

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
CHARLESTON DIVISION

<p>SECURITIES AND EXCHANGE COMMISSION,</p> <p>Plaintiff,</p> <p>vs.</p> <p>ALBERT E. PARISH, Jr., PARISH ECONOMICS, LLC and SUMMERVILLE HARD ASSETS, LLC,</p> <p>Defendants.</p>	<p>CIVIL ACTION NO. 2:07-919-DCN</p>
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RECEIVER'S SECOND INTERIM REPORT

S. Gregory Hays (“Receiver”), the court-appointed Receiver for Albert E. Parish (“Parish”), Parish Economics, LLC (“Parish Economics”) and Summerville Hard Assets, LLC (“Summerville Assets”) files his Second Interim Report showing the Court as follows:

INTRODUCTION

1. The Receiver initially was appointed pursuant to an order of this Court entered on April 5, 2007. The receivership was continued pursuant to the terms of this Court’s order dated April 12, 2007 (collectively referred to as “the Receivership Orders”).
2. The Receiver filed his First Interim Report on April 12, 2007. This Second Interim Report is intended to provide the Court with additional information regarding the Receiver Estate, as

well as the activities of the Receiver Team (i.e., the Receiver, his lawyers, accountants and financial consultants) since the filing of the First Interim Report. However, the Receiver's investigation is still ongoing. Like the First Interim Report, this is a preliminary assessment, and is based upon facts currently known to the Receiver Team. As additional facts are discovered, it is possible that the information provided below will be determined to be incorrect or incomplete. The Receiver and other members of the Receiver Team are working diligently to make certain that the information provided is accurate; however, under the circumstances of this case, it is not possible to have a completely accurate understanding of all of the facts relevant to the Receiver Estate. As the receivership progresses, the Receiver likely will file additional interim reports and provide additional information on his website. However, it is important to emphasize that these reports will be filed only if and when there is significant new or updated information. It is highly unlikely that another report will be filed for several months.

3. Pursuant to the terms of the Receivership Orders, the Receiver continues to employ the law firm of Troutman Sanders LLP ("Troutman Sanders") in Atlanta, Georgia, as his general counsel, and David Popowski, as local counsel in Charleston, South Carolina. The Receiver also continues to employ his own firm, Hays Financial Consulting, LLC ("HFC"), located in Atlanta. The professionals in these firms, who include attorneys, Certified Public Accountants (including one Accredited in Business Valuation by the AICPA ("CPA/ABV")), Certified Fraud Examiners, Certified Computer Examiners, Certified Insolvency and Restructuring Advisors and Certified Turnaround Professionals, are continuing to work with the Receiver in the administration of the receivership and in the conducting of this investigation.

4. In addition, the Receiver has retained the following firms or individuals to provide special services required by the specific circumstances of this case:

- a. Scarborough Investigations – security, investigation and related services;
- b. Read and Mullin – inventory, assessment/appraisal and valuation of art and other “hard assets;”
- c. Goin Fine Art Appraisal – assessment/appraisal of certain art;
- d. Azalea Moving & Storage – moving and storage of inventoried assets; and,
- e. Appraisers and title examiners – assessment/appraisal of real property.

The Receiver will likely retain additional service providers to assist in the disposition of the assets of the Receiver Estate.

OVERVIEW OF THE RECEIVER’S ACTIVITIES

5. By virtually any measure, the circumstances of this case are unusual and complex.

The aspects of this case that have had the most significant impact on the receivership, to date, include:

- The number and diversity of Parish’s purchases, investments and other uses of money are extremely large/broad.
- There are relatively few records, in either electronic or paper form, regarding the history of the investment pools; trading activities in the commodities and securities accounts; or the acquisition, disposition and maintenance of the hard assets – i.e., the watches, pens, jewelry, paintings, animation, objects d’art, memorabilia. It should be noted that there are records regarding the investors and their investments and withdrawals.
- Over time, the Defendants maintained a relatively large number of bank accounts at several banks. The bank records are, at best, incomplete, and the Receiver Team is forced to rely on records produced by banks and financial institutions in order to perform much of the funds tracing and forensic accounting work.
- There was no systematic method of storing or physically maintaining the hard assets. In fact, a significant number of them were and are held by vendors or third parties.
- The hard assets are illiquid, and there is no ready market for many of them, This circumstance makes it difficult to determine their value and to develop a plan of sale.

- Other than coverage that might be available under Parish's homeowners' policy, there was no insurance covering the hard assets, which has created myriad issues regarding the moving and storage of these items.
- There are issues regarding the ownership and legal title of a number of assets (both tangible and intangible), while others apparently are collateral for loans.
- Parish's psychological condition and care have, until recently, made it difficult to obtain information from him. However, on May 17, 2007, he and his attorney met with Receiver's counsel for an interview that lasted more than five hours. The information provided during that interview has been taken into account in the preparation of this report.
- This case has been closely followed by local, regional and national media, which has had a significant impact on the methods and timing of communications with the Court, investors and other creditors.

6. While much has been done since the Receiver's appointment, the most daunting and time consuming tasks have been related to the "hard assets." As more fully explained in the "Receiver Estate" section, below, the Receiver Team has identified, recovered, secured and is in the process of cataloging more than 2,000 individual hard asset items, including paintings, animated art, watches, jewelry, pens, guitars and other objects d'art. The Receiver and members of the Receiver Team, along with security personnel, appraisers and movers, have worked continually since the early days of this case in an effort to collect and safeguard the hard assets.

7. In addition to the hard assets, the Receiver has taken control of cash, real estate, vehicles, an operating clothing store and other items of intangible and personal property that are assets of the Receiver Estate.

