DEMURRER

FEDERATED INVESTMENTS, INC., a corporation,	)	
Plaintiff,	)	IN THE CIRCUIT COURT OF
	)	BALDWIN COUNTY, ALABAMA
VS.	)	AT LAW
RAY C. STEPHENS,	)	CASE NO. 9616
Defendant.	)	

Comes now the Defendant in the above styled cause and files the following Demurrer to the Plaintiff's Bill of Complaint:

1.

The Plaintiff's Bill of Complaint fails to state a cause of action.

WILTERS & BRANTLEY

BY: Sollers M Brantley
Attorneys for Defendant

CERTIFICATE OF SERVICE

I do hereby certify that I have on this 22 day of Dec, 1970 served a copy of the foregoing pleading on counsel for all parties to this proceeding by mailing the same by United States Mail, properly addressed, and first class postage prepaid.

WILTERS & BRANTLEY

By: S M Brantley

FILED

DEC 23 1970

ALICE J. DUCK CLERK REGISTER

LEGAL NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF ACTION

IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

CHARLES PLUMMER, et al.,	:	
Plaintiffs,	:	
vs.	:	
REX H. MOORE, PAUL R, FLOWERS, F. B. McGILL, JOHN DOUGLAS, E. E. ANTHONY, SR., B. E. FAULKNER, CHARLES LITTLE, EMORY LINDSEY, J. L. BARNES, CHARLES M. BURGESS, JOHN T. HUGGHINS, W. E. MONTGOMERY, WADE M. CLINE, OTIS BROWN, SECURITY MERCHANTS, INC., a corporation, and FEDERATED INVESTMENTS, INC., a corporation,	:	CIVIL ACTION NO. CA 69-421
Defendants.	:	

TO ALL PERSONS WHO ON OR PRIOR TO JUNE 30, 1970 PURCHASED OR HELD STOCK ISSUED BY FEDERATED INVESTMENTS, INC. (HEREIN REFERRED TO AS "FEDERATED").

1. You are hereby notified that a legal action has been filed in this Court asserting claims for damages on behalf of Federated Investments, Inc. and its stockholders and on behalf of all other persons (other than defendants) who on or prior to June 30, 1970 purchased or held common stock of Federated Investments, Inc. stock.

2. In addition to other relief, a money judgment is sought in the lawsuit against each of the above named defendants, for the benefit of all purchasers of common stock of Federated Investments, Inc., for refund of all amounts paid for said shares of common stock, all losses sustained on the sale of said shares, plus interest and other damages, for holders of said stock in the amount of any loss sustained by reason of such holders being induced, by misleading financial statements, to retain, and not to sell, any of said shares, and for Federated Investments, Inc. in the amount of the losses sustained by Federated Investments, Inc. by reason of various transactions complained of in the complaint.

3. The Complaint filed in this Court asserts that the shares of common stock of Federated were offered and sold to the public in violation of federal and state law for reasons including but not limited to the following: (1) the financial affairs of Federated were allegedly misrepresented and not fully disclosed to purchasers of said common stock; (2) Federated was caused to enter into a number of transactions with Rex H. Moore and others, more fully described in the Complaint filed in this Court, by which various sums of money were allegedly taken or diverted from Federated by breaches of duty by officers or directors to the damage of

Federated and its stockholders and without any disclosure being made of such transactions to stockholders or purchasers of its stock; (3) the common stock of Federated was never registered with the Securities and Exchange Commission prior to being offered and sold to the public, although required by the Securities Act of 1933 to be so registered before being offered and sold; and (4) sales of said stock were made without delivery of prospectuses meeting the requirements of state and federal law.

4. Liability of the above described defendants to each of you is asserted on grounds including but not limited to the following:

(a) Each of the individual defendants allegedly was a "controlling person" and a member of the Board of Directors of Federated during times when the common stock of Federated was being offered and sold, or during times when Federated was allegedly caused to enter into said transactions.

(b) Each of the individual defendants and Security Merchants, Inc. allegedly agreed and conspired with the defendant Rex H. Moore, or allegedly aided and abetted him, in doing the facts violating federal and state laws as more fully described in the Complaint filed in this Court.

(c) Federated was allegedly caused to offer and sell shares of its common stock in violation of federal and state law; and

(d) Security Merchants, Inc. was allegedly an "underwriter" and broker-dealer, as well as co-conspirator, aider and abettor.

