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FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070071169-01

FINRA District 4

To: Department of Enforcement
FINRA

Re: A.G. Edwards & Sons, Inc.
(CRD No. 4)

Pursuant to NASD Rule 9216 of the FINRA Code of Procedure, A.G. Edwards & Sons, Inc. (A.G. Edwards) submits this Letter of Acceptance, Waiver and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against A.G. Edwards alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. A.G. Edwards hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

Background

A.G. Edwards was a FINRA member from August 1939 through April 15, 2008. A.G. Edwards recently merged into Wachovia Securities, LLC, another FINRA member. During all periods mentioned herein, A.G. Edwards was a registered broker/dealer with the United States Securities and Exchange Commission and a FINRA member.

Relevant Prior Disciplinary History

A.G. Edwards has not been the subject of prior disciplinary history by FINRA or its predecessors that is relevant to this matter.

Overview

A.G. Edwards failed to disclose its financial advisory relationship with an issuer of municipal securities to customers who purchased these municipal securities, in violation of MSRB Rule G-23(h). A.G. Edwards also failed to have an adequate supervisory system to monitor its compliance with the disclosure requirements in MSRB Rule G-23(h), in violation of MSRB Rule G-27.

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REGISTRATION & DISCLOSURE

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Facts and Violative Conduct

MSRB Rule G-23: Activities of Financial Advisors

1. On November 10, 2004, A.G. Edwards began serving as a financial advisor to an issuer of municipal securities (Issuer).
2. A.G. Edwards later served as an underwriter in at least four of Issuer's underwritings from September 2005 through May 2006.
3. A.G. Edwards resigned as a financial advisor to Issuer with respect to these four underwritings before these underwritings commenced. However, A.G. Edwards continued as a financial advisor to Issuer with respect to other matters.
4. A.G. Edwards failed to disclose its status as a financial advisor to Issuer to customers who purchased securities in these four underwritings.
5. Through this conduct, A.G. Edwards violated MSRB Rule G-23(h).

MSRB Rule G-27: Supervision

6. From June 28, 2005 through January 29, 2007, A.G. Edwards failed to have a reasonable supervisory system to monitor its compliance with the disclosure requirements in MSRB Rule G-23(h).
7. Through this conduct, A.G. Edwards violated MSRB Rule G-27.

B. A.G. Edwards also consents to the imposition of the following sanctions:

1. A censure; and
2. a fine of \$10,000.

A.G. Edwards agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. A.G. Edwards has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

A.G. Edwards specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II. WAIVER OF PROCEDURAL RIGHTS

A.G. Edwards specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against A.G. Edwards;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, A.G. Edwards specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

A.G. Edwards further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of NASD Procedural Rule 9143 or the separation of functions prohibitions of NASD Procedural Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III. OTHER MATTERS

A.G. Edwards understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to NASD Procedural Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against A.G. Edwards; and
- C. If accepted:
 - 1. this AWC will become part of A.G. Edwards' permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against A.G. Edwards;

2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about A.G. Edwards' disciplinary record;
 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Procedural Rule 8310 and IM-8310-3; and
 4. A.G. Edwards may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. A.G. Edwards may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects A.G. Edwards' rights to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. A.G. Edwards may attach a Statement of Corrective Action to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. A.G. Edwards understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

A.G. Edwards certifies that it has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce A.G. Edwards to submit it.

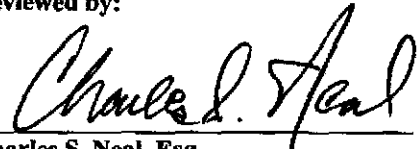
A.G. EDWARDS & SONS, INC.

Date: 6/30/08

By: _____


Douglas L. Kelly
Executive Vice President
A.G. Edwards LLC
(successor of A.G. Edwards & Sons, Inc.)

Reviewed by:

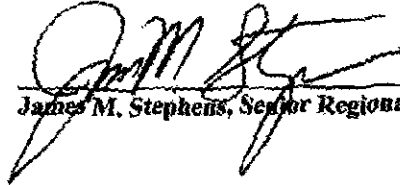

Charles S. Neal, Esq.
Counsel for A.G. Edwards & Sons, Inc.

Letter of Acceptance, Waiver and Consent No. 20070071169-01
A.G. Edwards & Sons, Inc.
Page 5

Accepted by FINRA:

Signed on behalf of the Director of ODA,
by delegated authority

7/16/08
Date


James M. Stephens, Senior Regional Counsel