

## Benjamin F. Edwards & Company The Legacy Continues

By Sydney LeBlanc

*Since 1887, the A.G Edwards & Sons brokerage firm had been continuously managed by family members ... until July 2001, when the first non-family member became CEO. In May of 2007, Wachovia Corp. announced it would acquire Edwards for roughly \$6.8 billion in cash and stock to create a firm with \$1.1 trillion in client assets under management and nearly 15,000 financial advisors. The Edwards' 120-year culture was changed overnight. Chairman Benjamin F. Edwards III, retired since 2001, and Benjamin "Tad" Edwards IV (who has spent 30 years at the firm) plus most of their advisor force, managers, and staff were not too happy about the deal. In fact, many in the industry know that neither Tad Edwards or his father, Ben the III, had any prior knowledge of the sale.*

*Since that time, Tad Edwards stayed on for a year or so to give the merger a chance and to witness the integration. But, the "big box" environment proved to clash with his three decades of living by the Golden Rule. In the summer of 08, he left Wachovia and many of his friends and colleagues behind. But not for long ...*

In August of 1994, I had the honor and privilege of interviewing Benjamin F. Edwards III, Chairman, CEO, and president of A.G. Edwards, Inc. The interview was published as a cover story in *Securities Industry Management* magazine, and focused on controversial issues that were troubling the industry. Issues such as brokerage fees to the client, the advisor's allegiance to the client, the marketing of proprietary products, upfront money to advisors, producing managers, and rogue brokers.

To say that the industry has changed since that interview is an understatement. But Mr. Edwards had the industry pegged back then and much of his insight and predictions came true, proving that he was truly an industry visionary. Not only that, he was — and still is — one of the most respected individuals in the financial services business, even after his retirement in 2001. (Maybe even THE most.) He shared something with me that day in 1994 and I still think about it to this day: He said about his competition: "A lot of my friends are also competitors of mine. But we can enjoy each other's friendship because we treat each other the way we like to be treated. That doesn't mean we can't compete with each other. It just means we try to

compete fairly, that’s all.” And that is just what his son, Benjamin “Tad” Edwards IV, President and CEO of the newly created Benjamin F. Edwards & Company in St. Louis, Missouri, said to me during our recent interview. It felt like “*déjà vu*.”

Tad Edwards shared with me that after May 31 in 2007, the night he discovered there were talks about a merger, more than 800 Edwards’ advisors, staff, managers, and executives from across the country called him. Said Edwards, “We had a 120-year history, six generations, and a wonderful culture all based on trust. We had no employment agreements for our advisors or executives (for trainees we did) but for anyone who joined us, a handshake was good enough for us. Everybody was there because they wanted to be. It was all based on trust; it was all about the client first. Every product, every technology, every decision, we would always say, “How will this impact the client?” It was never about us, it was always about the client.”

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and we all had the same vision: take care of the client – do everything possible to satisfy them and help them reach their goals — and then work as a team — trust and respect the people you work with.”

Edwards said the priority after the client and the Edwards’ team, was the shareholder and the stock price. “As you know, in most firms the most important thing is firm prof-

He went on to say that the firm lived by the Golden Rule and employees treated each other the way they themselves wanted to be treated. “Our turnover was extremely low because people loved working there

itability and the shareholder. We did it the opposite way. There were people who criticized us for it, but we went public in 1971 and for 36 years, by doing it the way we did it — clients first, people second, shareholder third — we succeeded and our stock averaged close to 15% a year. Our people and our shareholders appreciated our priorities.”

There were no call centers, no proprietary mutual funds, no profit centers except their clients, and few management layers, he explained. “We were never using our clients for our benefit, like inventing a new product and then using them to make more money. It was always about what would help them and their families reach their goals. And if you do that right, if you do it unselfishly, you’re rewarded — everybody wins.”

AG Edwards had 745 offices at the time of the Wachovia merger, and Tad Edwards decided to stay on for at least a year, to give the merger a chance. But his heart wasn’t in it. He said, “I decided that AG Edwards had a rich history and deep roots and that there were enough committed Edwards people around the country who bled ‘Edwards blue,’ and that they probably felt the way I did, and would want the legacy to continue.” At the same time though, Edwards confided that he continues to root for and pray for the people at Wachovia to be successful.

“There are a lot of Edwards people still there — they have families and mortgages, (as do the Wachovia people) and there is enough room for many to be successful. We just need to build on the old Edwards culture, which is very special.

A.G. Edwards used to be a partnership in the late 1960s and went public in 1971. Similar to the Edwards of the late 1960s, Benjamin F. Edwards & Company is a privately held company. Edwards is waiting for the B/D licensing process to finalize and then the hiring will begin. He shared with me that advisors continue to call and

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-- Presley Edwards

advisors are very intrigued by the idea of carrying on the Edwards culture in an entrepreneurial environment,” Edwards said. “We want our people to be equity owners so they will think like owners and have a say in the direction of the firm. We need their help and value their relationship. Having fun is a corporate goal. We want our clients, branch people and home office to be extraordinarily productive and create wealth for their clients and families. Think of the old Edwards culture that had a partnership feel. I think we can build on that culture, under the umbrella that encourages trust and freedom to do the right thing for clients.”

Edwards continued, “We have reconnected with Edwards’ advisors, and have met some new advisors in the process — we aren’t going to bring on everyone, of course, but like my grandfather, Presley Edwards said, ‘When you hire people, the first criteria is integrity. The next is character. And if you hire people with integrity and character, you can build trust.’”

According to Edwards, his dad (who is now 77) still comes into the office several times a week, despite health issues, to help out. And a senior compliance officer who was with Edwards previously is now on board. “He’s very attuned to the business side of things,” said Edwards. “Also, an individual who spent 27 years with Edwards and opened close to 100 branch offices around the country has joined us and we are thrilled to have her.

many are visiting the offices in St. Louis.

