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Investors say they trusted economist accused of fraud

The Associated Press

CHARLESTON — People who gave their money to an eccentric economist to invest for them said they never suspected the folksy man in colorful suits would cheat them.

Al Parish, who federal securities officials say didn't have the proper licenses required to manage the \$134 million in assets he claimed in four informal investment pools, has been in a hospital for about a week claiming he has amnesia.

The Securities and Exchange Commission is suing him, accusing him of fraud.

But Parish's investors admit they rarely questioned the man from the small South Carolina town of Hollywood.

"You wonder, but you don't come out and say, 'Are you running a scam on me?'" said Karen Rath, a former neighbor of Parish who, with her parents and two children, has a \$360,000 portfolio with Parish's companies.

The economics professor at Charleston Southern University even had \$10 million of his employer's money under his control. The money was scholarship funds and the school says it can operate without it, but the private Baptist college has sued its professor to get the money back.

"The board of trustees made this decision," chairman Johnny Ward said. "Naturally, we regret it."

Cracks started to appear in November 2006, when Charleston Southern asked Parish to pay out \$1.5 million. In January, the college received a small portion of the funds, but was still waiting for most of its investment, said its attorney, J. Rutledge Young Jr.

Investors admit it was the staggering returns that Parish was posting that lured them in — that and his soft sales pitch with good-natured folksy charm.

"Somewhere in there the lust grabs your heart," said investor David Hansen of Green Bay, Wis. "You want it to be true."

Hansen managed to pull \$68,000 of his investments out last year, but when the SEC sued Parish last week, Hansen's account still showed a balance of \$134,398.

Investor and former neighbor Rath said she grew more skeptical as she learned about Parish's lifestyle: Vacation homes at Edisto Beach and in the North Carolina mountains, a Jaguar sports car with a custom jaguar-print top, a line of credit with a jet-chartering company and a lawn ornament that reportedly cost \$10,000.