5. This Court has by order found and determined that this action is to be maintained both as a derivative action for the benefit of Federated Investments, Inc., and as a class action for the benefit of all persons who prior to June 30, 1970 purchased or held shares of Federated Investments, Inc. common stock.

6. Any judgment entered in this action will be binding on Federated Investments, Inc. and on you and all other stockholders, purchasers, and holders of said stock, provided, however, that if you wish to institute a separate action or for some other reason do not wish to participate in this action, you may file a written notice requesting your exclusion from this action, with the Clerk of the United States District Court for the Northern District of Alabama Southern Division, prior to the twenty-fifth day of September, 1970, in which event you will be excluded from this action, will not participate in any recovery for the benefit of purchasers or holders of stock of Federated, and will not be bound by the judgment (except insofar as this action seeks derivative recovery for the benefit of Federated Investments, Inc.).

7. You are entitled to employ counsel of your own choice and to enter an appearance in this action if you so desire.

8. If you take no action, your interests will be deemed to be represented by plaintiffs and their counsel.

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9. Without admitting liability, and while insisting that they are not liable, the defendants have proposed settlement of this action under the terms of which:

(a) Defendants Rex H. Moore, Frank McGill, Paul Flowers, and Emory Lindsey have resigned from the Board of Directors and from all offices and from all employment with Federated Investments, Inc., Investments International, Inc., and each of the subsidiaries of Federated Investments, Inc. and of Investments International, Inc.

(b) The question of the future location of the principal office of Federated is to be reviewed by the Board of Directors and may be removed from Opp if such removal is deemed appropriate by the Board.

(c) The defendants, other than Federated Investments, Inc., have surrendered from their personal holdings of Federated stock 377,869 shares of common stock of Federated Investments, Inc., constituting ten per cent of the total issued and outstanding stock of Federated Investments, Inc. to be distributed (together with any dividends received thereon prior to final approval of the settlement) to members of the class determined to be entitled thereto by order of this Court.

(d) The defendants, other than Federated Investments, Inc., have also established a fund of $155,000.00 in cash, to be held and invested, and, in the event the settlement is finally approved, the balance in said fund, including the income therefrom, is to be paid to Federated Investments, Inc., after first deducting therefrom such amount as may be allowed attorneys for the plaintiffs as attorneys fees and reimbursement of expenses incurred in connection with this action.

(c) Defendant Rex H. Moore has executed an agreement not to compete with Federated and an agreement not to attempt to hire away employees, including loan managers, from Federated.

(f) At present, although there are no differences in preferences on liquidation or dividend rights, there are two classes of common voting stock of Federated Investments, Inc., and a majority of the stock of one class is held by certain defendants. The defendants have agreed to use their best efforts to cause the certificate of incorporation of Federated Investments, Inc. to be amended so as to reclassify and cause all stock to be of the same class. The elimination of the two classes of stock will eliminate the possibility that the holders of one class of stock might prevent certain corporate actions being taken, in which stockholders might be required by law to vote by class.

(g) Each of the defendants has agreed to release Federated Investments, Inc. from any claim for reimbursement for his litigation expenses and from any claim for reimbursement of the amount contributed by each defendant to this settlement; and

(h) Federated Investments, Inc. will, if this settlement is finally approved, release each of the defendants from all claims asserted by plaintiffs in their Complaint. There would be no release of any contractual obligation or note owed or guaranteed by any defendant to Federated or owed or guaranteed to any affiliate or subsidiary of Federated.

10. This Court has by order approved the settlement offer made by the defendants herein, and this Court's approval thereof will become final, unless good cause is shown.

11. This Court has by order determined that the said 377,869 shares surrendered by the defendants in settlement of the claims asserted herein are to be distributed pro rata, based upon the purchase price if the stock is still held and based upon loss if the stock has been sold at a loss, to all persons who purchased or acquired Federated stock prior to June 30, 1970, who still hold their

stock, and to all persons who purchased or held Federated stock prior to June 30, 1970, who have sold said stock at a loss, other than the following persons, who are not to participate:

(1) Directors, past or present, of Federated Investments, Inc., or of Investments International, Inc., or of any subsidiary of either corporation.

(2) Officers, past or present, of Federated Investments, Inc., Investments International, Inc., or of any subsidiary of either of said corporations.

(3) Defendants in this action.

(4) Employees of Security Merchants, Inc., Federated Investments, Inc., Investments International, Inc., or any subsidiary of any of said corporations, past or present.

(5) Stock salesmen, past or present, involved in the sale of stock of Federated Investments, Inc., or Investments International, Inc.

