

**AMENDED SETTLEMENT AGREEMENT AND MUTUAL RELEASE**

This Amended Settlement Agreement and Mutual Release (“Agreement”) is entered into as of the 18<sup>th</sup> day of March, 2008 by and among S. Gregory Hays, as Receiver of Albert E. Parish (“Parish”), Parish Economics, LLC and Summerville Hard Assets, LLC (“Receiver”), Charleston Southern University (“CSU”), on behalf of itself and its current and/or former trustees, officers, administrative officers, members of its Investment Management Team and Investment Team (except Albert E. Parish, who is not a party to this Settlement Agreement and Release and not entitled to benefit for it) and CSU’s Insurer, National Union Fire Insurance Company of Pittsburgh, P.A. (“National Union”), collectively, the “Parties”.

WHEREAS, the Receiver was appointed by the United States District Court for the District of South Carolina in a civil enforcement action styled *Securities and Exchange Commission v. Albert E. Parish, et. al.*, Civil Action File No. 2:07-919-DCN (“the Enforcement Action”); and,

WHEREAS, Defendant Parish, through Defendants Parish Economics, LLC and Summerville Hard Assets, LLC, solicited, received and managed money belonging to investors in various “investment pools,” which the Securities and Exchange Commission and the Receiver allege were securities and formed the basis of a fraudulent investment scheme; and,

WHEREAS, the Receiver is, among other things, authorized and directed to “pursue . . . all suits, actions, claims and demands which may . . . be brought by” the Receiver Entities (i.e., Parish, Parish Economics, LLC and Summerville Hard Assets, LLC); and,

WHEREAS, pursuant to and in accordance with the authorizations and orders of the Court in the Enforcement Action, the Receiver and his counsel investigate, assert and, where

necessary and appropriate, prosecute claims against third-parties in an effort to effect recoveries on behalf of the Receiver Estate for the benefit of creditors of the Receiver Entities, including the investors; and,

WHEREAS, Defendant Parish was employed by CSU during the time period that he operated the fraudulent investment scheme that is the subject of the Enforcement Action; and,

WHEREAS, over time, CSU invested in excess of \$10 million in Parish's investment scheme; and,

WHEREAS, individuals affiliated with and employed by CSU, including members of its administration, personally invested and lost significant amounts of their own (or family members') money in Parish's investment scheme; and,

WHEREAS, the Receiver contends that CSU and members of its administration had access to information not generally available to others who invested in Parish's investment scheme; and,

WHEREAS, the Receiver believes that he, as well as Parish's other investors and creditors, could assert causes of action such as fraudulent conveyance, professional negligence, negligent misrepresentation, negligent supervision and control person liability against CSU, its current and/or former trustees, officers, administrative officers, members of its Investment Management Team and Investment Team, and other affiliated individuals, which could result in significant damages awards against CSU and others; and,

WHEREAS, the Receiver has informed CSU's Board of Trustees and its legal counsel of the results of his investigation and made a demand for payment from CSU; and,

WHEREAS, CSU has also been named as a defendant in not less than two (2) civil

actions filed in the South Carolina Court of Common Pleas by various investors (collectively the “Investor Lawsuits”) arising from and related to the investment offering that is the subject of the Enforcement Action including the following:

- Smith v. Charleston Southern University, Case No. 07-CP-08-809; and
- Elrod, et al. v. Charleston Southern University, et al., Case No. 07-CP-10-1465;

and,

WHEREAS, National Union issued a School Leaders Errors & Omissions Policy to CSU (the “Policy”), policy number 965-17-73; and,

WHEREAS, CSU has made claims for coverage with National Union as a result of the Elrod and Smith Lawsuits; and,

WHEREAS, the Plaintiffs in the Elrod and Smith Lawsuit have objected to the proposed settlement made by the Receiver; and,

WHEREAS, National Union, in accordance with the terms and conditions of the Policy, has responded to these claims for coverage and provided CSU with a defense, subject to a reservation of rights for the Elrod and Smith Lawsuits; and,

WHEREAS, the Receiver requested CSU and National Union contribute to a settlement for claims arising out of and related to the activities of the Parish Defendants; and,

