

Charleston Southern: Who's minding the store?

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As the Al Parish case of investment fraud unfolds, Parish himself asked the right question during his bout with amnesia: Why would his employer, Charleston Southern University, give him more than \$10.5 million to invest?

This is the most egregious action (outside of any forged documents that were designed to dupe unsuspecting people out of their retirement) to come out of this debacle. School leaders knowingly handed over money donated to the college for scholarships, building activities and the like for Parish to invest in watches and gems.

Who thought this was a good idea, and such a good one they kept giving Parish money?

Well, court documents show us both Jairy Hunter Jr., CSU president, and K.C. Brasher, former vice president of business affairs, signed documents handing over \$1.5 million to Parish.

Charleston Southern has an investment management team that has the ultimate oversight of university investments. So where was this team and why didn't someone question the logic of giving endowment and operating funds to one of its professors to invest?

And what role does the state play in ensuring accountability in educational institutions?

Right now it has given schools exempt status under the South Carolina's Solicitation of Charitable Funds Act.

Under the Act, educational institutions are exempt from annual financial filings if they solicit contributions only from "students and their families, alumni, faculty, friends, and other constituencies, trustees, corporations, foundations and individuals who are interested in and supportive of the programs of the institution."

Who's left?

However, if Charleston Southern was not exempt, it would have had to compile an annual financial report that included specific and itemized support and revenue statements disclosing the amount of solicited support, government grants and other revenues it was receiving.

Regardless of the lack of state oversight, Charleston Southern leadership has a lot of explaining to do. Where was the investment committee? Who was monitoring the school's investments? Have they informed their donors about the seeming lack of judgment? And now that they've said goodbye to the \$10 million, what do they have in place to ensure this won't happen again?

Unfortunately, we don't know because instead of discussing their mistakes and miscues, and instead of

saying what they are doing differently, school leaders are hiding behind their attorney. Nothing against Mr. Rutledge Young, he's doing what the school is paying him to do.

But why would the school need an attorney to answer these simple questions?

In our lead story, CSU's director of university relations Allie Osman said in an e-mail to us that the school would be happy to discuss anything related to the state of the university. All matters related to the situation involving Mr. Parish must be referred to the university's attorney.

To me this is not a matter involving Mr. Parish, this is a matter of the "state of the university," and an issue of trust between its leaders and its donors. As a donor, one should expect the money will be used to better the institution.

Yes, I understand universities invest their endowments, and investments are risky. However, there are higher risk and lower risk investments available. Investing in pens and watches does not seem to be the wisest of investment strategies.

Because the university is built on Christian values, let me put this in terms the leaders should understand. They are instructed to be good stewards of their money and all other items, because the view is that it's not their money, it's God's.

Jesus often used parables to make a point. In the parable of the shrewd manager, Jesus told of a manager accused by his master of wasting the master's assets. That parable boils down to this: those who can be trusted with little, can be trusted with much. And those who can't be trusted with little, cannot be trusted with much.

I would add that those who can't be trusted with much, say \$10.5 million, should not be trusted with more.

Until there are real answers and safeguards in place, donors should take their money elsewhere.

A new feature: On Page 3 you will find our newest feature "People you must know."

Each issue we will be featuring someone in the Lowcountry you need to know. They will be people who tend not to be in the limelight, but who are making a difference either in their business, in the community or both.

This issue you learn about Sal Parco, owner of the Mustard Seed and several other restaurants, and how he's been able to succeed in a business where the odds are great that you won't.

Do you know someone who would make a good profile? I know you know of people. So e-mail me their names at bbouyea@charlestonbusiness.com.

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