(6) Members of the immediate family of any of the above (defined as meaning husband, wife, child or parent).

(7) Purchasers and holders of Federated stock whose acquisition cost is less than One Dollar per share.

If any person now holding Federated stock acquired his Federated stock in exchange for Investments International stock (at an exchange ratio of two shares of Federated for one share of Investments International), and the purchaser paid $6.00 per share for his Investments International stock, his cost for Federated stock will be deemed to be $3.00 per share.

12. Any subscriber for Federated stock (other than any defendant and other than any subscriber whose obligation is guaranteed by a defendant) whose subscription agreement or other instrument evidencing his obligation was still unpaid and in effect as of June 30, 1970, may elect to cancel the balance unpaid and due on his subscription or other instrument, provided he notifies Federated Investments, Inc., P. O. Box 424, Opp, Alabama, on or before the twenty-fifth day of September, 1970, of his election to cancel the balance unpaid and owing thereon. Each subscriber whose subscription was unpaid and had not been cancelled as of June 30, 1970, shall be entitled to, if he has not already received, the number of shares of Federated stock for which payment has been made (without deduction because of his election hereunder to cancel the balance owing thereon), and (if not otherwise disqualified) shall be deemed a purchaser of those shares entitled to participate in the distribution of additional shares hereunder. If any portion of any subscription agreement was cancelled by Federated for non-payment prior to June 30, 1970, then the dollar amount which the subscriber was caused to forfeit under his agreement by reason of such cancellation shall be deemed a loss, qualifying the subscriber (if not otherwise disqualified) to participate in the distribution of

shares hereunder, but the amount forfeited shall not be considered to be both a loss and part of the purchase price of such other shares as the subscriber received.

13. The Court's Order determining how the shares of stock contributed by the defendants is to be distributed among claimants is subject to modification in the event good cause for such modification is shown by any persons affected thereby who timely file a Notice of Objection to Proposed Plan of Distribution. Any modification in this Court's Order with respect to the proposed plan of distribution of said shares of stock shall not, however, necessarily affect the Court's Order approving the settlement (unless good cause is shown indicating that the order approving the settlement should be set aside).

14. The procedure to be followed in determining the numder of shares to which each claimant will be entitled, under the terms of this Court's Order is as follows:

Attached to this Notice is a form to be completed by each person believing himself to be entitled to receive shares under the terms of this settlement. Said form shall be completed and returned on or before the twenty-fifth day of September, 1970, to Federated Investments, Opp, Alabama, and shall be available there for inspection by any interested person. Any person wishing to dispute and object to any claim filed with Federated for participation under the terms of this settlement must file a Notice of Intention to Dispute Claim with the Clerk of this Court on or before the first day of October, 1970, or be forever barred from disputing such claims. Any dispute, objection or question respecting the propriety of any claim shall be heard before the Court or before a special master to be appointed (if necessity therefor appears) by subsequent order of this Court. A final report of claims filed timely which appear to qualify for distribution shall be submitted by the Special Master and by Federated's counsel to this Court for its approval. This Court shall then approve such claims as it finds to be entitled to participate in the distribution, and shall determine the total dollar amount of approved claims. The said 377,869 shares shall then be distributed to claimants pro rata according to the dollar amount of the claims submitted and approved by this Court as qualifying under the terms of the settlement and pursuant to this Court's Orders with respect thereto.

15. The entire Court file in this action is available for inspection during week days (holidays excepted) from 8:30 a.m. to 4:30 p.m., at the Offices of the Clerk of the United States District Court for the Northern District of Alabama, Southern Division, Federal Building, Birmingham, Alabama.

16. Any inquiry by you or your attorney concerning this matter should be addressed to John Taber, Esq., c/o Williamson & Taber, Capps Building, Greenville, Alabama; Marvin Cherner, Esq., 516 Brown-Marx Building, Birmingham, Alabama 35203; or J. Vernon Patrick, Jr., c/o Berkowitz, Lefkovits & Patrick, 1400 City National Bank Building, Birmingham, Alabama 35203, who are Counsel for Plaintiffs, rather than to the Clerk or to any Judge of this Court.

DONE AND ORDERED this the Twenty-eighth Day of July, 1970.

S/ SEYBOURN H. LYNNE
Judge
United States District Court
Northern District, Alabama

THIS FORM MUST BE COMPLETED AND SIGNED BY ALL CLAIMANTS TO WHOM THE STOCK WAS ISSUED.

