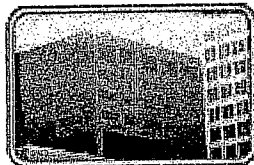




[Saturday, March 13, 2004]

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### A.G. Edwards will pay \$28 million to Georgia investors

By Mary Jo Feldstein  
Of the Post-Dispatch  
03/12/2004

A.G. Edwards Inc. will pay more than \$28 million to about 100 investors in Georgia who say a former branch manager promised them double-digit annual returns on blue-chip stocks and then invested their retirement savings in risky technology companies.

The St. Louis-based brokerage also is negotiating a related but separate settlement with Georgia securities regulators.

Under that agreement, the firm would not admit guilt but could pay a \$500,000 fine and have its broker-training and compliance programs reviewed for about two years, said Chris Riggall, a spokesman for Georgia Secretary of State Cathy Cox.

A.G. Edwards said established reserves should cover any unpaid settlements with the customers and the state. The firm does not "currently expect to take any additional charges for these costs," spokeswoman Margaret Welch said Friday.

She said all the brokers involved are no longer with the firm.

"We believe these matters were isolated to one branch and a limited number of financial consultants and had no connection with any other office or accounts maintained by any other A.G. Edwards financial consultants," Welch said.

The plaintiffs are mostly former employees of a Procter & Gamble Co. detergent plant in Augusta, Ga.

Many were in their mid-50s and mid-60s, and some held \$1 million or more in P&G stock, said Edward Dovin, an attorney representing the investors.

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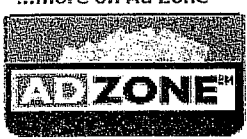
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They retired as planned or retired early to gain access

to their retirement accounts and give control to local A.G. Edwards brokers.

William F. Gibbs Sr., branch manager at the time, told the factory workers that their money would be invested using the Dow Dividend Strategy, which he said historically had returns of 20 percent a year, Dovin said.

Gibbs, who is retired, began deviating from the decades-old investment strategy, eventually much of the investors' money was placed in technology stocks, Dovin said.

When those stocks plummeted, the investors lost their savings, Dovin said.

"The settlement's a way for them to get back their retirement and get on with either their retirement or their lives," Dovin said.

The investors Dovin represents will receive a total of about \$24 million. The settlement should cover most of the money they invested, but not their legal fees. It is the largest settlement with an investment firm in Georgia history, Riggall said.

There are at least two other cases related to Gibbs and his A.G. Edwards branch included in the \$28 million figure.

One was the first of the complaints to go through arbitration before Georgia regulators convinced A.G. Edwards to reach a broad settlement.

Riggall said as more details about the cases emerged, the secretary of state's office shifted to a more aggressive enforcement mode and A.G. Edwards became willing to cooperate.

In the first case, decided in July, arbitrators awarded \$950,000. The award compensated the investor not only for stock losses and legal fees but also \$400,000 in punitive damages.

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