8. The Receiver Team is in the process of ascertaining the value of all assets and developing plans for their disposition or sale. As of the filing of this report, several of the vehicles have been sold at auction.

9. The Receiver maintains an investor “hot line” and website for the purpose of providing investors and other creditors with information regarding this case. The Receiver’s interim reports, together with certain other pleadings and other information are posted on the Receiver’s website. In particular, the Receiver Team has developed Investor and Non-Investor Claim Forms to be submitted no later than July 31, 2007.

10. The Receiver Team has recovered documents that were in the Defendants’ possession from the following locations: Parish’s Summerville residence; Parish’s office at Charleston Southern University; Parish’s Tradd Street townhouse in Charleston; and Parish’s offices at Battery Investments in Summerville and Battery Wealth Management in Mount Pleasant. The Receiver Team has searched various other locations, but, to date, has not found a significant number of documents at any other location under the Defendants’ control.

11. To date, the Receiver Team has recovered 17 computers and laptops, along with a number of electronic storage devices, belonging to the Defendants from each of the locations identified in Paragraph 10. Handheld electronic devices also were found and are in the process of being analyzed for data. Data preservation and recovery techniques are being employed to insure that this electronic evidence is preserved. Forensic activities are underway in an effort to retrieve information that might be useful to the Receiver in performing his investigation and/or in the administration of this receivership. The Receiver Team believes that there may be one or more additional data storage devices used by the Defendants that have not yet been recovered (though the location of such devices, if any, is unknown).

12. Ulanji, Inc. (“Ulanji”) has provided the Receiver Team with electronic records regarding investors’ accounts for the years 2005, 2006 and 2007.

13. The Receiver Team has sent freeze letters and/or subpoenas for the production of documents to the following third-parties:

- 243 Delahow LLC
- 3CP, LLC
- A.G. Edwards
- American Express
- American Royal Arts, Inc.
- Art to Market
- Bakersfield Land Investment II, LLC
- Bank of America Corporation
- Bank of South Carolina
- Battery Wealth Management
- Bear Stearns & Co., Inc.
- Beresford Partners II, LP
- Blue Star Jets
- Joyce Bryant
- Byrnes Jewelers, LLC
- Cainhoy Project, LLC
- Capetown Diamond Corporation
- Chambers Agency Realtors
- Charles Schwab
- Charleston Southern University
- Christie's, Inc.
- Citibank
- Richard Craven
- DIAcademy, LLC
- DIC Academy, LLC
- Daniel Island Academy, LLC
- Darden Jewelers
- Disney Vacation Development, Inc.
- Dixon Hughes PLLC
- Earthlink
- Edgar Pomeroy, Ltd.
- Edisto Sales & Rentals Realty
- Evergreen Investment Services, Inc.
- Fidelity Investments
- First Republic Group, LLC
- Frabel Gallery
- Future Tech Development Group, Inc.
- Haynesworth, Sinkler & Boyd
- HD Vest Financial Services/Wells Fargo
- Horologio
- Hydro Enterprises, Inc.
- David Kelly
- LegalZoom, Inc.
- Legare & Bailey LLC

- Lind | Waldock/Man Financial
- M.S. Rau Antiques
- Makk Studios
- Marquis Jet Partners
- Maverick Music, International
- Mecca Consultants
- Mellon Investor Services
- Merrill Lynch Pierce Fenner & Smith, Inc.
- Microsoft Corporation (Hotmail)
- National Bank of South Carolina
- New Dominion Bank
- Nicholas Funds, Inc.
- J. Michael Oakes, Esquire
- Petros Futures and Options
- Phillips Club (N.Y. Condo)
- Edgar Pomeroy
- Preferred Customer Club
- Regions Bank
- Relics Art and Antiques
- Christian Renegar
- Rosen, Rosen & Hagood, LLC
- Sentient Jets
- Ship-It-Shop
- Simmons First National Bank
- Sotheby's Inc.
- Southeastern Wildlife Exposition
- Steps LLC
- Swiss Supply Direct, Inc.
- TD Ameritrade, Inc.
- TIAA CREF
- TradeStation Securities
- Tucson 738, LLC
- U.S. Bank/U.S. Bancorp
- Ulanji, Inc.
- Vail Management, Inc.
- Voyager Pharmaceutical Corporation
- Wachovia Bank, N.A.
- Wells Fargo Advantage
- Sarah Baldwin
- Frederick Simmons
- Marlin Medical Transactions LLC
- Michael and April Brown
- Capetown Luxury Group, Inc.
- Charles W. McMannus

- Craig and Nancy Borrett
- Phillip and Jane Stiles
- Steven Jordan
- Steven Jordan Galleries
- John Price
- William Frackleton and Lourdes Figueroa
- Christian Renegar
- Dr. Glyn Cowlshaw
- Door Décor LLC
- Rourk Construction
- David and Lynn Mack
- Suzette Barrineau
- Peter and Denise Collins
- Michelle Mattox
- James and Marlene Roberts
- Jessica Dawber
- Donna Carli
- Unlimited Hiring Possibilities

14. Members of the Receiver Team have reviewed and will continue to review and analyze documents and electronic records recovered from the Defendants and third-parties.

15. Members of the Receiver Team have interviewed Parish and various other individuals, including Parish's wife and other family members. Receiver's counsel, in conjunction with the SEC, has begun taking deposition testimony from a number of individuals, which will continue over the next several weeks. In all likelihood, additional interviews and depositions will be conducted as this case proceeds.

16. Members of the Receiver Team have begun to analyze the tax issues related to the subject investment pools. While it appears that Parish Economics provided investors with K-1's for the years 1997 through 2006, the IRS has indicated that no investor K-1's were filed by the Defendants for the years 2005 and 2006. The Receiver has posted a tax memorandum on his website along with correspondence from the IRS regarding these circumstances, which documents encourage individual investors to address this issue promptly with their tax advisers.