PROOF OF CLAIM

(To be completed, signed under Oath before a Notary Public, notarized, and mailed to Federated Investments, Inc., P. O. Box 424, Opp, Alabama on or before the 25th day of September, 1970 only if you desire to submit a claim.)

1. Name of claimant(s) _____

2. Address of claimant(s) _____

3. Number of shares of FEDERATED INVESTMENTS, INC., purchased by claimant(s)

_____

4. Certificate numbers: _____

_____

5. In whose name certificate is issued _____

_____

6. Date when shares of stock were purchased: _____

_____

7. Name of person from whom shares of stock were purchased: _____

_____

8. Amount paid for shares of stock purchased: _____

9. How purchase price was paid:

(a) by check (_____);

(b) by cash (_____);

(c) by money order (_____);

(d) Other (describe): _____

10. If you have made payments, state the amount and date of each and every payment made for the purchase of any shares of stock of FEDERATED INVESTMENTS, INC. _____

_____

11. If you transferred property or consideration other than money for your stock please state the description and location of the property so transferred and the value attributed to the same in the transaction _____

_____

_____

12. Have you sold any shares of common stock of FEDERATED INVESTMENTS, INC., purchased by you? Yes____ No____

-EXHIBIT X-

13. If you have sold any shares of common stock of FEDERATED INVESTMENTS, INC., purchased by you, then state:

(a) number of shares sold _____

(b) name(s) of person or persons to whom shares were sold _____

_____

(c) date(s) when shares were sold _____

_____

(d) amount(s) received for shares sold _____

_____

I hereby state under oath that the above information concerning my purchase and/or sale of shares of the common stock of FEDERATED INVESTMENTS, INC., is true and correct. I further declare under oath that I am not one of the defendants in either of the lawsuits entitled Charles Plummer, et al., v. Rex H. Moore, et. al., Civil Action No. 69-421, or Paul H. Edmondson v. Rex H. Moore, et al., Civil Action No. 3027-N, pending respectively in the United States District Court for the Northern District of Alabama, and the United States District Court for the Middle District of Alabama; that I have never been a director, agent, attorney or employee of Security Merchants, Inc., Federated Investments, Inc., Investments International, Inc., nor any subsidiary of any of them; that I have never engaged in the sale of stock of Federated Investments, Inc., or Investments International, Inc; that I am not a member of the immediate family of any of the above (defined as meaning husband, wife, child or parent); that I purchased said shares of common stock of FEDERATED INVESTMENTS, INC., in good faith and at arms-length; that any of said shares of stock sold by me were sold in good faith to bona fide purchasers for value in an arms-length transaction; and that I will furnish any further information which may be requested in order to substantiate my claim.

_____
Claimant's Signature

_____
Claimant's Signature

Each person in whose name the stock was issued must sign.

Sworn to and subscribed before me, this

the _____ day of _____, 1970.

_____
NOTARY PUBLIC

Submission of a false claim is a criminal offense.

FEDERATED INVESTMENTS, INC., a corporation,	*	IN THE CIRCUIT COURT OF
	*	BALDWIN COUNTY, ALABAMA
Plaintiff		
	*	AT LAW
vs		
	*	
RAY C. STEPHENS,		
Defendant	*	Case No. 9616

Comes now the plaintiff, FEDERATED INVESTMENTS, INC., in the above styled cause and files the following separate and several demurrers to the answers or the set-off or recoupment 1 and 2, and separately and severally to each defense 1 and 2 says as follows:

1. For aught that appears the defendant fails to name or identify any agents, sevants or employees.

2. For aught that appears the defendant fails to allege whether or not any agreement referred to for the re-purchase of shares of stock was in writing or was verbal.

3. For aught that appears the defendant fails to aver that he is unable to sell the stock to a third party for the price he alleges.

4. For aught that appears it is a mere conclusion on the part of the defendant that the stock is worth 30¢ a share.

5. For aught that appears the defendant fails to allege how much he could sell the stock for.

6. For aught that appears there is no causal relation between the worth of the stock and the price that he could get for the stock.

7. For aught that appears the defendant fails to allege whether or not any agreement for promotional purposes was in

writing or merely verbal.

8. For aught that appears the defendant fails to set out the terms of any agreement for promotional purposes.

9. For aught that appears the defendant could have received $3.50 a share for his stock that he paid $2.00 for and he now complains of lost profit which is not the fault or cause of the plaintiff.

10. For aught that appears the defendant refers to negotiation for purchase and sale of stock without setting forth the details of any negotiation for purchase and sale of stock.

