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

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

RECEIVER'S THIRD 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 Hard Assets") files his Third 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 and his Second Interim Report on May 30, 2007. Since the filing of the last report, much has happened in this case. However, many of the significant activities have been approved by this Court in accordance with motions filed by the Receiver. Much of the day-to-day activity has been described in previous filings and hearings and in the monthly applications for payment of professional fees. This Third Interim Report is intended to provide an update regarding the current status of this receivership, as well as an overview of the activities of the Receiver Team (i.e., the Receiver, his lawyers, accountants and financial consultants) and a general description of what remains to be done before this case can be closed.

3. With limited exceptions, the Receiver's investigation into this matter is complete. In this regard, it is important to emphasize that the investigative activities have focused on the fundamental factual issues such as: the operation of the "investment pools" scheme; the receipt and disbursement of investors' monies, including asset purchases (i.e., funds tracing); Parish's other business activities and interests; and, the conduct of third-parties. Despite the extensive nature of this effort, the Receiver and the professionals working with him have not endeavored to find answers to every conceivable question; rather, they have focused on those

issues that ultimately affect whether and how investors and other creditors might recover some portion of their losses.

4. This report is based exclusively upon the work of the Receiver Team. It is important to emphasize that while the Receiver Team has worked diligently to make certain that the information is correct, it is possible that as the Receiver Team continues its work, additional information will come to light that could result in some modifications or adjustments. However, the Receiver Team believes that the fundamental conclusions and analysis described below are correct and are not likely to change materially.[1]

THE INVESTMENT POOLS DID NOT EXIST

5. It is absolutely clear that the various investment pools did not exist at the time of the Receiver's appointment and that they had not existed for many years (if ever).

6. While Parish did maintain a few commodities and securities trading accounts, there was relatively little money in those accounts at the time of the Receiver's appointment. There had been very little trading activity conducted in those accounts since they were opened. In all, it appears that Parish invested just under $4 million with brokers since 1992, and most of these investments were

[1] It is important to note that while Al Parish has provided information and explanations to Receiver's counsel, it is unlikely that he agrees with every aspect of the Receiver Team's analysis or the resolution of every issue. Neither Parish nor his counsel (nor anyone else) has reviewed this report prior to filing.

made prior to 2000. Approximately $4.1 million was withdrawn from those accounts. Subsequent to the Receiver's appointment $209,839 was withdrawn from the three then active accounts.

7. Over time, several bank accounts were maintained in the name of Parish Economics, all under the control of Parish. Upon receipt, investors' monies were immediately commingled and deposited into one of the accounts and then used for a variety of purposes including: payments to investors of illusory profits and/or returns of principal; purchases of "hard assets" (i.e., pens, watches, art, jewelry, antique silver, coins, etc.); Parish's personal expenses (such as clothing, cars, etc.); real property acquisition, construction and improvement to real property (and, eventually, mortgage payments); loans to individuals and small businesses; life insurance premiums; and, investments in various real estate and business ventures.

8. Since at least 2000 (and likely longer), the investment pools operated as a Ponzi scheme – i.e., payments of "profits" to investors, as well as withdrawals of principal, were funded with money derived from later investors/investments. There is no evidence of any meaningful profits being derived from any of the activities of Parish, Parish Economics or Summerville Hard Assets.

9. It is evident that by 2006 (and maybe earlier), the demands for and uses of cash exceeded the amounts being invested.

10. As more fully described below, the Receiver Team's funds tracing and forensic accounting efforts indicate that no money or other assets have been hidden or moved outside the United States. Parish has denied engaging in any such activities, and there is no credible evidence that contradicts his explanation. The Receiver Team has investigated this issue and will continue to analyze any additional information that indicates otherwise.

11. On May 9, 2007 an 11 count criminal indictment was filed against Albert Parish in the matter styled *USA v. Parish,* Case No. 2:07cr00578-DCN-1. On October 5, 2007, Parish entered a guilty plea to three charges: two counts of mail fraud and one count of providing false statements and documents to the SEC. His sentencing is pending as of the filing of this report.

