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FOR IMMEDIATE RELEASE

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## Appeals Court Upholds Baptist Foundation Convictions

(Phoenix, Ariz. – June 10, 2009) Attorney General Terry Goddard today announced that the Arizona Court of Appeals has upheld the convictions and sentences of former Baptist Foundation of Arizona executives William Crotts and Thomas Grabinski.

In August 2006, a jury found Crotts, the foundation's ex-president, and Grabinski, BFA's ex-general counsel, guilty of fraud and illegally conducting an enterprise. The verdicts came at the end of a 10-month trial, the longest in state history. The Baptist Foundation's failure was at the time the largest non-profit bankruptcy in the nation's history.

In September 2006, Crotts was sentenced to eight years in prison for fraud and seven years for illegally conducting an enterprise. Grabinski received a six-year term for fraud and five years for illegally conducting an enterprise. The sentences for both defendants will run concurrently. The judge also ordered each man to pay \$159 million in restitution.

In October 2006, Crotts and Grabinski requested that the appellate court review their convictions. The court heard oral arguments on the appeal two months ago.

The BFA case involved one of the most complicated financial schemes ever brought to trial in Arizona. The defendants issued false financial statements that led thousands of people to believe they were investing their savings safely and securely. BFA owed some 11,000 investors more than \$550 million when the Foundation went into bankruptcy in 1999. Investors have been able to recover a large part of their investments, totaling about \$406 million, in subsequent civil litigation and asset sales.

Criminal fraud charges were filed in April 2001 against Crotts and Grabinski. Six other defendants pleaded guilty to fraud or other crimes and have been sentenced for their roles in the BFA failure.

Copies of the appeals court rulings are attached to this email. Details about the charges and sentences imposed on each of the eight defendants and information for BFA victims is available on the Attorney General's Web site at [http://www.azag.gov/victims\\_rights/BFA/bfa.html](http://www.azag.gov/victims_rights/BFA/bfa.html).

This case was prosecuted by Assistant Attorneys General Don Conrad and Monica Klapper with support from Attorney General's Office analyst Dan Sands. For more information, contact Anne Hilby at (602) 542-8019.

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