50 YEARS OF INVESTMENT EXPERIENCE SEPTEMBER 2004

# PEARSON Investment Letter

Published Monthly Since 1982

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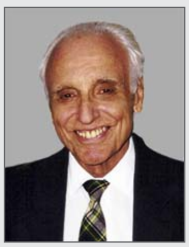
## FEATURED STOCKS

| | |
|---|---|
| Bluegreen Corp | UnitedHealth Gr |
| FirstBank Corp | VimpelCom |
| Headwaters, Inc | Websense, Inc |
| Meritage Corp | Westcorp, Inc |

### GROWTH & INCOME STOCKS

| | |
|---|---|
| Doral Finc | M.D.C Holdings |



**Walter D. Pearson**
*Chairman*

**Donald E. Pearson**
*President*

**Sandra Alberti**
*Publishing President*

**Investment Letters are complimentary to our clients with managed accounts!**

## ANNUITIES - YOU DECIDE

**BY DONALD PEARSON**

The only one guarantee I can give here is that I am going to run out of space before you have a clear understanding of the pros and cons of owning an annuity. There are so many different types, such as taxable, tax deferred, variable, or fixed, and companies from which to select, that I am unable to explain all of them in detail and how owning one will affect you personally. What I can do though, is give you some web sites and phone numbers so you can call the experts and ask the questions that you need answered, because this decision may impact you far more than you realize.

Unfortunately, the people presenting annuities to you often have such a vested interest in them, that it's very difficult to get an unbiased opinion. For example, if you asked me how strongly committed I am to the last stock I purchased for your portfolio, my reply would be very committed, because I am also buying it for myself. My proof is self-evident. I'll only buy for you the stocks that are good enough for my own portfolio and members of my family. I'm not sure the salesperson selling you his company's annuities is doing the same, as was the case of the stock analysts who were making news a short time ago. You may recall that they were giving some stock a strong buy rating, while laughing with each other, because their real opinion of the stock was it was a dog that no one should own, but they stood to make a handsome commission for themselves.

This is what bothers me about annuities. It's to bad so few can tarnish so many because every analyst recommending stocks is not deceiving, and neither is every salesperson selling annuities. Unfortunately, I can't tell them apart, and in many cases the reward for getting any of us to purchase is the real motivator. As an example, a salesman signing you up for a $100,000 annuity can receive a signing bonus (commission) of up to $9,000. I wish they received a management fee similar to ours, because there would be less incentive on their part to sell them.

My biggest complaints with annuities are the commissions received by the persons who are selling them and the penalties and/or the surrender charges if you change your mind, or need to cash in the annuity. There never seems to be a lot of time spent educating the buyer on the negatives. Most people selling annuities approach you whenever the stock market is going through a slow or no growth period and work the scare tactics on you. If you stop and think for a moment, most likely no one was knocking on your door last year when you were receiving a 10%, 20%, or 40% return on your investments. I've always viewed annuities as a safety alternative that has a value for a few, yet they are being sold to almost all investors today.

The NASD is always tightening its rules because of complaints it has received. A new legislation is proposed which addresses a clear disclosure of risk. Wouldn't it be refreshing to have a salesman or insurance agent come through the door and start the conversation something like this: With my ____ years of experience I have found that most people can better satisfy their needs by putting their money into something that will most likely perform better than this annuity I am offering. You see, if I sell you a variable annuity, you can lose with this too, so taking a small risk with something that appears to be safe, while at the same time more opportunistic, might be better for you. It certainly won't be better for me though, because I get as much as 9% on many of these annuities I sell to you. I sure hope you'll like it after you sign on the dotted line because you are a nice person, and if you don't the penalty for getting out is another 7% the first year. If your personal needs change in a couple of years and you decide at that time you need to take the money, your penalty is then

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## A Very Strange Animal

The stock market is a very strange animal. Because it is similar to any other store where you do business, one would think its actions should come very close to doing business in a dry goods store, grocery, or meat market, or even the neighborhood pizza parlor. But how wrong can one be. I am quite sure the stock market is unlike any other place where you do business. A certain stock may be selling for $20 a share today, but when you go to purchase it tomorrow, you may find the price has doubled. What would you think if that happened in a grocery store or pizza parlor?

