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## Investing firm ordered to pay

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 By Vicky Eckenrode | Staff Writer

Edwin Dovin's Atlanta law firm and Augusta lawyer Robert Hagler plan to file more than 80 claims against AG Edwards & Sons, its former Augusta manager, William Gibbs, and broker Susan Saccone.

An arbitration panel has ordered AG Edwards & Sons to pay a Harlem man nearly \$950,000 in the first of several hearings for local investors who claimed that the firm's former Augusta manager mishandled investments.

The New York Stock Exchange panel's decision July 8 stated that the award was based on findings of fraud and breaches of fiduciary duty in the case against AG Edwards, its former Augusta branch manager, William Gibbs, and broker Susan Saccone.

The decision awarded former Procter & Gamble worker Wendell Gresham about \$285,000 in actual damages, \$400,000 in punitive damages and \$265,000 for attorneys' fees and costs. The three-person panel also ordered AG Edwards to pay \$16,600 to cover the arbitration fees.

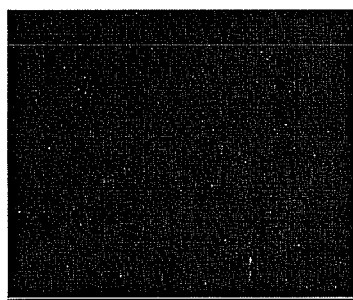
"We strongly disagree with the panel's decision and are evaluating our options," said Margaret Welch, a spokeswoman for the St. Louis-based brokerage firm.

Appeals are allowed in the arbitration process but are filed less often than in court cases. In the late 1980s, it became legal for brokers to require that new customers opening accounts waive their rights to a jury trial. The NYSE and the National Association of Securities Dealers hold binding arbitration to settle most claims.

Edward Dovin, whose Atlanta firm represented Mr. Gresham, says the award is an encouraging sign for the next seven cases, which involve similar allegations and will be arbitrated between August and April.

"The reason it was significant, at least in our minds, is it was the first opportunity we had to present to a neutral, unbiased arbitration panel with the evidence that we collected over the three years we've been working on the case, and this was their reaction," Mr. Dovin said.

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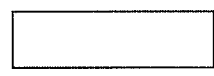
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Mr. Gibbs retired from his position and moved to North Carolina, but Ms. Saccone continues to work at the Augusta branch office. A spokeswoman for the Georgia Secretary of State's Office, which has the power to revoke a broker's license, said it is conducting an investigation involving Ms. Saccone.

Many of the cases against AG Edwards, including Mr. Gresham's, allege that while Mr. Gibbs was a branch manager in the late 1990s, he gained new clients by promoting a Dow Theory of investing, based on buying and selling blue-chip stocks with high dividend yields.

Although many of the cases include local doctors, lawyers and accountants, the first claims filed came from former Procter & Gamble employees, many of whom attended Mr. Gibbs' seminars or received letters about the investing theory.

In 1999, Mr. Gresham, who is now 59, and dozens of his former co-workers invested their retirement funds, which for Mr. Gresham amounted to \$1.4 million.

Soon, Mr. Gresham's money was being invested in technology companies, even though they deviated from the Dow Theory and were riskier than his profile allowed, according to the claim.

Mr. Gresham ended up losing almost \$266,000 during the year his money was invested with AG Edwards. He is expected to receive about \$615,000 from the arbitration decision.

"He will be made whole, to say the least, and then some," Mr. Dovin said. "As far as a loss, this was probably one of the smaller ones. The average loss I think is around \$400,000 or \$500,000 - some as high as \$4 million."

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*--From the Wednesday, July 16, 2003 printed edition of the Augusta Chronicle*

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