants and to return the \$277,494 court records say he took out of an MX Factors account in Belize. The SEC asked earlier this month that Harkless, who Swan said he believes to be in Mexico, be held in contempt.

"My understanding is he's in Mexico working to try to raise funds to try to repay funds to investors who lost money," Swan said.

Altogether, MX Factors, BBH and JTL are believed to have brought in around \$55.6 million starting in 2000, according to an earlier report from Robb Evans. The three companies are estimated to have lured some 250 investors, many from the Inland area.

According to the receiver's report, MX Factors owns a fishing boat that is now inoperable, in need of many repairs and that will likely not reap more than \$500,000 when sold, the report says. BBH Resources invested millions in numerous companies, from \$948,830 in a motorcycle maker to \$517,383 for an infomercial producer, the report says. Many of these entities now are of little or unknown value, according to Robb Evans, which is charged with recovering assets and getting money back in the hands of investors.

Investor Jack Kilgore of Palm Springs said he's given up on the idea that he'll ever see any of his BBH money. Kilgore estimates he lost around \$24,000.

"It's a mistake I made and I just have to take it on the chin," he said. "If something happens, it will be a blessing; and if nothing happens, I just went on with my life."

Five properties owned by BBH Resources principals Daniel Berardi and Thomas Hawkesworth appear to be the most fruitful recovery source.

Of the \$10.7 million in investments made by MX, BBH and JTL, the receiver does not anticipate recovering more than \$1 million, though another \$2.2 million could come in from the sale of the Berardi and Hawkesworth properties, the report says.

Robb Evans also is considering pursuing lawsuits that would go after third parties "that may have negligently contributed to victims' losses," the report says.

And those who made more money off their investment than they put in could also be hearing from Robb Evans & Associates. "If any such investors are identified, the receiver may seek return of those funds," the report says.

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