11. For aught that appears the defendant fails to set forth wherein any agents falsely and deceitfully represented any material fact to the defendant.

12. For aught that appears the defendant fails to allege that the plaintiff's agents' false and deceitful representation, if such were true, was within the line and scope of their employment with the plaintiff.

13. For aught that appears the agents of the plaintiff had no authority to have any re-purchase agreement included in any minutes of the corporation.

14. For aught that appears, any false representations of D. Z. WILLIAMS and RALPH LONG, were not the corporate acts of the plaintiff.

15. For aught that appears, the defendant received five thousand (5,000) shares of stock at a certain price and had by his own allegation a profit at the time of purchase and now merely complains of having lost profit for failure to exercise business judgment to sell the said stock.

16. For aught that appears the defendant could have made a substantial profit on the purchase of stock which he now avers is worth only 30¢ per share and such failure to make the profit is the sole act and business judgment on the part of the defendant.

FRED F. SMITH, JR.
Attorney for Plaintiff

ATTORNEY FOR DEFENDANT:

Wilters & Brantley

CERTIFICATE OF SERVICE

I hereby certify that I have on this 12th day of January, 1971, served a copy of the foregoing pleading on counsel for all parties to this proceeding by mailing the same by United States mail, properly addressed and first class postage prepaid.

FRED F. SMITH, JR.

FILED

JAN 13 1970

ALICE J. BUCK CLERK REGISTER

FEDERATED INVESTMENTS INC., a corporation	*	IN THE CIRCUIT COURT OF
	*	BALDWIN COUNTY, ALABAMA
Plaintiff	*	AT LAW
vs	*	
RAY C. STEPHENS		Case No. 9616
	*	
Defendant		

The plaintiff claims of the defendant FIVE THOUSAND ONE HUNDRED FIFTY AND NO/100 DOLLARS ($5,150.00) due by promissory note made by him on to wit: the 7th day of November, 1967, and payable on the 7th day of May, 1968, with interest thereon. The plaintiff in addition thereto claims the benefit of waiver of exemption as provided by said note and a reasonable attorney's fee as provided by said note.

FRED F. SMITH, JR.
Attorney for Plaintiff
P.O.Box 487
Fairhope, Alabama 36532

SERVE DEFENDANT:

Ray C. Stephens
P.O. Box 1052
Bay Minette, Alabama

or

Across the street from the back of the Baldwin County Court House

FILED

DEC 21 1970

ALICE J. DUCK CLERK REGISTER

SUMMONS AND COMPLAINT

STATE OF ALABAMA * IN THE CIRCUIT COURT

BALDWIN COUNTY * BALDWIN COUNTY

* NO. 9616

_____ TERM, 1970

TO ANY SHERIFF OF THE STATE OF ALABAMA:

You are Hereby Commanded to Summon RAY C. STEPHENS, to appear and plead, answer or demur, within thirty days from the service hereof, to the complaint filed in the Circuit Court of Baldwin County, State of Alabama, at Bay Minette against RAY C. STEPHENS, Defendant by FEDERATED INVESTMENTS INC., a corporation, Plaintiff.

WITNESS my hand this 21 day of Dec 1970.

Alice J. Drake
CLERK

24:12-21-70

70.9614

FEDERATED INVESTMENTS, INC.
a corporation,

Plaintiff

vs

RAY C. STEPHENS,

Defendant

* * *

SUMMONS AND COMPLAINT

Filed 12-21 1970

Alice J. Duck
Clerk

FILED
DEC 21 1970
ALICE J. DUCK CLERK REGISTER

Fred F. Smith, Jr.
Plaintiff's Attorney

Received 21 day of Dec. 1970
and on 21 day of Dec 1970
I served a copy of the within S+C
on Ray C. Stephens
By service on
TAYLOR WILKINS, Sheriff
By A. Gilbert D. S.

ANSWER

FEDERATED INVESTMENTS, INC., a corporation,	)	
Plaintiff,	)	IN THE CIRCUIT COURT OF
VS.	)	BALDWIN COUNTY, ALABAMA
RAY C. STEPHENS,	)	AT LAW
Defendant.	)	CASE NO. 9616
	)	

Comes now the Defendant in the above styled cause and files the following Answer to the Plaintiff's Bill of Complaint:

1.

