

Parish bet his life for investors

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Fallen economist Al Parish is accused of bilking nearly 600 people out of hundreds of millions of dollars, but he hedged those bets with his life.

A company appointed to collect Parish's assets is now trying to figure out how to capitalize on six to eight insurance policies covering the former Charleston Southern University professor's life. It could either sell the policies - assuming there is a buyer for them - pay huge sums of money to keep them current or let them expire.

"It's a tough situation," said David Dantzler Jr., an attorney for Hays Consulting, the Atlanta company that is investigating and cataloging Parish's business dealings and assets as receiver.

Parish paid about \$70,000 a month on the insurance policies, which would have spread at least \$60 million among his investors if he died. Government investigators have turned up less than \$300,000 in cash and brokerage accounts.

He's facing five civil fraud charges from the Securities and Exchange Commission and a single criminal count of lying to the SEC and providing the agency with falsified documents.

The life insurance policies might have been one of Parish's more sound investments, and given his health, not an imprudent decision. At 49 years old, Parish is obese and medicated for diabetes, high cholesterol and high blood pressure, according to his criminal attorney, Andy Savage. Parish also suffered a heart attack a few years ago and had an arterial stent surgically implanted.

While insurance policies can be structured to shelter investments, it appears that Parish's were legitimate, according to Dantzler.

"We have done a complete inventory of the policies, been in touch with several of the agents that sold it, and we're as confident as we can be two weeks out that there's no money stashed in those policies," he said. "I think this really is all about the death benefit."

The contracts were written by as-yet unidentified big-name firms.

Parish had set up a trust to receive the payouts, money that then would be distributed among investors in an undefined manner. Robert Pearlman, an attorney named as a trustee for the policies, declined to take questions or detail how payments would have been disbursed.

The policies also served as a marketing tool. The arrangements were highlighted up-front in Parish's multi-page "agreements" that investors signed. And several investors have said the policies gave them peace of mind while writing checks to Parish.

But the insurance safety net also should have been a red flag, according to John Winthrop, a Charleston-based securities broker who handles portfolios for about 15 clients. Very few money

managers set up life insurance policies to benefit their investors, according to Winthrop.

"That's very odd," he said.

And the value of a portfolio would not plummet simply because the person handling it dies.

Unfortunately for investors, the policies will only have worth if Parish dies. The receiver paid a couple of premiums last week to keep the policies active while investigators assess the insurance situation, but Dantzler said there is not enough cash in the estate and it would not be appropriate to pay those policy premiums indefinitely.

"The truth is that we're not sure we're going to be able to use them in any meaningful way for the benefit of investors," he said. "We are exploring a number of alternatives, but I don't know that any of them will pan out."