I think we are all aware of the fact that the stock market is different. It has wide swings. Sometimes there might be a reason, and sometimes it is beyond the understanding of those who should be able to understand. One very large and important factor is that when the market goes down, stocks become cheaper; and, if the market continues to go down, stocks become even cheaper. In a continually declining market, the question becomes when to start buying. Sometimes the market is driven down for one reason, but sometimes there is another distinct problem such as stocks being overpriced. After all, no matter how you look at it, a company is only worth so much. If the price gets beyond the actual value of the company, this can only last so long. Either the stock goes down in price or earnings increase enough to warrant the higher price.

There have been many times in the past when the market took a tumble, and some of these times the tumble was large and prolonged. Sometimes you can recognize the problem in retrospect even though you might have been blind to it in the beginning. The 1929 fiasco was the biggest this country ever had, and I believe we shall never have another to equal it. The problem back then was margin buying. We still have margin buying today but the rules have changed. In those days you could buy $1000 worth of stock for $100. The buyer would put up the hundred dollars and the broker would lend the client the rest. If the stock went up only 10%, the buyer could sell and double his money. Even those shining shoes for a living, earning five or ten cents were in the stock market. Profits were rampant until the bubble burst.

Once the market started down there was no stopping it. There were so many who were in on a 10% margin that the market just had to go down, down and down. If a stock you owned dropped 10% the broker would sell because you had just been wiped out. The rest of the money was his. This story was duplicated over and over and the selling never stopped. Bankers, who were carrying all the paper, were working until late at night trying to keep up with all of the paperwork that was engendered by the problem. It got to the point where people were mortgaging their homes in order to pay the interest due on loans from brokers who had bought stock for clients who didn't have the money to pay. Eventually, you had people jumping off of buildings and shooting themselves. Though this is all a thing of the past, it is a good idea to remember that the problem was caused by people buying more than they could afford.

Another individual fiasco can be brought on by selling short. This is a means of gambling in the stock market where the odds are all against the investor. The way this is accomplished is to decide on a stock that you think will be going down in price. You tell the broker that you wish to short some number of shares. If it turns out that you are right, you will make money. What happens here is that the broker sold stock that you didn't own. At a later date you must buy that number of shares to make up for what you sold. If the stock has gone down you have a profit. On the other hand, you might have to pay a higher price, in which case you have suffered a loss.

Think of it this way: when you buy a stock it is all yours. Profits can escalate in an almost inconceivable manner. You might happen to hit an early Wal-Mart, Texaco, Ford, or some other company that, if bought early enough, would have made you wealthy. On the other hand you may have made a poor choice and lost money. If your choice was really bad, you might even have lost 100%. Contrast this with selling short. If you're right, the most you can make is l00%. On the other hand there is absolutely no limit to the amount of money that can be lost on just one short sale. Losses can total 100%, 500% 1000%, there is absolutely no limit. All the odds rest with the investor who buys his stocks as investments and treats them in that manner.

***CONTINUED from page 1***

reduced to only 5%.

I believe annuities, like everything else, become very personalized. This means it may be a good decision for you, but maybe not for your brother or sister. Most times annuities can help people who are well above average income or for those who want total safety with little or no growth with the principle. We are always trying to educate people that safety can also be achieved through diversification and most agree with this. How to do it is where we sometimes disagree. As an example of growth with minimal risk, compare your home for whatever period of time you choose to an annuity. Single-family homes on average throughout the US go up around 5% in value (appreciate) a year. If you live in an area that greatly outperforms the index, one might consider this as an option. A $100,000 annuity bought five years ago, even with a first year incentive to make it more attractive, would be lagging most home purchases. The stock market returns on average 10.4% return per year, and this should be where a large part of your assets are if you are trying to receive some growth with your principle too. Annuities that return 3-4%, or have a possibility for loss, may become a part of your portfolio, but not the largest part if we are trying to stay ahead of a 6% inflation mark up. An annuity doesn't do too much good if your quality of life continues to shrink.

