

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20120341405-01

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Morgan Keegan & Company, LLC, Respondent
Broker-Dealer
CRD No. 4161

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Morgan Keegan & Company, LLC (the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

The Firm became a member of FINRA in September 1969, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On January 25, 2011, FINRA accepted the firm's AWC (20050032568), in which the firm agreed to a censure and a fine of \$55,000, which included a \$25,000 fine for best execution violations of NASD Rules 2110 and 2320 during the period between April 1, 2005 and September 30, 2005, and for best execution and market order timeliness violations of NASD Rules 2110, 2111(a) and 2320 during the periods between April 1, 2006 and June 30, 2006; January 1, 2007 and March 31, 2007; and July 1, 2007 and September 30, 2007.

SUMMARY

FINRA's Customer Issues Group conducted a regulatory Market Order Timeliness ("MOT") sweep to determine the firm's compliance with best execution and market order handling requirements during the period between October 1, 2011 and December 31, 2011 (the "review period").

FACTS AND VIOLATIVE CONDUCT

1. During the review period, on 48 occasions the firm failed to execute orders fully and promptly. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 2010 and 5320.
2. In 23 of the 48 instances referenced in paragraph one, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, as reflected on Exhibit A, which is attached. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2010 and NASD Rule 2320.

B. The firm also consents to the imposition of the following sanctions:

- A censure;
- A fine of \$15,000; and
- Restitution by Respondent to the customers listed on Exhibit A in the total amount of \$1,019.09, plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council. A registered principal of the firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution, to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850 or in an e-mail from a work-related account of the registered principal to **MarketRegulationComp@finra.org**, no later than 120 days after acceptance of this AWC. If for any reason, Respondent cannot locate any customer after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is unable to pay,

now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
- C. If accepted:
 - 1. This AWC will become part of the firm's permanent disciplinary record and may

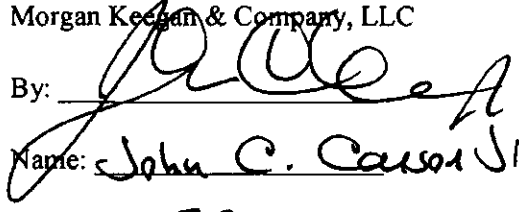
be considered in any future actions brought by FINRA or any other regulator against the firm;

2. This AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 4. The firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

3/17/14
Date

Respondent
Morgan Keegan & Company, LLC

By: 

Name: John C. Carson Jr.

Title: CEP

Reviewed by:

Attorney Name
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by FINRA:

5/1/2014
Date

Signed on behalf of the
Director of ODA, by delegated authority



Eric Brown
Chief Counsel, Legal Section
Department of Market Regulation

20120341405

Morgan Keegan & Company, Inc. ("MOKE")
4th Quarter 2011 Market Order Timeliness Review

