



VIA MAIL AND FACSIMILE

205-803-0053

February 19, 2010

Caroline Smith Gidlere, Esq.
Leitman, Siegal, Payne & Campbell, P.C
2100-A Southbridge Parkway
Suite 450
Birmingham, AL 35209

Subject: FINRA Dispute Resolution Arbitration Number 08-03109
Andrew M. Stein, Stein Holdings, Inc., et al. vs. Morgan Keegan & Co., Inc.,

Dear Ms. Gidlere:

In accordance with the Code of Arbitration Procedure I enclose the decision reached by the arbitrator(s) in the above-referenced matter.

Responsibility to Pay Monetary Award

Pursuant to the Code of Arbitration Procedure¹ the responsible party must pay any monetary awards within 30 days of receipt unless a motion to vacate has been filed with a court of competent jurisdiction. If an award is not paid within 30 days, the responsible party must pay post-judgment interest at the legal rate or as provided in the award by the arbitrator(s).

Tracking Payment of Award

FINRA Dispute Resolution has implemented a system of monitoring and tracking compliance with arbitration awards by members and associated persons. We request prevailing claimants to notify us in writing when their awards have not been paid within 30 days of receipt of the award, and require member firms to certify in writing that they have complied with awards against them or their associated persons.

Written notification concerning award compliance or lack thereof must be directed to:

Avichai Badash
FINRA Dispute Resolution
One Liberty Plaza
165 Broadway, 52nd Floor

¹Customer Code Rule 12904
Industry Code Rule 13904
Old Code Rule 10330(h)

New York, NY 10006
212-858-4325 (tel) 301-527-4739 (fax)

Expedited Suspension Proceedings for Non-Payment of Awards

Members and associated persons who do not comply with an award in a timely manner are subject to expedited suspension proceedings as set forth in Rule 9554.

Right to File Motion to Vacate Award

All awards are **final** and are not subject to review or appeal by the arbitration panel or by FINRA Dispute Resolution. Any party wishing to challenge the award must make a motion to vacate the award in a **federal or state court** of appropriate jurisdiction pursuant to the Federal Arbitration Act, 9 U.S.C. § 10, or applicable state statute. There are limited grounds for vacating an arbitration award, and a party must bring a motion to vacate within the time period specified by the applicable statute. Parties and counsel should consult federal and state statutes and case law to determine the appropriate court, standards, and time limitations in their individual circumstances. FINRA Dispute Resolution is not authorized to provide legal advice concerning a motion to vacate.

A motion to vacate, confirm, or modify an arbitration award is a matter only between the parties to the arbitration. FINRA Dispute Resolution is not a proper party to post-award motions and should not be named as a party to any post-award motion. However, for cases filed on or after April 12, 2004, if the award contains expungement relief, or if a party seeks expungement relief in court, there may be a duty to name FINRA as a party as provided in Rule 2080.

Questions Concerning Award

Please direct any questions regarding this award to me. **The parties must not contact the arbitrators directly.**

Forum Fees

You will receive under separate cover an invoice that reflects the fees assessed and any outstanding balance or refund due. **Fees are due and payable to FINRA Dispute Resolution upon receipt of the invoice and remitted to the address specified on the invoice.**

Any applicable refunds will also be sent under separate cover approximately 45 days after the case closes. Pursuant to the Code of Arbitration Procedure, "Any refunds of fees or costs incurred under the Code will be paid directly to the named parties, even if a non-party made payment on behalf of the named parties."²

All questions regarding payment of fees and refunds should be directed to FINRA Finance at (240) 386-5910.

Arbitration Evaluation

As a service organization, the primary goals of FINRA Dispute Resolution are the integrity of its process and the satisfaction of its clients. To ensure that we are meeting your needs and

² Customer Code Rule 12902(e)
Industry Code Rule 13902(e)

satisfying our commitment to you, **we need to hear from you**. If you have not already done so, please take the time to complete an evaluation of our services, the process, and the arbitrator(s) assigned to your case. For your convenience, we have now made it possible for you to evaluate our services using the Internet. Please direct your Web browser to <http://www.finra.org/arbevaluation>.

If you do not have Internet access, or have difficulty completing the evaluation form online, we will send a hard copy evaluation form to you. The completed evaluation form should be mailed in to the address indicated below. If you need a hard copy of the evaluation form, please contact the undersigned. Whenever possible, however, we encourage you to use the new online version, as it will help us to review your feedback in a more expeditious manner. Your feedback is a valuable and necessary component in our efforts to serve you better.