17. The Receiver's financial consultants have begun the forensic analysis of the relevant financial transactions and the construction of a funds tracing database for the purpose of determining the various sources and uses of monies under the Defendants' control during the course of the investment offerings that form the basis of this action.

18. It is difficult to predict how long it will take for the Receiver to complete his investigation and accounting. As this work continues, the members of the Receiver Team will continue their efforts to realize the value of the assets in the Receiver Estate.

THE INVESTMENT POOLS AND INVESTORS' FUNDS

19. Since filing the First Interim Report, the Receiver Team has discovered one or more lists of investors in the records of the Defendants, along with form K-1's apparently filed for investors for the years 1997 through 2004. In addition, the Receiver Team has reviewed certain bank records recovered from the Defendants and various financial institutions. While the records are not complete and the review of this information is ongoing, additional information has been gleaned from these materials that the Receiver Team believes is, in relative terms, accurate (and consistent with the information available to the Receiver Team at the time of the filing of the First Interim Report). While this information will almost certainly be updated and revised as additional facts are learned, the Receiver believes that this current information will be useful to the Court, as well as investors and other creditors.

20. According to Parish, the subject "investment pools" were first formed in or about 1997. Prior to that time, Parish and a few other individuals had "pooled" their money and invested collectively, with Parish managing the investments. Though not necessarily referred to in this way at the time, these investment activities prior to 1997 appear to have been something like an "investment club."

21. As indicated in the First Interim Report, the records obtained from Ulanji indicate that as of February 28, 2007, there were 599 active investors in the various investment pools. According to those records, the cumulative value of all investor accounts as of that date, including all undistributed “earnings,” should have been \$523,589,931. This amount is grossly overstated. As indicated below, a relatively small amount of cash and liquid investments existed as of that date, and the net value of all other assets is questionable.

22. Using all of the information currently available, the Receiver Team believes that the following facts are basically correct:

- a. Based on available records reviewed to date, it appears that there may have been approximately 650 individual investors over time. If so, then it appears that 50 or so investors may have withdrawn their entire investment prior to the Receiver’s appointment. It is important to emphasize that while there were some withdrawals in the weeks and months just prior to the Receiver’s appointment, most of these withdrawals appear to have occurred over a long period of time.
- b. It appears that the total cash invested in the pools was over \$112,500,000 from the time of their inception to the date of the Receiver’s appointment. (Investment payments received after the date of the Receiver’s appointment have been returned to the individual investors.)
- c. Cash withdrawals from the investment pools totaled approximately \$57,000,000. These withdrawals include payment of both principal and “earnings” amounts, as well as cash payments and other transfers to third-

parties made on behalf of certain investors and credited against their accounts.

- d. While a detailed analysis has not yet been completed, these basic facts indicate that some investors withdrew more cash from the pools than they invested. Therefore, on a cash basis, the cumulative amount of investor losses is almost certainly more than \$55,000,000 (i.e., the difference between the amounts of cash invested and the amount paid out to or on behalf of investors), but less than \$112 million. It should be noted that Parish believes that the amount of the loss will be significantly less than these initial calculations indicate.

While the following information has not yet been confirmed by a comparison to banking records, the investor K-1's and other available information indicate that the annual cash deposits into and withdrawals from the cumulative investment offering were as follows:

Summary of Cash Transactions from K-1 Data				
\$(000's)				
	<u>Invested</u>	<u>Withdrawn</u>	<u>Net Change</u>	<u>Cumulative</u>
1997	\$3,590	\$0	\$3,590	\$3,590
1998	4,920	(452)	4,469	8,059
1999	2,223	(2,819)	(596)	7,462
2000	4,336	(907)	3,430	10,892
2001	11,372	(1,004)	10,368	21,260
2002	2,731	(389)	2,343	23,602
2003	14,444	(14,558)	(113)	23,489
2004	4,733	(2,352)	2,382	25,871
2005	36,772	(8,277)	28,495	54,366
2006	27,518	(26,548)	969	55,335
	112,641	(57,306)	55,335	

As the forensic accounting and fund tracing activities continue and investor claim forms are received and analyzed, each of these amounts likely will change, and the amount of cash loss

will be more precisely determined.

23. Since 1997, Parish has received money from sources other than investors – i.e., salary, consulting fees and rental income from beach and mountain properties. While this makes precise accounting for how investor funds were used more time consuming, these other sources of income do not materially impact the overall “picture.”

24. It is evident that investor funds were used, in larger part, to:

- Make payments to or on behalf of investors
- Purchase “hard assets”
- Acquire/finance real property purchases
- Purchase vehicles
- Make investments in and loans to various business ventures
- Make loans to individuals and businesses
- Support Parish’s lifestyle

While much remains to be done with respect to funds tracing and forensic accounting, the Receiver Team has been able to analyze enough basic information regarding financial transactions from *January 2005 through March 2007* to provide illustrative *estimates* of how money was used during this time period. A spreadsheet identifying receipts and expenses for this time period is attached to this report as Exhibit “A.” As indicated in that spreadsheet, during *the last 27 months* that money was collected from investors:

- Approximately \$68 million was received, and a slightly larger amount was disbursed or spent by Parish.
- Approximately \$36.5 million was paid to investors.
- Well in excess of \$10 million was used to purchase hard assets.
- \$2.5 million was paid in life insurance premiums.

- Several million dollars was spent in support of Parish's lifestyle (e.g., credit card purchases, private jet service, vehicle purchases, personal employees, etc.).
- Approximately 10% (\$6.6 million) requires further research before a final determination can be made about how the money was used. However, enough analysis has been done to determine whether there is any clear indication of money having been transferred off-shore or otherwise secreted away. As more fully explained in the next paragraph, there is no clear indication of any such activity.

