Defendant in Petro America Case Drops Lawyer

BILL DRAPER, Associated Press

KANSAS CITY, Mo. (AP) — A Kansas City, Kan., man who convinced thousands of people his Missouri startup company would make them all millionaires with investments as small as $100 is facing an even tougher sell in federal court, where he has ditched his appointed attorney and has received permission to defend himself.

With no formal legal training in his background, Isreal Owen Hawkins, 57, is one of five defendants standing trial simultaneously in U.S. District Court in Kansas City, Mo., on charges they conspired to commit securities fraud by selling more than $7 million in unregistered stock for Hawkins' purported oil and gold mining company, Petro America.

In opening statements Thursday, attorneys for the other four defendants — Teresa Brown, Johnny Heurung, William Miller and Martin Roper — indicated their clients are not guilty of conspiracy or myriad other charges because they relied on assurances from Hawkins that it was perfectly legal to sell stock in a company he and others claimed had $284 billion in assets.

"Johnny believed," said Heurung's attorney, Lance Sandage. "He believed in Petro America, that it was going public, and that he was going to be rich. Johnny was preyed upon by Petro officials."

Prosecutors said the stock wasn't worth the paper it was printed on.

The defendants, none of whom were registered to trade stock, sold millions of dollars in Petro America stock for two years after Missouri regulators issued a cease and desist order requiring them to stop, prosecutors said.

Hawkins did not present an opening statement. He spent much of Thursday sitting next to his federal public defender, Stephen Moss, who was little more than an observer as Hawkins repeatedly voiced objections and tested the patience of U.S. District Judge Brian Wimes. The judge overruled most of the objections while admonishing Hawkins for not following courtroom procedures.

Judges generally look after the interests of defendants who represent themselves, said University of Missouri School of Law professor Ben Trachtenberg. During one break Thursday afternoon, Wimes spent several minutes talking privately to Hawkins at the bench.

"Usually a judge tries to bend over backward and make sure the trial doesn't end in an unjust result simply because someone doesn't know proper procedure," Trachtenberg said.

Hawkins dropped Moss as his counsel two days before the start of jury selection Wednesday after requests for a new attorney were rejected at least twice. He complained the attorney's workload was too great for him to adequately focus on the Petro America case, and that Moss had "repeatedly refused to hire consultants with experience or expertise in civil or criminal securities fraud laws, nor has Mr. Moss developed a legal team that specialize in the area of securities fraud or white collar crime."

The trial is expected to last three to four weeks, with no Friday proceedings because federal public defenders are taking furloughs on those days as part of the automatic federal spending cuts.

Delays also are possible with Hawkins representing himself because of his lack of courtroom training, which Trachtenberg said is not unusual in such cases.

Although attorneys for the other four defendants appear to be blaming Hawkins for their clients' troubles, Trachtenberg said he could benefit from having lawyers in the courtroom to keep prosecutors honest.

"The risks might be lower in a multi-defendant case because lawyers for other defendants also are ready to object to the introduction of inadmissible evidence," Trachtenberg said. "It's not perfect, though at least to some extent their interests could overlap."

Still, Hawkins — who told investors his goal was to win the Nobel Prize for creating so much wealth — is facing stiff odds as he tries to convince jurors his company really didn't scam poor, elderly churchgoers out of money they couldn't afford to lose, which is how Assistant U.S. Attorney Daniel Nelson framed the case.

Even Willie Epps Jr., who represents Brown, acknowledged to jurors that on the surface the evidence might appear overwhelming against the defendants. He asked them to keep open minds, and noted that defense attorneys had seen jurors glaring at them as Nelson presented the government's case.

"Some of you aren't even looking at me now," Epps said.

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