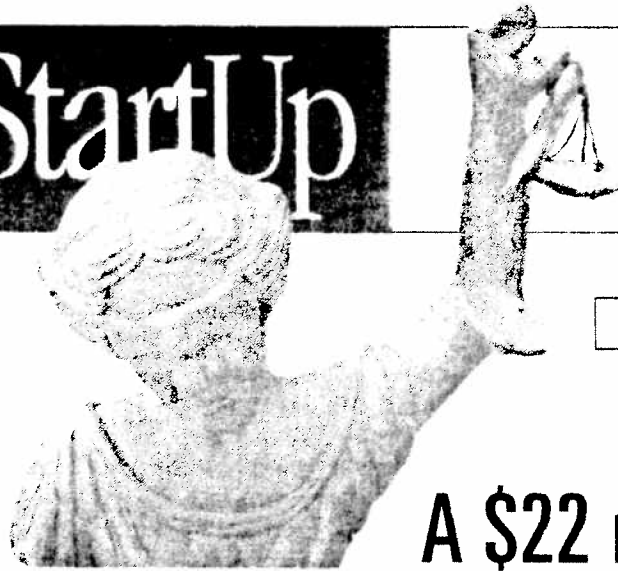


StartUp



THE STORY

A \$22 million verdict

Thirty-two former ExxonMobil workers in the Baton Rouge area were awarded \$22 million by an arbitration panel, which found a local broker invested their retirement money in risky stocks in order to collect hefty profits on commissions. This is one of the largest judgments of its kind.

Joe Peiffer, an attorney with the New Orleans firm of Correro Fishman, says ExxonMobil employees were lured into attending retirement seminars at Drusilla Seafood hosted by David McFadden, a Securities America broker. McFadden convinced the employees he could invest their thrift and pension funds and allow them to have a comfortable retirement. "He told the employees they would make more money in retirement than they would working at ExxonMobil," Peiffer says.

Once the employees gave their retirement over to McFadden, Peiffer says the money was put in expensive variable annuities and high-risk mutual funds—the exact opposite kind of investments a retiree should be involved in. Peiffer says McFadden made those investments in order to collect hefty profits on the commissions.

At the same time he was making the questionable investments, Peiffer says McFadden was telling the retirees they could take out as much as 10% of the principal each year. "If the employees had been told to take out the money at a prudent rate and the money had been put in prudent investments, they wouldn't have gotten slaughtered," Peiffer says.

In one case, an ExxonMobil employee invested \$992,208 with McFadden in 1998. By 2003, that investment had dwindled down to just over \$300,000. Peiffer says many of the ExxonMobil employees have had to go back to work in their 60s and 70s, with some taking jobs as Wal-Mart greeters.

McFadden and officials with Ameriprise Financial, the parent company of Securities America, have denied any wrongdoing and say they will file an appeal in the next 30 days. If the panel's ruling goes through, Peiffer says the 32 employees who lost money will get the retirement savings they lost restored.

Peiffer says he has sued Securities America on behalf of another 12 ExxonMobil employees, and there could be "100 or 200" more workers who lost retirement savings from McFadden's investments. Says Peiffer, "These are good, hardworking normal people who aren't quick to blame anybody or sue anybody."

—Tim Boone