WHEREAS, CSU has been threatened with additional lawsuits by other investors and investor groups, and has been threatened by various donors and benefactors with actions which could reduce or reverse gifts and bequests made to CSU; and,

WHEREAS, CSU and its current and/or former trustees, officers, administrative officers, members of its Investment Management Team and Investment Team believe that they have

meritorious defenses to the Investor Lawsuits, as well as the claims of the Receiver or any investors, donors, benefactors or other creditors and they deny any liability whatsoever; and,

WHEREAS, litigation is often expensive, time consuming and the results are difficult to predict with accuracy; and,

WHEREAS, the cumulative amount of legal fees and expenses, coupled with the damages that might be claimed by the Receiver, investors, investor groups or others, would likely exceed CSU's ability to pay and, in fact, threatens CSU's mission and operation; and,

WHEREAS, CSU is a 43 year old church-supported educational institution that seeks to provide a diverse student body with a Christian oriented education: and,

WHEREAS, the majority of CSU's students are first generation South Carolinians and 28% of its students are minorities; and,

WHEREAS, putting CSU out of business would result in discontinuing the education of 2300 students, the loss of 400 faculty, staff and coaching jobs, and a loss of a significant contribution to the Charleston tri-county area; and,

WHEREAS, the payment by National Union on behalf of CSU, its insured, provided for herein includes 93.75% of the potential limits of liability under CSU's applicable insurance policy, which is currently subject to a reservation of rights by National Union; and,

WHEREAS, the Receiver, National Union and CSU, its current and/or former trustees, officers, administrative officers, members of its Investment Management Team and Investment Team (except Albert E. Parish), desire to resolve any and all claims that could arise from Parish's investment scheme and any other related activities without incurring further expense and other risks of litigation; and,

WHEREAS, the Receiver and his counsel are unaware of any facts that indicate that CSU or any affiliated individuals were knowing participants in any efforts to assist Parish in the perpetration of the fraudulent investment scheme; and,

WHEREAS, based upon the known relevant facts and circumstances, the Receiver and his counsel believe that the terms of the settlement and compromise set forth herein are in the best interest of the Receiver Estate and, ultimately, all of the investors who invested in the subject investment pools;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, along with other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Court Approval. Except for the escrow provision set forth in Paragraph 4, below, this Agreement shall only be effective and binding on all Parties hereto upon the entry of an Order of the Court in the Enforcement Action:

- a. approving the terms of this Agreement; and,
- b. permanently enjoining 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 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 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.

2. Effective Date. The Effective Date shall be the date that the Order described in Paragraph 1, above, becomes final and not subject to appeal, even though the permanent injunction set forth in Paragraph 1 shall be in effect between the date the Order is signed and the Effective Date.

3. Payment. Within three (3) business days of the Effective Date, CSU’s counsel and National Union’s counsel shall deliver to the Receiver the following:

- a. A cash payment in the amount of \$3,910,000 to be paid by and on behalf of CSU, in a manner directed by the Receiver. The payment is comprised of \$3,750,000 from National Union and \$160,000 from CSU directly, minus any transaction fees; and,
- b. An executed and stamped “filed” dismissal with prejudice of the lawsuit filed in the South Carolina Court of Common Pleas, styled Charleston Southern University v. Parish, et al., Case No. 07-CP-10-1405; and,
- c. An executed amendment to CSU’s claim filed with the Receiver, which, depending upon the ultimate amount available for distribution to investors from the Receiver Estate, could provide as much as an additional \$1,512,000 in cash benefit to the Receiver Estate. A copy of the Amended Claim is attached hereto as Exhibit “A.”

4. Escrow. Within twenty (20) business days of the date of the execution of this Agreement, but in no event not less than three (3) business days prior to the hearing on the Receiver's motion to have this settlement approved:

- a. CSU shall transfer \$160,000 to CSU's counsel, Young Clement Rivers LLP ("YCR"), along with the other documents identified in Paragraph 3, above; and,
- b. National Union shall transfer \$3,750,000 to its counsel, Vorys, Sater, Seymour & Pease LLP ("VSSP").

