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SEC v. Parish

United States District Court for the District of South Carolina, Charleston Division
May 12, 2008, Decided; May 12, 2008, Filed
C/A No. 2:07-CV-00919-DCN

Reporter: 2008 U.S. Dist. LEXIS 113241

Securities and Exchange Commission, Plaintiff, vs. Albert E. Parish, Jr.; Parish Economics, LLC; and Summerville Hard Assets, LLC, Defendants.

Subsequent History: Motion granted by [*SEC v. Parish, 2010 U.S. Dist. LEXIS 11757 \(D.S.C., Feb. 10, 2010\)*](#)

Core Terms

investors, receivership, settlement, entities, affiliated, pari delicto, pools, aggrieved, fraudulent conveyance, receivership estate, district court, settlement agreement, investment scheme, appointed, injunction, fraudulent, mathematical, lawsuits, faculty, enjoin

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Judges: DAVID C. NORTON, CHIEF UNITED STATES DISTRICT JUDGE.

Opinion by: DAVID C. NORTON

Opinion

ORDER and OPINION

This matter is before the court on the receiver's motion to approve the settlement agreement and release of claims he reached with Charleston Southern University (CSU) and affiliated individuals on behalf of the receivership estate. In the course of his investigation of the facts and circumstances related to the fraudulent investment scheme that is the subject of this SEC enforcement action, the receiver determined that he, as well as the investors who [*5] lost money as a result of the investment scheme, have potential claims against CSU and certain individuals affiliated with CSU. The receiver began negotiations with CSU and its insurer, National Union Fire Insurance Co. of Pittsburgh, regarding resolution of the receiver's claims.

As a result of those efforts, the receiver and CSU, in conjunction with National Union, have reached a written settlement agreement. That agreement, in addition to providing a substantial monetary settlement to the receiver, also includes a partial waiver of CSU's entitlement to payment from the receivership estate (which it may have been entitled to as an aggrieved investor in the scheme). The receiver has agreed to release any claims arising from the scheme that the receivership entities may have against CSU or affiliated individuals. The settlement is conditioned upon this court's entry of a "bar order," which would enjoin the filing of any suit or further prosecution of any previously-filed suit against CSU or affiliated individuals relating to Parish's investment scheme or his employment at CSU. For the reasons set forth below, the court grants the motion, approves the settlement agreement, and issues

[*6] the bar order.

I. BACKGROUND

1. This enforcement action was filed on April 5, 2007 by the Securities Exchange Commission against Albert E. Parish ("Parish") and Parish Economics, LLC ("Parish Economics"), and Summerville Hard Assets, LLC ("SHA"). The SEC alleged that Parish operated a fraudulent investment scheme in violation of securities laws through Parish Economics and SHA.

2. Pursuant to temporary and preliminary orders dated April 5 and 12, 2007, this court appointed S. Gregory Hays as receiver for the defendants authorizing him to, among other things, pursue all claims which may be brought by receivership entities and settle any of those claims as may be advisable or proper in the administration of the receivership estate.

3. The receiver and the professionals working with him have conducted an extensive investigation of the fraudulent investment scheme conducted by Parish. As more fully set forth in the receiver's interim reports filed with this court, the scheme involved "investment pools" -- the Hedged Income Pool, the Stock Pool, the Commodity Futures Pool, and the Hard Asset Pool -- which were operated and maintained by Parish Economics and SHA and purportedly managed by Parish [*7] using a confidential, proprietary "mathematical model" developed by him as a part of his research as an economist. Investors were provided with periodic reports indicating that each of these pools was yielding high returns that consistently out-

performed traditional investments and the market.

4. Parish and Parish Economics expressly represented to investors that, in operating the investment pools, Parish used a confidential, proprietary "mathematical model" developed by him as a part of his research as an economist.