Here are some names and numbers for you to call, check out, and investigate before adding an annuity to your portfolio:

You can begin at www.naic.org/1pubcat/order.htm. I hope you'll order a free copy of A Buyers Guide to Fixed Deferred Annuities. And read it cover to cover. You might also contact AccuTerm @ 800-752-2999 or http://www.accuterm.com/ or Annuities Online, 866-812-6800, or go to their web site at www.annuity.com

Once you take the time to become an educated investor and learn all of the disadvantages, you'll definitely be able to make the right decision. You may find the annuity is exactly what you are looking for, and at that time go ahead and purchase it with confidence.

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Walter Pearson is the former President of First New England Securities, Co., Inc. and at that time, also managed the Statistical Department. He is the author of the book, "Investing for the Millions" and Publisher Emeritus for the Pearson Investment Letter. At this time, Mr. Pearson is Chairman of the Board of Pearson Capital, Inc. He is a contributing columnist for various publications and is listed in Who's Who in America.

**"Remember the Lord your God, for it is He who gives you the ability to produce wealth. Deut. 8:18"**

# PEARSON CAPITAL'S RECOMMENDED STOCKS FOR SEPTEMBER

## BLUEGREEN CORP (BXG) NYSE PRICE: $11.75

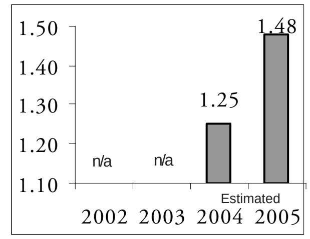
BXG provides vacation and residential lifestyle choices through its resorts and residential community businesses. The Company is organized into two divisions: Bluegreen Resorts and Bluegreen Communities. Bluegreen Resorts acquires, develops and markets vacation ownership interests (VOIs) in resorts located in high-volume, drive-to vacation destinations. Bluegreen Communities acquires, develops and subdivides property and markets residential land parcels, the majority of which are sold directly to retail customers, who seek to build a home in a high-quality residential setting, in some cases on properties featuring a golf course and related amenities. For the six months ended 6/30/04, revenues increased 39% to $260.6 million. Net income increased 65% to $13.8 million.

Type: Growth
Sector: Capital Goods
Institutional Holdings: 49
Industry: Construction Serv.

**Ratings & Recommendations**

Current P/E Ratio: **10.8**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Bus. Daily: **A-**
Pearson Growth Rating: **A-**
Pearson Value Rating: **A**
Stand.&Poor Rating: **C-**
Value Line Rating: **1-1-3**

**Earnings per share**




## FIRSTBANKCORP (PUERTO RICO) (FBP) NYSE PRICE: $45.96

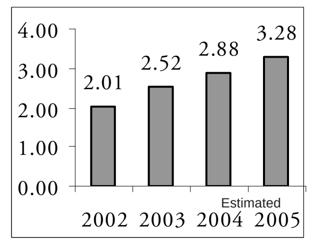
FBP is a publicly owned, Puerto Rico-chartered financial holding company that operates two subsidiaries: FirstBank Puerto Rico (FirstBank), a Puerto Rico-chartered commercial bank and FirstBank Insurance Agency, Inc., a Puerto Rico-chartered insurance agency. FBP is engaged in the banking business and provides a range of financial services for retail and institutional clients. It had total deposits of approximately $6.8 billion and total stockholder's equity of approximately $1.1 billion during the year ended 12/31/03. For the six months ended 6/30/04, total interest income rose 20% to $307.8 million. Net interest income after loan loss provision rose 42% to $152.1 million. Net income applicable to Common rose 15% to $60 million. Results reflect increased loans and investments, partially offset by reduced net gains on the sale of investments.

