

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimant

Willa Poynter

v.

Case Number: 04-04216

Hearing Site: Louisville, Kentucky

Respondents

Morgan Keegan & Company, Inc., and
John Sheldon Cotton

and

Counter-Claimant

Morgan Keegan & Company, Inc.

v.

Counter-Respondent

Willa Poynter

and

Counter-Claimant

John Sheldon Cotton

v.

Counter-Respondent

Willa Poynter

NATURE OF DISPUTE

Customer v. Member and Associated Person, Member v. Customer, Associated Person v. Customer

REPRESENTATION OF PARTIES

Willa Poynter ("Poynter" or "Claimant") was represented by James A. Shuffett, Esq., Lexington, Kentucky.

Morgan Keegan & Company, Inc. ("Morgan Keegan") was represented by Neil Prosser, Esq., Morgan Keegan & Company, Inc., Memphis, Tennessee.

John Sheldon Cotton ("Cotton") appeared *pro se*.

CASE INFORMATION

The Statement of Claim was filed on or about June 15, 2004. The Submission Agreement of Claimant was signed on or about June 14, 2004.

The Statement of Answer and Counterclaim was filed by Respondent Morgan Keegan on or about August 9, 2004. The Submission Agreement of Morgan Keegan was signed on or about August 6, 2004 by Neil Prosser, Esq.

Respondent Cotton adopted Morgan Keegan's Statement of Answer and Counterclaim on or about August 19, 2004. The Submission Agreement of Cotton was signed on or about September 22, 2004.

CASE SUMMARY

Claimant asserted the following causes of action: unsuitability; breach of fiduciary duty; failure to supervise; and misrepresentation. Claimant alleged that Respondents executed multiple sales and purchases of securities and options that were unsuitable for her and led to substantial losses to her account.

Unless specifically admitted in its Answer, Respondent Morgan Keegan denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: the Claimant's claims are barred by the doctrines of ratification, waiver, estoppel, contributory/comparative negligence, laches and assumption of the risk; Claimant's claims are barred by virtue of her breach of her contractual obligation to Morgan Keegan and her failure to use due diligence in monitoring her account; and Claimant cannot establish "scienter" which is a requirement for a fraud, unsuitability and churning claim.

Unless specifically admitted in his Answer, Respondent Cotton denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: the Claimant's claims are barred by the doctrines of ratification, waiver, estoppel, contributory/comparative negligence, laches and assumption of the risk; Claimant's claims are barred by virtue of her breach of her contractual obligation to Morgan Keegan and her failure to use due diligence in monitoring her account; and Claimant cannot establish "scienter" which is a requirement for a fraud, unsuitability and churning claim.

In its Counterclaim, Morgan Keegan denied the allegations and asserted that Claimant's accounts were wholly suitable given her age, investment objectives, experience and financial condition and that the Claimant both knew of and approved the purchase and sale of the stocks and options.

In his Counterclaim, Cotton denied the allegations and asserted that Claimant's accounts were wholly suitable given her age, investment objectives, experience and financial condition and that the Claimant both knew of and approved the purchase and sale of the stocks and options.

RELIEF REQUESTED

Claimant requested an award in the amount of \$300,000.00, \$900,597.60 in punitive damages, interest, \$300,000.00 in attorneys' fees and any other cost associated with this proceeding.

Respondent Morgan Keegan requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees and whatever relief this panel deemed just and fair.

Respondent Cotton requested that the claims asserted against him be denied in their entirety and that he be awarded his costs and attorneys' fees and whatever relief this panel deemed just and fair.

In its Counterclaim, Morgan Keegan requested that the claims asserted against it be denied in its entirety and that it be awarded its costs and expenses it incurred in defending this matter.

In his Counterclaim, Cotton requested that the claims asserted against him be denied in their entirety and that he be awarded his costs and expenses incurred in defending this matter.

OTHER ISSUES CONSIDERED & DECIDED

After the Claimant's case, Respondent Morgan Keegan orally moved for a Motion for Summary Judgment. The panel 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. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with NASD Dispute Resolution ("NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

- 1) Claimant's claim, each and all, against Respondents, Morgan Keegan & Company, Inc., and John Sheldon Cotton, are dismissed in their entirety with prejudice;
- 2) The Counter-Claims of Respondents, Morgan Keegan & Company, Inc., and John Sheldon Cotton, are dismissed with prejudice;
- 3) Other than Forum Fees, which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 4) Any relief not specifically enumerated, including punitive damages and attorney fees, is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 500.00
Counterclaim filing fee (Morgan Keegan)	= \$ 500.00
Counterclaim filing fee (Cotton)	= \$ 250.00

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 events giving rise to the dispute. In this matter, the member firm is Morgan Keegan & Company, Inc.

