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CALIFORNIA MAN CONVICTED OF BANKRUPTCY FRAUD

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced today that WILLIAM H. SPENCER, the pastor of the House of Truth in Oakland, California, was convicted yesterday after a two-week jury trial in Manhattan federal court on charges relating to a multimillion dollar scheme to defraud the United States Bankruptcy Court for the District of Hawaii.

According to the evidence at trial:

On March 21, 2003, Hawaiian Airlines, Inc. ("HAL") filed a voluntary petition for bankruptcy pursuant to Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Hawaii (the "Bankruptcy Court"). By November 2004, there were two competing reorganization plans for HAL pending before the Bankruptcy Court: (1) a plan backed by Hawaiian Investment Partners Group LLC (the "HIP Plan"); and (2) a joint plan backed by the trustee appointed by the Bankruptcy Court and Hawaiian Holdings, Inc., the owner of HAL.

In connection with those proceedings, SPENCER and his partner, Paul Boghosian, submitted sworn affidavits to the Bankruptcy Court in which they claimed that SPENCER, through a trust that he controlled, could provide \$300 million to fund the HIP Plan. In February 2005, as proof of his ability to satisfy his financial commitments, SPENCER submitted another affidavit (the "Spencer Affidavit"), together with purported bank records, to the Bankruptcy Court. In the Spencer Affidavit, SPENCER falsely represented, among other things, that his trust had committed \$500 million that it held in an account at ABN Amro Bank N.V. in the Netherlands to fund the HIP Plan. SPENCER and Boghosian then used SPENCER's false affidavits and attached documents to solicit interested parties to support the HIP Plan, and to solicit others to invest in the HIP Plan or otherwise provide financing for the HIP Plan.

To obtain the Bankruptcy Court's approval of the HIP Plan, SPENCER and Boghosian also each made false and misleading statements in depositions conducted by attorneys representing the Bankruptcy Trustee as part of the Bankruptcy Court proceedings. In March 2005, SPENCER appeared for sworn testimony and falsely testified, among other things, that the \$500 million described in the Spencer Affidavit was available at ABN Amro Bank. In fact, the funds did not exist and the documents SPENCER had submitted as proof of their existence to the Bankruptcy Court were entirely fraudulent. In addition, SPENCER testified that he had dealt directly with two bank employees who in fact never worked for ABN Amro Bank.

SPENCER, 77, and Boghosian, 54, of St. Louis, Missouri each face the following maximum penalties: 5 years in prison, a \$250,000 fine or twice the gross gain or loss from the offense, and 3 years' supervised release.

Boghosian pleaded guilty on October 29, 2008, before United States Magistrate Judge MICHAEL H. DOLINGER, and his plea was accepted on November 12, 2008 by United States District Court Judge LORETTA A. PRESKA.

Mr. GARCIA, a member of the President's Corporate Fraud Task Force, praised the work of the Federal Bureau of Investigation and thanked the United States Trustee's Office for their assistance in the investigation of the case.

SPENCER and Boghosian are scheduled to appear for sentencing on January 30, 2009, before Judge PRESKA, who presided over the trial.

Assistant United States Attorneys WILLIAM J. STELLMACH and MARIA E. DOUVAS are in charge of the prosecution.

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