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**IN THE SUPERIOR COURT OF THE STATE OF ARIZONA  
IN AND FOR THE COUNTY OF MARICOPA**

STATE OF ARIZONA

Plaintiff,

v.

LAWRENCE DWAIN HOOVER (C),

Defendant.

Case No: CR 2001-006183

**PLEA AGREEMENT**

(Assigned to the Honorable Kenneth Fields)

The State of Arizona and the defendant hereby agree to the following disposition of this case:

Plea: The defendant agrees to plead GUILTY to:

**Amended Count One, Fraudulent Schemes and Artifices, a class 2 felony offense in violation of A.R.S. §§ 13-2310, 13-701, -702, -801, -802, -804, and §§ 13-301 through 13-306, committed between approximately January 1, 1994 and August 31, 1999.**

This is a non-dangerous, non-repetitive offense under the criminal code.

Terms: On the following understandings, terms and conditions:

1. The crime carries a presumptive sentence of **5** years; a minimum sentence of **4** years (**3** years if trial court makes exceptional circumstances finding); and a maximum sentence of **10** years (**12.5** years if trial court makes exceptional circumstances finding). Probation is available. Restitution of economic loss to the victim and waiver of extradition for probation revocation procedures are required. The maximum fine that can be imposed is **\$150,000 plus a 60% surcharge (plus a \$5.00 probation surcharge)**. **If the defendant is sentenced to prison, the defendant shall also be sentenced to serve a term of community supervision equal to one-seventh of the prison term to be served consecutively to the actual period of imprisonment. If the defendant fails to abide by the conditions of community supervision, the defendant can be required to serve the remaining term of community supervision in prison. Special conditions regarding sentence imposed by statute (if any) are:**

**The factual basis of this plea agreement is attached as Exhibit A.**

**Pursuant to A.R.S. § 13-610, the defendant must submit to Deoxyribonucleic Acid (DNA) testing for law enforcement identification purposes.**

2. The parties stipulate to the following additional terms:

**No agreements as to sentencing except Defendant agrees to pay a fine of \$500,000 to be designated as restitution and the total amount Defendant shall pay, whether designated as a fine, restitution or any combination thereof, shall not exceed \$500,000.**

**Defendant avows that he has no prior felony convictions.**

3. The following charges are dismissed, or if not yet filed, shall not be brought against the defendant:

**Counts Two (2) through Thirty-One (31) of the Indictment, as well as allegations filed pursuant to A.R.S. §§ 13-702.02 and 13-2310(C), are dismissed. The defendant will not be charged with any additional nonviolent crimes arising from the sale of investments by the Baptist Foundation of Arizona, Arizona Southern Baptist New Church Ventures, Inc. or Christian Financial Partners, Inc.**

4. This agreement serves to amend the complaint or information, to charge the offense to which the defendant pleads, without the filing of any additional pleading. However, if the plea is rejected by the court or withdrawn by either party, or if the conviction is subsequently reversed, the original charges and any charges that are dismissed by reason of this plea agreement are automatically reinstated.

5. If the defendant is charged with a felony, he/she hereby waives his/her rights to a preliminary hearing or other probable cause determination on the charges to which he/she pleads. The defendant agrees that this agreement shall not be binding on the State should the defendant be charged with or commit a crime between the time of this agreement and the time for sentencing in this cause; nor shall this agreement be binding on the State until the State confirms all representations made by the defendant and his/her attorney, to-wit:

**Defendant has no prior felony convictions.**

If the defendant fails to appear for sentencing, the court may disregard the stipulated sentence and impose any lawful sentence which is the same as or exceeds the stipulated sentence in the plea agreement. In the event the court rejects the plea, or either the State or the defendant withdraws the plea, the defendant hereby waives and gives up his/her right to a preliminary hearing or other probable cause determination on the original charges.

6. Unless this plea is rejected by the court or withdrawn by either party, the defendant hereby waives and gives up any and all motions, defenses, objections, or requests which he/she has made or raised, or could assert hereafter, to the court's entry of judgment against him/her and imposition of a sentence upon him/her consistent with this agreement. By entering this agreement, the defendant further waives and gives up the right to appeal.

7. The parties hereto fully and completely understand and agree that **by entering into a plea agreement, the defendant consents to judicial fact-finding by preponderance of the evidence as to any aspect or enhancement of sentence,** and that any sentence either stipulated to or recommended herein in paragraph two is not binding on the court. In making the sentencing determination, the court is not bound by the rules of evidence. If after accepting this plea the court concludes that any of the plea agreement's provisions regarding the sentence or the term and conditions of probation are inappropriate, it can reject the plea. If the court decides to reject the plea agreement provisions regarding the sentencing, it must give both the state and the defendant an opportunity to withdraw from the plea agreement. In case this plea agreement is withdrawn, all original charges will automatically be reinstated. The defendant in such case waives and gives up his/her right to a probable cause determination on the original charges.