Member surcharge	= \$2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,000.00

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted. A hearing 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 x \$1,200.00 = \$1,200.00
Pre-hearing conference: November 5, 2004 1 session

Six (6) Hearing sessions x \$1,200.00 = \$7,200.00
Hearing Dates: June 27, 2005 2 sessions
June 28, 2005 2 sessions
June 29, 2005 2 sessions

Total Forum Fees = \$8,400.00

The Arbitration Panel has assessed \$5,040.00 of the forum fees to Willa Poynter.

The Arbitration Panel has assessed \$3,360.00 of the forum fees jointly and severally to Morgan Keegan & Company, Inc. and John Sheldon Cotton.

Fee Summary

Claimant, Willa Poynter, is liable for:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$ 5,040.00
Total Fees	= \$ 5,540.00
Less payments	= \$ 1,700.00
Balance Due NASD Dispute Resolution	= \$ 3,840.00

Respondent, Morgan Keegan & Company, Inc., is liable for:

Counterclaim Filing Fee	= \$ 500.00
Member Fees	= \$ 8,550.00
Total Fees	= \$ 9,050.00
Less payments	= \$ 9,050.00
	= \$ 0.00

Respondents, Morgan Keegan & Company, Inc. and John Sheldon Cotton, are jointly and severally liable for:

Forum Fees	= \$ 3,360.00
Total Fees	= \$ 3,360.00
Less payments	= \$ 1,000.00

Balance Due NASD Dispute Resolution = \$ 2,360.00

Respondent, John Sheldon Cotton Inc., is liable for:

Counterclaim Filing Fee	= \$ 250.00
Total Fees	= \$ 250.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 250.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Jane D. Lollis, Esq. - Public Arbitrator, Presiding Chair
Richard B. Lewis - Public Arbitrator
Gorman Jones Roberts - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Jane D. Lollis, Esq.
Jane D. Lollis, Esq.
Public Arbitrator, Presiding Chair

July 19, 2005
Signature Date

/s/ Richard B. Lewis
Richard B. Lewis
Public Arbitrator

July 16, 2005
Signature Date

Gorman Jones Roberts
Non-Public Arbitrator

Signature Date

July 19, 2005
Date of Service (For NASD office use only)

Balance Due NASD Dispute Resolution = \$ 2,360.0

Respondent, John Sheldon Cotton Inc., is liable for:

Counterclaim Filing Fee	= \$ 250.0
Total Fees	= \$ 250.0
Less payments	= \$ 0.0
Balance Due NASD Dispute Resolution	= \$ 250.0

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ARBITRATION PANEL

Jane D. Lollis, Esq. - Public Arbitrator, Presiding Chair
Richard B. Lewis - Public Arbitrator
Gorman Jones Roberts - Non-Public Arbitrator

Concurring Arbitrators:

Jane D. Lollis
Jane D. Lollis, Esq.
Public Arbitrator, Presiding Chair

7/19/2005
Signature Date

Richard B. Lewis
Richard B. Lewis
Public Arbitrator

Signature Date

Gorman Jones Roberts
Gorman Jones Roberts
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

Balance Due NASD Dispute Resolution = \$ 2,360.00

Respondent, John Sheldon Cotton Inc., is liable for:

Counterclaim Filing Fee	= \$ 250.00
Total Fees	= \$ 250.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 250.00

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ARBITRATION PANEL

Jane D. Lollis, Esq. - Public Arbitrator, Presiding Chair
Richard B. Lewis - Public Arbitrator
Gorman Jones Roberts - Non-Public Arbitrator

Concurring Arbitrators:

Jane D. Lollis, Esq.
Public Arbitrator, Presiding Chair

Signature Date



Richard B. Lewis
Public Arbitrator

07-16-2005

Signature Date

Gorman Jones Roberts
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

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Balance Due NASD Dispute Resolution = \$ 2,360.00

Respondent, John Sheldon Cotton Inc., is liable for:

Counterclaim Filing Fee	= \$ 250.00
Total Fees	= \$ 250.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 250.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Jane D. Lollis, Esq. - Public Arbitrator, Presiding Chair
Richard B. Lewis - Public Arbitrator
Gorman Jones Roberts - Non-Public Arbitrator

Concurring Arbitrators:

Jane D. Lollis, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Richard B. Lewis
Public Arbitrator

Signature Date



Gorman Jones Roberts
Non-Public Arbitrator

7-18-05

Signature Date

Date of Service (For NASD office use only)