5. Parish Economics was originally formed on December 31, 1996. At the time of its formation, Parish expected that investors would become members of Parish Economics. Parish Economics operated as a partnership for federal income tax purposes from 1998 through 2004, and filed partnership returns for each of those years that included K-1's for investors indicating that they were "Limited Partners" or "other LLC Members." Parish Economics did not file a tax return for 2005 or 2006, but did issue K-1's to investors.

6. Over time, approximately 630 individuals invested in excess of \$ 100 million in the investment pools. As of the date of the hearing, 471 investors had filed claims [*8] with the receiver.

7. On October 5, 2007, Parish entered a guilty plea to two counts of mail fraud and one count of making false statement to an agency of the federal government.

8. Parish was employed by CSU from the early 1990s until April 2007, and as a member of CSU's faculty, purportedly performed research in the field of mathematical economics. Hence, Parish perpetrated the fraudulent investment while employed by CSU.

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

10. CSU has been named as a defendant in two civil actions filed in the South Carolina Courts of Common Pleas by various investors (collectively the "Investor Lawsuits"). More specifically, on April 9, 2007 (i.e., four days after the SEC filed this action and the receiver was appointed), L.G. Elrod, Mary Elrod, Tommie Williams, Amy Williams and Jerry R. Williams filed a Complaint in the Charleston County Court of Common Pleas, naming Charleston Southern University, [*9] Albert E. Parish, Jr., Yolanda Yoder, Parish Economics LLC, Summerville Hard Assets, LLC, Wayne Cassady, and Battery Wealth Management, Inc. as defendants. On the same day, Steven L. Smith filed a Complaint in the Berkeley County Court of Common Pleas, naming Albert E. Parish, Jr., Yolanda Yoder, Mary Elizabeth Parish, Sarah Rosemary Parish, Genie Parish, William Parish, Parish Economics LLC, and Summerville Hard Assets, LLC as defendants. On June 18, 2007, Smith's complaint was amended to add Charleston Southern University as a defendant and omit the remaining defendants except for Yolanda Yoder.

11. The six plaintiffs in the investor lawsuits are among the objecting investors opposed to the receiver's settlement with CSU.

12. CSU denies that it is liable to the objecting investors or any other investors or claimants, and has engaged counsel to defend the investor lawsuits.

13. As part of his investigation, the receiver and his counsel determined the following with respect to CSU:

a. Certain activities related to the "investment pools" actually took place in Parish's CSU office. For example, the computer that Parish used to keep up with individual investors and their investments was located [*10] in his office. On occasion, Parish met with investors in that office and took delivery of certain "hard asset" purchases there.

b. While CSU may have been unaware of the illegal nature of Parish's conduct, CSU knew of and consented to Parish's conducting investment activities from his CSU office.

c. CSU, a well respected institution of higher learning, publicly embraced Parish and affirmed his expertise as a mathematical economist. This affirmation of Parish provided many, if not all, investors with assurance and comfort regarding Parish's competence and integrity.

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

e. Individuals affiliated with CSU also invested in the "investment pools."

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

g. As Parish's employer, and by virtue of their investments with Parish, CSU and senior members of its administration knew that Parish was making express representations to investors regarding the connection between the "investment pools" and his research activities at CSU. Moreover, CSU became aware over time that Parish was making unconventional representations to investors about the manner in which the "pools" were operated.

h. As early as 2006, CSU and senior members of its administration became aware of facts that indicated that Parish was not operating the "investment pools" in accordance with the representations made to investors.

i. Additionally, a member of CSU's faculty issued an opinion letter on CSU letterhead erroneously opining that Parish's "investment pools" were not subject to registration as securities. CSU did know and consented to the faculty member, who was a lawyer, practicing law using his CSU office. [*12] CSU, however, was unaware of this letter un-

til after this receivership action was commenced, and terminated the author of the letter upon learning of its existence.

j. CSU is a 43 year old church-supported educational institution serving a diverse student body with a significant contribution to the Charleston tri-county area. The majority of CSU's 2,300 students are first generation South Carolinians, and 28% of its students are minorities. CSU employs approximately 400 people as faculty and staff.