The Defendant, as a defense to this suit, says that, at the time said action was commenced, the Plaintiff was indebted to him in the sum of EIGHT THOUSAND FIVE HUNDRED DOLLARS ($8,500.00) for this: The Plaintiff, acting through its agents, servants or employees, who were then and there acting within the line and scope of their employment, sold the Defendant FIVE.THOUSAND (5,000) shares of the Plaintiff's capital stock for TEN THOUSAND DOLLARS ($10,000.00) and at said time, falsely and deceitfully agreed that the Plaintiff would repurchase this stock at any time for this same price. The Defendant avers that he has attempted to get the Plaintiff to repurchase this stock at the aforesaid price but it has refused to do so. The Defendant avers that this stock is now worth THIRTY CENTS ($.30) a share or a total of ONE THOUSAND FIVE HUNDRED DOLLARS ($1,500.00) which he hereby offers to set off against the demand of the Plaintiff and he claims a judgment for the excess.

2.

The Defendant was an employee of the Capital National Bank of Montgomery, Alabama, at the time the aforesaid note was executed by him. He avers that the Plaintiff was a major

stockholder in said bank at that time. He avers further that D. Z. Williams and Ralph Long, agents, servants or employees of said Plaintiff, who were then and there acting within the line and scope of their employment, offered to sell him stock in the Federated Investments, Inc., a corporation, for TWO DOLLARS ($2.00) a share; this stock at that time was selling for THREE DOLLARS AND FIFTY CENTS ($3.50) per share. Said agents, at that time, told the Defendant they wanted him to buy stock in this corporation so that they could use his name for promotional purposes. During the negotiations for purchase and sale of said stock and prior to the time the purchase was made, said agents falsely and deceitfully represented to the Defendant that the Plaintiff would repurchase this stock at any time he wanted to resell it at the price of TWO DOLLARS ($2.00) per share and at said time, the agents told the Defendant that this repurchase agreement was written up in the minutes of said corporation.

Relying on the aforesaid agents' representations, the Defendant purchased FIVE THOUSAND (5,000) shares of stock in the Federated Investments, Inc., a corporation, at TWO DOLLARS ($2.00) per share. He paid the Plaintiff FIVE THOUSAND DOLLARS ($5,000.00) and signed the note being sued on for the balance due.

Some time thereafter, the Defendant terminated his employment with the Capital National Bank of Montgomery. He contacted the Plaintiff and made an effort to return the stock aforesaid and regain his investment. The Plaintiff refused to uphold this repurchase agreement. The Defendant further avers that this stock is now worth THIRTY CENTS ($.30) per share or the sum of ONE THOUSAND FIVE HUNDRED DOLLARS ($1,500.00). The Defendant says that the Plaintiff is now

indebted to him in the sum of EIGHT THOUSAND FIVE HUNDRED DOLLARS ($8,500.00) for breach of the aforesaid agreement. The Defendant offers to set off this debt against the Plaintiff's claim and he claims judgment for the excess.

WILTERS & BRANTLEY

BY: S M Brantley
Attorneys for Defendant

CERTIFICATE OF SERVICE

I do hereby certify that I have on this 8th day of January 1971, served a copy of the foregoing pleading referred to on all parties to the proceeding by mailing the same by United States Mail, properly addressed, and that postage prepaid.

WILTERS & BRANTLEY

By: S M Brantley

FILED

JAN 8 1971

ALICE J. DUCK CLERK REGISTER

FEDERATED INVESTMENTS, INC., A Corporation, Plaintiff, VS. RAY C. STEPHENS Defendant.	)	IN THE CIRCUIT COURT OF BALDWIN COUNTY, ALABAMA. AT LAW. CASE NO. 9616.

Comes now the Plaintiff by way of replication to the Defendant's amended answer styled ONE and TWO and says as follows:

1. The Plaintiff says that matters set forth in the Defendant's answer ONE and TWO have been adjudicated by that certain cause in the United States District Court, Northern District of Alabama, Civil Action No. CA 69-421 Styled Charles Plummer, et al, Plaintiffs, vs. Rex H. Moore, Et al., and the Plaintiff attaches a copy of said decree as if fully set out herein.

Attorney for the Plaintiff

Filed: March 13, 1972
Delfair J. Marshburn
Judge

FEDERATED INVESTMENTS, INC., a corporation,	*	IN THE CIRCUIT COURT OF
Plaintiff	*	BALDWIN COUNTY, ALABAMA
vs	*	AT LAW
RAY C. STEPHENS,	*	
Defendant	*	Case No. 9616

Comes now the plaintiff, FEDERATED INVESTMENTS, INC., in the above styled cause and files the following separate and several demurrers to the answers or the set-off or recoupment 1 and 2, and separately and severally to each defense 1 and 2 says as follows:

1. For aught that appears the defendant fails to name or identify any agents, sevants or employees.

2. For aught that appears the defendant fails to allege whether or not any agreement referred to for the re-purchase of shares of stock was in writing or was verbal.

