

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 20120347073-01

**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, Respondent 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 has been a member of FINRA, and its predecessor NASD, since September 3, 1969, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On January 25, 2011, FINRA accepted the firm's AWC (FINRA Matter No. 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 April 1, 2005 through September 30, 2005, and for best execution and market order timeliness violations of NASD Rules 2110, 2111(a) and 2320 during the periods April 1, 2006 through June 30, 2006; January 1, 2007 through March 31, 2007; and July 1, 2007 through September 30, 2007.

SUMMARY

In connection with FINRA Matter No. 20120347073, the Customer Issues Group of the Department of Market Regulation (the "staff") conducted a Market Order Timeliness ("MOT") Review to determine the firm's compliance with best execution and market order handling requirements during the period July 1, 2012 through September 30, 2012 (the "review period").

FACTS AND VIOLATIVE CONDUCT

In connection with FINRA Matter No. 20120347073, the staff found that:

1. During the review period, on 50 occasions the firm failed to execute orders fully and promptly. In three of the 50 instances, 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.¹ The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 2010 and 5310.
2. The firm failed to show the correct time of entry on the memorandum of 17 brokerage orders during the review period. The conduct described in this paragraph constitutes a violation of SEC Rule 17a-3 and FINRA Rule 4511.

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

A censure and a \$17,500 fine (\$15,000 for the MOT and best execution violations; and \$2,500 for the recordkeeping violation).

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.

¹ No restitution payment is provided for in the AWC because the firm paid restitution to the affected customers.

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 Chief Legal Officer, 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: (a) testimonial obligations; or (b) 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.

10/15/14
Date

Morgan Keegan & Company, LLC,
Respondent

By: 

Name: John Carlson

Title: President

Accepted by FINRA:

10/28/14
Date

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


Gerard P. Finn
Chief Counsel, Legal Section
Department of Market Regulation

Part I: Information Report to OATS														Part II: Staff's Analysis				
Exception #	Order Receipt Date	Event Type	Firm MPID	Order Received Time	Desk Received Time	Buy / Sell	Quantity	Issue Sym	Market Class	Firm Order ID	Special Handling Codes	Reporting Exception Code	Execution Time	Last Principal Fill	Total Order Duration	MOT Violation	Restitution Due	Books and Records Concern
1	7/2/2012	NW	MOKE	10:29:24	10:29:24	SL	1,000	SCE PRF	COS	BI0034			10:30:28	10:30:28	0:01:04	Yes	N/A	N/A
2	7/9/2012	NW	MOKE	11:30:55	11:30:55	B	600	RJD	COS	AG0029			11:32:10	11:32:10	0:01:15	Yes	N/A	N/A
3	7/9/2012	NW	MOKE	11:55:14	11:55:14	SL	79	AXS PRA	COS	FL0043			11:55:53	11:55:52	0:00:38	Yes	N/A	N/A
4	7/20/2012	NW	MOKE	12:00:00	12:12:20	SL	400	CSP	COS	FB0343			12:13:43	12:13:43	0:01:23	Yes	N/A	Yes
5	7/20/2012	NW	MOKE	12:00:00	12:26:25	SL	20	PCG PRA	COS	FB0739			12:27:06	12:27:06	0:00:41	Yes	N/A	Yes
6	7/20/2012	NW	MOKE	12:00:00	12:26:27	SL	200	PCG PRD	COS	FB0740			12:27:06	12:27:05	0:00:38	Yes	N/A*	Yes
7	7/20/2012	NW	MOKE	12:00:00	12:26:29	SL	95	PCG PRE	COS	FB0741			12:27:06	12:27:05	0:00:36	Yes	N/A	Yes
8	7/20/2012	NW	MOKE	12:36:38	12:37:09	B	400	APW	COS	AA0193			12:37:53	12:37:53	0:00:44	Yes	N/A	N/A
9	7/25/2012	NW	MOKE	10:41:39	10:41:43	SL	300	PFH	COS	AG0021			10:42:16	10:42:16	0:00:33	Yes	N/A	N/A
10	7/25/2012	NW	MOKE	12:34:46	12:34:53	B	1,000	AFF	COS	MI0057			12:35:23	12:35:23	0:00:30	Yes	N/A	N/A
11	7/27/2012	NW	MOKE	12:01:59	12:02:21	SL	60	CTW	COS	BI0119			12:03:56	12:03:56	0:01:35	Yes	N/A	N/A
12	8/1/2012	NW	MOKE	02:00:00	11:17:05	B	6	JHP	COS	GA0264			11:17:58	11:17:58	0:00:53	Yes	N/A	Yes
13	8/2/2012	NW	MOKE	09:48:52	09:50:21	B	500	WNA PR	COS	BI0033			09:51:40	09:51:40	0:01:19	Yes	N/A	N/A
14	8/2/2012	NW	MOKE	10:03:48	10:04:01	SL	60	EMZ	COS	MT0009			10:04:50	10:04:50	0:00:49	Yes	N/A	N/A
15	8/2/2012	NW	MOKE	12:50:18	12:50:30	B	400	BRT PRE	COS	NP0036			12:51:38	12:51:38	0:01:08	Yes	\$3.60	N/A
16	8/7/2012	NW	MOKE	10:52:07	10:52:07	B	1,000	RBS PRL	COS	FL0035			10:54:45	10:54:44	0:02:37	Yes	N/A	N/A
17	8/7/2012	NW	MOKE	11:05:24	11:05:29	SL	700	JHP	COS	AG0063			11:06:02	11:06:02	0:00:33	Yes	N/A	N/A
18	8/13/2012	NW	MOKE	10:37:06	10:37:17	B	333	ISD	COS	BI0045			10:37:53	10:37:53	0:00:36	Yes	N/A	N/A
19	8/14/2012	NW	MOKE	11:19:03	11:21:54	B	950	PL PRC	COS	BI0052			11:22:34	11:22:34	0:00:40	Yes	N/A	N/A
20	8/15/2012	NW	MOKE	09:36:00	09:45:20	B	1,101	FSD	COS	GA0067			09:47:47	09:47:47	0:02:27	Yes	N/A	Yes
21	8/15/2012	NW	MOKE	09:46:00	09:48:51	B	80	IID	COS	GA0075			09:49:31	09:49:31	0:00:40	Yes	N/A	Yes
22	8/15/2012	NW	MOKE	15:00:27	15:00:33	SL	1,000	XAA	COS	FL0163			15:03:16	15:03:16	0:02:43	Yes	N/A	N/A
23	8/15/2012	NW	MOKE	15:01:15	15:01:24	SL	600	EQT	COS	FL0164			15:03:16	15:03:16	0:01:52	Yes	N/A	N/A