14. Based on his findings, the receiver and his counsel concluded that, as receiver for Parish Economics and SHA, he could assert viable claims against CSU and certain affiliated individuals. In anticipation of filing a lawsuit, the receiver made a settlement demand on CSU and certain affiliated individuals.

15. Even though CSU and the affiliated individuals, along with National Union, deny that any of them is liable to the receiver (or any other claimant), they engaged in settlement negotiations with the receiver and CSU, which resulted in the execution of the settlement agreements. A copy of the operative agreement, i.e., Amended Settlement Agreement and Mutual Release dated March 8, 2008, [*13] is attached to this Order as Exhibit "A" and incorporated herein by reference.

16. Under the circumstances of this case, the terms of the Settlement Agreement are fair and reasonable. In particular:

a. CSU's losses in the investment scheme perpetrated by Parish totaled ap-

proximately \$ 8.4 million in endowment and operating funds. Programming and capital improvements have been negatively affected as a result of these losses.

b. The \$ 160,000 to be paid by CSU comprises approximately 10% of its available cash.

c. The \$ 3.75 million to be paid by National Union comprises 93.75% of the limits of CSU's insurance policy.

d. In addition to these cash payments, CSU's waiver of a significant portion of its claim could be worth as much as \$ 1.5 million, depending upon the cumulative amount that the Receiver is ultimately able to distribute to aggrieved investors and other creditors. Importantly, the receivership is the only mechanism available to take full advantage of CSU's waiver.

The cash value of the proposed settlement could be as much as \$ 5.41 million, which will inure to the benefit of all aggrieved investors. The court is satisfied that it is highly unlikely that any other plaintiff or group [*14] of plaintiffs could obtain a more favorable financial settlement nor one that could benefit all aggrieved investors.

17. The objecting investors' claims against CSU are not meaningfully different from the claims that could be asserted by Parish's other aggrieved investors. If the proposed settlement is not approved, it is reasonable to assume that many other investors will file suits against CSU, thereby creating a "race to the courthouse," which is not in the best interest of any investor or other

creditor. Moreover, because the settlement proceeds can be administered through the receivership and distributed to all aggrieved investors and other creditors, the result will be far more fair and efficient than having investors compete for recoveries through the prosecution of multiple lawsuits against CSU while eliminating the concomitant costs and attorneys' fees that will be incurred by National Union and CSU in defending these cases.

18. The settlement proposed by the receiver and his counsel guarantees a substantial recovery to be divided pro rata among all aggrieved investors and avoids the risks and costs of protracted litigation.

II. DISCUSSION

A. The Receiver's Standing to Assert [*15] Claims

The receiver can only act only with respect to the assets (including choses in action) of the receivership estate. See Receivership Order at §§ VI, VII. The receiver has no power to assert claims on behalf of aggrieved investors or other creditors of the receivership entities. Some have objected to this settlement by arguing that the receivership estate possesses no causes of action against CSU and, therefore, the claims the receiver is attempting to settle belong to aggrieved investors or other creditors. However, the receivership estate currently holds many potential claims against CSU and affiliated individuals that are distinct and separate from claims owned by third-parties.

The receiver has various causes of action under South Carolina law against

CSU and its affiliated individuals, including: negligent supervision, negligent misrepresentation, and control person liability under the South Carolina Uniform Securities Act of 2005, *S.C. Code Ann. § 35-1-509(g)(1) & (2)*, and, most importantly, fraudulent conveyance. The receiver has identified various defenses CSU could assert, including arguments that Parish was not acting within the scope of his employment, that CSU did not [*16] know (and could not have known in the exercise of reasonable care) about Parish's fraud, and that CSU did not control or otherwise assist Parish in his scheme. Although CSU possesses defenses, those defenses do not negate the receiver's standing to assert those claims. Moreover, the receiver and CSU have properly valued the estate's claims, accounting for defenses, in reaching this settlement.