8. I understand that if I am not a citizen of the United States that my decision to go to trial or enter into a plea agreement may have immigration consequences. Specifically, I understand that pleading guilty or no contest to a crime may affect my immigration status. Admitting guilt may result in deportation even if the charge is later dismissed. My plea or admission of guilt could result in my deportation or removal, could prevent me from ever being able to get legal status in the United States, or could prevent me from becoming a United States citizen. I understand that I am not required to disclose my legal status in the United States to the court.

9. If the court decides to reject the plea agreement provisions regarding sentencing and neither the State nor the defendant elects to withdraw the plea agreement, then any sentence either stipulated to or recommended herein in paragraph 2 is not binding upon the court, and the court is bound only by the sentencing limits set forth in paragraph 1 and the applicable statutes.

10. This plea agreement in no way affects any forfeiture proceedings pursuant to A.R.S. § 13-4301, et seq., § 13-2314, or § 32-1993, if applicable, nor does the plea agreement in any way compromise or abrogate any civil actions, including actions pursuant to A.R.S. § 13-2301, et seq., or § 13-4301, et seq., or the provisions of A.R.S. § 13-2314(H) or A.R.S. § 13-4310(C).

11. I have read and understand all of the provisions, on all of the pages, of this agreement, and I have discussed the case and my constitutional rights with my lawyer. I understand that, by pleading guilty, I will be waiving and giving up my right to a determination of probable cause, to a trial by jury, to confront, cross-examine, and compel the attendance of witnesses, to present evidence in my behalf, my right to remain silent, my privilege against self-incrimination, presumption of innocence, my right to a determination by a jury of any fact used to impose a sentence within the sentencing range, and my right to appeal. I agree to enter my plea as indicated above on the terms and conditions set forth herein. I fully understand that if, as part of this plea agreement, I am granted probation by the court, the terms and conditions thereof are subject to modification at any time during the period of probation. I understand that if I violate any of the written conditions of my probation, my probation may be terminated and I can be sentenced to any term or terms stated above in paragraph one, without limitation.

I have personally and voluntarily placed my initials in each of the above boxes and signed the signature line below to indicate I read and approved all of the previous paragraphs in this agreement, both individually and as a total binding agreement.

Date \_\_\_\_\_ Defendant LAWRENCE DWAIN HOOVER

I have discussed this case with my client in detail and advised him/her of his/her constitutional rights and all possible defenses. I believe that the plea and disposition set forth herein are appropriate under the facts of this case. I concur in the entry of the plea as indicated above and on the terms and conditions set forth herein.

Date \_\_\_\_\_ MARC BUDOFF

I have reviewed this matter and concur that the plea and disposition set forth herein are appropriate and are in the interests of justice.

Date \_\_\_\_\_ DONALD E. CONRAD  
Assistant Attorney General

**STATE OF ARIZONA V. LAWRENCE DWAIN HOOVER  
MARICOPA COUNTY SUPERIOR COURT NO. CR-2001-006183**

**EXHIBIT A**

**FACTUAL BASIS**

1. I became a member of the Board of Directors of the Baptist Foundation of Arizona (“BFA”) in the late 1970s. With the exception of required one-year rotations off the board, I remained a BFA director until approximately August 1999, when BFA ceased operations. I also served as a director of various BFA subsidiaries, such as Foundation Administrative Services, Inc. (“FAS”) and The Foundation Companies, Inc. (formerly known as Foundation Development Corporation) (“TFCI”).

2. In my capacity as a member of the BFA Board of Directors, I was aware that BFA offered investments to the public and that BFA’s financial statements were disseminated to investors, potential investors and others in documents known as offering circulars.

3. Beginning in approximately 1991, I knowingly participated in a series of year-end transactions that were intended to inflate BFA’s financial statements.

4. Included in the year-end transactions in which I engaged were: (i) a 1991 transaction in which I sold various gem stones to ALO, Inc. and donated the proceeds of the sale to BFA; (ii) a 1994 transaction in which I purchased a property known as Twelve Oaks from TFCI; (iii) a 1995 transaction in which I sold my residence to an ALO subsidiary and donated the proceeds to BFA; and

(iv) a 1995 transaction in which I purchased TFCI's interest in four real estate development projects called Biltmore Estates, Rancho Vistoso, Cobblestone and Hidden Springs. At the time I participated in the transactions referenced (ii), (iii) and (iv), I was a sitting member of the BFA and TFCI Boards of Directors.

5. These transactions were solicited by and negotiated with William Crotts and Thomas Grabinski and were structured so that I assumed little or no economic risk. The transactions were intended to enable BFA to show a gain on its financial statements and were structured to appear to have economic substance. In reality, they were done as an accommodation by me to BFA and resulted in BFA's financial statements being inflated. As discussed in paragraph 2 above, I was aware that the financial statements were distributed to investors in connection with the sale of securities.

6. As a result of my participation in these transactions, both BFA and I received a benefit. I benefited from participation in investments that were virtually risk-free. The funds necessary for the transaction were provided by BFA-related entities and the financing was arranged by William Crotts and Thomas Grabinski. In addition, I benefited from tax deductions for charitable contributions made with the proceeds of the sales of gem stones and my personal residence.

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Lawrence Dwain Hoover