Said monies and documents shall be held in escrow by YCR and VSSP pending the completion of the court-approval process described herein. Upon receipt of these monies and documents, YCR and VSSP shall each give written notice to Receiver's counsel that the monies and documents have been received and are being held in escrow to be disbursed and transferred in accordance with the terms of this Agreement.

5. Release of CSU and National Union. The Receiver, on behalf of himself, his successors and assigns, as well as on behalf of Parish and the Receiver Entities, hereby forever releases, discharges and acquits CSU, its current and former individual trustees and officers, as well as any other CSU employees who served on CSU's Investment Management Committee or Investment Team (except Albert Parish) and its insurer, National Union, from any and all claims, demands or causes of action that the Receiver may now have or which may hereafter accrue on account of, in connection with, or which in any way may grow out of: (a) the 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, or members of its Investment Management Team and Investment Team. Notwithstanding the foregoing, nothing herein is intended to be nor should be construed to be a release of any other person or entity, specifically including, but not limited to, individuals and entities that worked on or provided professional services to or in connection with Parish's investment activities, the Receiver Entities and/or the subject "investment pools." The Receiver hereby expressly reserves such claims against any such person or entity not expressly released herein.

6. Release of Receiver and Receiver Entities. Except as expressly set forth herein, CSU and its insurer, National Union, hereby release, discharge and acquit the Receiver, his employees, agents, attorneys and assigns, as well as the Receiver Estate, Parish and the Receiver Entities, their members, employees, agents, and assigns, from any and all claims, demands or causes of action that it may have, specifically including, but not limited to the lawsuit filed in the South Carolina Court of Common Pleas, styled Charleston Southern University v. Parish, et al., Case No. 07-CP-10-1405.

7. Reservation of All Rights Regarding Investor Claims. Notwithstanding the releases provided for in Paragraphs 6 and 7, above, nothing herein is intended to release, limit or otherwise modify any right, claim or defense that the Receiver or any individual investor (including individuals employed by or affiliated with CSU) may 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.



8. Approval Process. Upon the execution of this Agreement, the Receiver shall file a motion in the Enforcement Action seeking approval of the terms of this settlement and compromise. Notice of the filing of the motion (the "Notice") and any hearing date set by the Court shall be posted on the Receiver's website and served upon each person known to the Receiver who invested with Parish or one of the Receiver Entities. Moreover, CSU shall serve a copy of the Notice on any donor or benefactor that has threatened to assert a claim against CSU that might be affected by the entry of the injunction provided for above. If the Court approves this settlement and compromise in accordance with Paragraph 1, above, the terms of this Agreement shall become binding on the Parties hereto, and YCR and VSSP shall transfer the monies and other documents to the Receiver in accordance with the terms of this Agreement. If the Court does not approve this settlement and compromise, this Agreement shall terminate immediately upon the entry of an order denying the Receiver's motion seeking approval, and YCR and VSSP shall be authorized to return the monies and other documents held by them in escrow, less wire transfer and other transaction costs.

9. Return of Documents. The Receiver agrees to return to CSU's counsel, YCR, all the documents subpoenaed in this Receivership, to include the return to CSU of the original and all copies of the deposition transcripts of CSU's trustees, officers and/or administrative officers, along with any exhibits attached thereto. CSU's counsel, YCR, shall preserve, maintain and retain all such returned documents until this Receivership is terminated by the entry of a final order discharging the Receiver and terminating the Receivership. These documents shall be available to the Receiver and his counsel in the event that they are later determined to be relevant to other aspects of the receivership.

10. Indemnity and Defense.

(a) In the event that this Agreement is approved as provided for above, the Receiver agrees that, subject to the limitations set forth in subparagraph (d), below, he shall indemnify, defend and hold harmless CSU and its current and/or former trustees, officers, administrative officers, members of its Investment Management Team and Investment Team (except Albert E. Parish) and its insurer, National Union, from and against any and all liability and loss, including attorneys fees and expenses of litigation, incurred in connection with any claim or action asserted, maintained, or otherwise prosecuted after the Effective Date in any way relating to, because of, or in connection with, the subject matter of the Enforcement Action and/or CSU's involvement with Parish, any of the Receiver Entities and/or Parish's investment activities.