The objectors argue that the receiver has no standing to assert claims because of the legal doctrine of *in pari delicto*. "The doctrine of *in pari delicto* is '[t]he principle that a plaintiff who has participated in wrongdoing may not recover damages resulting from the wrongdoing.'" *Myatt v. RHBT Fin. Corp.*, 370 S.C. 391, 635 S.E.2d 545 (Ct. App. 2006) (quoting *Black's Law Dictionary* 794 (7th ed. 1999)). In *Myatt*, the South Carolina Court of Appeals squarely considered the operation of *in pari delicto* on claims brought by a receiver on behalf of receivership entities that were used to carry on a Ponzi scheme against defendants who assisted in the execution of that scheme. The receiver asserted multiple claims, including breach of fiduciary duty, negligence, and negligent supervision, on behalf [*17] of the receiver-

ship entities' against a bank that had a business relationship with the orchestrator of the Ponzi scheme. *Id.* at 393-94, 635 S.E.2d at 546-47. The trial court granted summary judgment to the defendants, concluding that *in pari delicto* barred all of the receiver's claims. See *id.* The court of appeals agreed, holding "that, in the absence of a fraudulent conveyance case, the receiver of a corporation used to perpetuate fraud may not seek recovery against an alleged third-party co-conspirator in the fraud." *Id.* at 397, 635 S.E.2d at 548.

The *Myatt* court expressly relied on a pair of Seventh Circuit decisions considered the effect of *in pari delicto* in actions brought by a receiver on behalf of receivership entities against co-conspirators in the fraud. In *Scholes v. Lehman*, Michael Douglas orchestrated a Ponzi scheme using various limited partnerships and corporations he controlled. *56 F.3d 750, 752 (7th Cir. 1995)*. The federal government brought criminal charges against Douglas, and he was sentenced to a term of imprisonment on those charges. *Id.* The SEC also brought a civil enforcement action against Douglas and three of his corporations. The federal district court appointed [*18] a receiver for Douglas and the corporations. *Id.* In an attempt to recover assets of the scheme, the receiver brought fraudulent conveyance claims against Douglas's ex-wife, one of the investors in the scheme, and five religious corporations. *Id.* at 753. The district court granted summary judgment for the receiver on the fraudulent conveyance claims. *Id.*

The Seventh Circuit first considered whether the receiver had standing to bring the fraudulent conveyance suit. *Id.* The court quickly rejected the receiver's argument that he had power to bring claims on behalf of the victims of the Ponzi scheme. Rather, the court reasoned that he only had power to pursue claims on behalf of the individual and entities that were subject to the receivership. *Id.* The court further concluded that the receivership entities did in fact have claims against the defendants for fraudulent conveyance because they, as separate legal entities from the orchestrator of the scheme, were harmed by the wrongful transfers. *See id.* at 754. More importantly for purposes of this case, the Seventh Circuit held the defense of *in pari delicto* did not bar the claims because Douglas--the fraudulent scheme's orchestrator--was [*19] not part of the suit. *Id.* The Seventh Circuit explained:

[T]he wrongdoer must not be allowed to profit from his wrong by recovering property that he had parted with in order to thwart his creditors. That reason falls out now that Douglas has been ousted from control of and beneficial interest in the corporations. The appointment of the receiver removed the wrongdoer from the scene. The corporations were no more Douglas's evil zombies. Freed from his spell they became entitled to return of the moneys--for the benefit not of Douglas but of innocent investors--that Douglas

had made the corporations divert to unauthorized purposes. . . . Put different, the defense of *in pari delicto* loses its sting when the person who is *in pari delicto* is eliminated.

Id. Thus, the Seventh Circuit concluded the receiver's suit was proper and proceeded to address the remaining issues in the appeal, eventually reversing the district court in part on other grounds. *Id.* at 763.