Exhibit A

No.	Original Exception #	Order Receipt Date	Firm MPID	Order Received Time	Desk Received Time	Buy / Sell	Quantity	Issue Sym	Firm Order ID	Execution Time	Routing Firm MPID	Last Principal Fill	L/X Duration	Total Order Duration	Restitution Amount
1	1	10/19/2011	MOKE	09:56:43	09:56:43	SL	1,000	RBS PRE	SL0012	09:57:43		09:57:43	0:00:00	00:01:00	\$12.80
2	3	10/20/2011	MOKE	14:29:41	14:41:11	SL	133	ING	000RoYZJ	14:44:05		14:44:05	0:00:00	00:02:54	\$2.66
3	4	10/20/2011	MOKE	14:29:42	14:42:04	SL	57	NVS	000RoYZU	14:46:16		14:46:16	0:00:03	00:04:09	\$3.99
4	5	10/20/2011	MOKE	14:29:42	14:42:11	SL	79	PUK	000RoYZW	14:46:20		14:46:19	0:00:00	00:04:08	\$3.16
5	6	10/20/2011	MOKE	14:29:42	14:42:18	SL	39	RDS A	000RoYZY	14:48:03		14:48:03	0:00:02	00:05:43	\$4.29
6	7	10/20/2011	MOKE	14:29:42	14:42:14	SL	28	RCI	000RoYZX	14:46:23		14:46:23	0:00:00	00:04:09	\$1.68
7	8	10/20/2011	MOKE	14:29:42	14:42:25	SL	27	RYAAY	000RoYZ[	14:47:57		14:47:57	0:00:00	00:05:32	\$1.08
8	9	10/20/2011	MOKE	14:29:43	14:42:43	SL	245	SMFG	000RoYZ^	14:46:32		14:46:32	0:00:00	00:03:49	N/A
9	10	10/20/2011	MOKE	14:29:43	14:42:46	SL	96	SNY	000RoYZa	14:46:35		14:46:35	0:00:00	00:03:49	\$3.84
10	11	10/20/2011	MOKE	14:29:43	14:42:54	SL	48	TKC	000RoYZc	14:46:41		14:46:41	0:00:00	00:03:47	N/A*
11	12	10/20/2011	MOKE	14:29:43	14:43:13	SL	49	TOT	000RoYZh	14:46:51		14:46:51	0:00:02	00:03:36	N/A
12	13	10/20/2011	MOKE	14:29:43	14:43:16	SL	205	TSM	000RoYZi	14:46:55		14:46:55	0:00:00	00:03:39	N/A
13	14	10/20/2011	MOKE	14:29:43	14:43:27	SL	67	VALE	000RoYZj	14:47:07		14:47:07	0:00:02	00:03:38	N/A*
14	15	10/20/2011	MOKE	14:29:43	14:43:24	SL	76	UL	000RoYZk	14:47:02		14:47:02	0:00:00	00:03:38	N/A
15	16	11/2/2011	MOKE	09:54:42	09:54:42	SL	13	NBG PRA	NO0042	09:55:37		09:55:37	0:00:00	00:00:55	N/A
16	17	11/7/2011	MOKE	09:34:39	09:34:39	SL	850	XTEX	FL0004	09:35:21		09:35:21	0:00:00	00:00:42	\$99.50
17	18	11/7/2011	MOKE	14:04:35	14:04:35	SL	634	BCS PR	FL0253	14:06:01		14:06:00	0:00:00	00:01:25	N/A
18	19	11/11/2011	MOKE	13:25:32	13:25:32	B	65	HZK	LL0002	13:26:03		13:26:02	0:00:00	00:00:30	N/A
19	20	11/11/2011	MOKE	13:55:03	13:55:03	B	2,645	FDUS	MA0056	13:58:27		13:58:27	0:00:00	00:03:24	\$50.10
20	21	11/15/2011	MOKE	10:43:38	10:43:38	SL	600	EP PRC	BI0216	10:44:35		10:44:35	0:00:00	00:00:57	N/A
21	22	11/21/2011	MOKE	15:56:38	15:56:38	SL	178	NHC PRA	EI0273	15:57:25		15:57:25	0:00:00	00:00:47	N/A
22	23	11/22/2011	MOKE	12:16:55	12:16:55	B	3,500	HERO	PC0010	12:19:40		12:19:40	0:00:00	00:02:45	\$2.50
23	24	11/30/2011	MOKE	10:44:40	10:44:40	B	1,000	CTW	AU0079	10:45:14		10:45:13	0:00:00	00:00:33	N/A
24	25	12/2/2011	MOKE	09:44:02	09:44:02	B	1,250	SUSS				:45:24	0:00:00	00:01:22	\$57.50
25	26	12/2/2011	MOKE	13:55:46	13:55:46	SL	2,650	SUSS	FL0078	14:03:18		14:03:18	0:00:00	00:07:32	\$81.50
26	27	12/5/2011	MOKE	10:18:52	10:18:52	SL	1,000	SUSS	AT0076	10:20:48		10:20:48	0:00:00	00:01:56	\$10.00
27	28	12/5/2011	MOKE	10:21:37	10:21:37	SL	750	SUSS	AT0078	10:25:38		10:25:38	0:00:00	00:04:01	\$12.50
28	29	12/5/2011	MOKE	10:33:11	10:33:11	SL	2,500	SUSS	AT0087	10:34:55		10:34:55	0:00:00	00:01:44	\$41.90
29	30	12/6/2011	MOKE	10:13:13	10:13:13	SL	1,500	SUSS	AT0052	10:15:29		10:15:29	0:00:00	00:02:16	\$29.95
30	31	12/7/2011	MOKE	13:58:13	13:58:13	SL	5,000	TMK	BI0160	13:59:45		13:59:45	0:00:00	00:01:32	\$118.99
31	32	12/8/2011	MOKE	14:26:08	14:26:08	B	1,000	DTZ	FL0091	14:29:27		14:29:27	0:00:00	00:03:19	\$19.00
32	33	12/9/2011	MOKE	15:48:10	15:48:10	SL	1,000	SUSS	FL0110	15:48:50		15:48:49	0:00:00	00:00:39	N/A
33	34	12/12/2011	MOKE	11:05:58	11:05:58	B	450	DTZ	AA0069	11:06:56		11:06:56	0:00:00	00:00:58	N/A
34	35	12/12/2011	MOKE	11:20:01		SL	2,000	FTTB	2C67D389	11:21:52	NBSI	11:21:52	0:00:01	00:01:50	N/A
35	36	12/12/2011	MOKE	14:26:25	14:26:25	SL	5,000	CONN	LL0007	14:30:01		14:30:01	0:00:00	00:03:36	\$367.50
36	37	12/12/2011	MOKE	15:33:13	15:33:13	SL	2	ALR PRB	BI0189	15:33:52		15:33:52	0:00:00	00:00:39	N/A

