

AWARD
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant

The Odessa Fireman's Relief &
Retirement Fund Board of Trustees

vs.

Case Number: 12-00584
Hearing Site: Dallas, Texas

Name of Respondent

Morgan Keegan & Company, Inc.

NATURE OF THE DISPUTE

Customer vs. Member

This case proceeded under the Optional All Public Panel Rule / All Public Panel

REPRESENTATION OF PARTIES

The Odessa Fireman's Relief & Retirement Fund Board of Trustees ("Claimant") was represented by Andrew Stoltmann, Esq., and Joe Wojciehowski, Esq., Stoltmann Law Office, PC, Chicago, Illinois.

Morgan Keegan & Company, Inc. ("Respondent") was represented by Peter Fruin, Esq., Maynard, Cooper & Gale, PC, Birmingham, Alabama.

CASE INFORMATION

The Statement of Claim was filed on or about February 9, 2012. The Submission Agreement of Claimant was signed on or about February 9, 2012.

The Statement of Answer was filed by Respondent, Morgan Keegan & Company, Inc., on or about May 11, 2012.

CASE SUMMARY

Claimant asserted causes of action including the following: misrepresentations and omissions; breach of fiduciary duty; unsuitable investments; negligence; failure to supervise; breach of contract; vicarious liability, violation of FINRA Rules; violation of the Securities and Exchange Acts; false information negligently supplied for the

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guidance of others; violation of Tennessee statutes; violations of Texas State Law; violations of Texas Deceptive Trade Practices-Consumer Protection Act. The causes of action related to Claimant's allegation that Respondent, Morgan Keegan & Company, Inc., solicited Claimant to purchase \$4,350,000.00 of shares in the RMK Multi-Sector Income ("RHY") and Advantage Income ("RMA") closed-end Funds, collectively referred to as the "RMK Funds," which suffered losses. Claimant alleged that Morgan Keegan represented that the RMK Funds were safe and that their principal was secure. Claimant alleged that Morgan Keegan failed to disclose the risk the RMK Funds were taking in highly leveraged mortgage related products, failed to adequately disclose the risk embedded in the RMK Funds and that these investments were unsuitable for the Fireman's Fund.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted affirmative defenses.

RELIEF REQUESTED

In its Statement of Claim, Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$2,935,000.00
Exemplary/Punitive Damages	Unspecified
Interest	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondent requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

The Arbitrators acknowledge that they have each read the pleadings and other materials filed by the parties.

Respondent Morgan Keegan & Company, Inc. did not file with FINRA Dispute Resolution a properly executed Submission Agreement but is required to submit to arbitration pursuant to the Code and, having answered the claim, appeared and testified through counsel at the hearing, Morgan Keegan & Company, Inc. is bound by the determination of the Panel on all issues submitted.

On or about June 15, 2012, Respondent filed a request for this matter to be heard by the Panel that previously dismissed this case without prejudice and objected to the current Panel's composition. On or about June 22, 2013, Claimants filed an objection. Respondent pointed out its objection at the pre-hearing conference call held February

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20, 2013. Immediately prior to the commencement to the hearing on the merits, Respondent withdrew its objection to the Panel.

On or about December 14, 2012, Respondent filed a Motion to Dismiss. On or about February 11, 2013, Claimant filed a Response in Opposition to Respondent's Motion to Dismiss. On or about February 18, 2013, Respondent filed a Reply in Support of the Motion to Dismiss. On or about February 19, 2013, the Panel denied Respondent's Motion to Dismiss.

On or about July 9, 2013, Respondent filed a Motion in Limine to Exclude Evidence Relating to the Purported Mismanagement of the RMK Funds and a Motion in Limine to Exclude Regulatory Evidence. On or about July 19, 2013, Claimant filed Oppositions to Respondent's Motions in Limine. At the start of the hearing, the parties orally argued the Motions in Limine. After deliberation the Panel denied the Motions in Limine and ruled that "all evidence would be given their due weight."

After Claimant's presentation of evidence, Respondent made an oral Motion to Dismiss under statutes of limitations. Claimant objected to the Motion. After consideration the Panel granted Respondent's Motion in part and dismissed Claimant's claims regarding negligence; vicarious liability; violation of the Securities and Exchange Acts; false information negligently supplied for the guidance of others; violation of Tennessee statutes; violations of Texas State Law; violations of Texas Deceptive Trade Practices-Consumer Protection Act.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Respondent, Morgan Keegan & Company, Inc., is liable for and shall pay to Claimant, The Odessa Fireman's Relief & Retirement Fund Board of Trustees, the sum of \$399,565.63 in compensatory damages;
- 2.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 3.) Any relief not specifically enumerated, including punitive damages, is hereby denied with prejudice.

FEES

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Pursuant to the Code, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution will retain the non-refundable filing fee* for each claim:

Initial Claim filing fee = \$ 1,800.00

*The filing fee is made up of a non-refundable and a refundable portion.

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated persons at the time of the event giving rise to the dispute. Accordingly, as a party, Morgan Keegan & Company, Inc. is assessed the following:

Member surcharge = \$ 2,800.00
 Pre-hearing process fee = \$ 750.00
 Hearing process fee = \$ 5,000.00

Contested Motion for Issuance of a Subpoena Fees

Fees apply for each decision on a contested motion for the issuance of a subpoena.

One (1) Decision on a contested motion for the issuance of a subpoena
 One (1) arbitrator @ \$200.00 = \$ 200.00
 Total Contested Motion for Issuance of Subpoenas Fees = \$ 200.00

The Panel has assessed \$100.00 of the contested motion for issuance of subpoenas fees to The Odessa Fireman's Relief & Retirement Fund Board of Trustees.

The Panel has assessed \$100.00 of the contested motion for issuance of subpoenas hearing session fees to Morgan Keegan & Company, Inc.

Hearing Session Fees and Assessments

The Panel has assessed hearing session fees for each hearing session conducted. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with Panel x \$1,200.00 = \$ 2,400.00

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Pre-hearing conferences:	August 17, 2012	1 session	
	February 20, 2013	1 session	
Sixteen (16) Hearing sessions x \$1,200.00			= \$ 19,200.00
Hearing Dates:	July 29, 2013	2 sessions	
	July 30, 2013	2 sessions	
	July 31, 2013	3 sessions	
	August 1, 2013	3 sessions	
	August 2, 2013	2 sessions	
	August 5, 2013	2 sessions	
	August 6, 2013	2 sessions	
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Total Hearing Session Fees			= \$ 21,600.00

The Panel has assessed \$10,800.00 of the hearing session fees to The Odessa Fireman's Relief & Retirement Fund Board of Trustees.

The Panel has assessed \$10,800.00 of the hearing session fees to Morgan Keegan & Company, Inc.

All balances are payable to FINRA Dispute Resolution and are due upon receipt.

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ARBITRATION PANEL

Harry J. Saginaw, J.D. - Public Arbitrator, Presiding Chair
Douglas Wade Carvell - Public Arbitrator
Donald Gene Miller - Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument which is my award.

Concurring Arbitrators' Signatures:

/s/ Harry J. Saginaw
Harry J. Saginaw, J.D.
Public Arbitrator, Presiding Chair

9/4/13
Signature Date

/s/ Douglas Wade Carvell
Douglas Wade Carvell
Public Arbitrator

9/3/13
Signature Date

/s/ Donald Gene Miller
Donald Gene Miller
Public Arbitrator

9/4/13
Signature Date

9/5/13
Date of Service (For FINRA office use only)