The Seventh Circuit revisited Scholes in *Knauer v. Jonathan Roberts Financial Group*, 348 F.3d 230 (7th Cir. 2003). Knauer was appointed in SEC enforcement action as receiver over two entities, Heartland and JMS Investment Group, that were [*20] involved in executing a Ponzi scheme. Heartland and JMS were formed by Kenneth R. Payne, who was assisted by Daniel Danker, both of whom were registered representatives of the five broker-dealers (the defendants) who the receiver sued on behalf of Heartland and JMS. *Id.* at 231-32. The receiver asserted various claims against the defendants, including control person liability under the federal securities laws and vicarious liability because Payne and Danker were their agents. *Id.* at 232. The district court granted the defendants' motion to dismiss, concluding the receiver had no standing to assert claims on behalf of investors and that *in pari delicto* barred the claims the receiver asserted on behalf of the receivership entities. *Id.* at 233.

The Seventh Circuit affirmed. In doing so, the court distinguished Scholes be-

cause the receiver in that case had brought fraudulent conveyance claims:

This case . . . presents a different equitable alignment [than Scholes]. The key difference, for purposes of equity, between fraudulent conveyance cases such as Scholes and the instant case is the identities of the defendants. The receiver here is not seeking to recover the diverted funds from beneficiaries

[*21] of the diversions (e.g., the recipients of Douglas's transfers in Scholes). Rather, this is a claim for tort damages from entities that derived no benefit from the embezzlements, but that were allegedly partly to claim for their occurrence. In the equitable balancing before us, we find Scholes less pertinent than the general . . . rule that the receiver stands precisely in the shoes of the corporations for which he has been appointed.

Id. at 236. Because the Seventh Circuit concluded that the receivership entities' fault for the wrong was at least equal to the parties they were suing, *in pari delicto* prevented their suit to recover damages incurred as a result of the Ponzi scheme. Id. at 237.

The receiver has *standing* to assert any claims held by the receivership entities against CSU, including claims for negligent supervision, control person liability, and fraudulent conveyance. If the receiver brought those claims against CSU, the university would certainly raise

in pari delicto as a defense. Under Myatt, *in pari delicto* may bar the receiver's non-fraudulent conveyance claims. However, the receivership entities (and, consequently, the receiver) possess valid fraudulent conveyance claims [*22] that are included as part of the settlement agreement. Parish has been removed from control over Parish Economics and Summerville Hard Assets. Thus, under the South Carolina Court of Appeals' decision in Myatt and the Seventh Circuit's decision in Scholes, the receiver can bring claims on the entities' behalf for fraudulent conveyance without implicating *in pari delicto*.

B. The Court's Power to Enter a Bar Order

Before determining whether the settlement, in conjunction with a bar order, is in the best interest of the receivership entities and their creditors, it is first necessary to determine whether the court has the power to issue a bar order enjoining new or existing litigation. The All Writs Act authorizes federal courts to "issue all writs necessary and appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law." 28 U.S.C. § 1651. This includes the authority "to issue such commands . . . as may be necessary or appropriate to effectuate and prevent the frustration of orders it has previously issued in its exercise of jurisdiction otherwise obtained." In re Am. Honda Motor Co., Inc., Dealerships Relations Litig., 315 F.3d 417, 437-38 (4th Cir. 2003)

[*23] (internal quotations omitted) (quoting Penn. Bureau of Corr. v. U.S. Marshals Serv., 474 U.S. 34, 40, 106 S. Ct. 355, 88 L. Ed. 2d 189 (1985)).

A "district court has within its equity power the authority to appoint receivers and to administer receiverships." *Gilchrist v. Gen. Electric Capital Corp.*, 262 F.3d 295, 302 (4th Cir. 2001) (citing *Fed. R. Civ. P.* 66). Moreover, a "district court has within its equity power the authority to protect its jurisdiction over a receivership estate through the All Writs Act, 28 U.S.C. § 1651, and through its injunctive powers, consistent with *Federal Rule of Civil Procedure* 65. Of course, the exercise of this authority is always subject to other limitations, statutory and constitutional, which limit the jurisdiction of federal courts." *Id.* By appointing a receiver in this matter, the court created a receivership estate over which it has *in rem* jurisdiction. *Id.* That jurisdiction extends to all assets of the estate, including choses in action. *See id.* Accordingly, this court has the power under the All Writs Act to issue injunctions in order to protect the estate's choses of action against CSU (including any settlement reached in connection with those claims).