(b) In the event that CSU, National Union or any other person indemnified pursuant to subparagraph 10(a), above, makes a demand upon the Receiver under this indemnity provision with respect to any claim or action, the Receiver shall have the right, at his option and in his sole discretion, to undertake and direct the defense of such claim and to demand from CSU, National Union and any other indemnified party and take assignment of any claim or action which any of them may have against any such claimant.

(c) In the event, for any reason, CSU, National Union or any other indemnified party does not, after notice, promptly cooperate in connection with the defense and/or assignment of any claim it may have against any such claimant, then the Receiver is hereby authorized, constituted and appointed as attorney-in-fact for CSU, National Union and any other indemnified parties to assign such claim to the Receiver.

(d) The Receiver's obligations under this indemnity are limited to the assets of the Receiver Entities available at the time that any such indemnity claim is made and, in any event, shall not exceed \$3,910,000. CSU and National Union understand and agree that the indemnity is given by the Receiver in that capacity and not in his personal or individual capacity, and that this indemnity will terminate altogether upon final payments being made to investors and other creditors and the termination of this receivership by the entry of a final order discharging the Receiver and terminating the Receivership.

(e) The Receiver's indemnity obligation as set forth above does not apply to claims, demands or other actions taken by or on behalf of any donor to or benefactor of CSU against CSU or any of its current and/or former trustees, officers, administrative officers, members of its Investment Management Team and Investment Team.

11. Cooperation. CSU and National Union agree that, upon execution of this Agreement and continuing thereafter, they shall, without charge to the Receiver or the Receiver Estate, cooperate with the Receiver and his counsel and other professionals working with them to provide information and assistance in the Receiver's investigation, as well as the prosecution or defense of any claims by or against the Receiver Entities. However, CSU and National Union shall be entitled to reimbursement from the Receiver Estate for reasonable out-of-pocket expenses such as travel and significant copying or duplication of records.

12. No Admissions. The Receiver, CSU and National Union acknowledge and agree that this Agreement is entered into for the purpose of compromising disputed claims and that the giving and receiving of the consideration and covenants provided for herein shall not be construed as an admission of any liability or wrongdoing of any kind by CSU or any of its current

and/or former trustees, officers, administrative officers, Investment Management Team or Investment Team. To the contrary, CSU and its trustees, officers, administrative officers, Investment Management Team and Investment Team expressly deny and contest any alleged liability for any wrongful acts. Conversely, the Receiver believes that the monetary liability and investor losses resulting from the investment-related activities of Parish, Parish Economics and/or Summerville Hard Assets and affiliated "investment pools" far exceeds the amounts being received pursuant to the terms of this Agreement. By entering into this Agreement with CSU and National Union, the Receiver does not intend to release, waive, limit or otherwise modify his rights and claims against others who were in any way involved with Parish or the Receiver Entities.

13. This Agreement shall be binding upon and inure to the benefit of the Receiver, National Union and CSU and their respective successors and assigns, along with CSU's current and/or former trustees, officers, administrative officers, members of its Investment Management Team and Investment Team (except Albert E. Parish), who are intended to be third-party beneficiaries hereunder.

14. This Agreement in all respects shall be interpreted, enforced and governed by and under the laws of the State of South Carolina. The Receiver, National Union and CSU agree that the United States District Court for the District of South Carolina, Charleston Division shall have exclusive jurisdiction over all issues related to this Agreement.

15. This Agreement, the Amendment to Claim attached hereto as Exhibit "A," and the Agreement between CSU and National Union consist of the entire agreement between the Parties hereto and may not be amended or modified except by a written agreement signed by each of

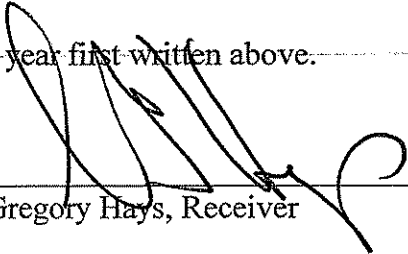
them. The Receiver, National Union and CSU acknowledge that no representations, inducements, promises, or agreements have been made by or on behalf of any party except those covenants and agreements embodied in this Agreement, the Amendment to Claim attached hereto as Exhibit A and the Agreement between CSU and National Union. The Receiver, National Union and CSU acknowledge that CSU and National Union have also entered into an Agreement, the terms of which shall be read together with this Agreement.