OVERVIEW OF THE RECEIVER TEAM'S ACTIVITIES

12. Professionals. The Receiver continues to employ the law firm of Troutman Sanders LLP, as his general counsel, and David Popowski, as local counsel. The Receiver also continues to employ his own firm, Hays Financial Consulting, LLC as accountants and financial consultants to the Receiver. The fees paid to and expenses incurred by these professionals have been approved by the Court in accordance with the terms of the Receiver Order.

13. Other Service Providers. The Receiver has also continued to work with the following firms who have provided special services required by the specific

circumstances of this case: Scarborough Investigations - security, investigation and related services; Read and Mullin – hard asset valuation, sale and auction consulting and other related services; Roumillat's Antiques & Auctions - auction services; and, Azalea Moving & Storage - moving and storage. The Receiver Team has also obtained formal and informal appraisals of real estate and personal property, including the "hard assets," from various appraisers, dealers and auction houses (e.g., Christie's, Sotheby's and Julien's Auction).

14. Ongoing Activities. As indicated in prior reports, fee applications and other filings and hearings, the Receiver, his counsel, financial consultants and accountants, along with his other service providers, have engaged in the following activities throughout the course of this receivership.

- Took control of all assets in the Receiver Estate
- Reviewed and analyzed bank records, business records and other documents, including e-mails and computer files
- Secured, cataloged and evaluated "hard assets" and other items of personal property
- Developed and implemented extensive plan to liquidate all assets of the Receiver Estate
- Performed extensive investigation, including funds tracing and forensic accounting
- Developed and implemented a claims administration process (ongoing)
- Prepared tax returns and analyzed numerous tax issues

- Extensive negotiations with various third-parties including: lenders, vendors, borrowers, business venture "partners," purchasers and others (ongoing)

- Investigation of claims against third-parties and related efforts to effect recoveries (ongoing)

- Investigation and analysis of numerous loans made by Parish to third parties (ongoing)

- Investigation and analysis of various business ventures and other investments made by Parish (ongoing)

15. Documents have been obtained from numerous third-parties. No less than 83 individuals, businesses and banks have been served with a subpoena seeking the production of documents. Documents also were obtained through informal requests. The documents that have been produced have been reviewed and analyzed by the Receiver Team.

16. Receiver's counsel, as well as other members of the Receiver Team, have conducted formal and informal interviews of numerous individuals and/or their counsel including, but not limited to:

Al Parish

Yolanda Yoder

Parish's personal employees

Jackie Renegar

Jeffrey Brooks

Joyce Bryant

Donna Carli (Unlimited Hiring Possibilities / Talent Tree)

Richard Craven (Bellco Media)

Alan Davis

Michael Dupin (Sotheby's, Inc.)

Melvin Franks (Swiss Supply Direct, Inc.)

Leonard and Nancy Forrest (Ulanji, Inc.)

Dixon Hughes, PLLC

Jerry Gladstone (American Royal Arts)

Anthony Gruber (Mont Blanc)

Brewton Hagood (Rosen, Rosen & Hagood, LLC)

Rosmarie Ignetio (Mecca Consultants)

Beth Jeffcoat

David Jeffcoat (Hydro Enterprises)

Marvin Jenkins

Steven Jordan

Lisa Kabus (Art to Market)

David Kelly

David Kinard (Relics Art)

Jo Laird (Christie's, Inc.)

Rose Marcus (Capetown Diamond Corp.)

J. Michael Oakes

Johnny Parish

Ruthie Parish

Edgar "Ned" Pomeroy Williams

William Rau and others (M.S. Rau)

Russell Sizemore (Maverick Music)

Jim Wilson (Cainhoy LLC and 1233 LLC)

17. In conjunction with the SEC, Receiver's counsel has taken the deposition testimony from: Wayne Cassaday; Terri Jordan; Jairy Hunter; Susan Mitchell; David Mack; Daniel Legare; and Robert Pearlman.