The power conferred by [*24] the All Writs Act extends beyond issuing only injunctions that are necessary to carrying out the district court's jurisdiction. Application of the All Writs Act is "not limited to those situations where it is 'necessary' to issue the writ or order 'in the sense that the court could not otherwise physically discharge its . . . duties.'" *United States v. N.Y. Tel. Co.*, 434 U.S. 159, 173, 98 S. Ct. 364, 54 L. Ed. 2d 376 (1977). Rather, a district court may issue an injunction when "calculated in [the court's] sound judgment to achieve the ends of justice entrusted to it." *Adams v. United States*, 317 U.S.

269, 273, 63 S. Ct. 236, 87 L. Ed. 268 (1942). Finally, the court has the power to extend the injunction to third-parties who are not parties to the action nor were involved in the wrongdoing: "The power conferred by the Act extends, under appropriate circumstances, to persons who, though not parties to the original action or engaged in wrongdoing, are in a position to frustrate the implementation of a court order or the proper administration of justice and encompasses even those who have not taken any affirmative action to hinder justice." *N.Y. Tel.*, 434 U.S. at 174 (internal citations omitted).

Having concluded that the court possesses the power [*25] to issue the bar order, the propriety of issuing such an order is discussed below as part of considering the sufficiency and fairness of the agreement as a whole.

C. Sufficiency and Fairness of the Agreement

The primary purpose of the equitable receivership is the marshaling of the estate's assets for the benefit of all the aggrieved investors and other creditors of the receivership entities. *See SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir. 1986) ("[A] primary purpose of equity receiverships is to promote orderly and efficient administration of the estate by the district court for the benefit of creditors.") In administering the receivership, the district court has "broad discretion" to take actions it deems appropriate to effectuate the purpose of the receivership. *See United States v. Vanguard Inv. Co.*, 6 F.3d 222, 226-27 (4th Cir. 1993).

The proposed settlement is consistent with and furthers the purposes of the receivership. The settlement proceeds, which could total as much as \$ 5.41 million, will ultimately be distributed to the investors and victims of Parish's fraudulent investment scheme. While the settlement will not fully restore the investors and other creditors, its proceeds [*26] represent a considerable addition to the amount that will be distributed to investors from the estate. The receiver has appropriately determined the settlement value of his claims against CSU and, by reaching this agreement at this time, has saved the estate from the expenses of protracted litigation.

This settlement is also a fair and efficient means of distributing the compensation that may be owed by CSU to all of the receivership entities' creditors, especially investors. The fairness of this solution is clear in light of the alternative. Investors could bring individual suits against CSU, which would require expensive and protracted litigation. If litigation were pursued, investors would face an uncertain outcome and perhaps, years later, could recover nothing in their suits. The resources it would take for hundreds of investors to individually pursue their claims against CSU demonstrates the economic irrationality of individual litigation relative to the receivership process. Given the costs and duration of litigation, many investors would choose not to pursue claims against CSU--leaving them with only part of the recovery to which they would otherwise be entitled. The receiver [*27] has been able to negotiate a fair, global settlement with CSU and affiliated individuals that assures that all ag-

grieved investors will realize relatively timely compensation. Failing to approve this settlement would result in a drawn-out, inefficient, and chaotic administration of justice, assuming justice in those circumstances could be achieved at all.

