

AWARD
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Names of Claimants

Lawrence B. Dale and
LBD Holdings 2007, LP f/k/a
LB Dale Family Limited Partnership I

vs.

Case Number: 10-04500
Hearing Site: Dallas, Texas

Names of Respondents

Morgan Keegan & Company, Inc. and
Morgan Asset Management, Inc.

NATURE OF THE DISPUTE

Customer vs. Member and Non-Member

REPRESENTATION OF PARTIES

Lawrence B. Dale and LBD Holdings 2007, LP f/k/a LB Dale Family Limited Partnership I ("Claimants") were represented by Walker Friedman, Esq. and Christian D. Tucker, Esq., Friedman, Suder & Cooke, PC, Fort Worth, Texas.

Morgan Keegan & Company ("Morgan Keegan") and Morgan Asset Management, Inc. ("Morgan Asset") were represented by Stephen C. Carlin, Esq., Greenberg Traurig, LLP, Dallas, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about October 4, 2010. The Submission Agreement of Claimant, Lawrence B. Dale, was signed on or about October 1, 2010. The Submission Agreement of Claimant, LBD Holdings 2007, LP f/k/a LB Dale Family Limited Partnership I, was signed on or about October 1, 2010. On or about February 15, 2011, Claimants filed an Amended Statement of Claim. On or about June 29, 2011, Claimants filed a Second Amended Statement of Claim.

The Statement of Answer was filed by Morgan Keegan & Company, Inc. on or about December 16, 2010. The Submission Agreement of Morgan Keegan & Company, Inc., was signed on or about October 21, 2010. On or about February 16, 2011, Morgan Keegan adopted the Answer previously filed, as its Answer to Claimants' First Amended

Statement of Claim. On or about September 8, 2011, Morgan Keegan filed an Answer to Claimants' Second Amended Statement of Claim.

CASE SUMMARY

Claimants asserted the following causes of action: breach of fiduciary duty; breach of contract; misrepresentation; suitability; unjust enrichment; failure to supervise; negligence; statutory and common law fraud; negligent misrepresentation; violations of Texas Securities Act; and violations of Securities Regulatory Rules. The causes of action related to Claimants' allegations that Respondent, Morgan Keegan & Company, Inc., solicited Lawrence B. Dale to purchase shares in the RMK Select Intermediate Bond Fund-A ("Intermediate Fund") and purchased shares totaling \$16,307,036.86, which suffered losses. A limited partnership owned by Dale invested \$276,558.63 in the Intermediate Fund, which also suffered losses. Morgan Keegan represented to the Claimants that the Intermediate Fund was a safe and conservative investment. Claimants alleged that the Intermediate Fund did not match Morgan Keegan's representations, failed to disclose material information, misrepresented values, and invested in structured finance and asset-backed securities, unsuitable for Claimants. Claimants further alleged that Morgan Keegan failed to properly supervise its employees and maintain proper supervisory policies.

Unless specifically admitted in its Answer, Respondent, Morgan Keegan & Company, Inc., denied the allegations made in the Second Amended Statement of Claim and asserted affirmative defenses.

RELIEF REQUESTED

Claimants requested an award in the amount of:

Actual/Compensatory Damages	Unspecified
Exemplary/Punitive Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

At the hearing, Claimants requested damages as follows:

Out-of-Pocket Profit/Loss: \$971,172.00 plus 5% simple interest: \$96,851.00
Market Adjusted Profit/Loss: \$1,442,693.00 plus 5% simple interest: \$143,874.00
Texas Securities Act Damages: \$1,496,320.00 plus 5% simple interest: \$149,222.00

Respondent Morgan Keegan 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.

On or about June 10, 2011, Claimants filed a Motion for Leave to File Second Amended Statement of Claim to provide the Panel with additional details, drop certain claims, and drop Morgan Asset Management, Inc. as a Respondent. On or about June 23, 2011, Morgan Keegan filed an Opposition to Claimants' Motion for Leave to File Second Amended Statement of Claim. On or about June 27, 2011, Claimants filed a Reply to Respondent's Opposition to Claimants' Motion for Leave to File Second Amended Statement of Claim. In its Order dated July 29, 2011, the Panel granted Claimants' Motion for Leave to File a Second Amended Statement of Claim.