Very truly yours,

/s/

Bonnie R. Simon
Senior Case Administrator
Phone: 561-416-0277
Fax: 301-527-4868
FL-Main@finra.org

BRS:dc2:LC09A
idr: 08/25/2009
Enclosure

RECIPIENTS:

Caroline Smith Gidlere, Esq., Stein Investments, LLC
Leitman, Siegal, Payne & Campbell, P.C, 2100-A Southbridge Parkway, Suite 450,
Birmingham, AL 35209

Caroline Smith Gidlere, Esq., Stein Holdings, Inc.
Leitman, Siegal, Payne & Campbell, P.C, 2100-A Southbridge Parkway, Suite 450,
Birmingham, AL 35209

Caroline Smith Gidlere, Esq., Andrew M. Stein
Leitman, Siegal, Payne & Campbell, P.C, 2100-A Southbridge Parkway, Suite 450,
Birmingham, AL 35209

Colleen D. Hitch, Esq., Morgan Keegan & Company Inc
Bass, Berry & Sims PLC, 100 Peabody Place, Suite 900, The Tower at Peabody Place,
Memphis, TN 38103-3672

Award
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Andrew M. Stein
Stein Holdings, Inc.
Stein Investments, LLC

Case Number: 08-03109

Name of the Respondent

Morgan Keegan & Company Inc.

Hearing Site: Boca Raton, Florida

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

For Andrew M. Stein, Stein Holdings, Inc. and Stein Investments, LLC, hereinafter collectively referred to as "Claimants": Andrew P. Campbell, Esq., Leitman, Siegal, Payne & Campbell, P.C., Birmingham, Alabama.

For Morgan Keegan & Company Inc., hereinafter referred to as "Respondent": Shepherd D. Tate, Esq., Bass, Berry & Sims PLC, Memphis, Tennessee.

CASE INFORMATION

Statement of Claim filed on or about: September 3, 2008.
Claimants signed the Submission Agreement: October 17, 2008.
Statement of Answer filed by Respondent on or about: February 6, 2009.
Respondent signed the Submission Agreement: November 5, 2008.
Motion to Amend filed by Claimant on or about: December 21, 2009.
Response to Motion to Amend filed by Respondent on or about: December 31, 2009.
Motion in Limine to Exclude Testimony and Bar the Presentation of Irrelevant Evidence filed by Respondent on or about: February 1, 2010.
Response to Motion in Limine to Exclude Testimony and Bar the Presentation of Irrelevant Evidence filed by Claimants on or about: February 3, 2010.
Amended Statement of Claim filed by Claimant on or about: January 26, 2010.

CASE SUMMARY

Claimants asserted the following causes of action: 1) violation of § 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. §78j(b)/SEC Rule 10b-5; 2) violation of § 11 of the Securities Act of 1933, 15 U.S.C. § 77k; 3) violation of § 12(a) of the Securities Act of 1933, 15 U.S.C. § 77l; 4) liability under § 15 of the Securities Act of 1933, 15 U.S.C. §77o; 5) violation of §34(b) of the Investment Company Act; 6) violation of the Tennessee Securities Act of 1980, T.C.A. §§ 48-2-101 *et seq.*; 7) violation of NASD Conduct Rules 2110, 2120, IM-2310-2 and 3010; 8) unsuitability; 9) breach of fiduciary duty; 10) negligence; 11) failure to supervise; 12) breach of contract; 13) fraud; 14)

vicarious liability; and, 15) civil conspiracy. The causes of action relate to the purchase of various funds, including but not limited to, the RMK Select Intermediate Bond I Fund, the RMK Select High Income I Fund, the RMK Advantage Fund, Inc., RMK Strategic Income Fund and the RMK Multi-Sector High Income Fund in Claimants' accounts.

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, Claimants requested compensatory damages in the amount of \$10,000,000.00, disgorgement of all fees and expenses, rescission, pre- and post-judgment interest at the maximum statutory rate, punitive damages, costs and expenses, reasonable attorneys' fees and such further relief as this Panel deemed appropriate.

At the close of the hearing, Claimants requested compensatory damages under four different calculations:

- 1) Out-of-pocket losses of \$6,142,133.00;
- 2) Market adjusted losses of \$8,008,271.00;
- 3) Statutory damages of \$10,828,311.00;
- 4) Capital losses of \$11,824,579.00, plus,

pre and post-judgment interest, punitive damages, attorneys' fees in the amount of \$350,000.00, witness fees in the amount of \$23,500.00 and other costs and expenses as determined by the Panel.

