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AG Expands Wall Street Probes

ALBANY, N.Y. (AP) — New York's attorney general has expanded his investigation into alleged conflicts of interest involving Wall Street analysts to firms that compete with Merrill Lynch & Co., the first publicly named focus of the probe.

``The investigation is extensive and it goes far beyond Merrill Lynch,'' Marc Violette, spokesman for Attorney General Eliot Spitzer, said Wednesday. ``The investigation also involves a number of other very prominent Wall Street investment banks.''

Violette said Spitzer wouldn't release or confirm the names of the companies.

The Wall Street Journal, citing unidentified sources, reported Wednesday that additional firms under investigation include Goldman Sachs Group Inc.; Credit Suisse First Boston, a unit of Credit Suisse Group; Morgan Stanley Dean Witter & Co.; Lehman Brothers Holdings Inc.; the UBS PaineWebber division of UBS AG; the Salomon Smith Barney unit of Citigroup Inc.; Lazard Freres; and Bear Stearns Co.

Violette wouldn't say if additional firms have been subpoenaed. The Journal reported that some of the firms have received subpoenas, while others are expected to receive them soon.

Spitzer's investigation focuses on the accuracy and honesty of Wall Street analysts who recommend whether to buy or sell stock.

On Monday, Spitzer said he got a court order requiring Merrill to make further disclosures on whether the firm has done investment banking business for the stocks its analysts are touting.

Critics say analysts often recommend stocks so their firms can get lucrative fees from the companies generated by mergers and acquisition advisory work or the underwriting of new stock sales.

Spitzer said the 10-month investigation showed Merrill Lynch's employees lied to clients and recommended shares they knew were probably bad investments.

Merrill Lynch said there is no basis for the allegations.

Spitzer said he did not know how much money customers lost, but he estimated the clients ``number in the hundreds of thousands, if not millions.''

Officials with Bear Stearns, Credit Suisse, Lazard Freres, Morgan Stanley and Salomon declined comment Wednesday on whether the firms had received subpoenas.

Spokesmen for Goldman Sachs, Lehman Bros. and UBS PaineWebber said the firms had not received subpoenas and declined further comment.