

Edwards investor fraud case is settled

By RENÉE DEGROSS
rdegross@ajc.com

Augusta — When Bennie Holmes retired after nearly 29 years with Procter & Gamble in Augusta, he turned to religion full time as pastor of Historical Silver Bluff Baptist Church.

What he didn't know is that he'd be praying for the return of nearly \$600,000 in life savings he entrusted to an A.G. Edwards broker.

"I'm a loser," said Holmes, 58. "I entrusted my life savings with someone who deceived me."

Holmes is among about



ANDREW DAVIS TUCKER / Augusta Chronicle

Gwen Brown (left) describes at a Monday press conference how her and her husband's retirement funds were lost in a fraud case. At right is Secretary of State Cathy Cox.

120 people in the Augusta area who stand to recoup some of their losses through a \$27 million settlement announced Monday by state officials.

In early 2003 their investments with A.G. Edwards broker William F. Gibbs and his assistant, Susan H. Saccone, became the subject of an investigation by the secretary of state's office.

"This group was trying to

do the smart thing by hiring a legitimate nationally known brokerage firm," Secretary of State Cathy Cox said at a news conference. "But these folks had their pensions wiped out in a short period of time."

In addition to paying the \$27 million settlement, A.G. Edwards also is paying Georgia \$500,000 in a civil

► Please see **FRAUD, D3**

Fraud: A.G. Edwards settles for \$27.5 million

► Continued from D1

penalty, making it the largest settlement of its kind in Georgia, Cox said.

A.G. Edwards admits no wrongdoing under the settlement.

The investors, most of them workers at a P&G detergent plant, were persuaded by Gibbs to put their savings into the stock market. Gibbs told them to expect returns of about 20 percent annually, Cox said.

Some of the P&G workers sold their company stock or took early retirement after Gibbs sold them in investment seminars on a conservative strategy he said would keep their retirement funds safe. But Gibbs strayed from that strategy, according to the state's investigation. Cox said the broker bought tech stocks that were outside the strategy he had laid out and did not advise clients about potential losses.

"Many [investors] had little to no experience in investing," Cox said. "These actions resulted in catastrophic losses that approached or even exceeded \$1 million." Clients who wanted to withdraw were told to "hang in there," according to a consent order in the case.

Gwen and John Brown of Augusta say they lost nearly \$1 million. John Brown, 54, worked for Procter & Gamble for about 28 years. The Browns say whatever settlement they get will go to back taxes. Both are back to work.

"We didn't think we'd buy a yacht and sail around the Caribbean," said Gwen Brown. "But we thought we'd live comfortably."

Holmes is worse off. He faces foreclosure on two homes, and his settlement of about \$253,400 will go to back taxes. He's also looking for a job beyond his position as pastor.

"I'm angry and I don't know where I'm going from here," Holmes said. "Who is going to hire me at my age?"

Gibbs and Saccone no longer work for A.G. Edwards.

Some clients had pursued arbitration cases on their own. The state got involved to help speed up the lengthy process.