

ALABAMA SECURITIES COMMISSION

Post Office Box 304700

Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: asc@asc.alabama.gov Website: www.asc.alabama.gov

Investors Receive Securities Settlement from American General Securities, Inc.

MONTGOMERY, ALABAMA (April 1, 2010) Joseph P. Borg, Director of the Alabama Securities Commission (ASC) announces a settlement with American General Securities, Inc. (AGSI) as a result of a long term investigation and audits culminating in a Joint Alabama Securities Commission and Mississippi Secretary of State (Securities and Charities Division) Consent Order dated March 8, 2010.

Victims were from Mississippi and Alabama; of the victims, a number were employees of Chevron's Pascagoula, MS refinery. The settlement includes payments of more than \$175,000 in reimbursements to investors and applicable assessments and administrative fees for Alabama and Mississippi. Leroy Jack Smith was previously a registered broker with AGSI working in a non-registered branch office in Mobile, Alabama from March 1986-August 2004. On October 12, 2005 the Alabama Securities Commission and the Securities and Charities Division of the Mississippi Secretary of State (MSOS) conducted an examination of Smith's Mobile office.

The findings of the joint state audit concluded that Smith had led prospective customers to liquidate securities in existing retirement plans in order to purchase variable annuity products that the ASC and MSOS contend were unsuitable for meeting the customers' financial objectives. Findings also indicated that AGSI failed to reasonably supervise Smith, who has been permanently barred from selling securities in Alabama and Mississippi.

Director Borg said, "Most commendable is the professional relationship and cooperative abilities between our Mississippi counterparts in Secretary of State Delbert Hosemann's office, who worked diligently with our investigators and legal staff to settle this case. Some variable annuities may be suitable investments; however, potential investors need to read the fine print and consider early withdrawal fees, the risk involved, and how such an investment fits into personal financial objectives. BEFORE YOU INVEST those hard earned dollars, check out financial professionals and the products they offer by calling our Registration division at 1-800-222-1253."

The ASC cautions potential investors to thoroughly scrutinize and research any investment opportunity or offer. Contact the ASC with inquiries concerning securities broker-dealers, agents, investment advisers, investment adviser representatives, financial planners, registration status of securities or debt management programs, to report suspected fraud or to obtain consumer information. The ASC provides free investor education and fraud prevention materials in print, on our website and through educational presentations upon request.

###

For more information contact Dan Lord, Education and Public Affairs Manager, 334-353-4858.

ALABAMA SECURITIES COMMISSION

Post Office Box 304700

Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: asc@asc.alabama.gov Website: www.asc.alabama.gov