25. The Receiver is well aware of the concerns by investors and other creditors that cash and assets may have been hidden. While the Receiver Team continues to be sensitive to this issue as the funds tracing and other aspects of this investigation continue, it is important to note that, to date, no meaningful evidence of concealment has been discovered. Since 2005, there appear to have been no significant wire transfers or payments to suspicious accounts or parties; significant purchases of bank checks, cashiers checks or similar instruments; or conversion of funds to cash. These are types of activities that typically point to concealment of money and/or maintenance of bank accounts outside the United States. Moreover, Parish engaged in significant borrowing in an apparent effort to keep the investment pools from collapsing, which is not indicative of his having access to cash. Finally, Parish unequivocally denies that money or assets have been hidden. While much work remains to be done prior to reaching a final conclusion regarding whether there are hidden assets or money, it is appropriate to provide this preliminary assessment in light of the public nature of this case and the natural speculation about this issue. The Receiver Team will continue to investigate the larger transfers of money in an effort to confirm their purpose and ultimate payees.

THE RECEIVER ESTATE

26. The assets of the Receiver Estate include: cash; real property located in South Carolina and North Carolina; vehicles and other personal property owned by the Defendants;

promissory notes; the “hard assets;” life insurance policies; a men’s clothing store; and investments in operating businesses, real estate and other entities not included in the investment pools. In addition to amounts owed to investors, the liabilities of the Receiver Estate include mortgages and other secured loans, as well as unsecured loans and amounts owed to other creditors.

27. Cash: To date the Receiver has recovered \$743,689.23 in cash, which has been deposited into segregated bank accounts used in the administration of this receivership. These funds are the result of: liquidating bank accounts; receiving note payments; recovering sales proceeds and deposits from Mecca Consultants, a dealer in California; the sale of three vehicles; liquidation of one investment account and income from one of the real estate investments made by Parish. A portion of these monies have been used to fund certain administrative expenses incurred to date such as security personnel, insurance premiums (life, health and property) insurance, packing and moving expenses and appraisers. Approximately \$100,000 of additional funds remain in bank and investment accounts, which have been frozen. Two other retirement accounts containing approximately \$98,000 have also been frozen.

28. Real Property: The Receiver Estate includes real property titled in various ways – i.e., Parish as sole owner; Parish and his wife as co-owners; and, at least one parcel, titled in the name of a family member. Many of these properties are collateral for substantial loans. As of the filing of this report, these properties are being appraised so that the Receiver can develop a disposition process that realizes the value of the equity, if any, for the Receiver Estate. If it appears that there is no meaningful equity in these properties, it is possible that some or all of them will be turned over to the appropriate lenders. The real properties that collateralize large loans are as follows:

- 224 Rabbit Run Lane, Summerville, SC (principal family residence) – titled jointly in the names of Albert E. Parish, Jr. and Yolanda Yoder;
- 3622 Yacht Club Drive, Edisto Beach, SC, titled in the name of Albert E. Parish, Jr.;
- 126 Jungle Road (Unit 6-A), Edisto Beach, SC – titled jointly in the names of Albert E. Parish, Jr. and Yolanda Yoder;
- 156-A Tradd Street, Charleston, SC – titled jointly in the names of Albert E. Parish, Jr. and Yolanda Yoder; and
- 120 E. Richardson Avenue, Summerville, SC (clothing store) – titled in the name of Parish Enterprises, LLC .

Other real estate included in the Receiver Estate that does not appear to be subject to substantial mortgages or other liens or encumbrances is as follows:

- 216 Skyline Lodge, Highlands, NC – titled jointly in the names of Albert E. Parish, Jr. and Yolanda Yoder;
- a time-share interest in the Disney Saratoga Springs resort – titled jointly in the names of Albert E. Parish, Jr. and Yolanda Yoder;
- a 1/8 time-share interest in Unit 829-831 The Phillips Club condominium, 155 West 66th St., New York, NY – titled in the name of Parish Economics LLC;
- 23.92 acre tract on Summit Plantation Road, Yonges Island, SC – titled in the name of Albert E. Parish, Jr.; and
- 16.04 acre tract on Summit Plantation Road, Yonges Island, SC – titled in the name of John E. Parish (purchased by Albert Parish in 2004, but title transfer did not occur at the time).

Parish's family members have indicated that they will cooperate in addressing the issues

associated with obtaining marketable title so that these properties can be sold or otherwise disposed of.

29. Vehicles: The Receiver has taken possession of the following vehicles, the first three of which have already been sold:

- 2007 Jaguar XKR Convertible (approx. 2,400 miles) - sold at Atlanta Auto Auction for \$80,600 (gross price);
- 2006 Lexus RX 400h (approx. 29,000 miles) - sold at Atlanta Auto Auction for \$36,000 (gross price);
- 2002 Lexus LS 430 (approx. 50,000 miles) - sold at Atlanta Auto Auction for \$20,000 (gross price)
- 2002 Jaguar XKR Convertible (purple) (approx. 31,000 miles); and
- 2003 Freightliner Sprinter 2500 HC with Mercedes conversion (approx 11,000 miles).

The Receiver Team will continue efforts to sell the purple Jaguar and the Sprinter for the benefit of the Receiver Estate.

