



OFFICE OF THE ATTORNEY GENERAL
STATE OF ARIZONA

TERRY GODDARD
ATTORNEY GENERAL

March 14, 2006

State v. William Crotts & Thomas Grabinski, CR2001-006183

Dear BFA Investor:

I am writing to update you on the status of the criminal prosecution arising out of the Baptist Foundation collapse.

On September 14, 2005, the criminal trial of Mr. Crotts and Mr. Grabinski (BFA's President and Vice President/General Counsel, respectively) began. The trial is being held before the Honorable Kenneth Fields at Maricopa County Superior Court (Central Court Building, Courtroom 704, 201 West Jefferson, Phoenix). As a victim in this case, you have the lawful right to be present at all trial proceedings.

Currently, the trial is being conducted Tuesday through Friday from 9:00 a.m. to 4:30 p.m. The trial calendar is currently posted on the BFA Web site at www.azag.gov or the BFA helpline at 602-364-1275 (or 866-823-6577 if you are outside Maricopa County). If you plan to attend, please check the BFA Web site or the BFA helpline for any schedule changes. Please note: there are several pre-scheduled days on the calendar that the trial is not scheduled. Those days are March 29-31, April 11-14, May 9-12 and May 16-19, 2006. **Please understand it is not uncommon for court proceedings to be delayed or rescheduled for various reasons, including illness of the defendants or any of the jurors.**

Criminal trials involving complex financial transactions are often lengthy. The BFA litigation may turn out to be the longest criminal trial in Arizona history. It is estimated that the trial may last until June 2006. The courtroom setting is quite different than other trial proceedings. The jury consists of 17 members from which a pool of 12 will be chosen at the end of the case presentation to decide the case. The courtroom is electronically equipped to transmit documents in evidence from laptop computers to the judge, to various television monitors in the courtroom and to the jury.

Each defendant is represented by individual counsel. The State is represented by Division Chief Counsel Donald Conrad, our top criminal prosecutor, and a team of four Assistant Attorneys General. To date, the State has called 46 witnesses. The witnesses that

have already testified are either former BFA employees, expert witnesses, BFA investor/victims, or co-defendants that have already pled guilty. An estimated 15 additional witnesses are expected to testify before the State concludes its case.

Prior to the beginning of the trial, co-defendants Don Deardoff, Jalma Hunsinger, Rick Rolfes, Harold Friend and Edgar Kuhn entered into plea agreements with the State. Terms of these plea agreements stipulate that the defendants agree to cooperate fully with the State and testify truthfully during the trial. Sentencing for each of these defendants will be done after the criminal trial concludes.

Additionally, co-defendant Lawrence Hoover's case has been separated from the other defendants. Our office will notify you when new information is available regarding the trial of Mr. Hoover.

The prosecution of the BFA defendants has my highest priority and requires significant resources. I believe the effort is more than justified because of the large number of victims and the extraordinary deceptions the defendants are alleged to have committed. Along with Assistant Attorney General Donald Conrad and the Office of Victim Services staff, I sincerely appreciate your patience and cooperation during this lengthy trial. If you have questions, please call the Office of Victim Services at 602-542-4911.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Goddard", written over a horizontal line.

Terry Goddard
Arizona Attorney General