16. The Parties to this Agreement stipulate that each term and condition of this Agreement is material to each of the Parties and that, in the event the Court does not approve this Agreement in *toto* without modification, no Party shall be bound hereby.


17. The Receiver, National Union and CSU warrant and represent that in executing this Agreement, they have relied upon legal advice from their attorneys of choice, that the terms of this Agreement, and its consequences, have been completely read and explained by their attorneys, and that they fully understand the terms of this Agreement.

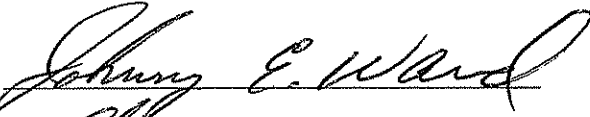
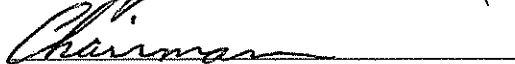
IN WITNESS WHEREOF, the Parties hereto have set their hands and seals as of the day

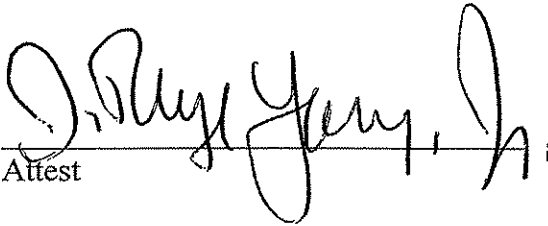
and year first written above.

  
\_\_\_\_\_  
S. Gregory Hays, Receiver



Charleston Southern University

  
\_\_\_\_\_  
Witness

By:   
\_\_\_\_\_  
Title:   
\_\_\_\_\_

  
\_\_\_\_\_  
Attest

AIG Domestic Claims, Inc., Financial Lines, on behalf of  
National Union Fire Insurance Company of Pittsburgh, PA

By:   
\_\_\_\_\_  
Title:   
\_\_\_\_\_

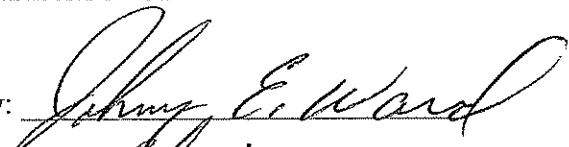
**AMENDMENT TO CLAIM**

In accordance with the Amended Settlement Agreement dated March 18, 2008,

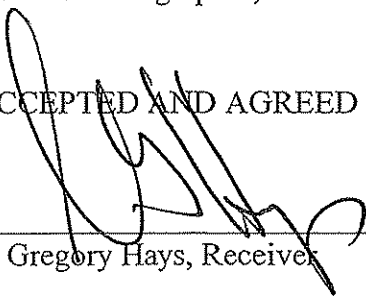
Charleston Southern University ("CSU") hereby amends its claim previously filed with S. Gregory Hays, Receiver for Albert E. Parish, et. al. ("Receiver") as follows:

1. As a result of the Receiver's review and analysis of CSU's claim, the claimed loss by CSU is hereby adjusted, and CSU agrees that the allowed amount of the claim should be \$8,400,000.
2. In conjunction with and furtherance of the terms of the Settlement Agreement, CSU agrees that it shall not be entitled to receive any payment from the Receiver unless and until there are monies in the Receiver Estate sufficient make payment on all other allowed investor claims in an amount equal to eighteen percent (18 %) of the cumulative amount of allowed claims.
3. In the event that the Receiver makes a distribution to investors that exceeds 18 % of the cumulative amount of allowed claims (without regard to CSU's allowed claim), then CSU will be entitled to participate in and receive its pro rata portion of such excess amount as if its claim had been allowed and it had received the amount waived in Paragraph 2, above.

CHARLESTON SOUTHERN UNIVERSITY

By:   
Title: Chairman

ACCEPTED AND AGREED TO:

  
S. Gregory Hays, Receiver