30. Promissory Notes: The Receiver has identified approximately 25 promissory notes evidencing loans made by Parish and/or Parish Economics to various individuals and other entities. The cumulative face value of the notes appears to be in excess of \$1,500,000, varying in amount from as little as \$5,000 to as large as \$227,000. Some are secured by real property, some are secured by personal property and others are simply unsecured. Notice of the Receiver's appointment has been sent to the obligors on these notes, and the Receiver has directed them to make future payments to him. The majority of the notes do not include clauses allowing the Receiver to accelerate the amounts due. The Receiver Team has not located records regarding prior payments and current loan balances. The Receiver Team is currently in the process of reconstructing and cross-referencing bank records in order to trace any payments that have been

made and determine the actual current value of these notes. The majority of the notes, with the exception of certain notes secured by mortgages on real property, are due to be paid in full within the next five to seven years, with some notes being scheduled for full payment in the near future.

31. Other Receivables. In addition to the promissory notes described in the preceding paragraph, the Receiver Team is aware of several other significant loans to individuals and businesses that are not included in this “loan portfolio,” as well as other amounts due to be paid to Parish or another Receiver Entity. These include:

- Loans made to Ulanji, Inc.
- Loan to Bellco Media LLC and/or its Affiliates
- Purchase money due from the sale of Unlimited Hiring Possibilities
- Loan to Capetown Diamonds

The Receiver Team continues to investigate these matters, as well as other amounts that might be due and collectable by the Receiver.

32. Parish Enterprises, LLC, d/b/a AJ Davis & Co.: Through Parish Enterprises, LLC, Parish acquired Charleston-based AJ Davis & Co. (“AJ Davis”) in 2004. AJ Davis operated as an upscale men’s and women’s retail clothing boutique on King Street. Parish was not actively involved in managing AJ Davis, but has indicated that he believed that this was a profitable business and was purchased as an asset of the “stock pool.” In 2006, AJ Davis opened a satellite store in Summerville, SC. The Receiver’s investigation to date has revealed that AJ Davis was losing money and cannot continue to operate without continuing, significant infusions of cash. For example, financial records indicate that AJ Davis recorded a net loss of approximately \$100,000 in the first four months of 2007. Based on the foregoing information, the Receiver has determined that it is not appropriate to continue to operate this business as part

of this Receivership. Principally because there was no assignable long term lease, it was not possible to sell the business as a going concern. Accordingly, the assets of AJ Davis are being liquidated, and the Receiver will file a motion seeking approval of the payment of the sales proceeds to creditors. It is unlikely that all trade creditors will be paid in full.

33. Other Investments: Parish or one of the Receiver Entities appear to have an ownership interest in the following:

ENTITY	APPARENT INTEREST
Parish-Yoder Associates LLC	50% interest
1233 LLC	50% interest
3CP LLC	Parish-Yoder owns 20% interest
Battery Wealth Management, LLC f/k/a Battery Investment Co LLC	33.333%
Bellco Media LLC	Unknown
Black Warrior, LLP	18% interest
Cainhoy Project LLC	25% interest
Champion 35	11.11% interest (apparently defunct)
Champion Heartland	Unknown
DIAcademy	Parish Yoder Associates LLC owns 20% interest
Get Fit Now LLC	40% interest
Grand Strand Games, Inc.	47.5% interest
Hydro Enterprises	20% interest.

Marlin Medical Transactions, LLC	\$20,000 Note and 20% ownership interest
Maverick Media	Unknown
MemberWare Tech	Unknown (possibly defunct)
New Dominion Bank	Unknown
Queensboro Investors LLC	12.5% interest
RAK II Partners	Unknown
Renegar-Parish Associates LLC	50% interest
SCP LLC	25% interest
Steps LLC	Unknown
True-Prism Technologies, Inc.	(formerly Ulanji, Inc.) (10.26799%)
VitalTrak Technology	Unknown –appears to be defunct
Voyager Pharmaceuticals	Less than 1%

In all likelihood, there are other business ventures that Parish was involved with as an investor and/or lender. The Receiver Team continues to analyze records and investigate this issue in an effort to identify any ownership or other interest that might result in money being paid to the Receiver Estate.

34. Life Insurance Policies. This is a time sensitive issue. The Receiver has identified 20 life insurance policies for Parish with a total face value of \$64.8 million. Some or all of these policies likely are assignable to third-parties who are capable of making the premium payments going forward (and, consequently, become the owner of the policies entitled to the life insurance proceeds). In conjunction with Parish’s counsel, the Receiver Team has obtained records from Parish’s medical providers for the purpose of performing a

“life underwriting.” Quarterly and/or monthly premiums totaling approximately \$250,000 are now due or will become due in the very near future. Because the Receiver Estate cannot afford to make these premium payments in the long term, the Receiver Team is actively engaged in efforts to determine whether the policies can be sold to a “life settlement” investor. Unfortunately, Parish does not fit the profile of the typical insured for these types of transactions; so it is not clear that such a sale can be accomplished.

It appears that shortly before the Receiver’s appointment, at least one investor was exploring assuming the premium payments for one or more policies in exchange for an assignment. For a variety of reasons, the Receiver cannot form an “insurance pool” and offer interests to investors, generally. However, if there are investors who are interested in assuming responsibility for some or all of these policies, the Receiver is more than willing to explore this possibility, especially if a life settlement transaction cannot be accomplished.

If the policies cannot be sold or assigned, it is highly unlikely that the Receiver will continue to make premium payments. However, because of the potential value of these policies to the Receiver Estate or individual investors who might be interested in acquiring one or more of them, the Receiver may decide to pay premiums on certain policies for some period of time. If the policies are not sold or assigned in the relatively near future, they will likely lapse.

35. Recoveries from Third-Parties: This receivership is in its initial stage. As this case proceeds, the Receiver Team will determine whether there are claims that might be asserted against third-parties. In making this assessment, the Receiver and his counsel will take into consideration various factors, including the likelihood and amount of any recovery compared to the cost of prosecuting a claim.

