

Picture looks gloomy for most of investors

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The Post and Courier
Friday, June 1, 2007



Photo by Alan Hawes

Economist Al Parish walks out of Charleston County Detention Center in North Charleston on Thursday after posting bail on charges of criminal fraud and lying to government investigators. Prosecutors say Parish, 49, stole, spent or squandered more than \$50 million invested by nearly 600 people.

Al Parish allegedly owes 600 investors at least \$56 million, though investigators have spent about half of his available cash to piece together the fallen economist's crumbled investment empire.

Gregory Hays, the Atlanta businessman appointed by the court to round up Parish's assets, presented his second update to a federal judge Thursday in Charleston, painting the clearest picture to date of Parish's dealings prior to his being charged April 5 with five counts of fraud by the Securities and Exchange Commission.

For the former professor's investors, the picture was a bleak one. "If the loss is \$55 (million) to \$60 million ... we're not going to be paying people half, or even close to half," said David Dantzler, an attorney hired by Hays. "There's not a \$10 million painting out there that's going to close a big part of that gap."

Since 1997, Parish collected \$112.5 million in his "informal pools" of investments and paid about \$57 million to withdrawing speculators, according to court documents.

About half of the losses were incurred by a single investor, an unidentified woman, "on the cusp of retirement" from a lucrative career, who had at least \$30 million in savings invested with Parish.

It appears that much of the money is gone for good, burned up to fuel a lavish lifestyle and long-shot investments. Since the start of 2005, Parish spent \$8.4 million on credit card payments, \$721,000 on private jet flights, \$247,000 on vehicles and \$175,000 on maids and baby sitters, according to court documents.

Investigators have collected almost \$1 million by liquidating and freezing Parish's accounts, selling three of his cars and collecting payments on items that he sold. But they also tallied a \$343,468 bill in April with a team of lawyers, accountants and appraisers working long days at rates between \$60 and \$470 an hour. They interviewed or subpoenaed more than 100 individuals and businesses, such as private investors and private jet companies.

All told, the receiver and his employees spent 1,516 hours on the treasure hunt in April at an average hourly rate of \$217. The bill for May will be similar, according to Dantzler.

The only hope of restitution for the 600 people and businesses who still had money in Parish's hands early last month now rests in a cache of about 2,000 items, a motley collection ranging from a sketch by Pablo Picasso to a kitschy army of garden gnomes.

Hays also hopes to garner cash from loans, a handful of heavily mortgaged properties and a maze of ownership stakes in 25 businesses.

Dantzler said the \$343,468 in charges is reasonable given the workload to date and noted his team carefully weighs its labor costs against the potential benefit to investors.

"If you haven't walked a mile in our shoes, it's hard to imagine, quite frankly, the enormity of the task," he said.

Some of the investigators reportedly reduced their rates by up to 10 percent and worked long hours off the clock. Although most of the "triage" is complete, Hays and his team are still scrambling to appraise many of the assets and have only offloaded a few things.

Parish paid at least \$25 million for his cache of paintings, pens and other hard assets. He allegedly bought three guitars linked to Jimi Hendrix, Keith Richards and George Harrison for a total of \$1.1 million. A Norman Rockwell painting in his trove had a sticker price of \$395,000 and a work by Red Skelton was listed at \$335,000. He also bought a suitcase owned by Andy Warhol for \$35,000.

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But Parish relied on dealers to give him a favorable price and paid market rates or greater on virtually all of his acquisitions, according to court filings. He paid "exorbitant" prices for some items and may have unknowingly bought several forged drawings.

Dantzler said none of the artworks, including the Picasso sketch, would be considered a "masterpiece." More than one attorney has described Parish as being "taken."

The economist, however, still thinks his acquisitions were savvy investments. The report filed Wednesday says that Parish thinks the actual loss on his investment empire will be less than \$55 million.

Dantzler likened the fallout from Parish's dealings to the aftermath of Hurricane Hugo: "Right now, we're just getting the trees out of the street and getting the power back on."

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