24	8/15/2012	NW	MOKE	15:44:45	15:44:58	B	285	BGCA	COS	JX0156			15:45:43	15:45:43	0:00:45	Yes	N/A	N/A
25	8/16/2012	NW	MOKE	10:26:09	10:26:15	SL	200	GOF	COS	OR0010			10:27:29	10:27:29	0:01:14	Yes	N/A	N/A
26	8/16/2012	NW	MOKE	12:12:05	12:12:16	SL	500	MMD	COS	DA0032			12:13:10	12:13:10	0:00:54	Yes	N/A	N/A
27	8/28/2012	NW	MOKE	12:08:19	12:08:43	B	600	AGO PRB	COS	JA0111			12:09:13	12:09:13	0:00:30	Yes	\$23.80	N/A
28	8/28/2012	NW	MOKE	15:19:47	15:20:08	B	500	INZ	COS	OR0054			15:21:19	15:21:19	0:01:11	Yes	N/A	N/A
29	8/30/2012	NW	MOKE	01:00:00	11:06:22	B	1	HHY	COS	GA0139			11:07:06	11:07:06	0:00:44	Yes	N/A	Yes
30	9/4/2012	NW	MOKE	01:00:00	11:48:26	B	755	TMK PRA	COS	GA0332			11:49:39	11:49:39	0:01:13	Yes	N/A	Yes
31	9/4/2012	NW	MOKE	09:40:00	09:44:19	B	30	BK PRE	COS	GA0213			09:45:58	09:45:58	0:01:39	Yes	N/A	Yes
32	9/4/2012	NW	MOKE	14:58:20	14:58:34	B	400	SNHN	COS	AU0041			15:06:14	15:06:14	0:07:40	Yes	N/A	N/A
33	9/5/2012	NW	MOKE	01:00:00	10:35:16	B	52	NEE PRF	COS	GA0142			10:36:51	10:36:51	0:01:35	Yes	N/A	Yes
34	9/5/2012	NW	MOKE	13:27:43	13:27:52	SL	300	APW	COS	FL0079			13:29:02	13:29:02	0:01:10	Yes	N/A	N/A
35	9/6/2012	NW	MOKE	12:09:38	12:09:41	SL	1,000	SWJ	COS	BI0141			12:11:04	12:11:04	0:01:23	Yes	N/A	N/A
36	9/13/2012	NW	MOKE	02:01:00	14:03:54	SL	200	NEE PRG	COS	AL0085			14:05:32	14:05:32	0:01:38	Yes	N/A	Yes
37	9/17/2012	NW	MOKE	01:00:00	11:00:21	B	11	MTB PRA	COS	GA0203			11:01:34	11:01:34	0:01:13	Yes	N/A	Yes
38	9/17/2012	NW	MOKE	01:00:00	11:35:52	B	4	WLCP	NNM	GA0256			11:36:23	11:36:23	0:00:31	Yes	N/A	Yes
39	9/17/2012	NW	MOKE	09:51:00	09:56:27	B	47	BCS PRC	COS	GA0013			09:57:17	09:57:17	0:00:50	Yes	N/A	Yes
40	9/17/2012	NW	MOKE	12:18:00	12:18:52	B	6	C PRM	COS	GA0374			12:19:23	12:19:22	0:00:30	Yes	N/A	Yes
41	9/19/2012	NW	MOKE	14:17:10	14:18:08	SL	15	GGT	COS	FB0028			14:18:38	14:18:38	0:00:30	Yes	N/A	N/A
42	9/21/2012	NW	MOKE	01:00:00	10:11:42	B	187	GGT	COS	GA0195			10:13:02	10:13:02	0:01:20	Yes	N/A	Yes
43	9/21/2012	NW	MOKE	10:48:49	10:48:56	SL	50	GOF	COS	OR0012			10:49:48	10:49:48	0:00:52	Yes	N/A	N/A
44	9/24/2012	NW	MOKE	11:30:07	11:30:16	B	500	ISD	COS	MI0041			11:30:49	11:30:49	0:00:33	Yes	N/A	N/A
45	9/24/2012	NW	MOKE	14:16:31	14:16:44	SL	219	EAA	COS	CH0143			14:17:17	14:17:17	0:00:33	Yes	N/A	N/A
46	9/25/2012	NW	MOKE	11:20:56	11:21:04	SL	419	FSD	COS	SL0044			11:22:08	11:22:08	0:01:04	Yes	N/A	N/A
47	9/25/2012	NW	MOKE	13:58:23	13:58:52	SL	346	FSD	COS	AL0063			14:00:07	14:00:06	0:01:14	Yes	N/A	N/A
48	9/25/2012	NW	MOKE	14:11:01	14:11:15	SL	173	FSD	COS	AL0066			14:12:47	14:12:47	0:01:32	Yes	N/A	N/A
49	9/25/2012	NW	MOKE	15:40:36	15:40:42	B	520	EOI	COS	SR0034			15:41:38	15:41:38	0:00:56	Yes	N/A	N/A
50	9/28/2012	NW	MOKE	13:29:03	13:29:21	SL	200	BCS PRC	COS	RD0035			13:32:49	13:32:49	0:00:28	Yes	N/A	N/A

*The restitution amount was less than \$1.00.

Total MOT Violations: 50

Total Books and Records Violations: 17

Total Amount of Restitution: \$27.40