FUNDS TRACING

18. In prior reports, the Receiver provided information regarding the cumulative amounts invested, as well as investors' losses. Much of that information was based on K-1's prepared by or on behalf of Parish Economics. In

the ensuing months, the Receiver Team has determined that the K-1's were inaccurate and incomplete.

19. The Defendants had no accounting system or other method of tracking receipts and expenses. Hence, the Receiver Team has been required to construct a financial database using original source records, including records obtained from the various banks used by Parish and Parish Economics. Because banks do not maintain records for more than seven years, the records prior to mid-2000 are incomplete.

20. As of the filing of this report, the Receiver Team has developed an extensive funds tracing database. Based upon a review of more than 13,000 financial transactions using original bank records, these transactions have been analyzed and "allocated" to various receipt and expense categories in order to determine both the receipt and disbursement of funds in the accounts into which investors' monies were deposited.

21. In addition, the Receiver Team has reviewed and analyzed more that $13 million in credit card purchases, making similar allocations of those charges.

22. Attached to this report as Exhibit "A" is a summary of the funds tracing analysis ***to date***. It is important to emphasize that ***these allocations will continue to change as the funds tracing and claims administration processes continue.***

23. Most significantly, this process is complicated by the fact that for years, Parish paid money to third-parties on behalf of and at the direction of individual investors, purportedly using money from those investors' accounts. These payments seemingly include items as small as monthly utility bills to larger purchases such as automobiles. These should be allocated as "Payments For the Benefit of Investors," which would further reduce the amount of those investors' losses. However, on their face, it is impossible to identify the vast majority of these expenditures and allocate them to a specific investor. The Receiver Team is currently working with Parish, his counsel and others in an effort to identify these issues.

24. Even though this work is continuing, important information is coming into focus regarding the sources and uses of money, such as:

- Since 2001, more than $113 million ran through the Defendants' bank accounts and at least $92 million of that amount came from investors.
- Almost $50 million was paid in cash to investors in illusory profits or returns of principal. (As noted above, additional payments were made to third-parties for the benefit of specific investors.)
- Approximately $20 million was used to purchase "hard assets" of various types, while approximately $3.1 million was generated from the sale of some of these assets. (These numbers may increase as the funds tracing analysis continues.)
- More than $10 million was invested in various business ventures and/or lent to individuals, while approximately $3.6 million was paid to Parish or Parish Economics from these parties. (These numbers

may change as the funds tracing analysis continues.)

- Approximately $3.6 million was paid in life insurance premiums.
- While Parish borrowed approximately $6.3 million from banks, more than $6.4 million was used to make loan payments.

It is important to emphasize that "Unclassified" does not mean "unknown." These transactions have been reviewed. However, for various reasons, the nature of the payment is either difficult to discern or does not fall into one of the larger categories.

25. The available information regarding the Defendants' financial transactions prior to August 2000 is incomplete, and, therefore, not included in the funds tracing database. In addition, Parish has received money from sources other than investors – i.e., salary, consulting fees and rental income from beach and mountain properties. While these factors make precise accounting impossible, there is sufficient information available so that the Receiver Team is comfortable that they do not materially impact the overall "picture."

ASSET LIQUIDATION AND RECOVERIES

26. Cash. As of March 13, 2008, the Receiver has $3,331,649 in cash, which has been deposited into segregated, interest bearing bank accounts used in the administration of this receivership. These funds are the result of:

- liquidation and recovery of balances in the Defendants' bank and investment accounts;

- the sale of personal property, including certain "hard assets;"
- the sale of five vehicles;
- the sale of a time-share interest in New York City;
- liquidation of various interests in business ventures
- loan payments from borrowers; and,
- recovery from dealers of deposits and proceeds of sales made prior to the Receiver's appointment.

27. Hard Assets. These assets and related activities are fully discussed in the Receiver's Second Interim Report. While the recovery and sale of the "hard assets" has gone very well, this aspect of the receivership has been incredibly expensive. Moreover, it is evident that the proceeds of these sales will fall far short of the amounts spent for their purchase. This is the result of several factors including:

- Parish paid a premium price (or more) for virtually every hard asset purchased.
- There is no ready market for many of the hard assets.
- Many of the hard assets were really "collectibles" rather than investment quality pieces.

