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CSU will pay nearly \$4 million in settlement

The Associated Press

CHARLESTON — Charleston Southern University has agreed to pay nearly \$4 million to settle allegations it helped a former economist swindle investors out of tens of millions of dollars, according to documents filed Tuesday in federal court.

Al Parish pleaded guilty in October and is awaiting sentencing on charges of fraud and lying to investigators. Prosecutors said the flamboyant economist defrauded hundreds out of more than \$90 million. Parish taught economics at Charleston Southern.

Most of the \$3.9 million Charleston Southern has agreed to pay is covered under the school's insurance policy, leaving \$160,000 to be paid out of cash reserves, according to the settlement. A hearing on the matter has been scheduled for this month.

The money will be divided among the investors, but attorneys have not determined how much each will be paid, said David Dantzer, an attorney who oversaw the agreement.

The settlement, if it is approved by a federal judge, will protect Charleston Southern from further lawsuits as a result of the association with Parish, Dantzer said. The school would waive its claim to \$8.4 million it lost through investments with Parish unless other investors receive at least 18 percent of their losses.

While the school knew Parish was conducting investment operations from his university office, officials have maintained they knew of no fraudulent activities.

"Clearly, we would not have settled with the school if we thought anyone had been knowingly complicit with Parish in the wrongdoing," Dantzer said.

A university spokesman declined to comment on the settlement, and attempts to reach an attorney for the school were unsuccessful Tuesday.

Authorities said that Parish was not registered with the state or with the Securities and Exchange Commission to deal in securities and that he promised investors returns well beyond Wall Street's wildest ambitions. He was fired from his job as economics professor when the scandal broke.

In July, a court-ordered auction of Parish's estate — including more than 100 high-end watches and a guitar said to have been played by Jimi Hendrix — brought in about \$2.35 million.

Parish, who was known around town for his flashy spending habits, claimed he had amnesia when authorities announced their investigation in April. A psychiatrist told authorities Parish's condition was stress-induced but also said his memory improved after he learned amnesia was not a defense to his charges.