

**Award
FINRA Dispute Resolution**

In the Matter of the Arbitration Between:

Name of the Claimant
Edward W. Karrels

Case Number: 08-03266

Name of the Respondent
Morgan Keegan & Co., Inc.

Hearing Site: Nashville, TN

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

For Edward W. Karrels, hereinafter referred to as "Claimant": H. Naill Falls, Jr., Esq., Falls & Veach, Nashville, TN.

For Morgan Keegan & Co., Inc. ("Morgan Keegan"), hereinafter referred to as "Respondent": David A. King, Esq. and Wendy M. Warren, Esq., Bass, Berry & Sims, PLC, Memphis, TN.

CASE INFORMATION

Statement of Claim filed on or about: September 12, 2008.
Claimant signed the Submission Agreement: September 8, 2008.
Answer of Respondent Morgan Keegan & Company, Inc. to the Claim Asserted by Edward W. Karrels filed on or about: December 18, 2008.
Respondent signed the Submission Agreement: October 21, 2008.
Respondent's Motion to Exclude Irrelevant and Unfairly Prejudicial Regulatory Materials From Being Presented at the Hearing ("Motion to Exclude Irrelevant and Unfairly Prejudicial Regulatory Materials") filed on or about: January 20, 2011.
Claimant's Opposition to Motion to Exclude Irrelevant and Unfairly Prejudicial Regulatory Materials filed on or about: January 21, 2011.
Respondent's Reply in Further Support of its Motion to Exclude Irrelevant and Unfairly Prejudicial Regulatory Materials filed on or about: January 23, 2011.
Respondent's Motion to Exclude "Fund Management" Claims ("Motion to Exclude "Fund Management" Claims") filed on or about: January 20, 2011.
Claimant's Opposition to Motion to Exclude "Fund Management" Claims filed on or about: January 21, 2011.
Respondent's Reply in Further Support of its Motion to Exclude "Fund Management" Claims filed on or about: January 22, 2011.
Respondent's Motion to Exclude the Transcribed Statement of Carter E. Anthony ("Motion to Exclude Transcribed Statement") filed on or about: January 20, 2011.
Claimant's Opposition to Motion to Exclude Transcribed Statement filed on or about:

January 21, 2011.

CASE SUMMARY

Claimant asserted the following causes of action: recommendation of unsuitable transactions; failure to disclose material facts; reckless and negligent advice; breach of fiduciary duties; violation of state and federal securities laws; violation of the Tennessee Consumer Protection Act; and, violation of the common law of Tennessee. The causes of action relate to the purchase of the Regions Morgan Keegan Select Intermediate Fund in Claimant's account.

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

RELIEF REQUESTED

In the Statement of Claim, Claimant requested an unspecified amount of compensatory damages plus interest and all other relief permitted by the Tennessee Securities Act and the Tennessee Consumer Protection Act, attorneys' fees, litigation expenses, punitive damages, and such further relief as the undersigned arbitrators (the "Panel") deemed just and proper.

At the close of the hearing, Claimant requested compensatory damages of \$1,356,562.00, costs of \$18,500.00, and an award of attorneys' fees equal to one-third of the compensatory damages awarded.

Respondent requested dismissal of the Statement of Claim, costs, attorneys' fees, that the Panel assess all FINRA costs and assessments against Claimant, and such other further and general relief to which Respondent may be entitled.

OTHER ISSUES CONSIDERED AND DECIDED

The undersigned arbitrators acknowledge that they have read the pleadings and other materials filed by the parties.

During the evidentiary hearing, the Panel granted Respondent's Motion to Exclude Irrelevant and Unfairly Prejudicial Regulatory Materials, denied Respondent's Motion to Exclude "Fund Management" Claims, and denied Respondent's Motion to Exclude Transcribed Statement.

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 evidence presented at the hearing,

the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondent is liable and shall pay to Claimant compensatory damages in the sum of \$283,708.00, pre- and post-judgment interest specifically denied.