28. July Auction: Much of the personal property, including a Jaguar automobile, furniture, clothing and "hard assets," were sold at a public auction conducted at the North Charleston Convention Center in mid-July 2007. The proceeds to the Receiver Estate totaled approximately $2.6 million.

29. Jewelry. In mid-December, 2007, Christie's, New York auctioned 16 of the most valuable pieces of the jewelry collection, which netted proceeds of approximately $315,000, after deductions for commission and expenses.

30. Private Sales. The Receiver has sold 19 pens for $378,000 (an average of 80% of their respective purchase prices) and $33,000 for the Red Skelton collection of paintings.

31. Settlement with M.S. Rau. The Receiver and M.S. Rau resolved the issues regarding Parish's purchases and ongoing commitments to purchase items from Rau. This settlement resulted in a payment of $398,000 to the Receiver Estate and an agreement regarding the sale of several additional items (which could result in additional money for the Receiver Estate).

32. Remaining Hard Assets. The Receiver Team has developed and is implementing a plan to sell the remaining "hard assets" in various ways. In sum this liquidation plan includes:

- *Animation, Entertainment Art & Guitars* – The entire animation art collection (approximately 325 pieces), several of the Eva Makk paintings, the two remaining guitars and other entertainment art pieces have been turned over to Julien's Auctions in California. Julien's is the largest entertainment auction house in the country and expects to sell most, if not all, of these items at multiple auction events.

- *Pens* – The Receiver continues to work with a specialty pen dealer; however, the pace of pen sales has slowed considerably. Hence, the Receiver is exploring the possibility of one or more auctions of these items.

- *Paul Revere Silver & Sideboard* – The Paul Revere silver and John & Seymour Sideboard are being sold in accordance with the Receiver's agreement with M.S. Rau described above.
- *Coins* – The coins will be sold at an auction in the next several months. The Receiver is currently considering several auction proposals, all of which contain a minimum guarantee. The coin market, generally, has escalated since the Receiver's appointment, and there has been significant interest from multiple prospective purchasers in this collection.
- *Miscellaneous Items* – Read & Mullin, the Receiver's fine art consultants, are exploring the sale various paintings, sculptures, jewelry and semi-precious stones and other miscellaneous items to several galleries, brokers, auctioneers and private parties.

The goal is to sell all of the remaining hard assets in 2008; however, it is impossible to know whether this can actually be accomplished. Similarly, it is impossible to predict how much money will be realized from the sale of the remaining "hard assets." With this caveat, the Receiver Team currently expects that these sales will result in additional receipts of somewhere between $2.5 million and $3.2 million by the Receiver estate.

33. Vehicles: The Receiver took possession of the following vehicles, all of which have been sold as follows: 2007 Jaguar XKR Convertible - $80,600 (gross price); 2006 Lexus RX 400h - $36,000 (gross price); 2002 Lexus LS 430 - $20,000 (gross price); 2002 Jaguar XKR Convertible - $31,500 (gross price); and, 2003 Freightliner/Mercedes Sprinter - $67,000 (gross price).

34. Real Property Auction. In accordance with the sales plan approved by the Court, the Receiver sold the family residence in Summerville, a townhouse in downtown Charleston and a condominium and beach house on Edisto Island at public auction on February 26, 2008. No cash was realized from the sales of the family residence, the townhouse or the Edisto condominium. Depending upon the resolution of issues surrounding the liens on the Edisto beach house, it is possible that some amount of cash could ultimately be realized by the Receiver Estate as a result of the auction.[2] Regardless, approximately $4.5 million in secured debt was extinguished.

[2] Chief among the issues to be resolved is a professional negligence claim by NBSC against a large law firm.

