

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)
)
GEORGE EARL BAGWELL)
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)
)
RESPONDENT)

ADMINISTRATIVE ORDER
NO. LR-2005-0036

ORDER OF LIMITED REINSTATEMENT

The Alabama Securities Commission ("Commission"), having the power to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act, upon due consideration of the subject matter hereof, has determined as follows.

RESPONDENT

1. GEORGE EARL BAGWELL (the "RESPONDENT"), has been a registered in Alabama as a Securities agent of the registered dealer, Morgan Keegan & Company, Inc. ("Morgan Keegan") from August 18, 1982 to May 30, 2003 with a business address of 201 Monroe Street, Suite 1900, Montgomery, AL 36104. From November 6, 1986, to May 30, 2003, the RESPONDENT has served as a supervisor of the Montgomery, Alabama branch office of Morgan Keegan.

STATEMENT OF FACTS

2. JOHN ALLEN JONES IV ("JONES") was registered in Alabama as an agent in the Montgomery, Alabama branch office of MORGAN KEEGAN from January 1, 1996 to August 26, 1999 and was under the supervision of the RESPONDENT.

3. HAMPTON FORREST HOOK ("HOOK"), was registered in Alabama as an agent in the Montgomery, Alabama branch office of MORGAN KEEGAN from, December 20, 1993, to June 25, 2002 and was under the supervision of the RESPONDENT.

4. ROBERT SHAWN ELLISON ("ELLISON") was registered in Alabama as an agent in the Montgomery, Alabama branch office of MORGAN KEEGAN from October 27, 1997, to August 15, 2001 and was under the supervision of the RESPONDENT.

5. From February 1996, to October 1997, JONES executed, or caused the execution of, securities transactions in the MORGAN KEEGAN accounts of an Alabama resident, causing the account value to be turned over **13.32** times, thereby making the securities transactions excessive, unsuitable and inappropriate for the account.

6. From June 1997, to October 1997, JONES executed, or caused the execution of, securities transactions in the MORGAN KEEGAN account of an Alabama resident, which were not authorized by the customer, thereby causing an approximate net loss of \$30,000.00 to the account.

7. From February 1997, to September 1998, JONES executed, or caused the execution of, 181 unauthorized securities transactions in the MORGAN KEEGAN account of an Alabama resident, thereby causing a net loss of \$33,000.00 to the account.

8. From March 1998, to June 1999, JONES executed, or caused the execution of, securities transactions in the MORGAN KEEGAN account of an Alabama resident, causing the account value to be turned over **4.75** times in 1999 alone. The trades were not authorized by the customer and caused the account an approximate net loss of \$19,000.00.

9. From January 1998, to December 1998 HOOK executed, or caused the execution of, securities transactions in the MORGAN KEEGAN account of an Alabama resident, causing the account value to be turned over **8.99** times. HOOK conducted the trades with such size and frequency as to make the securities transactions excessive, unsuitable, and inappropriate for the IRA account of his client.

10. From January 1999, to December 1999 HOOK executed, or caused the execution of, securities transactions in the MORGAN KEEGAN IRA account of an Alabama resident, causing the account value to be turned over **9.17** times. HOOK

conducted the trades with such size and frequency as to make the securities transactions excessive, unsuitable, and inappropriate for the IRA account of his client.

11. From August 1998, to February 1999, HOOK executed, or caused the execution of, securities transactions in the MORGAN KEEGAN IRA account of an Alabama resident, causing the account value to be turned over **11.21** times. HOOK conducted the trades with such size and frequency as to make the securities transactions excessive, unsuitable, and inappropriate for the IRA account of his client.

12. From January 1999, to December 1999 HOOK executed, or caused the execution of, securities transactions in the MORGAN KEEGAN IRA account of an Alabama resident, causing the account value to be turned over **6.27** times. HOOK conducted the trades with such size and frequency as to make the securities transactions excessive, unsuitable, and inappropriate for the IRA account of his client.

13. From March 1999, to December 1999, HOOK executed, or caused the execution of, securities transactions in the MORGAN KEEGAN IRA account of an Alabama resident, causing the account value to be turned over **10.26** times. HOOK conducted the trades with such size and frequency as to make the securities transactions excessive, unsuitable, and inappropriate for the IRA account of the client

14. From January 1999, to December 1999, HOOK executed, or caused the execution of, securities transactions in the MORGAN KEEGAN IRA account of an Alabama resident, causing the account value to be turned over **5.47** times. HOOK conducted the trades with such size and frequency as to make the securities transactions excessive, unsuitable and inappropriate for the IRA account of the client.

15. From January 1999, to December 1999, HOOK executed, or caused the execution of, securities transactions in the MORGAN KEEGAN IRA account of an Alabama resident, causing the account value to be turned over **6.09** times. HOOK conducted the trades with such size and frequency as to make the securities transactions excessive, unsuitable and inappropriate for the IRA account of the client.

16. On July 20, 1999, HOOK wrote a personal check (#514) in the amount of \$4,200.00, payable to MORGAN KEEGAN customer for the purpose of reimbursing the customer for losses incurred in his MORGAN KEEGAN securities account. HOOK agreed to give the customer the check to invest in an Initial Public Offering, which HOOK represented as having the potential to generate a significant profit for the customer.

