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Parish’s world unravels

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Al Parish first became seriously involved in investing during the mid-1990s when he and a few other individuals began pooling their money and investing collectively, with the economist “managing” the investments.

Although this arrangement was never referred to as such by its participants, the authorities now say it appears this activity operated like an investment club.

Parish himself later told attorney J. David Dantzler, who is working with court-appointed receiver Hays Financial Consulting, that this activity evolved into his now notorious investment pools in 1997.

Founded that year, Parish Economics LLC offered investment through four pools, described in the SEC suit as “informal pools of money,” each attached to a different type of asset. Its hedge income pool invested in government and high-grade corporate bonds while its stock pool was geared to high-stakes growth stocks.

Parish’s futures pool provided small investors with entry into the futures and options market, while his hard assets pool invested in such items as expensive watches, gemstones and art.
According to the U.S. Department of Justice, which is prosecuting for the U.S. Securities and Exchange Commission, Parish’s hidden business activities began to unravel in earnest on Feb. 22, 2007.

It was on that date that Michael L. Foster, a staff accountant with the SEC’s Atlanta office, began a routine examination of Battery Wealth Management of Mount Pleasant, a company in which Parish held a 33.3335% interest and served as vice president, and found that 29 of the firm’s clients had invested in various funds managed by another of his company’s, Parish Economics LLC.

Documents supplied to Foster by Battery Wealth Management employees claimed that Parish Economics had total assets of $134.39 million and held $20 million in bonds, $12 million in stocks, $50 million in commodity futures and $51.11 million in such assets as Swiss watches, jewelry and artwork.

In early March, as Parish worked on what would be his last regional economic forecast under the auspices of the Charleston Metro Chamber of Commerce, a SEC compliance examiner requested brokerage statements supporting the reported account valuation.

It was then that Parish provided the agency with statements allegedly from TD Ameritrade and TradeStation Securities, a bond dealer in Florida, which proved his undoing.

Those documents stated that as of Dec. 31, 2006, two of the five funds Parish offered investors were worth $29 million, the SEC said. However, when contacted independently by the investigator, the brokerage firms that handled those accounts said that collectively they were worth less than $100,000.

In addition, Parish is said to have provided information to federal examiners that suggested a commodities pool he controlled had a value of $50 million. As of March 2007, that pool's value was $130,000, the SEC reported.

As if that wasn't enough to raise red flags among federal regulators, while all this activity was transpiring, investigators received another set of records from Ulanji Inc., now called True-prism Technologies Inc., a Web site development company in Summerville.

Those records suggested Parish had 599 active investors in the various pools and that the cumulative value of those investors' accounts, including "undistributed earnings," was more than $523.5 million.

Federal prosecutors now refer to this as the period when Parish knew the noose was tightening and when he evidently went on a final spending spree presumably in a last-ditch effort to shore up his pools.

The SEC's initial complaint covered five specific civil counts of fraud including allegations that at least since January 2005, Parish had provided investors with quarterly statements that grossly misrepresented the investors' returns and assets, grossly misrepresented the assets of the respective funds under Parish's control and grossly misrepresented the rate of return of the respective investment vehicles.

The government subsequently lodged 11 criminal charges against him, including 10 counts of wire and mail fraud and one count of providing false documents to the SEC.

On May 31, Dantzler told the court that it now appears a total of $112.5 million was invested in the pools from the time of their inception to the date of the receiver's appointment.

During that time, a total of roughly $57 million was withdrawn from the pools to pay investors either principal or "earnings" amounts and to make authorized cash payments to third parties on behalf of investors.

While a detailed analysis has yet to be completed, Dantzler suggested that some investors may have withdrawn more money from the pools in which they had invested.

It now appears that investor losses as a result of Parish's activities amount to more than $55 million, with a single out-of-state investor losing about $30 million of that total.

By comparison, losses incurred by Charleston Southern University, which gave its former employee more than $10 million to invest, currently stand at $8.6 million.

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