36. Amounts Owed Investors. While many investors believed that they had earned substantial amounts that were accumulating in their accounts (or being paid out to them), it is evident that any earnings were illusory. Accordingly, the amounts owed to investors will be calculated on a cash basis – i.e., cash invested minus cash withdrawn = investor’s loss (or profit). As indicated above, it currently appears that the amount owed to investors based on this loss calculation is in excess of \$57 million. As of the filing of this report, approximately 150 Investor Claim Forms have been filed with the Receiver. The Receiver is filing a motion to establish a claims filing deadline of July 31, 2007.

37. Summary of Non-Investor Liabilities: As indicated above, there are both investor and non-investor creditors of the Defendants. There are a number of loans that appear to be secured by real or personal property, though the Receiver Team continues to investigate these issues. Based upon the information currently available, the Receiver Team is aware of the following significant amounts owed (or potentially owed) to third-parties other than investors:

- \$750,000 loan from Bank of South Carolina - appears to be secured by 224 Rabbit Run Lane, Berkeley County, SC;
- \$2.5 million loan from National Bank of South Carolina – appears to be secured by mortgages on four residential properties (3622 Yacht Club Road, Edisto Beach, SC; 126 Jungle Road, Unit 6A, Edisto Beach, SC; 224 Rabbit Run Lane, Summerville, SC; and 156-A Tradd Street, Charleston, SC);
- \$462,640 loan from Bank of America under Equity Credit Line – possibly secured by 3622 Yacht Club Road, Edisto Beach, SC;
- \$171,712 loan from Bank of America secured by 3622 Yacht Club Road, Edisto Beach, SC – possibly included in Equity Line referred to above;
- Parish’s personal guarantee of an \$850,000 working line of credit extended to Ulanji by National Bank of South Carolina (joint and several obligation with other principals of Ulanji) – appears to be secured, up to \$610,000, by 3622 Yacht Club Road, Edisto Beach, SC;

- Two loans from Swiss Supply Direct totaling \$2,000,000 – apparently secured by watches, Paul Revere silver and a painting (subject of motion filed by Swiss Supply); and
- Approximately \$800,000 unsecured debt to American Express.

There likely are numerous other claims for payment by non-investor creditors. As noted above, the Receiver has developed a Non-Investor Claim Form to be used by creditors seeking payment from the Receiver Estate.

38. Claims to Specific Items/Investments. The Receiver Team is aware of several instances in which an investor claims to hold an interest in a specific asset or investment. It is too early for the Receiver to make an informed judgment about any of these claims.

39. Financial Support for Parish's Family. In accordance with the terms of the consent order entered on or about April 13, 2007, the Receiver paid \$11,000 to Parish's wife, Yolanda Yoder. This amount of this payment was agreed to by Ms. Yoder and the SEC in the context of the circumstances and effect of this case (which includes an extensive asset freeze and Ms. Yoder and the four young Parish children being unable to live in any of the residences). This is not an open ended or recurring support obligation of the Receiver Estate, though the subject order does provide that Parish and/or his family may apply for additional financial support in the future.

THE HARD ASSETS

40. Based on all currently available information, the Receiver estimates that over time Parish spent in excess of \$25 million in the acquisition of hard assets. However, as this investigation continues, it is apparent that this amount can be misleading as an indication what assets remain and how much might be realized from their sale.

41. At the commencement of the receivership, it appeared that the collection of hard assets was very valuable and might generate millions of dollars available for distribution to investors and other creditors. While this initial assessment may still prove to be accurate, it is becoming increasingly clear that there are numerous outstanding issues regarding the assessment and sale of the hard assets. As more fully discussed below, it is also clear that these assets are not likely to be nearly as valuable as they first appeared.

42. The process of locating, securing, cataloging and evaluating the hard assets has been an enormous undertaking and continues to present significant challenges to the Receiver Team. This effort has involved hundreds of hours of painstaking, detailed work, which is necessary to the process. The most significant challenges encountered, to date, include:

- The sheer number of items comprising “hard assets” is huge – i.e., more than 2,000 individual items.
- There is great diversity in the types of “hard asset” items. Many are unique (e.g., Chinese chess set, Paul Revere silver), while others appear to have a very small collectors’ market (e.g., expensive writing pens).
- Parish did not maintain a system for keeping up with purchases, sales, storage and values of the hard assets. Bills of sale and similar records have been found regarding certain assets. Parish has indicated that because most purchases were accomplished using credit cards, he could access credit card statements on-line as an inventory of purchases. Records have been obtained from some, but not all, vendors.
- Hard assets have been recovered from numerous locations including: various Parish residences; each of Parish’s offices; climate controlled mini-warehouse facilities; safe deposit boxes; Parish’s friends, family members and business acquaintances; and, vendors and other third-parties.
- Other than coverage available under Parish’s homeowner’s insurance policies, the hard assets were not insured for theft or other loss. This has created significant obstacles regarding storage and transportation of most of these items.
- The authenticity of a number of items is questionable.

- The value of most items is very difficult to determine and requires expert appraisal. In administering these assets, the Receiver Team has assumed that price tags affixed to items and/or the prices actually paid for an item were relatively reliable indications of value.
- All of these factors have combined to create significant issues regarding security, storage and transport of the hard assets.

While many of these issues and concerns have been addressed since the Receiver's appointment, they continue to affect the administration of these assets.