3. For aught that appears the defendant fails to aver that he is unable to sell the stock to a third party for the price he alleges.

4. For aught that appears it is a mere conclusion on the part of the defendant that the stock is worth 30¢ a share.

5. For aught that appears the defendant fails to allege how much he could sell the stock for.

6. For aught that appears there is no causal relation between the worth of the stock and the price that he could get for the stock.

7. For aught that appears the defendant fails to allege whether or not any agreement for promotional purposes was in

writing or merely verbal.

8. For aught that appears the defendant fails to set out the terms of any agreement for promotional purposes.

9. For aught that appears the defendant could have received $3.50 a share for his stock that he paid $2.00 for and he now complains of lost profit which is not the fault or cause of the plaintiff.

10. For aught that appears the defendant refers to negotiation for purchase and sale of stock without setting forth the details of any negotiation for purchase and sale of stock.

11. For aught that appears the defendant fails to set forth wherein any agents falsely and deceitfully represented any material fact to the defendant.

12. For aught that appears the defendant fails to allege that the plaintiff's agents' false and deceitful representation, if such were true, was within the line and scope of their employment with the plaintiff.

13. For aught that appears the agents of the plaintiff had no authority to have any re-purchase agreement included in any minutes of the corporation.

14. For aught that appears, any false representations of D. Z. WILLIAMS and RALPH LONG, were not the corporate acts of the plaintiff.

15. For aught that appears, the defendant received five thousand (5,000) shares of stock at a certain price and had by his own allegation a profit at the time of purchase and now merely complains of having lost profit for failure to exercise business judgment to sell the said stock.

16. For aught that appears the defendant could have made a substantial profit on the purchase of stock which he now avers is worth only 30¢ per share and such failure to make the profit is the sole act and business judgment on the part of the defendant.

FRED F. SMITH, JR.
Attorney for Plaintiff

ATTORNEY FOR DEFENDANT:

Wilters & Brantley

CERTIFICATE OF SERVICE

I hereby certify that I have on this 12th day of January, 1971, served a copy of the foregoing pleading on counsel for all parties to this proceeding by mailing the same by United States mail, properly addressed and first class postage prepaid.

FRED F. SMITH, JR.

Filed
3-18-71
Ernine B. Blackmon, Clerk

FEDERATED INVESTMENTS, INC., a corporation,	)	
Plaintiff,	)	IN THE CIRCUIT COURT OF
Vs.	)	BALDWIN COUNTY, ALABAMA
RAY C. STEPHENS,	)	AT LAW
Defendant.	)	CASE NO. 9616

AMENDED ANSWER

Comes now the Defendant in the above styled cause and amends his answer to the Plaintiff's Bill of Complaint to read as follows:

1.

The Defendant, as a defense to this suit, says that, at the time said action was commenced, the Plaintiff was indebted to him in the sum of EIGHT THOUSAND FIVE HUNDRED ($8,500.00) DOLLARS for this: The Plaintiff, acting through its agents, servants or employees, D. Z. Williams and Ralph Long, who were then and there acting within the line and scope of their employment, sold the Defendant FIVE THOUSAND (5,000) SHARES of the Plaintiff's capital stock for TEN THOUSAND ($10,000.00) DOLLARS and at said time, while acting within the line and scope of their employment, falsely and deceitfully, verbally agreed that the Plaintiff would repurchase this stock at any time for this same price. The Defendant avers that he has attempted to get the Plaintiff to repurchase this stock at the aforesaid price but it has refused to do so. The Defendant avers that this stock is now worth THIRTY CENTS ($.30) a share or a total of ONE THOUSAND FIVE HUNDRED DOLLARS ($1,500.00) which he hereby offers to set off against the demand of the Plaintiff and he claims a Judgment for the excess.

2.

