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Sandifur to pay \$150,000 settlement

John Stucke / The Spokesman-Review

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C. Paul Sandifur, the former chief executive officer of bankrupt Metropolitan Mortgage & Securities Co., will pay \$150,000 to refund investors and settle allegations that he improperly paid himself dividends as the company failed.

The money is part of a bankruptcy case settlement that Sandifur agreed to last month – nearly four years after he resigned from the company his father founded.

The settlement requires Sandifur to deliver a \$100,000 check to the Metropolitan Creditors' Trust by Jan. 16, 2009. The remaining \$50,000, plus interest, is due by January 5, 2010.

Sandifur departed Spokane as investigations and reports began pinning much of the \$2.3 billion financial conglomerate's demise on his mismanagement. Though the company had thousands of investors and more than 600 employees – Sandifur controlled most of the common stock and tried to keep a tight rein on its sprawling business operations.

Investigations uncovered improper dealings and financial reporting. He was never charged with a crime relating to Metropolitan, although another senior executive, Thomas Turner, was convicted by a federal jury on felony charges of lying and misleading outside auditors.

Sandifur paid \$151,000 last year to settle fraud allegations made by the U.S. Securities and Exchange Commission.

About half of the money went to investors. The rest was deposited into the U.S. Treasury.

The trust initially pursued a \$500,000 claim against Sandifur as part of a special bankruptcy lawsuit, alleging he paid himself special dividends as the company neared collapse.

He still faces claims in a class action lawsuit scheduled for trial in March 2010.

In a separate lawsuit settled last spring, Sandifur's ex-wife, Helen Sandifur, agreed to pay \$325,000 into the trust, which claimed the former Metropolitan boss improperly tapped Metropolitan's corporate treasury to fund his divorce settlement.

Other Sandifur family members have repaid about \$150,000 to settle lawsuits brought by the trust.

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