“I think advisors are very intrigued by the idea of carrying on the Edwards culture in an entrepreneurial environment,” Edwards said. “I think

The President and CEO of A.G. Edwards Trust Company is with our firm, too. We are very fortunate to have an outstanding group of people in our home office. They are an A+ group who work well as a team. We are outsourcing our back office and workstation to Pershing, the largest in the industry. Their technology and monthly statements are fantastic. We will offer open architecture with mutual funds, money managers, insurance companies, and offer mutual fund and ETF wrap programs. We think we will have close to every product our clients will want.”

As I wrote in the original 1994 interview with Benjamin F. Edwards III, the time-honored saying goes, ‘The apple never falls far from the tree.’ It looks like it is true once again, as Tad Edwards continues to enrich the Edwards legacy and carry on the rich heritage that we have all grown to know, love and respect.

Tad Edwards closed the interview in his usual generous way by saying, “We want Wachovia, Jones, and all the other good people to be successful; we are building something special, too.”

The industry awaits, Tad. Good luck.



Benjamin “Tad” Edwards IV

*See the A.G. Edward’s Legacy and Timeline on Pages 20-21*



General Albert Gallatin Edwards



Benjamin Franklin Edwards



George Lane Edwards

**A.G. EDWARDS & SONS, INC.**  
**A 120-Year History of a Legendary Firm**

Founder Albert Gallatin Edwards was born October 15, 1812, in Lexington, Kentucky. The second son of Illinois Governor Ninian W. Edwards, Albert graduated from the U.S. Military Academy at West Point at 20 years of age.

Assigned to the Mounted Rangers — the U.S. Army's first permanent cavalry regiment at Jefferson Barracks, South of St. Louis — Albert served for three years, before resigning from the service four days after his wedding in 1835. He immediately joined William L. Ewing, a St. Louis company specializing in providing goods to stores throughout the Southwest.

Albert stayed with William L. Ewing until the early 1860s, during which time he developed a political alliance with Abraham Lincoln. At the outbreak of the Civil War, Albert and the other pro-Union supporters battled against Governor Claiborne Fox Jackson, a Confederate sympathizer. The pro-secession troops were defeated and Missouri did not secede from the Union. Albert was then commissioned a brigadier general in the Missouri State Militia.

Six days before he was assassinated, Lincoln appointed Albert assistant secretary of the Treasury for the Sub-Treasury Bank in St. Louis. General Edwards held this post until his resignation in 1887, when he and his eldest son, Benjamin Franklin Edwards, formed a partnership to open A.G. Edwards & Son, a brokerage company located in the heart of St. Louis' financial district. Within months, the firm became the only St. Louis brokerage handling trades for local banks on the NYSE. Three years later, Benjamin's younger brother, George Lane Edwards, joined the firm. An "s" was added to the company's name and A.G. Edwards & Sons was well on its way to establishing itself as the nation's largest brokerage firm headquartered outside of New York City.

The firm was headquartered in St. Louis to maintain an economic perspective without succumbing to the herd mentality of Wall Street. It allowed Edwards to develop its own philosophy and focus on its strategy of serving smaller communities throughout the Midwest.

In 1898, George Lane Edwards became managing partner. He ran the company until 1919, after which another brother, Albert Ninian Edwards, took command. The sale of Liberty Bonds during World War I had uncovered an investor base largely ignored until then, and Edwards aggressively pursued these new investors with much success.

Presley W. Edwards, Benjamin Edwards' son, joined the firm in 1925 and

became managing partner four years later (post he held until 1965). Presley's tenure saw Edwards weather the storm of Black Thursday in 1929 where the largest single client loss was only \$5,000 in an account of more than \$1 million. Losses were kept at a minimum because Edwards followed a policy of not allowing stocks to be purchased on the low margins typically available in other parts of the country. Also at the time of the Crash, Edwards' employees worked around the clock for two days and nights contacting customers.

Economic hardships of the Great Depression gave way to the equally harsh reality of World War II. Presley envisioned opening branch offices in other countries. The first overseas office opened in London in the 90s.

In 1949 under Presley's guidance, Edwards became the first brokerage firm outside of New York to install an IBM computer system. They issued their first computerized customer statement in 1952.

Benjamin F. Edwards III, Presley's son, joined the firm in 1956 and in 1966 became the company's newest managing partner. In the intervening years, Ben Edwards continued the legacy of A.G. Edwards' proud heritage, and branch offices grew from 44 to 691, under his tenure. He retired in 2001. The company also had 13 stock splits in 36 years. The rest is "history" as they say.



Albert Ninian Edwards



Presley W. Edwards



Benjamin F. Edwards, III

## A.G. Edward's Timeline

- 1887 Albert Gallatin Edwards and his oldest son, Benjamin Franklin Edwards, form a partnership to open A.G. Edwards & Son.
- 1890 Benjamin's younger brother, George Lane Edwards, joins the firm.
- 1898 George Lane becomes managing partner.
- 1919 Albert Ninian Edwards takes command.
- 1925 Benjamin's son, Presley W. Edwards joins the firm.
- 1949 Under Presley's guidance, Edwards becomes the first brokerage firm outside of New York to install the IBM Computer system.
- 1952 A.G. Edwards issues the first computerized customer statement.
- 1956 Presley's son, Benjamin F. Edwards III, joins the firm.
- 1966 Benjamin F. becomes the company's newest managing partner.
- 1971 Edwards goes public.
- 2001 Benjamin F. retires and first non-family member becomes CEO.
- 2007 Wachovia Corp acquires A.G. Edwards & Sons.