35. Other Real Property. Like the auctioned properties, there is substantial mortgage debt related to a commercial property in downtown Summerville. The Receiver Team is working with the lender to sell the property, with some portion of the proceeds being paid to the Receiver Estate (principally to offset the expenses incurred in connection with the sale). Parish's interest in a time share property in New York has been sold (netting $245,000 to the Estate), and there are two houses in Highlands, N.C., two undeveloped parcels of land in Summerville and one time-share property, all of which are unencumbered. Accordingly, the proceeds of the sale of these properties will be included in the receivership estate. The real estate market is currently depressed, which makes it very difficult to project how long it will take to sell these properties and what prices will be obtained. With this caveat, the Receiver Team currently expects that the sales of these real properties will result in additional receipts of somewhere between $700,000 and $900,000 by the Receiver estate, depending on market conditions.

36. Parish Enterprises, LLC, d/b/a AJ Davis & Co.. Through Parish Enterprises, LLC, Parish acquired Charleston-based AJ Davis & Co. ("AJ Davis") in 2004, which operated two upscale clothing stores in the Charleston area. Because of the independent, segregated nature of the business, the Receiver has treated AJ Davis & Co. as a separate enterprise and liquidated its assets pursuant to a plan approved by the Court. (Doc. 82) The liquidation resulted in approximately

$300,000 in proceeds, which was considerably more than would have been realized by a sale of the business as an ongoing concern. Notices were sent to all trade creditors, and the first interim distribution was made on January 7, 2008.

37. Other Investments. Over time, it appears that Parish or one of the Receiver Entities made investments in and/or loans to approximately 50 separate business ventures. While some of these are going concerns, many are defunct or struggling financially. Moreover, Parish guaranteed bank loans made to some of these ventures and remained obligated to make additional capital contributions to many. Unraveling these "investments" has been a difficult, but necessary, exercise. While some money will be realized as a result of these efforts, the cumulative amount will be negligible. However, the resolution of Parish's guarantees and financial obligations incurred in connection with these business ventures is a meaningful benefit to the Receiver Estate.

38. Life Insurance Policies. In accordance with the life insurance plan approved by the Court, the Receiver Team is working to sell or liquidate 20 life insurance policies. To date, two term policies have been sold for $200,000 and two whole life policies have been surrendered for their cash value totaling $110,223.24. There is a pending agreement on the sale of three universal life policies, which, after commissions, should net $325,860 for the Receiver Estate. The remaining 13 policies with a combined face value of $42 million currently are

being marketed for sale, but it is impossible to predict whether any of these will be purchased. Parish does not fit the profile of the typical insured for these types of transactions, and, thus, institutional investors have been unwilling to bid on these policies.

39. Promissory Notes & Other Receivables: The Receiver has identified more than 20 loans or advances made by Parish and/or Parish Economics to various individuals and other entities at below market rates of interest. The Receiver Team continues to investigate and analyze these "assets," but has determined that:

- The cumulative unpaid balance due on the loans currently appears to be close to $2,000,000, plus interest and other charges.
- Approximately half of the loans are unsecured or secured by an ownership interest in defunct businesses; several are secured by interests in automobiles ranging from a 1998 Saab to a 2004 Lexus; several are secured by perfected interests in real property; and several are secured by the borrowers' interest in other Parish-affiliated investment entities/ventures.
- A relatively small number of notes are currently being paid as agreed, while others are delinquent and/or disputed as to whether any payments are actually due.
- Certain note holders failed to respond to the Receiver's request for documentation regarding their notes and payment status and have subsequently been subpoenaed.
- The Receiver Team is currently in the process of attempting to reconstruct and cross-reference bank records in order to trace any payments that have been made and determine the actual current value of these notes.

- Most of the loans were made at extremely low interest rates (e.g., a $132,000 30-year home mortgage at 2% interest in April, 2004). Other loans were not properly documented and/or the borrowers simply have no assets to repay the loans. The Receiver team therefore is working with the borrowers in an attempt to reach fair and reasonable settlements.