The Defendant was an employee of the Capital National Bank of Montgomery, Alabama, at the time the aforesaid note was executed by him. He avers that the Plaintiff was a major stockholder

in said bank at that time. He avers further that D. Z. Williams and Ralph Long, agents, servants or employees of said Plaintiff, who were then and there acting within the line and scope of their employment, offered to sell him stock in the Federated Investments, Inc., a corporation, for TWO DOLLARS ($2.00) a share; this stock at that time was selling for THREE DOLLARS AND FIFTY CENTS $3.50) per share. Said agents, at that time, told the Defendant they wanted him to buy stock in this corporation so that they could use his name for promotional purposes. During the negotiations for purchase and sale of said stock and prior to the time the purchase was made, said agents, while acting within the line and scope of their employment, falsely and deceitfully, verbally represented to the Defendant that the Plaintiff would repurchase this stock at any time he wanted to resell it at the price of TWO DOLLARS ($2.00) per share and at said time, the agents told the Defendant that this repurchase agreement was written up in the minutes of said corporation.

Relying on the aforesaid agents' representations, the Defendant purchased FIVE THOUSAND (5,000) shares of stock in the Federated Investments, Inc., a corporation, at TWO DOLLARS ($2.00) per share. He paid the Plaintiff FIVE THOUSAND DOLLARS ($5,000.00) and signed the note being sued on for the balance due.

Some time thereafter, the Defendant terminated his employment with the Capital National Bank of Montgomery. He contacted the Plaintiff and made an effort to return the stock aforesaid and regain his investment. The Plaintiff refused to uphold this repurchase agreement. The Defendant further avers that this stock is now worth THIRTY CENTS ($.30) per share or the sum of ONE THOUSAND FIVE HUNDRED DOLLARS ($1,500.00). The Defendant says that the Plaintiff is now indebted to him in the sum of EIGHT THOUSAND FIVE HUNDRED DOLLARS ($8,500.00) for breach of the aforesaid agreement.

Defendant now offers to convey to the Plaintiff the aforesaid stock for the sum of TEN THOUSAND DOLLARS ($10,000.00). The Defendant offers to set off this debt against the Plaintiff's claim and he claims judgment for the excess.

WILTERS & BRANTLEY

BY: _____
Attorney for Defendant

CERTIFICATE OF SERVICE

I do hereby certify that I have on this 18 day of March 19 71, served a copy of the foregoing pleading on counsel for all parties to this proceeding by mailing the same by United States Mail, properly addressed, and first class postage prepaid.

WILTERS & BRANTLEY

By: _____

FILED

MAR 18 1971

EUNICE B. BLACKMON CIRCUIT CLERK

9196

FEDERATED INVESTMENTS, INC. a corporation,	*	IN THE CIRCUIT COURT OF
Plaintiff	*	BALDWIN COUNTY, ALABAMA
Vs	*	At Law
RAY C. STEPHENS,	*	
Defendant	*	Case No. 9616

Comes now the plaintiff, FEDERATED INVESTMENTS, INC., a corporation, in the above styled cause and refiles its demurrers to the answer or pleas numbered 1 and 2, and separately and severally to each defensive answer 1 and 2 and in addition thereto files the following separate and several demurrers to the said amended answers 1 and 2:

1. For aught that appears, the said defendant is relying upon a verbal representation which is barred by the statute of frauds.

2. For aught that appears, the defendant fails to set out the substantial terms of any re-purchase agreement if such existed.

3. For aught that appears, the defendant fails to state in what manner he has attempted to get the plaintiff to re-purchase any stock.

4. For aught that appears, the defendant since acquiring the said stock could have sold the same at a substantial profit since owning the same.

5. For aught that appears, the defendant fails to set forth the manner of any refusal on the part of the plaintiff

to live up to any promise made by the plaintiff to the defendant.

6. For aught that appears, the defendant does not identify in point of time the events upon which he bases his complaint.

7. For aught that appears, the defendant fails to state the manner of contact he made with the plaintiff to effect any return of stock if such occurred.

8. For aught that appear, the defendant received consideration for the note which was worth substantial more than the amount that he paid for the said stock in Federated Investments, Inc.

9. For aught that appears, the defendant is attempting to have the plaintiff account for the defendant's bad business judgment which the defendant bases solely upon hindsight.

10. For aught that appears, the defendant could have sold his said stock after acquiring it at a substantial profit and seeks merely to have the plaintiff insure his failure to sell at a substantial profit.

FRED F. SMITH, JR.
Attorney for Plaintiff

ATTORNEY FOR DEFENDANT:
T. M. Brantley
Wilters & Brantley

CERTIFICATE OF SERVICE

I hereby certify that I have on this 2nd day of June, 1971, served a copy of the foregoing pleading on counsel for all parties to this proceeding by mailing the same by United States mail, properly addressed and first class postage prepaid.

FRED F. SMITH, JR.

FILED

JUN 7 1971

EUNICE B. BLACKMON CIRCUIT CLERK