

\$10M in Parish policies sold

Millions in life insurance would have gone to investors if economist had died

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Al Parish

As almost 500 people and businesses scramble to recover savings from the crumbled financial empire of Al Parish, one of his aggrieved investors is betting on the former college professor's life.

A onetime client of Parish's has agreed to pay \$200,000 to buy \$10 million worth of life insurance on the ex-Charleston Southern University economist, policies that originally were purchased with deposits from investors. The court-appointed receiver in the case asked a federal judge this week to approve the sale to the unidentified buyer.

If the deal is accepted, the buyer would need to pay \$49,000 a year to keep the policies active.

The receiver also plans to auction eight of Parish's 20 policies through Life-Exchange Inc., a Miami-based electronic trading platform for life insurance. Bidding will be limited to institutional investors and individuals of "high net worth," according to court documents.

Investigators will try to sell the remaining policies through Myers & Associates LLC, a

Summerville-based company that bought some of the policies on Parish's behalf.

"This is the hardest decision in the whole case," said David Dantzler, an attorney for the receiver, Hays Financial Consulting. "We've kind of come up with this plan in order to force the issue before we have to pay another \$250,000 in premiums."

Though he is accused of bilking his investors out of at least \$90 million, Parish, who turns 50 today, hedged those bets with his life.

The economist paid about \$1 million a year to keep current approximately \$65 million worth of life insurance policies. In the event of his death, the payouts from the policies would have been placed in a trust for distribution among his investors.

The life insurance might have been one of Parish's more sound investments, and, given his health, not an imprudent decision. Parish is obese and takes medication 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 in his chest.

The policies also served as a marketing tool. The arrangements were highlighted in multi-page "agreements" that Parish circulated with potential clients. Several investors have said the policies gave them peace of mind while writing checks to Parish's "informal pools" of holdings.

While insurance policies can be structured to shelter investments, it appears that Parish's were legitimate, according to Dantzler. Robert Pearlman, an attorney named as a trustee for the policies, has declined to take questions.

The insurance safety net is not common. Very few money managers set up life insurance policies to benefit their investors because the value of a portfolio would not plummet simply because the person overseeing it dies.

The receiver said there is little cash value in the insurance, and he has elected to let expire any policies that don't sell, rather than spend money from the estate to keep them current.

Some 462 people and businesses filed claims to recover almost \$90 million in losses from Parish's investment pools. Investigators expect to salvage less than 10 percent of what investors put in. Much of the proceeds will pay for the search and sale of the estate.

A judge will consider the sale of the policies at a hearing Aug. 30. All of the policies will expire by the end of September if they are not sold.

"We're not going to pay these premiums indefinitely. That just doesn't make sense under the circumstances," Dantzler said. "This is a way to give people one last chance."

Parish is free on \$1 million bond, confined to his mother's Hollywood home. He will face trial early next year on 11 criminal charges relating to federal fraud laws. He has pleaded not guilty.

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