

**PROFESSIONAL FUNDRAISER ARRESTED FOR STEALING OVER \$370,000
FROM WORCESTER CATHOLIC SCHOOL**
*School undertook multi-million dollar expansion based on fundraiser's
fraudulent promise of anonymous donation*

Attorney General Martha Coakley: Good morning. I'm Attorney General Martha Coakley.

With me is the Chief of our Criminal Bureau, Renee Dupuis, and to her left is our Detective Lieutenant Robert Irwin of the Massachusetts State Police assigned to the Attorney General's Office.

Yesterday, Massachusetts State Police, working with Rhode Island State Police, made an arrest of Michael Hlady, age 37, at his home in Rhode Island. He is charged and is under arrest for one count of larceny by scheme, alleging a larceny by false pretenses in an amount over \$250. The allegations behind that charge are as follows:

I want to give you a quick timeline because we do allege that this is a scheme that involved the Venerini School in Worcester. It is a K through eight school run by a Roman Catholic Order of Nuns. It is a not-for-profit organization, with over two hundred students. And the allegations are this; that starting in August 2008, Hlady and his fundraising company KAM Fundraising, was hired by the school in order to conduct a capital fundraising project for the both remodeling and extension of a convent on the premises of the school.

In the fall of 2008, Michael Hlady went to the school administrators, the folks with whom he was working at school, to say he had found a prospective donor – one who was apparently was going to be very generous but wanted to remain somewhat anonymous. Hlady indicated that he believed that this individual would be willing to give between \$3 million and \$14 million over a period of time in order to assist the school with this particular extension project.

In September of 2008, the school began to make checks to Hlady as his role as their fundraiser as part of their agreement with him and at the same time, he continued to insist to them that they had this donor. In fact, they believe that they had phone conversations with this individual, named Arthur, and on three separate occasions accompanied Hlady to Florida in order to ostensibly have dinner with this individual but for some reason all of these dinners got cancelled.

During this time period also, the school, based up on the idea that this money was forthcoming, entered into contracts for the said project – for the construction project. By June of 2009, the demolition and construction began underway. That came to a halt in the Fall of 2009 because it came apparent that there were no funds available to pay for the construction. Although up to \$3 million had already been expended on this project,

there were no checks from the donor and there was no money for the school to pay for this construction.

At that time, again, Hlady had been paid in the amount of \$370,000 for his own purposes. We allege that those funds went to his own personal expenses for adult entertainment and for this own travel. As a result of this investigation, which came to us from Worcester authorities, which began as a result of the contractors obviously complaining that they had begun this project and were unpaid, we began an investigation into the not-for-profit side of this as well a criminal investigation to determine if any charges should issue. This matter is ongoing, and we, as always, note that these are allegations only and this defendant Michael Hlady is innocent until proven guilty. We want to make sure that people understand that the school is an ongoing not-for-profit; they are still operating and pursuing their mission as a school. And at this time, I will take questions if anybody has them.