Type: Growth
Sector: Financial
Institutional Holdings: 120
Industry: Regional Banks

**Ratings & Recommendations**

Current P/E Ratio: **14.7**
Annual Yield: **1.0%**
Annual Dividend: **$0.48**
Investor's Bus. Daily: **A**
Pearson Growth Rating: **B**
Pearson Value Rating: **B**
Stand.&Poor Rating: **C**
Value Line Rating: **2-3-2**

**Earnings per share**




## HEADWATERS, INC (HDWR) NASDAQ PRICE: $30.61

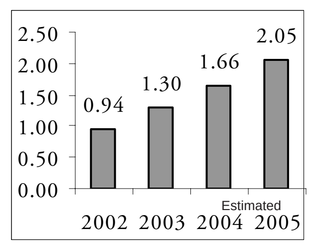
HDWR develops and commercializes technologies that enhance the value of coal, gas, oil and other natural resources. Through its proprietary Covol Fuels process, the Company adds value to the production of coal-based solid synthetic fuels primarily for use in electric power generation plants. The Company wholly owns Industrial Services Group, Inc. (ISG) and Headwaters Technology Innovation Group, Inc. (HTI). ISG is a manager and marketer of coal combustion products in the United States and Canada. For the nine months ended 6/04, revenues rose 26% to $355.3M. Net income rose 76% to $44.8 million. Results reflect higher sales of construction materials, increased license fees received, higher coal combustion products revenues, and improved operating margins during the period.

Type: Emerging Growth
Sector: Energy
Institutional Holdings: 135
Industry: Coal

**Ratings & Recommendations**

Current P/E Ratio: **17.0**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Bus. Daily: **A+**
Pearson Growth Rating: **A+**
Pearson Value Rating: **A**
Stand.&Poor Rating: **N/R**
Value Line Rating: **2-3-2**

**Earnings per share**




## MERITAGE CORP (MTH) NYSE PRICE: $66.81

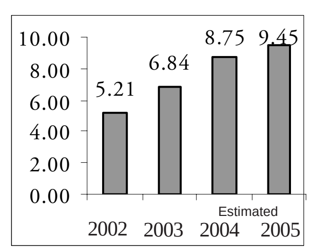
MTH is a designer and builder of single-family homes in the Sunbelt states of TX, AZ, CA and NV. It focuses on providing a range of first-time, move-up, active adult and luxury homes to its targeted customer base. The Company operates in Texas as Legacy Homes, Monterey Homes and Hammonds Homes; in Arizona as Monterey Homes, Meritage Homes and Hancock Communities; in Northern California as Meritage Homes; in Southern California as Citation Homes of Southern California, and in Nevada as Perma-Bilt Homes. For the 6 months ended 6/30/04, revenues rose 39% to $857.4 million. Net income rose 39% to $51.6 million. Revenues reflect increased home closings in Texas, Arizona, California, and Nevada due to strong market conditions. Net income also reflects an increased absorption of selling, general, and administrative expenses.

Type: Growth
Sector: Capital Goods
Institutional Holdings: 119
Industry: Construction Serv.

**Ratings & Recommendations**

Current P/E Ratio: **8.4**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Bus. Daily: **A**
Pearson Growth Rating: **B+**
Pearson Value Rating: **A**
Stand.&Poor Rating: **C-**
Value Line Rating: **1-3-3**

**Earnings per share**



# PEARSON CAPITAL'S RECOMMENDED STOCKS FOR SEPTEMBER

### UNITEDHEALTH GROUP, INC (UNH) NYSE PRICE: $66.13

UNH is a diversified health and well-being services company, serving approximately 52 million Americans. The Company provides individuals with access to cost-effective healthcare services and resources through more than 400,000 physicians and 3,600 hospitals across the United States. It manages approximately $50 billion in aggregate healthcare spending on behalf of more than 170,000 employer-customers and the consumers it serves. The Company's primary focus is on improving the American healthcare system by simplifying the administrative components of healthcare delivery. For the six months ended 6/30/04, revenues rose 20% to $16.85 billion. Net income rose 37% to $1.15 billion. Revenues reflect growth in premium yield and people served in the commercial health benefit business.

