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Judge delays ruling on paybacks

2 options being considered to reimburse victims of Ponzi scheme

By Schuyler Kropf
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A judge temporarily put off deciding what method he'll back for repaying the victims of Al Parish's Ponzi scheme, while investors on the losing end of what appears to be the most-favored option said the effect on them would be severe.



Al Parish is serving 24 years in prison for defrauding hundreds of investors out of as much as \$66 million.

One man who gave as much as \$650,000 to Parish said Wednesday that under the favored "Rising Tide" plan, he'd be in the "zero payback" category because he withdrew money from Parish earlier and before the scheme collapsed.

That means he potentially will get nothing from the estimated \$9 million pot officials hope to return to investors.

"I just don't want to be left out the distribution completely," the investor, identified in court as Henry Brandt, told Chief U.S. District Judge David Norton.

The comment came as Norton said he'll wait until later this summer to decide the best option for repaying hundreds of investors ripped off by Parish, the former Charleston Southern University economist now serving 24 years in prison for his fraud.

Under the "Rising Tide" option favored by the team that assembled Parish's assets, investors who withdrew little or nothing from Parish will be first in line.

Based on preliminary estimates, as many as 390 investors will get money back under "Rising Tide," with about 330 who withdrew no money getting 18 percent to 22 percent of their principal back.

The other option is to repay all the investors under a straight formula based on net loss. Under that scenario, everyone would get the same percentage return, with the same group of 330 likely getting back between 8 percent and 13 percent.

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In court Wednesday, an attorney who represents another investor, described as a doctor who gave Parish millions of dollars, said the difference in repayment options also would mean a tough hit for his client.

Under "Rising Tide," the return would be about \$150,000 for the doctor, while it might be around \$300,000 under the net-loss option, officials speculated.

While Norton approved portions of the repayment process Wednesday, he held off deciding the actual method until the largest loser in the Parish Ponzi, New York doctor Kalpana Patel, gets her paperwork together later this summer.

Patel and her family invested as much as \$30 million with Parish, but because her financial documents are still being amassed, she was given extra time.

Parish is serving his sentence at the federal prison in Butner, N.C. Figures on the extent of the scheme are still being calculated, but estimates are that as much as \$66 million was lost.

While officials hope to return as much as \$9 million to the investors, more than \$3 million has been spent on legal and professional costs in the recovery.

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