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## Multimillion dollar fraud?

By JIM DUPLESSIS

Charleston Southern University has sued its economics professor Al Parish, claiming he lost \$10 million the school invested — more than a tenth of its assets and about three-quarters of its endowment.

Parish is claiming amnesia.

The U.S. Securities and Exchange Commission also filed suit on Thursday against Parish, an economist noted for his colorful outfits and a pen collection worth more than \$1 million.

The suit alleges Parish defrauded the school and other investors of most of the \$134 million they had invested through him.

The SEC said that after it attempted to contact Parish, "he checked into a local hospital claiming to have amnesia."

The SEC said that Parish's funds had been operating since 1986 and that four of the funds were "informal pools of money."

The pools allowed investors to put money in commodities and securities futures products, bonds, stocks and hard assets such as expensive watches, jewelry and fine art. The fifth fund was Summerville Hard Assets LLC, which purported to invest in various hard assets such as jewelry and collectibles.

Charleston Southern also filed suit Thursday, claiming it lost \$10 million it invested through companies Parish controlled.

The small Baptist-affiliated university signed agreements with Parish starting in 2002 to let Parish invest money in hedge funds with expected yields of 9 percent or more each year — a return far above the earnings of conservative investments.

Ten-year U.S. Treasury bonds, a standard of conservative investments, now bear yield of about 4.6 percent.

Documents the university filed with the IRS show that the loss represents 15 percent of the school's \$71 million in total assets. The \$10 million loss is part of the school's investment funds, which stood at \$18.3 million in May 2005, according to the university's latest IRS filing.

The rest of the assets are in land, buildings and grants that must be used for designated purposes.

Rutledge Young, a Charleston lawyer representing the school, said the losses will require "budget adjustments," but won't have a "material impact" on the school's operations.

"While \$10 million is a significant amount of money, it will not have an impact on either the scholarships or the operations of the school," Young said.

The school's latest financial report shows it increased its investments by \$9 million in an entity it describes only as a "limited liability company," not disclosing with whom it was invested.

However, through the lawsuit, the school details how it had invested \$10 million with Parish.

Giving control of a sizable portion of an organization's assets to an employee is something that should be fully disclosed by an organization in its IRS filings, said Timothy W. Koch, a USC professor of finance.

But the wisdom of placing the money in hedge funds is something for the private college's trustees to decide, said Tom Whitacre, a retired accountant who lectures at USC.

"The board of directors could agree to buy lottery tickets. The control is theirs," Whitacre said. "It's not a government that is accountable to its citizens."

Furman University, a private college in Greenville County, hires an outside firm to handle its investments, said spokesman Vince Moore. "But ultimately, the administration is always responsible, and very involved."

At least three other suits by Charleston-area residents were filed against Parish and his companies, Parish Economics LLC, and Battery Wealth Management Inc. Parish's wife, Yolanda Parish, is also named in the suits.

Parish, 49, reported dizzy spells and blurred vision while teaching March 29 and was taken to Trident Medical Center, The (Charleston) Post and Courier reported. Five days later, the SEC filed its lawsuit.

A federal judge has frozen Parish's assets.

Parish joined Charleston Southern in 1990 as a professor of economics and director of the Center for Economic Forecasting, positions he continues to hold.

Known in Charleston to cut a flashy figure in his colorful suits, he offered investment tips at speaking engagements and regular economic forecasts for the Charleston Area Metro Chamber of Commerce. Parish also wrote periodic columns for The Post and Courier.

In November, Parish purchased a diamond-studded fountain pen worth \$170,000. He put it on display at a Charleston store along with others from his \$1.2 million pen collection.

An attorney for a firm looking at Parish's assets said it was trying to identify investors and calculate losses.

"We will try to find out what happened, recover as much as possible, and develop a plan," said attorney David Dantzier. "So far, there appears to be more hard assets, such as jewelry, rather than cash."

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### MISSING MONEY

The U.S. Securities and Exchange Commission said economist Al Parish lost most of the \$134 million invested with him by the end of last year, but continued to overstate the values to investors. Examples the SEC cited include:

#### Stock and hedged income funds

Value according to Parish: \$29 million

Value according to SEC: less than \$100,000

#### Commodities account

Value according to Parish: \$50 million

Value according to SEC: \$130,000

SOURCE: U.S. Securities and Exchange Commission.