In the Statement of Answer, Respondent requested that the Statement of Claim be dismissed, costs, travel expenses, attorneys' fees, expert witness fees, an assessment of all FINRA fees to Claimants and such other, further and general relief as this Panel deemed it may be entitled.

At the close of the hearing, Respondent requested attorneys' fees in the amount of \$350,000.00 and other costs and expenses as determined by the Panel.

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 January 26, 2010, the Panel issued an Order that granted Claimants' Motion to Amend. The Amended Statement of Claim added the RMK Multi-Sector High Income Fund as an additional investment to Claimants' claim.

On or about February 5, 2010, the Panel issued an Order that denied Respondent's Motion in Limine to Exclude Testimony and Bar the Presentation of Irrelevant Evidence.

During the final hearings and after the close of Claimants' case-in-chief, Respondent made an ore tenus Motion for a Directed Verdict to which Claimants opposed. After

hearing oral argument from the parties, the Panel held an executive session and subsequently denied the motion.

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 found liable for unsuitability, negligence and failure to supervise and shall pay to Claimants compensatory damages in the amount of \$2,500,000.00, plus interest which shall accrue at the Florida statutory rate from thirty days after the date of service of the Award until payment.

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

FEEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution assessed a 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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, Respondent is a party and a member firm.

Member surcharge = \$3,350.00
Pre-hearing process fee = \$ 750.00
Hearing process fee = \$5,500.00

Discovery-Related Motion Fees

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

Two (2) Decisions on discovery-related motions on the papers
with (1) one arbitrator @ \$200.00 = \$ 400.00
Claimant submitted one discovery-related motion
Respondent submitted one discovery-related motion

Total Discovery-Related Motion Fees = \$ 400.00

The Panel has assessed \$200.00 of the discovery-related motion fee jointly and severally to Claimants.

The Panel has assessed \$200.00 of the discovery-related motion fee to Respondent.

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 with
one (1) arbitrator @\$200.00 = \$ 200.00

Total Contested Motion for Issuance of a Subpoena Fees = \$ 200.00

The Panel has assessed \$100.00 of the contested motion for the issuance of a subpoena fee jointly and severally to Claimants.

The Panel has assessed \$100.00 of the contested motion for the issuance of a subpoena fee 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 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 @ \$450.00/session = \$ 450.00
Pre-hearing conference: July 28, 2009 1 session

Two (2) Pre-hearing sessions with the Panel @ \$1,200.00/session = \$ 2,400.00
Pre-hearing conferences: March 30, 2009 1 session
January 26, 2010 1 session

Thirteen (13) Hearing sessions @ \$1,200.00/session = \$15,600.00
Hearing Dates: February 8, 2010 2 sessions
February 9, 2010 2 sessions
February 10, 2010 2 sessions
February 11, 2010 2 sessions
February 12, 2010 2 sessions
February 13, 2010 3 sessions

Total Hearing Session Fees = \$18,450.00

The Panel has assessed \$9,225.00 of the hearing session fees jointly and severally to Claimants.

The Panel has assessed \$9,225.00 of the hearing session fees to Respondent.

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

ARBITRATION PANEL

<i>Paul W. Serman</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>Myron S. Dunay</i>	-	<i>Public Arbitrator</i>
<i>Bernice Leah Stander</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures

 /s/
Paul W. Serman
Public Arbitrator, Presiding Chairperson

2/18/10
Signature Date

 /s/
Myron S. Dunay
Public Arbitrator

2/19/10
Signature Date

 /s/
Bernice Leah Stander
Non-Public Arbitrator

2/18/10
Signature Date

2/19/10
Date of Service (For FINRA Dispute Resolution use only)

FINRA Dispute Resolution
Arbitration No. 08-03109
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 Paul W. Sterman
 Public Arbitrator, Presiding Chairperson

2/18/2010

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 Myron S. Dunay
 Public Arbitrator

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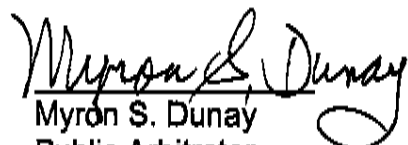
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Non-Public Arbitrator

2/18/10
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