

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Ann D. Gill, Trustee for the Gill Family Trust
n/k/a Julia L. Gill Trust, Julia Gill Life Insurance Trust
and the Ann Deaderick Gill Trust n/k/a Julia Lipscomb Gill Trust

and

Case Number: 04-06773
Hearing Site: Houston, Texas

Names of Respondents

Morgan Keegan & Company, Inc.,
Sumeet Rai and
George H. Arnold

NATURE OF DISPUTE

Customer v. Member Firm and Associated Persons

REPRESENTATION OF PARTIES

Ann D. Gill, Trustee for the Gill Family Trust n/k/a Julia L. Gill Trust, Julia Gill Life Insurance Trust and the Ann Deaderick Gill Trust n/k/a Julia Lipscomb Gill Trust ("**Claimant**") was represented by Thomas G. Overbeck, Esq., Houston, Texas.

Morgan Keegan & Company, Inc. ("**Morgan Keegan**"), Sumeet Rai ("**Rai**") and George H. Arnold ("**Arnold**"), hereinafter collectively referred to as "Respondents," were represented by Janiece Longoria, Esq., Ogden, Gibson, White, Broocks & Longoria, LLP, Houston, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about September 24, 2004. The Submission Agreement of Claimant, Ann D. Gill, Trustee for the Gill Family Trust n/k/a Julia L. Gill Trust, Julia Gill Life Insurance Trust and the Ann Deaderick Gill Trust n/k/a Julia Lipscomb Gill Trust, was signed on or about September 22, 2004.

The Statement of Answer was filed jointly by Respondents, Morgan Keegan & Company, Inc., Sumeet Rai and George H. Arnold, on or about December 16, 2004. The Submission Agreement of Respondent, Morgan Keegan & Company, Inc., was signed on or about

February 7, 2005. The Submission Agreement of Respondent, Sumeet Rai, was signed on or about February 8, 2005. The Submission Agreement of Respondent, George H. Arnold, was signed on or about February 8, 2005.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract, negligence, failure to supervise, breach of fiduciary duty, misrepresentations and unauthorized trading. The causes of action related to alleged unauthorized purchase of various unspecified securities. Claimant alleged that Respondents liquidated her entire portfolio without authorization. Claimant also alleged that Respondents breached their duty of care by having complete disregard for the tax consequences of liquidation, selecting investments clearly inappropriate for someone of Ms. Gill's age, selecting substandard or poorly performing investments and failure to properly supervise brokers. Finally, Claimant alleged that Respondents committed fraud and deceptive trade practices by pursuing an investment strategy antiethical to their client's best interest.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimant failed to state a claim upon which relief can be granted; Claimant's claims are barred by the applicable statutes of limitations; Claimant's claim are barred under the doctrines of ratification, estoppel, waiver and laches; the damages allegedly suffered by Claimant were caused, if at all, by unforeseeable market factors, which Respondents are not liable or responsible; Claimant failed to mitigate her damages; and Claimant is barred from recovering any damages in this case because the negligence of Claimant contributed to the losses in an amount that would relieve Respondents of any liability for such losses.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$300,000.00
Punitive/Exemplary Damages	\$150,000.00
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs, attorneys' fees and that this claim be expunged from the CRD records of Respondents, Rai and Arnold.

OTHER ISSUES CONSIDERED & DECIDED

At the final hearing, Respondents' counsel made an oral Motion for Summary Disposition after the Claimant rested. The Panel denied this 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 claims, each and all, are hereby denied and dismissed with prejudice;
- 2.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter;
- 3.) The panel recommends the expungement of all reference to the above captioned arbitration from Respondents', Sumeet Rai and George H. Arnold, registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 04-16, Respondents, Sumeet Rai and George H. Arnold, must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;

Unless specifically waived in writing by the NASD, parties seeking judicial confirmation of an arbitration award containing expungement relief must name NASD as an additional party and serve NASD with all appropriate documents.

