

**AWARD
FINRA Dispute Resolution**

In the Matter of the Arbitration Between:

Name of Claimant

Louis E. Liles

vs.

Case Number: 09-04638
Hearing Site: Houston, Texas

Name of Respondent

Morgan Keegan & Company, Inc.

NATURE OF THE DISPUTE

Customer vs. Member

REPRESENTATION OF PARTIES

Louis E. Liles ("Claimant") was represented by James A. Dunlap, Jr., Esq., James A. Dunlap, Jr. & Associates, LLC, Atlanta, Georgia.

Morgan Keegan & Company, Inc. ("Respondent" or "Morgan Keegan") was represented by John-David Thomas, Esq. and Samuel Felker, Esq., Bass, Berry & Sims, PLC, Nashville, Tennessee.

CASE INFORMATION

The Statement of Claim was filed on or about August 5, 2009. The Submission Agreement of Claimant, Louis E. Liles, was signed on or about July 30, 2009.

The Statement of Answer was filed by Respondent, Morgan Keegan & Company, Inc., on or about November 5, 2009. The Submission Agreement of Respondent, Morgan Keegan & Company, Inc., was signed on or about August 24, 2009.

CASE SUMMARY

Claimant asserted the following causes of action: breach of fiduciary duty; misrepresentation and failure to disclose material facts; constructive fraud; breach of contract; common law fraud; negligence; respondeat superior; negligent supervision; violation of federal securities laws; violation of Texas Securities Act; and violation of NASD and NYSE Rules. The causes of action related to RMK Multi-Sector High Income Fund ("RHY"). Claimant alleged that Respondent represented that the RHY Fund was a safe

and conservative investment, with the example that the RHY Fund would be safely secured by "hard assets" such as "an airline company's bond." Claimant alleged that at first the RHY Fund performed as predicted, however in 2007, the Fund collapsed by two thirds and Claimant alleged that he was told the Fund would rebound and not to sell. Claimant asserted that he relied on Respondent's misrepresentations and lost a substantial amount of his retirement funds.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimant failed to state a claim upon which relief can be granted; Claimant's claims are barred by the applicable statute of limitations; Claimant's claims are barred by the doctrines of due diligence, ratification, waiver, estoppel, contributory/comparative negligence, and assumption of risk; Claimant's claims are barred by his own breach of contractual obligations to Morgan Keegan; Claimant cannot prove any of the elements for a unsuitability cause of action; to the extent Claimant purports to assert that Morgan Keegan had an ongoing duty to monitor Claimant's non-discretionary account, Claimant misstated the law; Claimant cannot establish the requisite "scienter" on the part of Morgan Keegan; and any injury, or loss or damage, was the result of superseding or intervening causes beyond the control of Morgan Keegan, including, but not limited to, external market conditions and the acts of third parties not controlled by Morgan Keegan.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$183,000.00
Exemplary/Punitive Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	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.

On or about January 5, 2011, Respondent filed an Expedited Motion to Exclude Testimony and Bar the Presentation of Irrelevant Evidence Relating to Alleged Fund Mismanagement and a Motion to Exclude Irrelevant and Inadmissible Regulatory Materials. On or about

January 5, 2011, Claimant filed Brief in Support of Admission of Regulatory Findings of Fact. On or about January 10, 2011, Claimant filed a Response to Respondent's Motions to Strike Allegations of Fund Mismanagement and Motion to Strike Regulatory Findings of Fact. On or about January 18, 2011, a pre-hearing call was held with the Panel for oral arguments on the pending motions. On or about January 18, 2011, the Panel issued an Order denying Respondent's Expedited Motion to Exclude Testimony and Bar the Presentation of Irrelevant Evidence Relating to Alleged Fund Mismanagement and granting in part and denying in part Respondent's Motion to Exclude Irrelevant and Inadmissible Regulatory Materials. Specifically, Respondent's Motion relative to FINRA and SEC proceedings is granted, however Respondent's Motion relative to the Multi-State Task Force of Intent to Revoke Registration and Findings of Fact is denied.

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, Louis E. Liles, the sum of \$66,741.00 in compensatory damages;
- 2.) Respondent, Morgan Keegan & Company, Inc., is liable for and shall pay to Claimant, Louis E. Liles, the sum of \$5,000.00 in costs;
- 3.) Respondent, Morgan Keegan & Company, Inc., is liable for and shall pay to Claimant, Louis E. Liles, the sum of \$9,250.00 in costs for expert witness fees;
- 4.) Respondent, Morgan Keegan & Company, Inc., is liable for and shall pay to Claimant, Louis E. Liles, the sum of \$300.00 in costs as reimbursement of the non-refundable portion of the filing fee; and
- 5.) Any relief not specifically enumerated, including punitive damages and attorneys' fees, 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 = \$ 1,425.00

**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. assessed the following:

Member surcharge = \$ 1,700.00
Pre-hearing process fee = \$ 750.00
Hearing process fee = \$ 2,750.00

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 \$1,125.00		= \$ 2,250.00
Pre-hearing conferences:	January 21, 2010	1 session
	January 18, 2011	1 session
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Ten (10) Hearing sessions x \$1,125.00		= \$11,250.00
Hearing Dates:	January 24, 2011	2 sessions
	January 25, 2011	2 sessions
	January 26, 2011	3 sessions
	January 27, 2011	3 sessions
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Total Hearing Session Fees		= \$13,500.00

The Panel has assessed \$13,500.00 of the hearing session fees to Morgan Keegan & Company, Inc.

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

ARBITRATION PANEL

Charles E. Munson, Jr., J.D. - Public Arbitrator, Presiding Chair
Bertrand C. Moser - Public Arbitrator
Peter Benz Dickens - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

/s/ Charles E. Munson, Jr., J.D.
Charles E. Munson, Jr., J.D.
Public Arbitrator, Presiding Chair

February 9, 2011
Signature Date

/s/ Bertrand C. Moser
Bertrand C. Moser
Public Arbitrator

February 8, 2011
Signature Date

/s/ Peter Benz Dickens
Peter Benz Dickens
Non-Public Arbitrator


February 9, 2011
Signature Date

February 9, 2011
Date of Service (For FINRA office use only)

ARBITRATION PANEL

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Bertrand C. Moser - Public Arbitrator
Peter Benz Dickens - Non-Public Arbitrator

Concurring Arbitrators' Signatures:



Charles E. Munson, Jr., J.D.
Public Arbitrator, Presiding Chair

2/9/11
Signature Date

Bertrand C. Moser
Public Arbitrator

Signature Date

Peter Benz Dickens
Non-Public Arbitrator


Signature Date

Date of Service (For FINRA office use only)

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Peter Benz Dickens - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Charles E. Munson, Jr., J.D.
Public Arbitrator, Presiding Chair


Bertrand C. Moser
Public Arbitrator

Signature Date
2/8/2011

Signature Date

Peter Benz Dickens
Non-Public Arbitrator

Signature Date

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