Respondent is liable and shall pay to Claimant attorneys' fees in the sum of \$70,927.00 and costs in the sum of \$18,500.00 pursuant to T.C.A. Section 48-2-122(f).

Any and all claims for relief not specifically addressed herein, including Claimant's request for punitive damages and Respondent's request for attorneys' fees, are denied.

FEES

Pursuant to the Code of Arbitration Procedure, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution assessed a filing fee* for each claim:

Initial claim filing fee = \$1,250.00

*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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party and a member firm, Respondent is assessed the following:

Member surcharge = \$1,500.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$2,200.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

November 17-20, 2009, adjournment by Claimant = \$1,000.00

The Panel has assessed the total adjournment fee of \$1,000.00 to Claimant.

Discovery-Related Motion Fees

Fees apply for each decision rendered on a discovery-related motion.

One (1) decision on a discovery-related motion on the papers
with one (1) arbitrator @ \$200.00/decision = \$ 200.00

Respondent submitted one (1) discovery-related motion

Total Discovery-Related Motion Fees = \$ 200.00

The Panel has assessed \$100.00 of the discovery-related motion fees to Claimant.

The Panel has assessed \$100.00 of the discovery-related motion fees to Respondent.

Hearing Session Fees and Assessments

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

One (1) Pre-hearing session with the Panel @ \$1,000.00/session	= \$1,000.00
Pre-hearing conference: January 23, 2009	1 session
Seven (7) Hearing sessions @ \$1,000.00/session	= \$7,000.00
Hearing Dates: January 25, 2011	2 sessions
January 26, 2011	2 sessions
January 27, 2011	3 sessions

Total Hearing Session Fees = \$8,000.00

The Panel has assessed \$4,000.00 of the hearing session fees to Claimant.

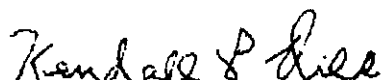
The Panel has assessed \$4,000.00 of the hearing session fees to Respondent.

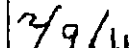
All balances are payable to FINRA Dispute Resolution and are due upon receipt.

ARBITRATION PANEL

Kendall P. Hill	-	Public Arbitrator, Presiding Chairperson
Kenneth M. Jackson	-	Public Arbitrator
Lovella L. Richardson, Ed. D	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures


Kendall P. Hill
Public Arbitrator, Presiding Chairperson


Signature Date

Kenneth M. Jackson
Public Arbitrator

Signature Date

The Panel has assessed \$100.00 of the discovery-related motion fees to Claimant.

The Panel has assessed \$100.00 of the discovery-related motion fees to Respondent.

Hearing Session Fees and Assessments

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

One (1) Pre-hearing session with the Panel @ \$1,000.00/session	= \$1,000.00
Pre-hearing conference: January 23, 2009 1 session	
Seven (7) Hearing sessions @ \$1,000.00/session	= \$7,000.00
Hearing Dates: January 25, 2011 2 sessions	
January 26, 2011 2 sessions	
January 27, 2011 3 sessions	
<hr/> Total Hearing Session Fees	<hr/> = \$8,000.00

The Panel has assessed \$4,000.00 of the hearing session fees to Claimant.

The Panel has assessed \$4,000.00 of the hearing session fees to Respondent.

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

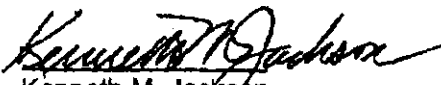
ARBITRATION PANEL

Kendall P. Hill - Public Arbitrator, Presiding Chairperson
Kenneth M. Jackson - Public Arbitrator
Lovella L. Richardson, Ed. D - Non-Public Arbitrator

Concurring Arbitrators' Signatures

Kendall P. Hill
Public Arbitrator, Presiding Chairperson

Signature Date


Kenneth M. Jackson
Public Arbitrator


February 9, 2011
Signature Date