Pursuant to Rule 2130, the arbitration panel has made the following affirmative findings of fact:

The claim, allegation, or information is clearly erroneous and without any basis in fact or in law; and

- 4.) Any relief not specifically enumerated, including punitive damages and attorneys' fees, is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fee for each claim:

Initial claim filing fee = \$ 300.00

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

Member surcharge = \$ 1,700.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$ 2,750.00

Adjournment Fees

Adjournments granted during these proceedings:

September 21-23, 2005, adjournment requested by the parties = \$ 1,125.00
(fee waived by NASD as the parties went to NASD mediation)

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted or each decision rendered on a discovery-related motion on the papers. 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) Decision on discovery-related motions on the papers

With one (1) arbitrator @ \$200.00

Both Claimant and Respondents submitted one (1) discovery-related motion = \$ 200.00

One (1) Decision on discovery-related motions on the papers

With two (2) arbitrators @ \$400.00

Claimant submitted one (1) discovery-related motion = \$ 400.00

One (1) Pre-hearing session with a single arbitrator x \$450.00 = \$ 450.00

Pre-hearing conference: February 3, 2006 1 session

Two (2) Pre-hearing sessions with Panel x \$1,125.00 = \$ 2,250.00

Pre-hearing conferences: February 1, 2005 1 session
December 5, 2005 1 session

Six (6) Hearing sessions x \$1,125.00 = \$ 6,750.00

Hearing Dates: April 18, 2006 2 sessions
April 19, 2006 2 sessions
April 20, 2006 2 sessions

Total Forum Fees = \$10,050.00

The Arbitration Panel has assessed \$10,050.00 of the forum fees to Ann D. Gill, Trustee for the Gill Family Trust n/k/a Julia L. Gill Trust, Julia Gill Life Insurance Trust and the Ann Deaderick Gill Trust n/k/a Julia Lipscomb Gill Trust.

Fee Summary

Claimant, Ann D. Gill, Trustee for the Gill Family Trust n/k/a Julia L. Gill Trust, Julia Gill Life Insurance Trust and the Ann Deaderick Gill Trust n/k/a Julia Lipscomb Gill Trust, is liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 10,050.00
Total Fees	= \$ 10,350.00
Less payments	= \$ 1,425.00
Balance Due NASD Dispute Resolution	= \$ 8,925.00

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

Member Fees	= \$ 5,200.00
Total Fees	= \$ 5,200.00
Less payments	= \$ 5,200.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

ARBITRATION PANEL

David G. Beerbower, Esq. - Public Arbitrator, Presiding Chair
Donald K. Eckhardt, Esq. - Public Arbitrator
Nick Sacaris - Non-Public Arbitrator

Concurring Arbitrators:

/s/ David G. Beerbower, Esq.
David G. Beerbower, Esq.
Public Arbitrator, Presiding Chair

April 27, 2006
Signature Date

/s/ Donald K. Eckhardt, Esq.
Donald K. Eckhardt, Esq.
Public Arbitrator

April 27, 2006
Signature Date

/s/ Nick Sacaris
Nick Sacaris
Non-Public Arbitrator

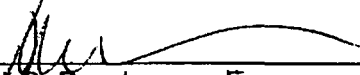
April 27, 2006
Signature Date

April 27, 2006
Date of Service (For NASD office use only)

ARBITRATION PANEL

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Donald K. Eckhardt, Esq. - Public Arbitrator
Nick Sacaris - Non-Public Arbitrator

Concurring Arbitrators:



David G. Beerbower, Esq.
Public Arbitrator, Presiding Chair

4-27-06

Signature Date

Donald K. Eckhardt, Esq.
Public Arbitrator

Signature Date

Nick Sacaris
Non-Public Arbitrator

Signature Date

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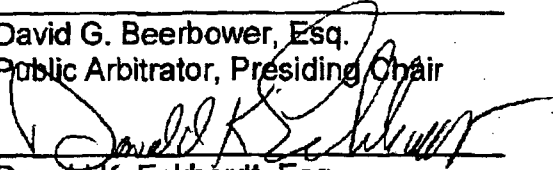
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Public Arbitrator

4/27/06

Signature Date

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