A few of the loans have been or are in the process of being resolved. In addition to these 20 promissory notes, there are several other significant loans to individuals and businesses, which the Receiver Team is pursuing for collection. Negotiations are underway to achieve a resolution of a number of these loans. Like the other assets, it is impossible to predict how much money will actually be recovered as a result of these efforts.

40. Settlement With Yolanda Yoder. In the fall of 2007, the Receiver and Parish's wife, Yolanda Yoder, agreed to a comprehensive resolution of potential claims against Ms. Yoder.[3] In accordance with this settlement, which was approved by the Court on January 11, 2008 (Doc. 154), Ms. Yoder relinquished her interest in all real estate and virtually all other personal property and other assets owned by her and/or Al Parish. Ms. Yoder retained a few specific items such as: clothing, furniture and household items sufficient to "start over;" items that were in her family prior to her marriage to Parish; family photographs and other similar items; and, a modest retirement account that was funded with her earnings as a

[3] The circumstances and basis for entering into this agreement are set forth in detail in the Receiver's motion for approval of the settlement agreement (Doc. 134).

teacher (prior to her marriage to Parish). A mountain home titled only in Ms. Yoder's name and jewelry were turned over to the Receiver to be included in the Receiver Estate. In approving the settlement, the Court enjoined further filing and prosecution of claims against Ms. Yoder (and the Parish children) that arise from or relate in any way to Parish's conduct in the operation of the investment pools.

41. Settlement with Charleston Southern University. The Receiver has entered into a settlement agreement with Parish's employer, Charleston Southern University (CSU). In sum, CSU and its insurer have agreed to pay $3,910,000 into the Receiver Estate, plus CSU will forgo repayment of its claim up to an agreed upon amount. The cash value of this settlement well exceeds $4 million and, depending on the ultimate distribution to investors, could be as much as $5.4 million. The settlement is conditioned on approval by the Court, including the entry of a "bar order" similar to the Yoder settlement enjoining further filing and prosecution of claims against CSU that arise from or relate in any way to Parish's conduct in the operation of the investment pools. A complete description of the proposed settlement is set forth in the Motion to Approve Settlement filed by the Receiver on February 5, 2008 (Doc.159). Three objections (from a total of 9 individual investors) have been filed in opposition to this settlement. The Court has scheduled a hearing for April 14, 2008 to address whether the settlement should be approved.

42. Recoveries from Third-Parties: The Receiver has notified several other parties of potential claims by the Receiver. Settlement discussions are currently underway with each of these parties regarding a settlement structured in the same way as the Yoder and CSU settlements. If the CSU settlement is approved, then the Receiver anticipates that one or more of these claims will be resolved without litigation. If the CSU settlement is not approved (rendering the structure unavailable for future settlements) or if a satisfactory resolution cannot otherwise be achieved, the Receiver will either commence litigation or work with investors to pursue recoveries directly. The Receiver expects that if these claims can be resolved, motions seeking approval of these settlements will be filed in the next few months and could result in between $900,000 and $3 million being paid into the Receiver Estate, if approved.

INVESTOR CLAIMS

43. To date, 471 investors have filed claims with the Receiver. These investors indicate that they cumulatively invested $108,334,569 in the investment pools and received payments in the cumulative amount of $29,274,238. Hence, based solely on the claims, these investors' losses total $79,060,331. (NOTE: This amount includes CSU's claim in the amount of $8.4 million.)[4]

[4] The records available to the Receiver Team indicate that, over time, approximately 632 different investors participated in the investment pools, all of whom were provided with claims forms. While there could be various reasons for not filing a claim, it appears that a relatively

44. The Receiver Team is currently reviewing and analyzing the claims, comparing them with other information, including the funds tracing database described above. So far, there appears to be a high degree of consistency between the database and the claim forms with respect to cash received from and paid directly to investors.

45. As indicated in the Funds Tracing section, above, the Receiver Team is currently trying to identify payments made to third-parties on behalf of or at the direction of individual investors. Based upon information recently provided by Parish, it is possible that the cumulative amount of these payments could total several million dollars. If this is correct and the payments can be identified, then this will likely result in a downward adjustment of some investors' claims.

