

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Morgan Keegan & Co., Inc.

Case Number: 04-08227

Name of the Respondent
James H. Harris, III

Hearing Site: Atlanta, Georgia

Nature of the Dispute: Member vs. Associated Person.

REPRESENTATION OF PARTIES

For Morgan Keegan & Co., Inc., hereinafter referred to as "Claimant": Shea O'Brien Hicks, Vice President, Associate Attorney, Morgan Keegan & Co., Inc., Memphis, Tennessee.

For James M. Harris, III, hereinafter referred to as "Respondent": R. Hal Meeks, Jr., Esq., and Jennifer W. Wolak, Esq., Pursley Lowery Meeks LLP, Atlanta, Georgia.

CASE INFORMATION

Statement of Claim filed on or about: December 1, 2004.

Claimant signed the Uniform Submission Agreement: December 1, 2004.

Respondent James M. Harris' Answer, Affirmative Defenses, and Counterclaim to the Statement of Claim filed on or about: January 24, 2005.

Respondent signed the Uniform Submission Agreement: February 7, 2005.

Claimant's Answer to Counterclaim filed on or about: February 1, 2005.

CASE SUMMARY

Claimant asserted the cause of action of breach of contract. The cause of action relates to a Promissory Note and related Agreement between the parties.

Unless specifically admitted in his Answer, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses. In addition, Respondent filed a Counterclaim which asserted the following causes of action: defamation and tortious interference with business relations; unfair trade practices; breach of agreement; misrepresentation and breach of implied term of agreement; and, attorneys' fees due to bad faith and stubborn litigiousness. The causes of action relate to Claimant's termination of Respondent.

Unless specifically admitted in its Answer to Counterclaim, Claimant denied the allegations made in the Counterclaim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimant requested that an award be entered against Respondent in an amount equal to

\$203,695.60, plus interest at a rate of ten percent (10%) from the inception of the Promissory Note until paid in full; that Claimant be awarded a reasonable attorneys' fee and all of its costs; and, that Claimant be awarded such additional and further relief as may be deemed just and appropriate. In addition, Claimant requested that all claims asserted against it in the Counterclaim be dismissed with prejudice.

In his Statement of Answer, Respondent requested an award be entered in his favor, awarding relief to Respondent for actual damages in an unspecified amount, punitive damages pursuant to O.C.G.A. Section 51-12-5.1, treble damages per O.C.G.A. Section 10-1-399, and attorneys' fees per O.C.G.A. Section 13-6-11 on the Counterclaim. Further, Respondent requested that the arbitration panel deny all prayers for an award by Claimant.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions (if any), the undersigned arbitrators (the "Panel") have decided in full and final resolution of the issues submitted for determination as follows:

Respondent is liable and shall pay to Claimant the sum of \$198,720.69 in compensatory damages (reflecting \$203,695.60 principal owed to Claimant minus \$4,974.91 commissions owed to Respondent) plus pre-judgment interest of \$90,016.49.

The Panel notes that Claimant agreed to release the deferred compensation account and the individual brokerage account to Respondent upon Claimant's full receipt of the award rendered in this case.

Respondent is liable and shall pay to Claimant attorneys' fees in the sum of \$9,500.00 pursuant to the Promissory Note and Agreement between the parties. Respondent is liable and shall also pay costs to Claimant in the sum of \$7,000.00.

Respondent's counterclaim is denied.

Any and all claims for relief not specifically addressed herein, including Respondent's request for punitive damages, are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure (the "Code"), the following fees are assessed:

Filing Fees

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

Initial claim filing fee	= \$1,000.00
Counterclaim filing fee	= \$250.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge	= \$1,700.00
Pre-hearing process fee	= \$750.00
Hearing process fee	= \$2,750.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were incurred in this matter.

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

No three-day cancellation fees were incurred in this matter.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

No injunctive relief fees were incurred in this matter.

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with a single arbitrator @ \$450.00	= \$900.00
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Pre-hearing conferences:	July 8, 2005	1 session
	August 5, 2005	1 session

One (1) Pre-hearing session with the Panel @ \$1,125.00	= \$1,125.00
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Pre-hearing conference:	May 13, 2005	1 session
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Six (6) Hearing sessions @ \$1,125.00		= \$6,750.00
Hearing Dates:	August 17, 2005	3 sessions
	August 18, 2005	3 sessions

Total Forum Fees	= \$8,775.00
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The Panel has assessed \$4,387.50 of the forum fees to Claimant.
The Panel has assessed \$4,387.50 of the forum fees to Respondent.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were incurred in this matter.

FEE SUMMARY

Claimant is solely liable for:

Initial Filing Fee	= \$1,000.00
Member Fees	= \$5,200.00
Forum Fees	= \$4,387.50

Total Fees	= \$10,587.50
Less payments	= \$7,325.00

Balance Due NASD Dispute Resolution	= \$3,262.50
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Respondent is solely liable for:

Filing Fee	= \$250.00
Forum Fees	= \$4,387.50

Total Fees	= \$4,637.50
Less payments	= \$1,500.00

Balance Due NASD Dispute Resolution	= \$3,137.50
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All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Joan Connolly Grafstein, Esq.	-	Public Arbitrator, Presiding Chair
Ralph S. Paden	-	Public Arbitrator

Peggy Lewis Kennedy

Non-Public Arbitrator

Concurring Arbitrators' Signatures

_____/S/_____
Joan Connolly Grafstein, Esq.
Public Arbitrator, Presiding Chair

August 24, 2005
Signature Date

_____/S/_____
Ralph S. Paden
Public Arbitrator

August 24, 2005
Signature Date

_____/S/_____
Peggy Lewis Kennedy
Non-Public Arbitrator

August 23, 2005
Signature Date

August 25, 2005
Date of Service (For NASD Dispute Resolution office use only)

Peggy Lewis Kennedy

Non-Public Arbitrator

Concurring Arbitrators' Signatures

Joan Connolly Grafstein, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Ralph S. Paden
Public Arbitrator

Signature Date



Peggy Lewis Kennedy
Non-Public Arbitrator

Aug 23, 2005
Signature Date

Date of Service (For NASD Dispute Resolution office use only)

Peggy Lewis Kennedy

Non-Public Arbitrator

Concurring Arbitrators' Signatures

Joan Connolly Grafstein, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Ralph S. Paden

Ralph S. Paden
Public Arbitrator

Aug 31, 2005

Signature Date

Peggy Lewis Kennedy
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution office use only)

Peggy Lewis Kennedy

Non-Public Arbitrator

Concurring Arbitrators' Signatures

Joan Connolly Grafstein
Joan Connolly Grafstein, Esq.
Public Arbitrator, Presiding Chair

August 24, 2005
Signature Date

Ralph S. Paden
Public Arbitrator

Signature Date

Peggy Lewis Kennedy
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution office use only)