

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

SCOTT
JUN 92 1991

In the Matter of the Arbitration Between

OUR FILE

Name of Claimant

Flora H. Walldorf.

91-02341

Name of Respondent

Morgan Keegan & Company, Inc.

REPRESENTATION

Claimant, Flora H. Walldorf was represented by W. Neil Thomas, III, Esq. of Shumacker & Thompson, Chattanooga, Tennessee.

Respondent, Morgan Keegan & Company, Inc. was represented by Michael Richards, Esq. of Heiskell, Donelson, Bearman, Adams, Williams & Kirsch, Memphis, Tennessee.

CASE INFORMATION

The Statement of Claim was filed with the NASD on July 26, 1991.

Claimant's Submission Agreement was signed on July 17, 1991 by Flora Walldorf.

The Statement of Answer and Motion to Dismiss the Tennessee Consumer Protection Act Claims was filed by Respondent, Morgan Keegan & Company, Inc. on November 18, 1991.

Respondent, Morgan Keegan & Company, Inc.'s Submission Agreement was signed on November 11, 1991 by David M. Minnick, First Vice President and General Counsel.

Walldorf filed a response to the Motion to Dismiss with the NASD on October 10, 1991.

HEARING INFORMATION

The hearing date was May 27, 1992 and the hearing lasted for two hearing sessions.

The hearing location was Nashville, Tennessee.

CASE SUMMARY

Claimant, Flora Walldorf ("Walldorf") alleged that Respondent, Morgan Keegan & Company, Inc. ("Morgan Keegan") violated Section 10(b) and Rule 10b-5 of the Securities and Exchange Act of 1934 and The Tennessee Consumer Protection Act, Section 47-18-101 et seq. in recommending that Walldorf purchase First Executive Corporation preferred stock. Walldorf alleged that the representations made by the representative of Morgan Keegan regarding the First Executive stock were materially false and misleading. Walldorf alleged that she was not told that a substantial portion of the portfolio of First Executive Corporation consisted of "junk bonds". Walldorf further alleged that Morgan Keegan failed to monitor the performance of the stock after she purchased it on or about December 2, 1988. Walldorf also alleged that the arbitration agreement was invalid and fraudulently entered into between Morgan Keegan and Walldorf.

Respondent, Morgan Keegan denied the allegations of the Statement of Claim. Morgan Keegan asserted that the Tennessee Consumer Protection Act did not apply to securities transactions. Morgan Keegan denied that the arbitration agreement was fraudulently entered into by and between Morgan Keegan and Walldorf.

RELIEF REQUESTED

Walldorf requested that the arbitration agreement be found invalid. However, if it was found to be valid, Walldorf requested rescission of the transaction through which she purchased the shares of First Executive Corporation, or in the alternative, for damages of at least \$25,000.00 trebled, costs, expenses and attorney's fees.

Morgan Keegan requested dismissal of the Statement of Claim.

AWARD

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

1. The arbitration panel holds that the arbitration clause was valid;
2. The claims asserted by Walldorf against Morgan Keegan shall be and are hereby denied and dismissed in their entirety on the merits; and,
3. The parties are each to bear their own costs and expenses including any attorney's fees incurred in this matter.

FORUM FEES

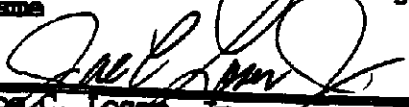
Pursuant to Section 43c of the NASD Code of Arbitration Procedure ("NASD Code"), the following Forum Fees are assessed. The NASD shall retain the \$150.00 non-refundable claim filing fee and the \$500.00 hearing session deposit previously made with the NASD by Claimant. Morgan Keegan is assessed and shall pay to the NASD additional Forum Fees in the amount of \$500.00. Forum Fees were calculated on the basis of \$500.00 per session for two (2) hearing sessions.

Additional Forum Fees assessed to the parties are payable to the National Association of Securities Dealers, Inc.


Concurring Arbitrators' Signatures

Name


Dated


Joe C. Loser, Jr.
Presiding Chairman/Public Arbitrator

7-7-92


Robert S. Patterson, Esq.
Panelist/Public Arbitrator

7-7-92


William R. McCarty
Panelist/Industry Arbitrator

7-9-92

Date award served by the NASD: _____