46. 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). Because of the third-party payment issue described in paragraph 23 above, it is not yet possible to calculate investor losses with precision. However, it now appears that the cumulative amount of investor losses

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large number of investors may have received payments in amounts equal to or greater than the amount of their invested principal.

exceeds $60 million but is less than $80 million. As the claims process continues, a more precise number will be determined.

47. Ultimately, the Receiver will make a determination regarding the amount of each investor's loss. Investors will be notified of this determination and

have the opportunity to object to the Receiver's calculation. Final authority regarding this issue rests with the Court. No claim will be paid without first receiving Court approval.

48. In addition to making investments in the investment pools, a few investors have made claims to specific assets or alleged additional losses as a result of specific dealings with Parish. These issues will be addressed individually as a part of the claims administration and review process.

ONGOING EFFORTS AND OTHER MATTERS

49. Tax Matters. The income tax aspects of this receivership are complicated. Parish Economics, LLC filed federal partnership tax returns for the years 1998 through 2004. For 2005 and 2006, no tax returns were filed, but K-1's, as well as account statements were sent (or available on-line) to investors for use in reporting the purported income from Parish Economics on their tax returns.[5] Parish Economics sent the 2006 K-1's or statements to investors early in 2007, which meant that by the time that the Receiver was appointed in early April, 2007,

[5] No tax returns were ever filed for Summerville Hard Assets, LLC, which was formed in 2005.

many investors already had filed their 2006 tax returns. General tax memoranda to investors, along with a letter from the IRS concerning Parish Economics, was posted on the Receiver's website for investors' use as support for any tax refund claims regarding the taxes previously paid on the phantom income reported to them by Parish Economics. Investors were encouraged to contact their individual tax advisers to discuss the ramifications of this case. As the Receiver Team's work on account review and funds tracing developed, it became clear that little if any income was earned by Parish Economics. Accordingly, the Receiver amended the 2004 return for Parish Economics, so that investors could file refund claims, if appropriate, by April 15, 2008 (which is, quite likely, the deadline for seeking a refund for 2004 taxes). The original 2004 return filed by Parish Economics reported $1,960,743 of income for 2004. After a review of the brokerage statements and funds tracing for that period, the company actually suffered a loss of $488. There were 100 K-1's issued with the 2004 original return. The amended return included 432 K-1's. It seems that most investors at that time would have relied on the account statements issued by Parish Economics rather than the K-1's for reporting their income. This is confirmed by a Charleston, S.C. IRS agent based upon a review of some Parish investors' refund claims that had already been filed.

Investor account statements as of December 2004 indicate a cumulative income of approximately $11,000,000. It appears that substantially larger numbers might have been reported to investors for 2005 and 2006. While the Receiver Team does not know how individual investors reported income, it is possible that using an average 25% tax rate, the Receiver Team's tax work could result in investors being able to seek refunds for 2004, 2005, and 2006 in a cumulative amount exceeding $10,000,000.

50. Summary of Non-Investor Liabilities. As indicated above, the secured bank loans and claims of A.J. Davis's creditors have been resolved. There are, however, other unsecured creditors. The Receiver estimates that the total amount of these claims could total between $1 million and $1.5 million. These claims will be reviewed in the same way as investors' claims.

51. Payment to Investors and Other Creditors. It is now clear that there will be a distribution to investors and other creditors. As has been clear from the first day of this case, the amount available will fall far short of the amount lost. However, as indicated above, there is the possibility that the amount to be distributed could be significant (and could exceed the Receiver Team's most optimistic expectations when this case first began). Absent some unexpected development, there will only be one distribution, which will be made at the end of the case. The timing will be determined by how long it takes to liquidate the

remaining assets and resolve other outstanding issues. The Receiver Team hopes that this can be concluded in 2008, but there is no way to guarantee that this will occur.

