

## Judge denies bail in Inland Ponzi-scheme case

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By LOU HIRSH / The Press-Enterprise

RIVERSIDE - A federal judge Tuesday denied a bond request for a man charged with running a Ponzi scheme, saying he was a flight risk after violating a 2004 federal court order and leaving the country.

Richard M. Harkless, 63, the former head of MX Factors LLC, will remain in a San Bernardino County jail pending his trial in U.S. District Court in Riverside.

Harkless pleaded not guilty Friday, after his Sept. 9 arrest in connection with an investment network that took in \$58.5 million from more than 500 people between 2000 and 2003. Investors are still owed more than \$39 million, officials say.

In a 16-count indictment filed in February and unsealed Sept. 10 in U.S. District Court in Riverside, the U.S. attorney's office said Harkless committed investment fraud, mail fraud and wire fraud.

At a bond hearing Tuesday, U.S. Magistrate Judge Oswald Parada sided with the U.S. attorney in denying bond, saying Harkless failed to appear at a 2004 civil contempt hearing requested by the U.S. Securities and Exchange Commission, which prompted a federal warrant for his arrest. Harkless was in Mexico at the time.

Parada and U.S. Attorney Charles Kovats said Harkless also violated a federal court order to turn over records and refrain from transferring assets to foreign accounts.

Before the judge's ruling, Dave Thomas of the federal public defenders office contended Harkless was never aware of criminal charges against him, since the indictment was not unsealed until after his arrest. The attorney said Harkless' wife and friends could provide sureties -- business and property assets totaling \$700,000 to \$800,000 -- that would guarantee his appearances.

Thomas said since 2004, Harkless had not been hiding, but had been traveling openly between Mexico and California. He also visited Riverside at the time of his daughter's graduation, Thomas said.

Before his arrest in Phoenix last month, he had applied unsuccessfully for a faculty position at Arizona State University, but subsequently obtained a job in the Phoenix office of NCO, a debt-collection company, Thomas said.

Harkless started working for the company earlier this year as a business developer, bringing in new clients.

Harkless' case will likely be assigned to U.S. District Judge Virginia Phillips after another pretrial hearing slated for Oct. 15.

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