

**Award**  
**FINRA Dispute Resolution**

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In the Matter of the Arbitration Between:

Claimant  
Horace Grant

Case Number: 08-00775

Respondent  
Morgan Keegan & Company Inc.

Hearing Site: Los Angeles, California

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Nature of the Dispute: Customer vs. Member

**REPRESENTATION OF PARTIES**

Claimant, Horace Grant, hereinafter referred to as "Claimant": Andrew Stoltmann, Esq., Stoltmann Law Offices, P.C., Chicago, Illinois.

Respondent, Morgan Keegan & Company Inc., hereinafter referred to as "Respondent": Terry R. Weiss, Esq., Greenberg Traurig LLP, Atlanta, Georgia.

**CASE INFORMATION**

Statement of Claim filed on: March 17, 2008

Claimant signed the Submission Agreement: March 12, 2008

Statement of Answer filed by Respondent on: July 10, 2008

Respondent signed the Submission Agreement: May 23, 2008

**CASE SUMMARY**

Claimant asserted the following causes of action: 1) misrepresentations and omissions; 2) violations of California Corporate Securities Code sections 25000, 25400(d), 25401 and 25216; 3) violation of the California Consumer Legal Remedies Act; 4) breach of fiduciary duty; 5) violation of NASD Conduct Rule 2110, Rule 2120, NASD Conduct Rule IM-2310-2 and NASD Conduct Rule 3010(a); 6) negligence; 7) failure to supervise; 8) breach of contract; 9) fraudulent misrepresentation; and 10) vicarious liability. The causes of action relate to investments in Regions Morgan Keegan Multi-Sector Income Fund, Regions Morgan Keegan High Income Fund, Regions Morgan Keegan Strategic Income Fund and Regions Morgan Keegan Advantage Income Fund.

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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:

- 1) Compensatory Damages in excess of \$1,503,423.68;
- 2) Punitive Damages;
- 3) Interest;
- 4) Attorneys' Fees; and
- 5) Other Costs.

Respondent requested dismissal of the Statement of Claim in its entirety and costs.

### **OTHER ISSUES CONSIDERED AND DECIDED**

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

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:

1. Respondent is liable and shall pay to Claimant compensatory damages in the sum of \$1,450,000.00.
2. Respondent is liable and shall pay to Claimant costs in the sum of \$10,000.00.
3. Any and all relief not specifically addressed herein, including punitive damages, is denied.

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### FEES

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 that employed the associated person at the time of the event 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

#### Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

August 24, 2009, adjournment by parties = Waived

#### Discovery-Related Motion Fees

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

Three (3) Decisions on discovery-related motions on the papers  
 with (1) one arbitrator @ \$200.00 = \$600.00

Respondent submitted (3) discovery-related motions

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Total Discovery-Related Motion Fees = \$600.00

The Panel has assessed \$600.00 of the discovery-related motion fees 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  
 (1) one arbitrator @ \$200.00 = \$200.00

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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 Respondent.

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**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 Panel @ \$1,200.00/session = \$1,200.00  
Pre-hearing conference: August 4, 2008 1 session

Eight (8) Hearing sessions @ \$1,200.00/session = \$9,600.00  
Hearing Dates: August 25, 2009 2 sessions  
August 26, 2009 2 sessions  
August 27, 2009 2 sessions  
August 28, 2009 2 sessions

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Total Hearing Session Fees = \$10,800.00

The Panel has assessed \$10,800.00 of the hearing session fees to Respondent.

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

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**ARBITRATION PANEL**

William J. Adams - Public Arbitrator, Presiding Chairperson  
William Lee Krantz - Public Arbitrator  
Jonathan Schwartz - Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

William J. Adams  
Public Arbitrator, Presiding Chairperson

Signature Date

  
William Lee Krantz  
Public Arbitrator

9-11-09  
Signature Date

Jonathan Schwartz  
Non-Public Arbitrator

Signature Date

9/11/09  
Date of Service (For FINRA Dispute Resolution use only)

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