

IN THE MATTER OF,
A.G. Edwards & Sons, Inc.,
Respondent.

WHEREAS, in connection with its investigations, the Division determined certain registered representatives in the Augusta, Georgia, and Sumter, South Carolina, branch offices of A.G. Edwards & Sons, Inc. ("AG Edwards" or "Respondent") had engaged in acts or practices constituting violations of the Act, and the Division instituted a proceeding and was preparing to institute a second proceeding against Respondent for behavior occurring in the Augusta, Georgia, and Sumter South Carolina, branches of Respondent; and

Page 1 of 7

WHEREAS, Respondent wishes to resolve all outstanding matters about which The Division has notice involving Respondent, by Consent Order rather than by a formal hearing before the Securities Commissioner (the "Commissioner").

Now THEREFORE, as evidenced by the signature of its authorized representative on this Order, Respondent hereby accepts each and every Section of this Order for purposes of entering and enforcing the Order, but neither admits nor denies the findings of fact and conclusions of law for any other purpose:

I. Jurisdiction

1. The Commissioner has jurisdiction over this matter pursuant to Section 35-1-180 of the Act.

II. Respondent

2. Respondent was, at all material times herein, registered with the Division as a broker-dealer, as defined by Section 35-1-20(3) of the Act. Respondent maintains its principal place of business at One North Jefferson, St. Louis, Missouri 63103.

III. Factual Summary: Augusta, Georgia branch

3. From 1996 through 2001, Respondent violated the Act in relation to specific South Carolina customers by allowing one or more of its registered representatives in the Augusta, Georgia, branch to, among other things, (1) incorrectly complete new account documentation for at least eighty (80) South Carolina clients; (2) make unsuitable recommendations to at least eighty-five (85) South Carolina clients; (3) execute unauthorized transactions in the accounts of at least twenty-one (21) South Carolina clients; (4) otherwise violate the act; and (5) by failing

reasonably to supervise its registered representatives in the Augusta, Georgia, branch with a view to detecting and preventing each of the above listed violations.

IV. Factual Summary: Sumter, South Carolina, branch

4. From 1990 through 2003, Respondent violated the Act in relation to specific South Carolina customers by allowing one or more of its registered representatives in the Sumter, South Carolina, branch to, among other things, (1) incorrectly complete new account documentation for at least six (6) South Carolina clients; (2) make unsuitable recommendations for the purchase of securities for at least forty (40) South Carolina clients; (3) execute unauthorized transactions in the accounts of at least three (3) South Carolina clients; (4) otherwise violate the act; and (5) by failing reasonably to supervise its registered representatives in the Sumter, South Carolina, branch with a view to detecting and preventing each of these particular violations.

V. Conclusion of Law

5. In connection with the offer or sale of securities to South Carolina residents, Respondent, by and through one or more of its agents in the Augusta, Georgia, and Sumter, South Carolina, branches, violated S.C. Code of Regulations 113-25 A(21), and Article III, Section 1, NASD Rules of Fair Practice, by mismarking or failing to complete account documentation for the accounts of at least eighty-six (86) South Carolina clients.

6. In connection with the offer or sale of securities to South Carolina residents, Respondent, by and through one or more of its agents in the Augusta, Georgia, and Sumter, South Carolina, branches, violated S.C. Code of Regulations 113-25 A(3) and A(21), and

Article III, Section 2(a), NASD Rules of Fair Practice, by making unsuitable recommendations for the purchase of securities to at least one hundred twenty-five (125) South Carolina clients.

7. In connection with the offer or sale of securities to South Carolina residents, Respondent, by and through one or more of its agents in the Augusta, Georgia, and Sumter, South Carolina, branches, violated S.C. Code of Regulations 113-25 A(4) and A(21), and Article III, Section 19(a), NASD Rules of Fair Practice, by executing unauthorized transactions in the accounts of at least twenty-four (24) South Carolina clients.

8. In connection with the offer or sale of securities to South Carolina residents, Respondent, by and through its agents and employees who were responsible for the supervision of the Augusta, Georgia, and Sumter, South Carolina, branches, violated S.C. Code of Regulations 113-25 A(21) and Article III, Section 1, NASD Rules of Fair Practice, by failing to exercise adequate supervision over the activities of one or more Respondent's registered representatives in the above listed branches.

VI. Sanctions

In view of the foregoing, the Commissioner deems it appropriate, in the public interest and for the protection of investors and the capital markets of the State of South Carolina, to impose the sanctions listed below on Respondent.

NOW, THEREFORE, IT IS HEREBY ORDERED, and Respondent expressly consents and agrees that:

- A. Effectively immediately, Respondent and all persons under Respondent's direction or control involved in the offer or sale of securities in or from the State of South Carolina are to cease and desist from violating the Act; and

- B. Upon the Commissioner's execution of this Order, Respondent immediately shall pay thirty-five thousand dollars (\$35,000.00) to the Division as reimbursement of a portion of the Division's investigative costs incurred in connection with the matters above; and
- C. Respondent shall pay an administrative fine in the amount of five hundred forty thousand dollars (\$540,000.00), to be paid as follows: one-third by September 1, 2007, one-third by September 1, 2008, and the remaining one-third by September 1, 2009.

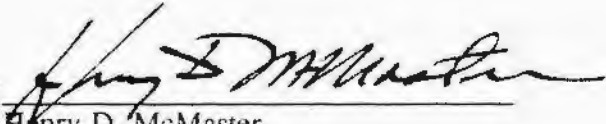
VII. Conclusion

Upon execution by the Securities Commissioner, this Order resolves Administrative Proceedings 03049 and 04021 as they relate to the Respondent and resolves all other issues about which the Division currently has notice involving Respondent, which the Division acknowledges is none.

This Order should not be interpreted to waive any (i) private cause of action that may have accrued to investors as a result of Respondent's participation in the activities described herein, or (ii) causes of action which may result from activities of the Respondent not covered by this Order. Based on the information the Securities Division has received to date, the Division will not institute a criminal referral; however, information obtained in the future could cause this assessment to change.

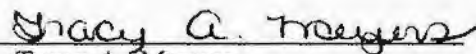
[SIGNATURES ON NEXT PAGE]

IT IS SO ORDERED this 22nd day of August 2007.

By: 
Henry D. McMaster
Securities Commissioner
State of South Carolina

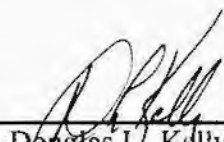
WE CONSENT:

Securities Division of the Office of the Attorney General

By: 
Tracy A. Meyers
Assistant Attorney General
Securities Division

Date: 8/21/07

A.G. Edwards & Sons, Inc.

By: 
Douglas L. Kelly
Executive Vice President, CFO, Corporate Secretary, Treasurer, Director of Law and
Compliance, Director of Administration

Date: 8/20/07