Respondent, Morgan Asset Management, Inc., was removed as a party when Claimant filed the Second Amended Statement of Claim on June 29, 2011.

On December 11, 2011, Claimants filed a Pre-Hearing Brief in Support of Application of Texas Law. On January 9, 2012, Morgan Keegan filed a Response to Claimants' Pre-Hearing Brief. On or about July 11, 2012, Claimants filed a Reply in Support of Their Pre-Hearing Brief.

On or about December 20, 2011, Respondent filed a Pre-Hearing Brief. On or about January 9, 2012, Claimants filed a Response to Respondent's Pre-Hearing Brief. On or about January 17, 2012, Respondent filed a Reply in Support of Its Pre-Hearing Brief. On or about January 19, 2012, Claimants filed a Sur-Reply to Respondent's Pre-Hearing Brief.

On or about November 30, 2011, Morgan Keegan filed a Motion in Limine to Bar Claims Filed after the Statute of Limitations has Expired. On or about November 30, 2011, Morgan Keegan filed a Motion to Exclude Evidence of Regulatory Actions and Regulatory Settlements. On or about November 30, 2011, Morgan Keegan filed a Motion to Exclude Evidence of Improper Derivative and Related Misrepresentation Claims. On or about December 9, 2011, Claimants filed a Response to Respondent's Motion to Exclude Evidence of Regulatory Actions and Regulatory Settlements. On or about December 9, 2011, Claimants filed a Response to Respondent's Motion in Limine to Bar Claims Filed after the Statute of Limitations has Expired. On or about December 9, 2011, Claimants filed a Response to Respondent's Motion to Exclude Evidence of Improper Derivative and Related Misrepresentation Claims. On or about December 14, 2011, Morgan Keegan filed a Reply in Support of its Motion in Limine to Bar Claims Filed after the Statute of Limitations has Expired. On or about December 14, 2011, Morgan Keegan filed a Reply in Support of its Motion to Exclude Evidence of Regulatory Actions and Regulatory

Settlements. On or about December 14, 2011, Morgan Keegan filed a Reply in Support of its Motion to Exclude Evidence of Improper Derivative and Related Misrepresentation Claims. On or about January 4, 2012, Claimants filed a Supplemental Response to Respondent's Motion in Limine to Bar Claims Filed after the Statute of Limitations has Expired.

On January 13, 2012, a pre-hearing call was held with the Panel for oral arguments on Morgan Keegan's Motions. On January 23, 2012, the Panel issued an Order with its rulings on the Motions. Specifically, Morgan Keegan's Motion in Limine to Bar Claims Filed after the Statute of Limitations has Expired was denied; Morgan Keegan's Motion to Exclude Evidence of Regulatory Actions and Regulatory Settlements was denied; and Morgan Keegan's Motion to Exclude Evidence of Improper Derivative and Related Misrepresentation Claims was denied.

At the final hearing, Respondent made a Motion for a Directed Verdict. The Panel denied the Motion.

On or about October 30, 2012, Claimants filed a post-hearing submission. On or about October 31, 2012, Respondent filed an Objection to Claimants' post-hearing submission. On or about November 5, 2012, the parties' submissions were forwarded to the Panel for consideration.

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, the evidence presented at the hearing, and the post-hearing submissions, 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, Lawrence B. Dale, the sum of \$841,811.00 in compensatory damages;
- 2.) Respondent, Morgan Keegan & Company, Inc., is liable for and shall pay to Claimant, LBD Holdings 2007, LP f/k/a LB Dale Family Limited Partnership I, the sum of \$9,000.00 in compensatory damages;
- 3.) Respondent, Morgan Keegan & Company, Inc., is liable for and shall pay to Claimants, Lawrence B. Dale and LBD Holdings 2007, LP f/k/a LB Dale Family Limited Partnership I, simple interest on the above-stated sum in #1 and 2 at the rate of 5% per annum from and including October 4, 2010 through and including October 1, 2012, totaling \$85,229.00;

