

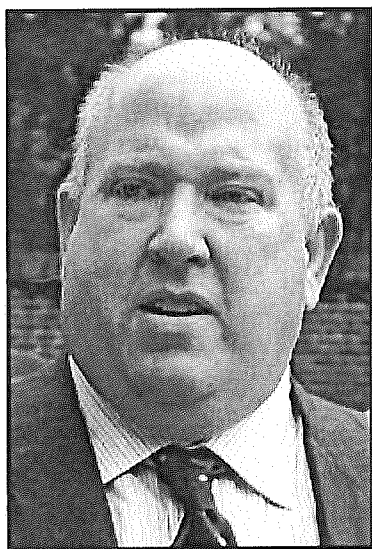


Settlement caps CSU liability in Parish case

Judge approves deal; school to pay \$3.9M

By Kyle Stock
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A federal judge has approved a \$3.9 million settlement that shields Charleston Southern University from further liability in the multimillion-dollar fraud of Al Parish, its former star economist.



The Post and Courier

Al Parish

In documents filed Monday, U.S. District Judge David Norton said the agreement would be fairer and more efficient than allowing aggrieved investors to individually seek restitution from the Baptist institution.

"The fairness of this solution is clear in light of the alternative," Norton wrote in his opinion.

He added that if the settlement was not approved, the result would be "a drawn-out, inefficient and chaotic administration of justice, assuming justice in those circumstances could be achieved at all."

David Dantzer, attorney for the receiver in charge of collecting and selling off Parish's assets, said the ruling was a big victory for the 500 or so people and businesses who claimed losses in the economist's Ponzi empire.

"Beauty is in the eye of the beholder," Dantzer said. "But we believe it is beautiful."

J. Rutledge Young Jr., CSU's attorney, said the agreement was a great deal for investors and the school. In an April hearing he argued that CSU is cash-strapped and eventually could have been forced out of business by "outcome-unpredictable" lawsuits. "It is critical for CSU to be able to put this issue behind us," Young said last month.

Al Parish Archives



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Nine of Parish's investors objected to the settlement. Their lawyers said the receiver did not have the legal authority to settle the case for all investors and that the court did not have the authority to bar lawsuits against the school.

Norton struck down both arguments Monday, though investors have 10 days to ask him to reconsider his decision. They also could appeal his ruling.

Government investigators said they built a strong case that CSU could be held liable in part for Parish's actions. The school consented to Parish handling investments on campus and knew as early as 2006 that Parish was not running his "informal investment pools" as he had represented them, according to Norton's opinion.

Parish often met investors in his university office and convinced many of them that the mathematical research he conducted on the job would help them generate outsized returns.

CSU acknowledged no wrongdoing in the agreement. A school spokesman declined to comment Tuesday, referring all questions to Young.

However, the publicity from the case has already hurt the school, Young said. CSU's assets are mortgaged "to the hilt," some \$2.5 million in donation pledges have been withdrawn and the school has postponed the building of some classrooms and a new dormitory, he said.

Most of the university's \$3.91 million payment would be covered by insurance, with \$160,000 coming from CSU coffers. As part of its settlement, the private university, which lost \$8.4 million of its own savings under Parish's care, agreed to surrender its claim on its lost funds unless the other victims receive at least 18 percent of their investment back. That compromise that would make an extra \$1.5 million available to other investors.

It is the second time Norton has upheld such a structured settlement in the Parish case.

Dantzler struck a similar deal in mid- December with Parish's wife, Yolanda Yoder, and is negotiating several more possible agreements, though he declined to provide details.

"It gives us some confidence we should be able to use this (type of settlement) again under the appropriate circumstances," Dantzler said.

Parish, who was charged with fraud and fired by CSU almost a year ago, pleaded guilty in October to two counts of mail fraud and one count of providing false information to the Securities and Exchange Commission.

Legal experts have said they expect the former professor to receive a 15- to 20-year prison term when he is sentenced June 26, though federal prosecutors have recommended a minimum of 30 years.

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