52. Continuing Activities and Expenses. All those who are 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 professional fees and other expenses associated with this receivership have been substantial. In fact, the initial phase of this proceeding was by far and away the most labor intensive and, therefore, expensive receivership in which this Receiver Team has ever been involved. Much of the most labor intensive work has now been completed, though significant work remains to be done. The most significant ongoing/future activities and expenses are expected to be associated with the following:

- Asset sales
- Third-party recoveries
- Complete funds tracing and analysis of payments "on behalf of" individual investors
- Complete claims review and approval process
- Resolution of promissory notes and matters related to other investments and business ventures
- Development and implementation of plan for distribution to investors and other creditors

Almost certainly, unanticipated issues will arise before this case is concluded. However, it is difficult to imagine that something will occur that would require extraordinary time and expense commitments.

53. 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 will not be undertaken unless the Receiver believes that the benefit of a report justifies the cost.

Respectfully submitted this 14th day of March 2008.

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

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

CERTIFICATE OF SERVICE

I hereby certify that on the 14th day of March, 2008, I electronically filed the foregoing ***Receiver's Third 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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EXHIBIT A

SEC v. Albert Parish et al
Parish Economics and Summerville Hard Assets
January 1, 2001 - April 30, 2007 Transactions

Sources of Funds		
Funds from Investors		
Investor Receipts		92,452,000
Other Sources of Funds		
Bank Loan Proceeds	6,291,000	
Business Ventures / Loans	3,500,000	
Hard Asset Sales	3,118,000	
Other Income/Deposits/Consulting Income	625,000	
Net To/From Albert Parish	408,000	
Net Purchase/Sale of Misc. Assets	7,000	
Unclassified (1)	6,906,000	
Total Other Sources of Funds		20,855,000
		113,307,000
Uses of Funds (2)		
Funds Returned to Investors		
Investor Payments	49,174,000	
Payments For the Benefit of Investors	1,653,000	
		50,827,000
Bank Account Balances to Receiver Estate		129,000
Other Uses of Funds		
Hard Asset Purchases	19,979,000	
Business Ventures / Loans	9,608,000	
Bank Loan Payments	6,465,000	
Net Life Insurance	3,578,000	
Edgar Pomeroy & Pomeroy Enterprises	2,247,000	
Net Credit Card Payments/Advances	2,207,000	
Non-Business Expenses	2,192,000	
Net Real Property Purchase / Income / Improvements / Maintenance	1,679,000	
Private Jet Travel	1,361,000	
Net Vehicle Purchases/Sales	1,328,000	
Net to/from AJ Davis (Parish Enterprises)	1,122,000	
Donations	782,000	
Business Expenses	462,000	
Net to/from Investment Accounts	184,000	
Professional Fees	90,000	
Net Other Uses of Funds	530,000	
Misc expenses and unclassified expenses under $500	427,000	
Unclassified (1)	8,886,000	
Total Other Uses of Funds		63,127,000
		114,083,000 (3)

(1) The classification of payment is continuing but for a number of reasons such as (1) no electronic accounting system was used to track transactions so the Receiver has to rely on paper records, (2) the handwriting on the checks is often illegible, (3) there are typically no memos on the checks identifying the nature of the payment, (4) some investor payments were paid to third parties without a check memo to reflect nature of payments and (5) details of many transactions are not available from the bank. The unclassifed transactions appear to primarily relate to funds received from or returned to investors. The unclassified deposits represent about 6% of total deposits and the unclassified disbursements represent less than 8% of the total disbursements. The Receiver believes all the funds have been accounted for in the financial records he has recovered, however, he has not been able to categorize all of the transactions as this time. While the Receiver continues to investigate the transfers, he has not identified any significant transactions that lead him to believe any significant amount was transferred into an unidentified bank account. This is more fully explained in paragraphs 18 to 25 in the text of the report. Many of the unclassifed transactions are being identified through the claims review process as investor transactions and through the Receiver's continued investigation. The claims review process continues.

(2) Includes $13.3 million in American Express charges of which $8.6 have been classified as hard assets purchases.

(3) The difference between the sources and uses of funds is explained by the beginning cash balance as of 1/1/01 and American Express charges in excess of the payments made to American Express during the review period.