- 4.) Respondent, Morgan Keegan & Company, Inc., is liable for and shall pay to Claimants, Lawrence B. Dale and LBD Holdings 2007, LP f/k/a LB Dale Family Limited Partnership I, the sum of \$400,000.00 in attorneys' fees, the amount stipulated by the parties at the hearing;
- 5.) Respondent, Morgan Keegan & Company, Inc., is liable for and shall pay to Claimants, Lawrence B. Dale and LBD Holdings 2007, LP f/k/a LB Dale Family Limited Partnership I, the sum of \$44,000.00 in costs, the amount stipulated by the parties at the hearing;
- 6.) Respondent, Morgan Keegan & Company, Inc., is liable for and shall pay to Claimants, Lawrence B. Dale and LBD Holdings 2007, LP f/k/a LB Dale Family Limited Partnership I, the sum of \$600.00 in costs as reimbursement for the non-refundable portion of the filing fee; and
- 7.) Any relief not specifically enumerated, including punitive damages, is hereby denied with prejudice.

FEES

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 firm that employed the associated person at the time of the events 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

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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	
(1) one arbitrator @ \$200.00 (maximum of \$600)	= \$ 200.00
Total Contested Motion for Issuance of Subpoenas Fees	= \$ 200.00

The Panel has assessed \$200.00 of the contested motion for issuance of subpoenas 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:

One (1) Pre-hearing session with a single arbitrator x \$450.00	= \$ 450.00
Pre-hearing conference: November 7, 2011 1 session	
One (1) Pre-hearing session with Panel x \$1,200.00	= \$ 1,200.00
Pre-hearing conference: June 10, 2011 1 session	
One (1) Pre-hearing session with Panel x \$1,000.00	= \$ 1,000.00
Pre-hearing conference: January 13, 2012 1 session	
Eleven (11) Hearing sessions x \$1,000.00	= \$11,000.00
Hearing Dates: October 1, 2012 2 sessions	
October 2, 2012 2 sessions	
October 3, 2012 2 sessions	
October 4, 2012 2 sessions	
October 5, 2012 2 sessions	
October 10, 2012 1 session	
Total Hearing Session Fees	= \$ 13,650.00

The Panel has assessed \$13,650.00 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

Frances Johnson Wright, J.D. - Public Arbitrator, Presiding Chair
Karen Colleen Washington - Public Arbitrator
Timothy Paul Davis - Non-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/ Frances Johnson Wright, J.D.
Frances Johnson Wright, J.D.
Public Arbitrator, Presiding Chair

December 14, 2012
Signature Date

/s/ Karen Colleen Washington
Karen Colleen Washington
Public Arbitrator

December 14, 2012
Signature Date

Dissenting Arbitrator's Signature:

Arbitrator Davis dissents as to the reasoning and result of the majority.

/s/ Timothy Paul Davis
Timothy Paul Davis
Non-Public Arbitrator

December 17, 2012
Signature Date

December 17, 2012
Date of Service (For FINRA office use only)

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Karen Colleen Washington - Public Arbitrator
Timothy Paul Davis - Non-Public Arbitrator

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Frances Johnson Wright 12/14/12
Frances Johnson Wright, J.D. Signature Date
Public Arbitrator, Presiding Chair

Karen Colleen Washington
Public Arbitrator

Signature Date

Dissenting Arbitrator's Signature:

Arbitrator Davis dissents as to the reasoning and result of the majority.

Timothy Paul Davis
Non-Public Arbitrator

Signature Date

Date of Service (For FINRA office use only)

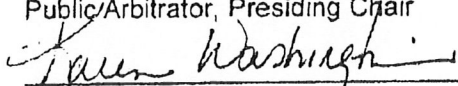
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Frances Johnson Wright, J.D.
Public Arbitrator, Presiding Chair


Karen Colleen Washington
Public Arbitrator

Signature Date

12/17/12

Signature Date

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Non-Public Arbitrator

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Public Arbitrator, Presiding Chair

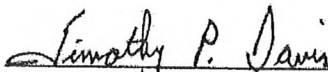
Signature Date

Karen Colleen Washington
Public Arbitrator

Signature Date

Dissenting Arbitrator's Signature:

Arbitrator Davis dissents as to the reasoning and result of the majority.



Timothy Paul Davis
Non-Public Arbitrator

12-17-2012

Signature Date

Date of Service (For FINRA office use only)