

## Receivers piecing together Parish puzzle



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*By Dan McCue*

CHARLESTON -- Economist Al Parish appears to have perpetrated a classic Ponzi scheme, the gains from which may take weeks or months to identify and perhaps even years to sell to provide some kind of return to his investors, a court-appointed receiver told a packed federal courtroom in Charleston on Friday.

“We’re putting together a jigsaw puzzle,” said J. David Dantzler Jr., an attorney with Hays Financial Consulting LLC of Atlanta. “We have the pieces, but we don’t have the box top. As a result, we don’t know what the puzzle ultimately looks like.”

Parish, a former economics professor at Charleston Southern University and man-about-the-region’s economic development circles, stands accused of misappropriating investors’ funds through a series of informal investment pools he operated through Parish Economics LLC, Summerville Hard Assets LLC and Battery Wealth Management.

The U.S. Security and Exchange Commission initially brought civil charges against the economist on April 5, and the U.S. Department of Justice added the criminal charge of providing false information to the SEC to his woes on April 12.

Several investors have filed suit against Parish and his former employer, CSU, but those suits have been stayed to help the receivers’ process in identifying assets, U.S. District Judge David C. Norton said. He also issued a preliminary injunction, barring further litigation in the matter at least until the receiver had done its work.

Dantzler and S. Gregory Hays, who were appointed receivers in the case last week, released their first interim report at Friday’s hearing at the federal courthouse on Broad Street.

The Parish matter is the first time the firm has produced a report this quickly, they said, warning that many of its “facts” might change over time as they uncover new information, and particularly as they proceed with a forensic analysis of Parish’s “12 very large” computers.

Among the questions Dantzler told Norton may well take months to answer are how much was actually invested in the funds, how much went back to investors as part of the scheme, where the remainder of the money went and how much was actually lost.

Dantzler also said while media reports have focused on the literally thousands of hard assets investigators have found at Parish’s various properties, the receiver has not precluded the chance that large sums of money have been squirreled away

somewhere.

“If money has been hidden, we will find it, and we will make every effort to see that what can be returned to investors will be returned to investors.” Dantzler said.

As of Friday, Hays Consulting has identified a total of 1,250 investment accounts held by at least 599 different investors.

“Based on information provided to them by Parish Economics, it appears that as of last February, these investors would have believed the funds’ worth was in excess of \$523 million,” Dantzler said.

“That’s not to say we believe that is what has been lost by these investors; again, that’s why a large part of our job is determining just how large these funds actually were and what losses were incurred. Right now, we just don’t know the answer to that. What I can tell you right now is that \$523 million never existed.”

Dantzler used a marker board to illustrate what he described alternatively as Parish’s investment scheme and “the classic definition of a Ponzi scheme.”

“The evidence we’ve reviewed to date suggests that recent deposits were used to pay returns to Parish’s previous investors,” he said.

“While we don’t know how much money we can’t account for at present, we know that at least some of his investors’ money went in several different directions. Some was spent on classic investments like stocks and bonds, some was spent on real estate, some on ‘lifestyle’ items like cars and clothes, and some on hard assets.”

In addition to the funds already identified in the SEC complaint—a hedged income pool, a stock pool, a commodity futures pool, and a hard asset fund—the receiver said he now has reason to believe that Parish operated an additional investment pool that owned mortgages and other types of loans.

Based on information reviewed so far, Dantzler said: “It is obvious that if there was investment activity (in these pools), significant losses have been sustained.”

He also noted that it appears that investors’ monies were not segregated by investment pool, asset type, bank or brokerage account, “or in any presently discernable manner.”

The receiver reported that it formally took control of Parish’s Rabbit Run home in Summerville on April 6 and interviewed his wife Yolanda Yoder on that date. Parish’s family has been cooperating throughout the investigation of assets, he said.

The court has also frozen Parish’s monetary assets at 18 banks, brokerage firms and

financial institutions.

Currently, Dantzler said, it appears approximately \$276,000 has been frozen in these accounts. In addition, approximately \$6,000 has been frozen in various retirement accounts held by Parish.

Parish also owned at least five properties, which in addition to his Summerville home included two properties on Edisto Island, one on Tradd Street in downtown Charleston and one in Highlands, N.C.

All of them were heavily mortgaged, the receiver said.

Parish and his wife also owned six vehicles, including two jaguars, a Lexus LS 430 and a Lexus SUV, a “very high end” Mercedes Sprinter mini-van and a Chrysler mini-van.

The SEC and the receiver have agreed that Parish’s wife may continue to use the Chrysler. The receiver will sell the remainder of the vehicles.

Parish also held extensive life insurance policies, the premium payments on which now total \$70,000 a month or \$840,000 a year.

As already widely noted, the vast majority of the assets in the estate are “hard assets,” items Parish bought and kept at various locations.

These assets include everything from a Tiffany lamp found in a climate-controlled warehouse in Goose Creek to cartoon animation cells to antiques to a series of clown paintings done by the comedian Red Skelton.

In addition to his homes and the warehouse, which Dantzler described as “stuffed to the gills” with cartoon art, many assets were found in Parish’s various offices and in safe deposit boxes at a local bank.

A quick walk-through of Parish’s home by an appraiser last night found that some of his artwork, particularly a purported Renoir and Degas, may indeed be fakes, while his Norman Rockwell paintings appear to be authentic.

Dantzler said his investigators found what is purported to be a 3,000-year-old ivory or bone chess set in one of the Parish’s children’s rooms, among their other toys and books, and that a watch encrusted with sapphires and rubies was found in a felt bag inside a loose change jar in Parish’s closet.

“At that point, we thought we had everything,” he said. “Which just goes to show the mind-boggling number of items we’re dealing with. I’m not saying we found the lost treasure, but something is literally everywhere we look.”

Curiously, however, despite the value of his collection, Dantzler said Parish failed to insure it, which has complicated matters as the receiver has tried to move many of the more valuable items to a safe location.

First, Dantzler said, the specialized movers required for such an undertaking are wary of moving such precious cargo without insurance; secondly, because Charleston lies in a hurricane-prone area, the receivership can't get coverage to keep the items here.

Instead, it is being forced to move the most valuable items to Atlanta.

At present, the Berkeley County Sheriff's Department is providing 24-hour-a-day armed protection of the Parish home.

Parish also appears to have gone on a spending spree in the months before the SEC filed its civil claim.

According to the receiver, Parish currently owes American Express approximately \$800,000, \$600,000 of which was charged in late February and March 2007.

The receiver has developed an investor claim form, which has been posted at [www.haysconsulting.net](http://www.haysconsulting.net). A deadline of July 31, 2007, has been established for returning these claims forms to the receiver.

As for the potential return to investors, Dantzler said the receivership is committed to returning as much money as is reasonably possible to individual investors, but he was not optimistic any would ever be reimbursed in full.

"In every case there are many tragedies, and in every case there is a light at the end of the tunnel," he explained. "It's very unlikely there's going to be a happy ending for anybody in this case, but based on our experience, investors caught up in this kind of situation do survive at the end of the day."

Any person who may be holding assets for sale or consignment or otherwise belonging to Al Parish is asked to call Linda Baldwin at Hays Financial Consulting at (404) 663-5533.