Among the investors who choose to pursue individual litigation, there will certainly be a "free for all" competition to obtain recovery against CSU. That "race to the courthouse" will likely result in disparate outcomes, which would be inapposite to the goals of this receivership and would likely impair the receiver's and, ultimately, this court's ability to fairly administer the receivership estate. To preserve the court's equitable powers, particularly the power to establish a fair and efficient scheme for administering the estate and distributing its assets to the aggrieved investors, it is necessary to enter the bar order. Thus, the court finds it appropriate and necessary to enjoin the further filing of claims and/or continued prosecution of claims pending against CSU that relate to or arise from the investment schemes that are [*28] the subject of this action.

The court recognizes that the Anti-Injunction Act generally prohibits this court from enjoining the prosecution of pending state-court actions. See [28 U.S.C. § 2283](#). Although the Act does not apply to suits have that not yet been filed, some investors have already filed suits against CSU. There is a clear exception to the Act, however, when the injunctive relief is necessary in aid of the district court's jurisdiction. See *id.* Because the entry of the bar order is necessary to preserve and aid this court's jurisdiction

over the receivership estate, the court finds that the Anti-Injunction Act does not prohibit an injunction against pending investor suits.¹

III. CONCLUSION

For the foregoing reasons, it is hereby **ORDERED:**

1. The settlement between the receiver, CSU and National Union, as specifically provided for in the Amended Settlement Agreement and Mutual Release dated March 8, 2008, is hereby approved and the parties are directed to perform in accordance with its terms.

2. Any and all persons or entities, including those who purchased investments from Parish or any of the other receivership entities, are hereby enjoined from the filing and/or continued prosecution of any third party claims or causes of action, including, but not limited to, the investor lawsuits, claims by investors in and creditors of Parish, as well as claims by donors to or benefactors of CSU, against CSU, and/or its current and/or former trustees, officers, administrative officers, members of its Investment Management Team and Investment Team (except Albert E. Parish), arising out of or in any way connected with: (a) the [*30] investment-related activities of Parish, Parish Economics and/or Summerville Hard Assets or any affiliated "investment pool"; (b) Parish's employment by and affiliation with CSU; (c) any

investment made by any person or entity in or with Parish or any of the Receiver Entities; and/or (d) any other affiliation with or support of Parish by CSU, or any of its current and/or former trustees, officers, administrative officers, members of its Investment Management Team and Investment Team.

3. Nothing in this order is intended to nor should be construed to release, limit or otherwise modify any right, claim or defenses that the receiver or any individual investor (including individuals employed by or affiliated with CSU) might have with respect to individual claims filed with the Receiver to recover their or their family's individual investment losses as a part of the receivership claims administration process. Any party, attorney or other person who acts in a manner contradictory to this order shall subject to such remedies for contempt as the court shall deem appropriate. This court shall retain exclusive jurisdiction over the parties with respect to any disputes related to the interpretation [*31] and performance of the Settlement Agreement.

4. Nothing in the Settlement Agreement or this order shall operate to in any way release, waive or limit the receiver's rights, if any, to pursue claims against other third parties.

5. This court finds that there is no just reason for delay for an entry of a final judgment as to the approval of the settlement and bar order and directs the entry

¹ In its memorandum supporting the settlement and in its argument at the hearing on this matter, CSU argued that its liability exposure could cause it to become insolvent. CSU's precarious financial situation is a relevant consideration in only the following respects: its lack of financial resources could exacerbate the investors' race to the courthouse and further disrupt administration of the estate, or cause some (or all) investors to recover nothing if CSU ceases to be a going concern. Otherwise, the [*29] damage to CSU is relevant only insofar as CSU is one of hundreds of the receiver estate's potential creditors. The agreement is approved and bar order are entered solely because doing so is in the best interest of all the creditors and investors.

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of judgment pursuant to [*Fed. R. Civ. P. 54\(b\)*](#).

AND IT IS SO ORDERED.

/s/ David C. Norton

DAVID C. NORTON

**CHIEF UNITED STATES DISTRICT
JUDGE**

May 12, 2008

Charleston, South Carolina