43. Logistics. On April 6, 2007 (the day after his appointment), the Receiver took control of Parish's principal residence in Summerville, SC ("the Rabbit Run house"). Numerous hard asset items – especially animations, fine art and pens – were located at the Rabbit Run house and readily apparent during a walk through the premises (e.g., animation art and other paintings were hanging on walls). Parish's wife, brother and sister assisted the Receiver Team in locating other hard asset items located in the house and other locations known to them. Because of the nature and volume of assets, the Receiver decided to use the Rabbit Run house as a collection and staging area for all of the hard assets that could be located in the Charleston area. Accordingly, Parish's wife, children and mother-in-law vacated the premises, and 24-hour security was employed. As assets have been located and recovered, they have been moved to the Rabbit Run house for basic evaluation, cataloguing, packing and, ultimately, transport to secure, insured, climate controlled locations. It is in connection with these efforts that the Receiver has retained security personnel, appraisers and movers experienced in transporting these types of items.

In addition, the Receiver Team has determined that there are hard assets in the possession of third-parties. For a variety of reasons (e.g., security, insurance and transportation costs), the Receiver has, for the time being, arranged for a small number of items to remain in

the possession of third-parties. Ultimately, these will be recovered.

44. Inventory. As a result of the efforts described above, a detailed inventory has been compiled by the Receiver Team. Attached to this Report as Exhibit “B” is a list of all hard asset items currently under the Receiver’s control (or known to be in the possession of a cooperating third-party). With very limited exception, the information contained in Exhibit “B” has been obtained from a physical inspection of each item and a review of records obtained from premises under Parish’s control and/or vendors, who sold the items to Parish.

The primary categories of hard assets include:

- Animation Art - original production cells, drawings, color models, story boards, concept drawings, concept paintings, various post-production pieces, and comic strip art;
- “Fine” Art - paintings, drawings, watercolors, pastels, prints, photography, and sculpture in a variety of media, including; glass, bronze, ivory, cast resin, and cast stone;
- Writing Instruments/Pens - an extensive collection of pens, the vast majority of which are Mont Blancs;
- Watches – an extensive collection of time pieces from various manufacturers including: Patek Phillip, Audemars Piguet, Blancpain, and Corum;
- Decorative Arts - including, silver, ceramics, glass, lamps (including examples by Tiffany and Daum), furniture, and clocks;
- Entertainment Collectibles and Memorabilia – which includes what might be three guitars formerly owned by prominent entertainers, photographs, and drawings;
- Coins and Currency - various denominations;
- Jewelry and Gemstones - various pieces; and
- Other categories – small collectibles (e.g., gnomes, glass, etc.), books, etc.

45. Parish's Purchase Practices/Purchase Prices. Virtually all of the hard assets were purchased from vendors, who regularly sell such items. Parish has acknowledged that he was not an expert able to determine the value of the items being purchased. He has indicated that he relied on those who were selling to him to provide an assessment and other information regarding the value of these assets, and that he would never have knowingly paid "market value" for any item. Parish has indicated that every purchase of a hard asset, regardless of the price paid, was intended to be an investment. With respect to certain types of items (e.g., watches), it appears that Parish maintained ongoing relationships with vendors/dealers. With respect to other items (e.g., Red Skelton paintings), it appears that there was no real relationship, but isolated transactions involving specific types of items. Subpoenas have been served on every known vendor seeking information regarding sales made to Parish, as well as the vendor's "basis" (i.e., cost) in each of the items sold. Some vendors have provided all requested information to the extent that they have it, while others continue to resist providing all of the requested information. To the extent that there is information available regarding the purchase price paid for an item, it is included in the inventory attached as Exhibit "B." However, as indicated below, this is not necessarily an indication of value.

46. Value. Obviously, determining the value of the hard assets is critically important to the administration of the Receiver Estate. Unfortunately, this determination is not easy. The appraisers working with the Receiver Team have not been retained to appraise each and every item; rather, they are assisting the Receiver Team in making basic assessments of overall value, as well as addressing issues of authenticity. The appraisers also are providing significant assistance in developing and implementing plans for selling the hard assets. In this regard, representatives of both Christie's NY and Sotheby's NY have reviewed certain hard

assets in anticipation of making a proposal for selling those assets. As noted above, the Receiver has also received information from various vendors who sold hard assets to Parish.

While determination is far from complete, the following “picture” is beginning to emerge:

- a. It is unlikely that the vast majority of hard assets can be sold for an amount equal to or greater than the purchase price paid by Parish. In fact, many of the assets may have to be sold for much less than Parish’s purchase price.
- b. To date, no “bargain purchases” have been identified. Despite his apparent belief that the assets being purchased had some intrinsic investment value, it appears that Parish paid “market price” or greater in virtually all instances.
- c. A few vendors may have taken advantage of Parish’s lack of expertise and made exorbitant profits on certain sales. The Receiver Team continues to investigate these transactions.
- d. Over time, Parish appears to have sold certain hard assets (particularly, watches) for prices well below the purchase price. In other instances, watches or other hard assets were given to individuals as gifts or as collateral for loans. The Receiver Team continues to investigate these issues, as well as search for watches.
- e. There likely has been a decline in the market for certain items since the time of their purchase by Parish.

At present, it is impossible to predict what amount will be realized from the sale of the hard assets.

47. Authenticity. It is clear that certain hard assets are reproductions and, possibly, forgeries. Parish has confirmed that a number of items (e.g., the “Degas” painting) were knowingly purchased as reproductions for an appropriate price. However, there are other items such as drawings purportedly done by Edouard Manet and Eastman Johnson that are not authentic, but *might* have been purchased at prices for an authentic piece. Obviously, these matters continue to be investigated. Other items, such as a painting by Norman Rockwell, appear to be authentic. While these items are valuable, they are not “masterpieces” and are not likely to garner prices in the higher ranges paid for works by the subject artists.