STAR No. 20120341405 (ST)

37	38	12/14/2011	MOKE	12:10:33	12:10:33	B	5,000	HERO	KN0093	12:12:06	12:12:06	0:00:00	00:01:33	\$76.00
38	39	12/19/2011	MOKE	09:29:24	09:29:24	B	25	ISRG	AT0008	09:30:59	09:30:59	0:00:00	00:01:35	\$15.25
39	40	12/22/2011	MOKE	10:30:16	10:30:16	B	756	DTZ	AA0067	10:31:33	10:31:32	0:00:00	00:01:16	\$3.40
40	41	12/22/2011	MOKE	11:45:31	11:45:31	SL	2,000	SBCF	FW0017	11:47:46	11:47:46	0:00:00	00:02:15	N/A
41	42	12/22/2011	MOKE	13:46:51	13:46:51	B	988	XTEX	BT0031	13:49:15	13:49:15	0:00:00	00:02:24	N/A
42	43	12/27/2011	MOKE	11:26:25	11:26:25	B	95	ORCL	JA0063	11:27:07	11:27:07	0:00:00	00:00:42	N/A
43	44	12/27/2011	MOKE	11:48:10	11:48:10	B	194	MSFT	CH0053	11:49:26	11:49:26	0:00:00	00:01:16	N/A
44	46	12/27/2011	MOKE	12:23:13	12:23:13	SL	55	NUAN	JX0034	12:23:56	12:23:56	0:00:00	00:00:43	N/A
45	47	12/27/2011	MOKE	12:42:02	12:42:02	B	140	MSFT	LX0031	12:43:21	12:43:21	0:00:00	00:01:19	N/A
46	48	12/28/2011	MOKE	14:34:47	14:34:47	SL	800	BCS PRC	AG0046	14:40:03	14:40:02	0:00:00	00:05:15	N/A
47	49	12/29/2011	MOKE	09:57:17	09:57:17	B	1	HHY	GA0101	10:01:08	10:01:08	0:00:00	00:03:51	N/A
48	50	12/29/2011	MOKE	10:44:46	10:44:46	B	15	PSA PRP	GA0248	10:45:29	10:45:29	0:00:00	00:00:43	N/A

*The restitution figure was less than \$1.00.

Total: \$1,019.09