

UNITED STATES DISTRICT COURT  
DISTRICT OF SOUTH CAROLINA  
CHARLESTON DIVISION

SECURITIES AND EXCHANGE  
COMMISSION,

**Plaintiff**

2:07-cv-00919-DCN

Date Filed 03/14/2008

Entry Number 179-2

Page 1 of 1

**CIVIL ACTION NO.**

**2:07-cv-00919-DCN**

v.

ALBERT E. PARISH, JR., PARISH  
ECONOMICS, LLC, and SUMMERVILLE  
HARD ASSETS, LLC,

**Defendants.**

**DECLARATION OF S. GREGORY HAYS**

Personally appeared S. Gregory Hays, who states as follows:

1. My name is S. Gregory Hays, and I am the Managing Principal of Hays Financial Consulting, LLC.
2. I was appointed as Receiver in this civil enforcement action filed by Securities and Exchange Commission pursuant to Orders dated April 5 and April 12, 2007, which were entered by the Honorable David C. Norton, Judge United States District Court for the District of South Carolina. In connection with my appointment as Receiver, I retained Hays Financial Consulting, LLC, my financial consulting firm, and outside counsel to assist me in my duties (collectively the "Receiver Team.").

3. During the ensuing months the Receiver Team has taken control of the assets, records, and operations of Albert E. Parish, Jr. ("Parish"), Parish Economics, LLC ("Parish Economics") and Summerville Hard Assets, LLC (collectively, the "Receiver Entities"). We also have obtained, reviewed and analyzed documents obtained from third parties pursuant to subpoenas issued in this proceeding.

2:07-cv-00919-DCN Date Filed 03/14/2008 Entry Number 179-2

Page 2 of 2

4. In accordance with the Court's direction at the time of my appointment, the Receiver Team has performed an extensive investigation into the facts and circumstances surrounding the "investment pools" operated by the Defendants in this case. While I have been responsible for directing the investigation, I also have relied upon my attorneys and the other members of the Receiver Team to develop the facts surrounding this investment scheme. Hence, the testimony provided in this Declaration is based upon the results and findings of the investigation performed by the entire Receiver Team.

5. Parish Economics was originally formed on December 31, 1996. At the time of its formation, Parish expected that investors would become members of Parish Economics. The documents related to Parish Economics are attached hereto as exhibits:

- a. Minutes of the organizational meeting - Exhibit "A"
- b. Operating Agreement – Exhibit "B"

- c. Amended and Restated Operating Agreement – Exhibit “C”
  - d. Limited Liability Company Redemption Agreement - Exhibit “D”
  - e. Pre-Organization Subscription Agreement – Exhibit “E”
6. Parish Economics operated as a partnership for federal income tax

2:07-cv-00919-DCN Date Filed 03/14/2008 Entry Number 179-2

Page 3 of 3

purposes from 1998 through 2004, and filed partnership returns for each of those years that included K-1’s for investors indicating that they were “Limited Partners” or “other LLC Members.” Several examples of these K-1’s are attached hereto as Ex. “F.” Parish Economics did not file a tax return for 2005 or 2006, but did issue K-1’s to investors.

7. Parish was employed by CSU from the early 1990s until April 2007, when the SEC filed this action revealing the fraudulent nature of the subject “investment pools.”

8. As a member of CSU’s faculty, Parish purportedly performed research in the field of mathematical economics. He also was the director of the Center of Economic Forecasting, which was located at CSU. The Center of Economic Forecasting was jointly sponsored by CSU, The Post and Courier and the Charleston Metro Chamber of Commerce.

9. Over time, much of Parish’s conduct related to the “investment pools” actually occurred in his office at CSU. For example, the principal computer used

by Parish to manipulate and manufacture investor account information and other data was located in Parish's office at CSU. On occasion, Parish met with investors in his office at CSU, and he took delivery of purchased "hard assets" at that location.

10. [2:07-cv-00919-DCN](#) [Date Filed 03/14/2008](#) [Entry Number 179-2](#) [Page 4 of 4](#)  
CSU knew of and consented to Parish's conducting investment

activities from his CSU office.

11. Parish and Parish Economics expressly represented to investors that, in operating the investment pools, Parish used a confidential, proprietary "mathematical model" developed by him as a part of his research as an economist. Parish and Parish Economics expressly represented to investors that he was paid no fee for management of the "investment pools" and, instead, they were operated in connection with his research as a mathematical economist. A true and correct copy of a representative investor contract is attached to this Declaration as Exhibit "G." While the language in every form is not identical, the provisions and representations regarding these issues are similar, if not, identical to provisions contained in all versions of the investor contracts used by Parish Economics.

12. Since late 2002, CSU invested in various "investment pools." Over time, CSU invested more than \$10,000,000 with Parish Economics. As of the date of the filing of this enforcement action, the principal amount of CSU's investment in the "pools" was \$8,400,000.

13. Individuals affiliated with CSU, including its President and Vice-President for Business Affairs, invested in Parish's "investment pools."

14. Though apparently unknown to CSU's trustees and administration, David Mack, a member of CSU's faculty and a practicing lawyer, issued an opinion letter on CSU letterhead opining that Parish's "investment pools" were not subject to registration as securities.

2:07-cv-00919-DCN Date Filed 03/14/2008 Entry Number 179-2

Page 5 of 5

15. CSU did know and consented to Mack practicing law using his CSU office.

16. The investment pools were not registered as securities.

17. Between March 14, 2003 and March 20, 2007, Parish Economics made a total of 11 payments in varying amounts to CSU. It is evident that some of these payments were made to CSU as an investor with Parish Economics, while other payments were made to fund various activities at CSU. The last two payments made to CSU were \$300,000 on or about March 13, 2007 and \$1,200,000 on March 20, 2007. All of the payments made to CSU were from the Parish Economics bank accounts into which investors' monies were deposited.

18. On April 9, 2007, L.G. Elrod, et al., filed a Complaint in the Charleston County Court of Common Pleas, naming Charleston Southern University, Albert E. Parish, Jr., Yolanda Yoder, Parish Economics LLC, Summerville Hard Assets, LLC, Wayne Cassady, and Battery Wealth

Management, Inc. as defendants. A certified copy of that Complaint is attached hereto as Exhibit "H."

19. On April 9, 2007, Steven L. Smith filed a Complaint in the Berkeley County Court of Common Pleas, naming Albert E. Parish, Jr., Yolanda Yoder, [2:07-cv-00919-DCN](#) Date Filed 03/14/2008 Entry Number 179-2 Mary Elizabeth Parish, Sarah Rosemary Parish, Genie Parish, William Parish, Parish Economics LLC, and Summerville Hard Assets, LLC as defendants. On June 18, 2007, that Complaint was amended to add Charleston Southern University as a defendant and omit the remaining defendants except for Yolanda Yoder. A copy of that Amended Complaint is attached as Exhibit "I."

Page 6 of 6

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 14th day of March, 2008.

  
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S. Gregory Hays