

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant/Counter-Respondent

Morgan Keegan & Company, Inc.

vs.

Case Number: 05-04413
Hearing Site: Dallas, Texas

Name of Respondent/Counter-Claimant

David M. Ritz

NATURE OF THE DISPUTE

Member vs. Associated Person

REPRESENTATION OF PARTIES

Morgan Keegan & Company, Inc. ("Morgan Keegan") was represented by Shea O'Brien Hicks, Esq., Morgan Keegan & Company, Inc., Memphis, Tennessee.

David M. Ritz ("Ritz") was represented by Stephen C. Schoettmer, Esq., Thompson & Knight, LLP, Dallas, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about August 23, 2005. The Submission Agreement of Morgan Keegan was signed on or about August 22, 2005.

The Statement of Answer and Counterclaim was filed by Ritz on or about December 5, 2005. The Submission Agreement of Ritz was signed on or about November 29, 2005.

The Answer to Counterclaim was filed by Morgan Keegan on or about January 11, 2006.

The Pre-Hearing Brief was file by Ritz on or about October 23, 2006.

CASE SUMMARY

Morgan Keegan asserted the following cause of action: failure to pay the sum due on a promissory note. The causes of action related to Ritz's failure to pay a promissory note executed as a part of his employment agreement, both of which were signed on December 13, 2002. Pursuant to the agreement, the promissory note became due and payable if

Ritz's employment was terminated for any reason. Ritz resigned on April 19, 2005, owing the sum of \$109,193.04 plus interest on the note.

Unless specifically admitted in his Answer, Ritz denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Morgan Keegan failed to state a claim upon which relief can be granted; the damages allegedly sustained by Morgan Keegan were caused in whole or in part by the acts, conduct and behavior of Morgan Keegan; by its actions, Morgan Keegan had unclean hands and may not seek equitable relief on its claims against Ritz; Morgan Keegan's claims are barred by the applicable statute of limitations; and Morgan Keegan's claims are barred by the doctrine of laches.

Ritz asserted the following cause of actions in his Counterclaim: breach of contract; fraud in the inducement; constructive discharge; and wrongful withholding of compensation. The causes of action related to Morgan Keegan's failure to fulfill the promises made to Ritz in anticipation of his employment, including a finder's fee for any registered representative Ritz recruited to work at the firm.

Unless specifically admitted in its Answer, Morgan Keegan denied the allegations made in the Counterclaim and asserted affirmative defenses including the following: Ritz's claims are barred by the equitable doctrines of estoppel, ratification, and laches; Ritz's claims are barred by the applicable statutes of limitations; Ritz's claims are barred by the unclean hands doctrine; Ritz's poor performance in the industry was caused solely by Ritz and not by Morgan Keegan; and Ritz's Counterclaim failed to state a claim upon which relief can be granted.

RELIEF REQUESTED

Morgan Keegan requested an award in the amount of:

Actual/Compensatory Damages	\$109,193.04
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Ritz requested that the claims asserted against him be denied in their entirety and that he be awarded his costs and attorneys' fees.

In the Counterclaim, Ritz requested an award in the amount of:

Actual/Compensatory Damages	\$175,000.00
Attorneys' Fees	Unspecified
Other Costs	Unspecified

Other Monetary Relief

Unspecified

OTHER ISSUES CONSIDERED & DECIDED

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.

AWARD

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

- 1.) Respondent/Counter-Claimant, David M. Ritz, is liable for and shall pay to Claimant/ Counter-Respondent, Morgan Keegan & Company, Inc., the sum of \$54,596.52 in compensatory damages in regard to the claim on the promissory note;
- 2.) Claimant/Counter-Respondent, Morgan Keegan & Company, Inc. is liable for and shall pay to Respondent/Counter-Claimant, David M. Ritz, the sum of \$15,000.00 as a recruitment bonus pursuant to the Counterclaim;
- 3.) As a result of the above determinations, Respondent/Counter-Claimant, David M. Ritz, is liable for and shall pay to Claimant/ Counter-Respondent, Morgan Keegan & Company, Inc., the net sum of \$39,596.52;
- 4.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 5.) Any relief not specifically enumerated, including 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 fees for each claim:

Initial Claim filing fee	= \$ 1,000.00
Counterclaim 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 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	= \$	1,700.00
Pre-hearing process fee	= \$	750.00
Hearing process fee	= \$	2,750.00

Forum Fees and Assessments

The Panel has assessed forum fees for each hearing session conducted or each decision rendered on a discovery-related motion on the papers. A 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 \$1,125.00	= \$	1,125.00
Pre-hearing conference: January 6, 2006	1 session	
Four (4) Hearing sessions x \$1,125.00	= \$	4,500.00
Hearing Dates: November 14, 2006	2 sessions	
November 15, 2006	2 sessions	
Total Forum Fees	= \$	5,625.00

The Panel has assessed \$2,812.50 of the forum fees to Morgan Keegan & Company, Inc.

The Panel has assessed \$2,812.50 of the forum fees to David M. Ritz.

FEE SUMMARY

Claimant/Counter-Respondent, Morgan Keegan & Company, Inc., is liable for:

Initial Filing Fee	= \$	1,000.00
Member Fees	= \$	5,200.00
Forum Fees	= \$	2,812.50
Total Fees	= \$	9,012.50
Less payments	= \$	7,325.00
Balance Due NASD Dispute Resolution	= \$	1,687.50

Respondent/Counter-Claimant, David M. Ritz, is liable for:

Counterclaim Filing Fee	= \$	300.00
Forum Fees	= \$	2,812.50
Total Fees	= \$	3,112.50

<u>Less payments</u>	= \$ 1,425.00
Balance Due NASD Dispute Resolution	= \$ 1,687.50

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

ARBITRATION PANEL

Carleton E. Blankenburg, JD - Non-Public Arbitrator, Presiding Chair
Sheldon F. Schobert - Non-Public Arbitrator
W. Scott Newmann, Jr. - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Carleton E. Blankenburg, JD
Non-Public Arbitrator, Presiding Chair

Signature Date

Sheldon F. Schobert
Non-Public Arbitrator

Signature Date

W. Scott Newmann, Jr.
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

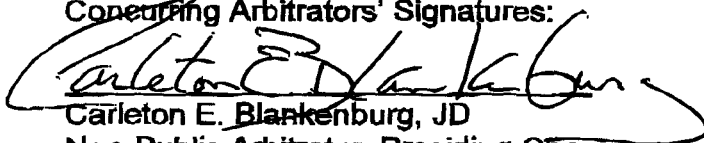
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Carleton E. Blankenburg, JD
Non-Public Arbitrator, Presiding Chair

11/30/2006
Signature Date

Sheldon F. Schobert
Non-Public Arbitrator

Signature Date

W. Scott Newmann, Jr.
Non-Public Arbitrator

Signature Date

11/30/06 Mm
Date of Service (For NASD office use only)

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Carleton E. Blankenburg, JD
Non-Public Arbitrator, Presiding Chair

Sheldon F. Schobert
Non-Public Arbitrator

Signature Date

11/29/06
Signature/Date

W. Scott Newmann, Jr.
Non-Public Arbitrator

Signature Date

11/30/06 WSN
Date of Service (For NASD office use only)

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Non-Public Arbitrator, Presiding Chair

Signature Date

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Non-Public Arbitrator

Signature Date

W. Scott Newmann, Jr.
Non-Public Arbitrator

Signature Date

11/30/06 WSN
Date of Service (For NASD office use only)