

What if CSU invested elsewhere?

With Baptist foundation college could have earned \$5.5 million

By Schuyler Kropf
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While Charleston Southern University lost money investing with its star economist, the Baptist Foundation of South Carolina garnered 11 percent annual returns for its congregation by buying stock in family-friendly companies.

If CSU, a Baptist school, had invested the \$8.4 million it handed over to Al Parish with its affiliated foundation five years ago, it would have about \$14 million in its account, based on the group's average rate of return.

Instead, the money may be gone for good, while the university is running up legal bills trying to recover lost cash from Parish's collapsed investment empire and defending itself from investor claims of aiding and abetting the former professor's acts.

In the five years that Parish allegedly squandered his employer's savings, the U.S. stock market rocketed to record highs. The Baptist Foundation is just one of many money managers that reaped rich returns at that time.

Weldon Fallow, president and chief executive officer of the Baptist Foundation of South Carolina in Columbia, said his group has encouraged CSU and other Baptist-aligned schools in the state to use its services when investing.

The foundation, which is an investment arm of the church organization in the state, recently has posted impressive gains, including a near 20 percent gain in an equity fund last year.

The foundation's portfolio is "socially restricted," meaning it avoids companies that profit from tobacco sales, gambling, alcoholic beverages or sexually oriented publications or materials.

It advertises "three diversified, yet simple funds in which churches, associations and institutions can invest."

Fallow called CSU's dealings with Parish "unfortunate," adding that investing with the foundation would have been safer.

"We don't have any agenda, other than to protect their interest," Fallow said.

Other South Carolina Baptist schools that have savings with the foundation include Anderson University and

North Greenville College, he said.

Since the scandal broke, CSU has largely declined to discuss its investment with Parish. School spokeswoman Allie Osman declined a request last week for an interview with CSU officials on the subject, citing the ongoing legal challenges.

The most recent public statements from the school came in a letter sent last month to supporters by CSU President Jairy Hunter. He touted "another excellent year" and assured donors that the school's management and board of trustees violated no internal policies when they invested with Parish, who was not registered with the state or federal government to deal in securities or commodities.

"All investments were made consistent with established procedures and board (of trustees) approval," the statement read.

University officials have declined requests for copies of their policies on investments or donor safeguards.

The school also denied any wrongdoing in its formal response to a civil lawsuit levied by other investors in Parish's pools claiming that CSU is culpable in their losses because it allowed Parish to run his investments out of his on-campus office.

Parish, who became a CSU professor in 1990 and was one of the highest-paid employees at the school, faces 10 counts of criminal fraud and up to 205 years in prison related to his handling of some \$112.5 million in savings.

Government attorneys characterized his dealings as a "Ponzi scheme" in which incoming cash was used to pay withdrawing investors. He is free on a \$1 million bond.

CSU, which has about 3,100 students and an annual operating budget around \$45 million, fired and sued Parish the same day the government filed its first charges in early April.

Hunter, in April, said trustees had done "in-depth due diligence" and "checked out everything that they knew to check" before investing with Parish.

Parish told investors that they could expect returns higher than those posted by any mutual fund in the past 10 years, though he never revealed to his investors exactly where the money was invested, as brokerage firms are required to do.

Hunter recently received a contract extension through the 2012-13 school year. He has been at the helm of the college for 23 years.

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