

# Investors hail fraud convictions of Baptist foundation officials: Leaders of Baptist Foundation of Arizona found guilty

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With the fraud convictions of two executives of the bankrupt Baptist Foundation of Arizona, investors are expressing relief that a sad chapter in their lives has ended.

In verdicts announced July 24 after a ten-month trial jurors found William Crotts, the foundation's former president, and Thomas Grabinski, its former general counsel, each guilty of three counts of fraud in what was the largest nonprofit bankruptcy in U.S. history when it occurred in 1999.

While investors believed that their money would aid Baptist causes— such as the building of churches—state investigators found that the two men had created a Ponzi scheme, in which new investors' money was used to pay off earlier investors.

Bonner Magnus of Lufkin, Texas, a 78-year-old retired Southern Baptist pastor, said he and his wife invested about \$750,000 with the foundation before investigators began looking into violations of state securities laws.

“The things they said to me, oh, it pleased me so much,” he recalled. “They said, ‘This is not only a nonprofit thing, we’re doing this to honor God. We’re doing this to build churches here in the West.’ And I believed in it so much that, if I could have done so, I would have given them an arm and a leg.”

Magnus—who eventually recouped about half of his investment—was among approximately 11,000 investors who were owed about \$590 million when the foundation filed for bankruptcy.

A March 2006 letter to investors said more than \$453 million has been returned to creditors and investors, with most investors receiving 55 percent or 69 percent of

their money.

Steve Bass, state missionary for the Arizona Southern Baptist Convention, welcomed the verdict. The foundation was a separate corporate subsidiary of the state convention. "From the start, we believed that God could use the jury to weigh the evidence and reach the right verdict," said Bass in a statement. "It is now time for the healing to begin."

The sentencing of Crotts and Grabinski, who each face a maximum term of more than 46 years in prison, is scheduled for September 29. Five other people linked to the foundation pleaded guilty to charges related to the fraud. A case involving a board member is still pending. *-Religion News Service*