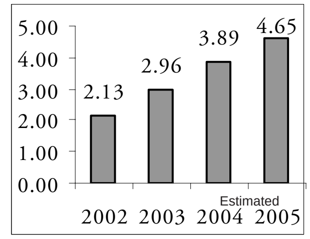
Type: Growth
Sector: Financial

Institutional Holdings: 664
Industry: Insurance

**Ratings & Recommendations**

Current P/E Ratio: **19.1**
Annual Yield: **0%**
Annual Dividend: **$0.03**
Investor's Bus. Daily: **A**
Pearson Growth Rating: **A**
Pearson Value Rating: **B**
Stand.&Poor Rating: **C-**
Value Line Rating: **2-2-3**

**Earnings per share**




### VIMPEL-COMUNICATII (VIP) NYSE PRICE: $98.10

VIP is a provider of wireless telecommunications services in Russia, operating under the Bee Line GSM brand name. The Company offers wireless services, such as voice telephony service, value-added services using short message system, unstructured supplementary services data, wireless application protocol, general packet radio service, maintenance management system technologies, interconnections with other networks and access to both national and international roaming service. VimpelCom offers services to subscribers under two types of payment plans: contract plans and prepaid plans. As of December 31, 2003, the Company had approximately 11.4 million subscribers on its wireless networks, compared to approximately 5.2 million as of 12/31/02. For the three months ended 3/31/04, net revenues rose 71% to $417.7 million.

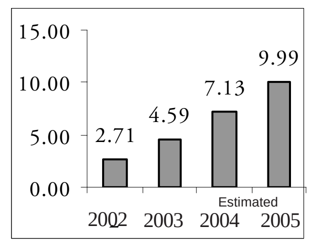
Type: Emerging Growth
Sector: Services

Institutional Holdings: 109
Industry: Communications

**Ratings & Recommendations**

Current P/E Ratio: **17.1**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Bus. Daily: **A+**
Pearson Growth Rating: **A**
Pearson Value Rating: **B**
Stand.&Poor Rating: **N/R**
Value Line Rating: **N/R**

**Earnings per share**




### WEBSENSE, INC (WBSN) NASDAQ PRICE: $38.35

WBSN provides employee Internet management (EIM) products that enable organizations to analyze, report and manage how their employees use computing resources, including Internet access, instant messaging (IM), peer-to-peer file sharing, network bandwidth and desktop applications. The Company's primary product offering is the Websense Enterprise software application, its central policy engine and management console. Websense Enterprise also serves as a platform for related Websense add-on modules such as Client Application Manager, Bandwidth Optimizer, instant message (IM) Attachment Manager and Client Policy Manager, and supports a variety of reporting options that allow organizations to document patterns of employees' use of computing resources. For the six months ended 6/30/04, revenues rose 35% to $51.3M.

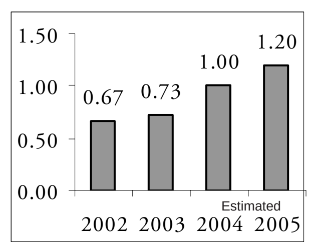
Type: Emerging Growth
Sector: Technology

Institutional Holdings: 145
Industry: Software

**Ratings & Recommendations**

Current P/E Ratio: **45.9**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Bus. Daily: **A**
Pearson Growth Rating: **A-**
Pearson Value Rating: **C**
Stand.&Poor Rating: **B-**
Value Line Rating: **2-4-4**

**Earnings per share**




### WESTCORP, INC (WES) NYSE PRICE: $41.07

WES is a financial services holding company that provides automobile lending services through its second-tier subsidiary, WFS Financial Inc. (WFS), as well as retail and commercial banking services through its wholly owned subsidiary, Western Financial Bank, which it refers to as the Bank. The Bank owns 84% of the capital stock of WFS. The Company primarily earns income by originating assets, including automobile contracts that generate a yield in excess of the cost of the liabilities including deposits that fund these assets. WES has grown substantially since 12/ 31/00. As of December 31, 2003, it had a three-year compounded annual growth rate of 22.9%, 15.8% and 33.2% respectively. For the six months ended 6/30/04, total interest income rose 1% to $624.6 million.

