

Award
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Case Number: 08-03677

Rose Miniaci as Trustee of the
Rose Miniaci Revocable Trust
Beatriz Miniaci as Trustee of the
Beatriz Miniaci Revocable Trust
Dominick Miniaci as Trustee of the
Dominick Miniaci Revocable Trust
Albert Miniaci as Trustee of the
Albert Miniaci Revocable Trust
Paramount Vending, Inc.

Name of the Respondent

Hearing Site: Ft. Lauderdale, Florida

Morgan Keegan & Company, Inc.

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

For Rose Miniaci as Trustee of the Rose Miniaci Revocable Trust ("Rose Miniaci"), Beatriz Miniaci as Trustee of the Beatriz Miniaci Revocable Trust ("Beatriz Miniaci"), Dominick Miniaci as Trustee of the Dominick Miniaci Revocable Trust ("Dominick Miniaci"), Albert Miniaci as Trustee of the Albert Miniaci Revocable Trust ("Albert Miniaci") and Paramount Vending, Inc. ("Paramount"), hereinafter collectively referred to as "Claimants": Jeffrey Erez, Esq. and Jeffrey R. Sonn, Esq., Sonn & Erez, PLC, Ft. Lauderdale, Florida.

For Morgan Keegan & Company, Inc. ("Morgan Keegan"), hereinafter referred to as "Respondent": Bradley B. Rounsaville, Esq. and T. Louis Coppedge, Esq., Maynard Cooper & Gale, P.C., Birmingham, Alabama.

CASE INFORMATION

Statement of Claim filed on or about: October 7, 2008.

Claimant Rose Miniaci signed the Submission Agreement: September 29, 2008.

Claimant Beatriz Miniaci signed the Submission Agreement: September 28, 2008.

Claimant Dominick Miniaci signed the Submission Agreement: October 1, 2008.

Claimant Albert Miniaci signed the Submission Agreement: September 28, 2008.

Claimant Paramount signed the Submission Agreement: September 26, 2008.

Respondent signed the Submission Agreement: October 23, 2008.

Statement of Answer filed by Respondent on or about: December 22, 2008.

Motion for Leave to Amend Statement of Claim and Amended Statement of Claim filed on or about: September 22, 2009.

Response to Claimants' Motion for Leave to Amend Statement of Claim filed on or about: October 7, 2009.

Motion to Exclude Irrelevant and Inadmissible Regulatory Materials and Motion to Exclude Testimony and Bar the Presentation of Irrelevant Evidence Relating to Fund Management filed by Respondent on or about: May 4, 2010.

Claimants' Opposition to Respondent's Motion to Exclude Irrelevant and Inadmissible Regulatory Materials and Motion to Exclude Testimony and Bar the Presentation of Irrelevant Evidence Relating to Fund Management filed on or about: May 14, 2010.

CASE SUMMARY

Claimants asserted the following causes of action: 1) unsuitability; 2) breach of fiduciary duty; 3) negligence; 4) negligent supervision; 5) fraud; 6) breach of contract; 7) violation of Section 11 of the Securities Act of 1933; 8) violation of Section 12(a)(2) of the Securities Act of 1933; 9) misrepresentation; and, 10) violation of the Florida Securities and Investor Protection Act (Florida Statutes, Chapter 517). The causes of action relate to Claimants' investments in: (a) the RMK Select Intermediate Bond Fund; (b) the RMK Advantage Income Fund; and, (c) the RMK Multi-Sector High Income Fund.

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

RELIEF REQUESTED

In the Statement of Claim, as amended, Claimants requested: 1) an award against Respondent for rescission and/or compensatory damages in excess of \$1,000,000.00; 2) unspecified punitive damages; 3) interest; 4) costs; 5) attorneys' fees; and, 6) such other and further relief this Panel deems just and proper.

In its Answer to the Statement of Claim, as amended, Respondent requested that the Panel: 1) reject Claimants' Statement of Claim in its entirety; 2) order that all of Respondent's attorneys' fees and costs be paid by Claimants; and, 3) order that forum fees be borne by Claimants.

OTHER ISSUES CONSIDERED AND DECIDED

The Panel acknowledges that they have each read the pleadings and other materials filed by the parties.

On or about September 22, 2009, Claimants filed a Motion for Leave to Amend the Statement of Claim for the purpose of adding a claim for violation of the Florida Securities and Investor Protection Act (Florida Statutes, Chapter 517). In its Response to the Motion for Leave to Amend Statement of Claim, Respondent asserted that Claimants' motion should be denied because it misstates the applicable law, misstates the substance of the proposed Amended Statement of Claim, and is prejudicial to Respondent. On or about, November 4, 2009, the Panel conducted a telephonic pre-hearing conference for the purpose of hearing oral argument on Claimants' motion. On or about November 11, 2009, the Panel issued an Order granting Claimants' motion.

At the outset of the evidentiary hearing, on or about May 24, 2010, the Panel heard oral argument on Respondent's Motion to Exclude Irrelevant and Inadmissible Regulatory

Materials and Motion to Exclude Testimony and Bar the Presentation of Irrelevant Evidence Relating to Fund Management and Claimants' opposition thereto. Thereafter, the Panel granted Respondent's motions.