LIQUIDATION AND DISPOSITION OF ASSETS

48. As indicated in the Receiver Estate section above, the Receiver Team has begun the process of selling and disposing of certain assets such as the vehicles, the life insurance policies and the men’s clothing store. The process of realizing the value, if any, of the other assets is more complicated. The Receiver Team continues to assess the available alternatives, especially with respect to the hard assets. While these efforts will continue to evolve, plans are being made to sell the assets of the Receiver Estate.

49. Real Property. As indicated above, there are a number of residences and other pieces of real property included in the Receiver Estate. Several are collateral for significant loans. With respect to any real estate that has net equity value that might be realized for the benefit of the Receiver Estate, the Receiver will sell those properties in a commercially reasonable manner, either by auction or private sale. If there are properties that have no apparent equity value, they will likely be surrendered to the respective lender(s). The Receiver will make a decision regarding the disposition of each of the real properties as soon as

reasonably possible after receiving the appraisals and other information relevant to these decisions. Any sale or surrender of real property will be subject to court approval.

50. Vehicles. As indicated above, three of the vehicles already have been sold at auction. The Receiver Team will continue efforts to sell the remaining vehicles, either by auction or private sale.

51. Hard Assets. Given the nature and diversity of the hard assets, several strategies for selling these items are being explored. In all likelihood, sales of hard assets will occur in several ways. The most important factors will be access to prospective purchasers and the cost of sale. The principal alternatives currently under consideration are as follows:

- Large Auction Houses – In all likelihood, the most valuable assets, which could include a combination of paintings, objects d’art, watches, jewelry and pens, will be sold by one or more large auction house (e.g., Christie’s and Sotheby’s).
- Private Sale – Certain assets may best be sold using specialized galleries or dealers. For example, the best way to sell many of the animated art pieces could well be through a gallery that specializes in this area. In addition, there may be specific items that can be sold through a private sale to someone who makes an acceptable offer to the Receiver.
- Local Public Auction – Based on experience in previous cases, the Receiver believes that many of the hard assets and other personal property (e.g., computers) could be sold effectively at a local auction or similar sale. Plans are currently being developed for such an event to be held in late June in the Charleston area. The North Charleston Convention Center has expressed an interest in working with the Receiver to provide a venue for such a sale. Assuming that issues such as logistics, personnel, cash

management, auction services and security can be appropriately addressed in a cost effective manner, details of this type of sale will be submitted to the Court for approval.

- Internet Auction – Certain assets may be appropriate for sale on eBay or a similar internet auction site.

52. Promissory Notes and Other Receivables. The Receiver Team will explore selling the “portfolio” of promissory notes and other amounts owed to the Receiver Estate. However, given the nature of these assets, it is difficult to predict whether these assets can be sold at a satisfactory price. Until such time as these assets are sold, the Receiver Team will engage in collection efforts.

53. Other Assets. The Receiver will endeavor to realize the value of the various ownership interests in corporations, LLC’s and other entities in a way that maximizes their value, if any, for the Receiver Estate.

CONTINUED INVESTIGATION, DISCOVERY, AND OTHER MATTERS

54. While much has been accomplished since the Receiver's appointment on April 5, 2007, a thorough investigation of the facts and circumstances surrounding the Defendants' conduct is required. The Receiver Team will continue to assimilate and analyze the relevant facts.

55. Additional interim reports will be filed if and when appropriate circumstances exist for doing so. However, it is important to emphasize that for a variety of reasons, it is not appropriate to publicly report every fact, issue and strategy being considered by the Receiver Team. It is important to preserve the integrity of the investigation and the Receiver's rights, if any, to prosecute claims against third-parties. Moreover, the preparation of these interim reports is expensive and should not be undertaken unless the Receiver believes that the benefit of a report justifies the cost.

56. In addition, the Receiver believes that there are people or entities that have information relevant to this Receivership. As appropriate, the Receiver will serve these people and entities with document and deposition subpoenas to ascertain their involvement in this matter.

57. The Receiver and the other members of the Receiver Team are mindful that the professional fees and other expenses associated with this receivership are very large. In fact, in this initial phase, this is by far and away the most labor intensive and, therefore, expensive receivership in which this Receiver Team has ever been involved. Hopefully, this Report provides some insight into the breadth and complexity of the issues that the Receiver Team is dealing with on a daily basis. All those who are meaningfully involved in the administration of this receivership are acutely aware that the fees and expenses are being paid out of the assets of

the Receiver Estate and are committed to being good stewards of those assets. The members of the Receiver Team, as well as virtually every other service provider, have discounted their fees and engaged in other efforts to limit costs. Even so, the overall cost of this case is significant and is likely to continue to be expensive for the foreseeable future. The reality is that, to date, very little of the work engaged in has been discretionary. To the contrary, it has been essential to taking control of and protecting the assets of the Receiver Estate. With respect to any discretionary activity, the Receiver will be guided in very large part by whether the likely result of such activity is likely to exceed the cost of its undertaking.

Respectfully submitted this 30th day of May 2007.

TROUTMAN SANDERS LLP

/s/ J. David Dantzler, Jr. _____

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
CHARLESTON DIVISION

<p>SECURITIES AND EXCHANGE COMMISSION,</p> <p>Plaintiff,</p> <p>vs.</p> <p>ALBERT E. PARISH, Jr., PARISH ECONOMICS, LLC and SUMMERVILLE HARD ASSETS, LLC</p> <p>Defendants.</p>	<p>CIVIL ACTION NO. 2:07-919-DCN</p>
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CERTIFICATE OF SERVICE

I hereby certify that on the 30th day of May, 2007, I electronically filed the foregoing *Receiver's Second Interim Report* with the Clerk of this Court using the CM/ECF system, which will automatically send email notification of such filing to all case parties via email.

TROUTMAN SANDERS LLP

/s/ Merle R. Arnold III
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