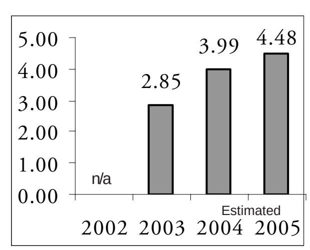
Type: Growth
Sector: Financial

Institutional Holdings: 114
Industry: Savings Banks

**Ratings & Recommendations**

Current P/E Ratio: **12.5**
Annual Yield: **1.3%**
Annual Dividend: **$0.56**
Investor's Bus. Daily: **C+**
Pearson Growth Rating: **B**
Pearson Value Rating: **B-**
Stand.&Poor Rating: **C+**
Value Line Rating: **3-3-3**

**Earnings per share**



## WALL STREET INDEXES

| Indexes | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004/YTD |
|---|---|---|---|---|---|---|---|
| S&P 500 | 28.5% | 21.1% | (10.1%) | (13.3%) | (23.4%) | 26.4% | (0.7)% |
| Dow Jones | 18.1% | 25.2% | (6.2%) | (7.1%) | (16.8%) | 25.3% | (2.7)% |
| Nasdaq | 39.6% | 85.6% | (39.3%) | (21.1%) | (31.5%) | 50.0% | (8.3)% |
| Russell 2000 | (2.4%) | 21.3% | (4.2%) | 1.0% | (21.6%) | 45.4% | (1.6)% |
| Our CD Buster | Data for 2002/03/04 available on our website | | | | **8.1**% | **56.7**% | **2.5**% |
| CD Annual Average | 4.7% | 4.9% | 5.4% | 3.0% | 2.3% | 1.5% | 1.5% |

## MARKET VIEW

*Christopher Carothers - PCI's Stock Analyst*

### ECONOMIC FLOWS:

The Fed raised interest rates again. I'm not too happy about that. Both the first and second interest rate hikes have given the Federal Reserve room to make future decisions. However, this may slow down the economy as time goes on. The dollar will strengthen slightly in the short term as gold and oil still look very strong. China has forced its corporate sector to slow down. This may create a greater effect on the economy than the U.S. Government rate change. Because China is a command economy, it can command its people to do what is necessary to prevent inflationary pressures. This is far different from previous scenarios of the business cycle, in which our economic relationship to China was so intertwined that if one side caught a cold, the other would get sick as well. I believe that the traditional business cycle is being changed by our relationship with China.

**Key point:** *Another interest rate hike may not be in the best interest of the economy.*

### EARNINGS FLOWS:

Earnings season wraps up at the end of September. This is the time of earnings warnings for the future. IT spending is down. Retail is down. New homebuilding is slowing. The word "cautious" continues to be thrown around the entire quarter. Earnings were actually better than good, this past quarter. Many companies have done well but are not expected to repeat their good performance in the future.

**Key point:** *Key companies fail to meet expectations and give a slower outlook for the future.*

### CASH FLOWS:

Cash flow is still growing. Phillip Morris has raised its dividend another 7 percent. Share buybacks continue to be initiated by many companies, and IPOs are back creating new opportunities. Google's IPO has created the most controversy by choosing a different way to create wealth.

**Key point:** *Companies continue to be more profitable.*

**Additional note:**

Worries of a Kerry presidency has big money sitting on the sidelines. Money managers don't care as much about the politics of each party as what will happen to the economy and specific stocks.

1) Big pharma will be affected.
2) Tobacco stocks may have problems.
3) Medical stocks may do well.
4) Military stocks may suffer.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### Services Provided

Managed Accounts:
Individual - Joint - Custodial
Corporate - Partnership - Trust
IRA's; Roth - Trad - College - SEP
401(k) & 403(b) Rollovers
Transfers

Management fee of 1% annually
for accounts of $25,000 or more
(2% for smaller accounts)
**Free consultation**
**No hidden fees**

**Privacy Policy**

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# SEPTEMBER'S RECOMMENDED GROWTH & INCOME STOCKS

**DORAL FINANCIAL CORP (DRL) NYSE PRICE: $40.67**

DRL is a diversified financial services company engaged in mortgage banking, commercial banking, institutional broker-dealer activities and insurance agency activities. Its activities are principally conducted in Puerto Rico and in the New York City metropolitan area. The Company operates 56 mortgage banking offices in Puerto Rico and one office on the United States mainland. On the United States mainland, it conducts its mortgage banking activities through its subsidiary, Doral Money, Inc. For the six months ended 6/30/04, total interest income rose 21% to $264 million. Net interest income after loan loss prov. rose 67% to $121.5 million. Net income applicable to Common rose 48% to $201.8 million. Results reflect increased earning asset balances, partially offset by greater losses from trading activities.