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, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondent is liable on the claims of negligent supervision, misrepresentation and unsuitability and shall pay to Claimants the following: 1) as to Claimant Rose Miniaci as Trustee of the Rose Miniaci Revocable Trust, compensatory damages in the amount of \$292,009.32, inclusive of interest; 2) as to Claimant Beatriz Miniaci as Trustee of the Beatriz Miniaci Revocable Trust, compensatory damages in the amount of \$195,717.60, inclusive of interest; 3) as to Claimant Dominick Miniaci as Trustee of the Dominick Miniaci Revocable Trust, compensatory damages in the amount of \$205,199.67, inclusive of interest; 4) as to Claimant Albert Miniaci as Trustee of the Albert Miniaci Revocable Trust, compensatory damages in the amount of \$286,962.42, inclusive of interest; and, 5) as to Claimant Paramount Vending, Inc., compensatory damages in the amount of \$100,219.37, inclusive of interest. Respondent is not liable to Claimants on the claim for violation of the Florida Securities and Investor Protection Act (Florida Statutes, Chapter 517).

The parties' respective requests for attorneys' fees are denied.

Any and all claims for relief not specifically addressed herein, including Claimants' request for punitive damages, are denied.

FEES

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

Filing Fees

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

Initial claim filing fee = \$1,575.00

**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, Respondent is assessed the following:

Member surcharge = \$2,250.00

Pre-hearing process fee = \$ 750.00
Hearing process fee = \$4,000.00

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
(1) one 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 Claimants, jointly and severally.

The Panel has assessed \$100.00 of the contested motion for issuance of subpoenas 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:

Six (6) Pre-hearing sessions with a single arbitrator @ \$450.00/session = \$ 2,700.00
Pre-hearing conferences: July 23, 2009 1 session
November 16, 2009 1 session
November 19, 2009 1 session
December 1, 2009 1 session
December 23, 2009 1 session
December 30, 2009 1 session

Four (4) Pre-hearing sessions with the Panel @ \$1,200.00/session = \$ 4,800.00
Pre-hearing conferences: February 17, 2009 1 session
November 4, 2009 1 session
January 6, 2010 1 session
April 16, 2010 1 session

Twelve (12) Hearing sessions @ \$1,200.00/session = \$14,400.00
Hearing Dates: May 24, 2010 2 sessions
May 25, 2010 2 sessions
May 26, 2010 2 sessions
May 27, 2010 2 sessions
May 28, 2010 2 sessions
May 29, 2010 2 sessions

Total Hearing Session Fees = \$21,900.00

The Panel has assessed \$10,950.00 of the hearing session fees to Claimants, jointly and severally.

The Panel has assessed \$10,950.00 of the hearing session fees to Respondent.

Administrative Costs

Administrative costs are expenses incurred for special services beyond the normal administrative services. These include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, security and federal express charges.

Claimants are jointly and severally assessed \$39.48 for Federal Express charges in connection with delivery of Claimants' Reply in Further Support of Emergency Motion for Issuance of Notices to Appear to the Panel on April 12, 2010.

Respondent is assessed \$44.85 for Federal Express charges in connection with delivery of Respondent's Motion to Exclude Irrelevant Regulatory Materials and Motion to Exclude Testimony and Bar the Presentation of Evidence Relating to Fund Management to the Panel on May 17, 2010.

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

ARBITRATION PANEL

- Burt R. Rose - Public Arbitrator, Presiding Chairperson
- Stanley M. Goldberg - Public Arbitrator
- Michael S. Davidoff - Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/
Burt R. Rose
Public Arbitrator, Presiding Chairperson

June 9, 2010
Signature Date

/s/
Stanley M. Goldberg
Public Arbitrator

June 8, 2010
Signature Date

/s/
Michael S. Davidoff
Non-Public Arbitrator

June 9, 2010
Signature Date

June 9, 2010
Date of Service (For FINRA Dispute Resolution office use only)

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The Panel has assessed \$10,950.00 of the hearing session fees to Respondent.

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- Stanley M. Goldberg - Public Arbitrator
- Michael S. Davidoff - Non-Public Arbitrator

Concurring Arbitrators' Signatures

Burt R. Rose
Burt R. Rose
Public Arbitrator, Presiding Chairperson

06-09-10
Signature Date

Stanley M. Goldberg
Stanley M. Goldberg
Public Arbitrator

Signature Date

Michael S. Davidoff
Michael S. Davidoff
Non-Public Arbitrator

Signature Date

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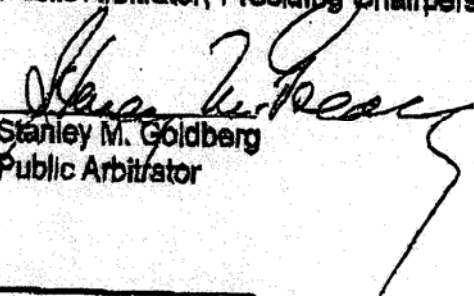
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- Michael S. Davidoff - Non-Public Arbitrator

Concurring Arbitrators' Signatures

Burt R. Rose
Public Arbitrator, Presiding Chairperson

Signature Date


Stanley M. Goldberg
Public Arbitrator

June 8 2010
Signature Date

Michael S. Davidoff
Non-Public Arbitrator

Signature Date

Date of Service (For FINRA Dispute Resolution office use only)

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Arbitration No. 08-03677
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The Panel has assessed \$10,850.00 of the hearing session fees to Respondent.

Administrative Costs

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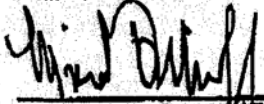
Concurring Arbitrators' Signatures

Burt R. Rose
Public Arbitrator, Presiding Chairperson

Signature Date

Stanley M. Goldberg
Public Arbitrator

Signature Date


Michael S. Davidoff
Non-Public Arbitrator

6-9-2010

Signature Date

Date of Service (For FINRA Dispute Resolution office use only)