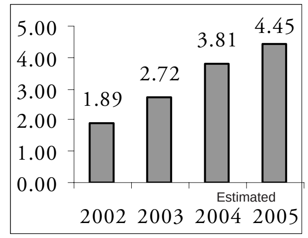
Type: Growth & Income
Sector: Financial

Institutional Holdings: 199
Industry: Regional Banks

### Ratings & Recommendations

Current P/E Ratio: **12.3**
Annual Yield: **1.4%**
Annual Dividend: **$0.60**
Investor's Bus. Daily: **A**
Pearson Growth Rating: **A**
Pearson Value Rating: **A**
Stand.&Poor Rating: **B**
Value Line Rating: **3-3-3**

### Earnings per share




**M.D.C. HOLDINGS, INC (MDC) NYSE PRICE: $68.85**

MDC is primarily engaged in owning and managing subsidiary companies that build and sell homes in the United States under the name Richmond American Homes. The Company conducts its homebuilding operations in Colorado, Northern Virginia, suburban Maryland, Arizona, Nevada, Northern and Southern California. MDC also has a growing presence in Dallas/Fort Worth and has entered the Houston, San Antonio, Philadelphia/Delaware Valley, West Florida, Jacksonville and Chicago markets. The Company also owns and manages HomeAmerican Mortgage Corporation, which originates mortgage loans primarily for MDC's homebuyers. For the six months ended 6/30/04, revenues rose 30% to $1.64 billion. Net income increased 80% to $143.5 million. Results reflect an increase in the number of home closings, and increased margins.

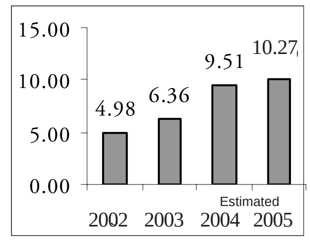
Type: Growth & Income
Sector: Capital Goods

Institutional Holdings: 1
Industry: Construction Serv.

### Ratings & Recommendations

Current P/E Ratio: **8.4**
Annual Yield: **0.8%**
Annual Dividend: **$0.60**
Investor's Bus. Daily: **A**
Pearson Growth Rating: **B+**
Pearson Value Rating: **A**
Stand.&Poor Rating: **C-**
Value Line Rating: **2-3-3**

### Earnings per share




# CLASS ACTION LAWSUITS

***By Donald Pearson***

In a perfect world we would never have to deal with class action lawsuits, but unfortunately it is an ongoing part of investing. When a company is thought to commit some type of wrongdoing, this process begins. Stockholders who purchased within the time outlined are given the opportunity to join the class action, bring a complaint against the company themselves, or do nothing at all.

If you read the class action complaint that you receive in the mail, it will detail what the lawyers representing the group believe the infraction is and how they plan to pursue the litigation. Most of these cases take a long time, years rather than weeks or months, to settle. When people ask me what to do, my reply is always the same. It doesn't cost you anything to fill out the paperwork and join the group as a plaintiff, but I do not know anyone personally who has ever received anything back from one of these suits. In the few class actions that I know of, the company usually agreed to the necessary changes needed to fix the infraction in question. Whatever the monitory settlement, if there is one, it first pays the expenses accrued and then lawyers.

If you have a large stake in a company, you might consider doing something on your own, rather than joining the class action, if you believe you were misrepresented. If you continue to own the stock, believing this is a sound investment and a good company, you might consider doing nothing, because any litigation that is dragged out may negatively affect the price of the stock.

**Source Rating Key** *for **PCI's** featured stocks*: **Pearson Investment Growth Rating** *measures long-term past and future growth.* **Pearson Value Rating** *measures current value in terms of potential for the dollar.* **Investors Business Daily** *measures growth and relative price strength.* **S&P** *measures financial quality and growth potential.* **Value Line** *measures timeliness, value and safety.*

Information & data obtained from other sources is believed to be reliable, but its accuracy and completeness can not be guaranteed.

Sources: Pearson Capital, Inc. research, various publications and the Internet