17. On November 15, 1999, HOOK wrote a personal check (#519) in the amount of \$1,900.00, payable to a MORGAN KEEGAN customer, for the purpose of reimbursing the customer for losses incurred in his MORGAN KEEGAN securities account. HOOK agreed to give the customer the check to invest in an Initial Public Offering, which HOOK represented as having the potential to generate a significant profit for the customer.

18. From August 1998, to December 2000, HOOK issued, or caused the issuance of, confirmation forms falsely designated as "Unsolicited," for trades that HOOK conducted in the MORGAN KEEGAN account of an Alabama resident. The confirmation forms falsely represented that the client directed the trades.

19. From August 1998, to December 2000, HOOK issued, or caused the issuance of, confirmation forms falsely designated as "Unsolicited," for trades that HOOK conducted in the MORGAN KEEGAN account of an Alabama resident. The confirmation forms falsely represented that the client directed the trades.

20. From August 1998, to March 1999, HOOK issued, or caused the issuance of, confirmation forms falsely designated as "Unsolicited," for trades that HOOK conducted in the MORGAN KEEGAN IRA account of an Alabama resident. The confirmation forms falsely represented that the client directed the trades.

21. From August 1998 to May 1999, HOOK issued, or caused the issuance of, confirmation forms falsely designated as "Unsolicited," for trades that HOOK conducted in the MORGAN KEEGAN IRA account of an Alabama resident. The confirmation forms falsely represented that the client directed the trades.

22. From March 1999 to January 2001, HOOK issued, or caused the issuance of, confirmation forms falsely designated as "Unsolicited," for trades that HOOK conducted in the MORGAN KEEGAN account of an Alabama resident. The confirmation forms falsely represented that the client directed the trades.

23. From August 1998 to May 1999, HOOK issued, or caused the issuance of, confirmation forms falsely designated as "Unsolicited," for trades that HOOK conducted in the MORGAN KEEGAN account of an Alabama resident. The confirmation forms falsely represented that the client directed the trades.

24. From August 1998 to May 1999, HOOK issued, or caused the issuance of, confirmation forms falsely designated as "Unsolicited," for trades that HOOK conducted in the MORGAN KEEGAN account of an Alabama resident. The confirmation forms falsely represented that the client directed the trades.

25. From August 1998 to May 1999, HOOK issued, or caused the issuance of, confirmation forms falsely designated as "Unsolicited," for trades that HOOK conducted in the MORGAN KEEGAN account of an Alabama resident. The confirmation forms falsely represented that the client directed the trades.

26. From March 1999 to December 2000, HOOK issued, or caused the issuance of, confirmation forms falsely designated as "Unsolicited," for trades HOOK conducted in the MORGAN KEEGAN account of an Alabama resident. The confirmation forms falsely represented that the clients directed the trades.

27. From July 1999 to December 1999, ELLISON executed, or caused the execution of, securities transactions in the MORGAN KEEGAN account of an Alabama resident, causing the account value to be turned over **6.57** times. ELLISON conducted the trades with such size and frequency as to make the securities transactions excessive, unsuitable, and inappropriate for the IRA account of the client.

28. From July 1999 to December 1999, ELLISON executed, or caused the execution of, securities transactions in the MORGAN KEEGAN IRA account of an Alabama resident, causing the account value to be turned over **6.74** times. ELLISON conducted

the trades with such size and frequency as to make the securities transactions excessive, unsuitable, and inappropriate for the IRA account of the client.

29. From October 1999 to December 1999, ELLISON executed, or caused the execution of, securities transactions in the MORGAN KEEGAN account of an Alabama resident, causing the account value to be turned over **5.82** times. ELLISON conducted the trades with such size and frequency as to make the securities transactions excessive, unsuitable, and inappropriate for the account of the client.

30. From August 1999 to December 1999, ELLISON executed, or caused the execution of, securities transactions in the MORGAN KEEGAN account of an Alabama resident, causing the account value to be turned over **6.10** times. ELLISON conducted the trades with such size and frequency as to make the securities transactions excessive, unsuitable, and inappropriate for the account of the client.

31. From August 1999 to December 1999, ELLISON executed, or caused the execution of, securities transactions in the MORGAN KEEGAN account of an Alabama resident, causing the account value to be turned over **8.02** times. ELLISON conducted the trades with such size and frequency as to make the securities transactions excessive, unsuitable, and inappropriate for the account of the client.

CONCLUSIONS OF LAW

32. That by virtue of the activity set forth in paragraphs 5 through 31 above, JONES HOOK and ELLISON have engaged in a course of business, in connection with the sale of securities, which operated, as a deceit upon Alabama residents, in violation of § 8-6-17(a)(3), Code of Alabama, 1975 and/or engaged in dishonest or unethical business practices in the securities business, in violation of §8-6-3(j)(7), Code of Alabama 1975.

33. That pursuant to § 8-6-3(j)(7), Code of Alabama 1975, the Commission may suspend or revoke any registration, or censor or bar any applicant or registrant from employment with a securities dealer if the Commission finds that the Order is in the public interest, and that the registrant has engaged in dishonest or unethical practices in the securities business.

34. That the activity discussed in paragraphs 5 through 31 above, constitutes a failure on the part of GEORGE BAGWELL to exercise reasonable supervision over the activities of MORGAN KEEGAN Agents, JONES, HOOK, and ELLISON.

39. That pursuant to Chapter 830-X-3-13, Alabama Securities Commission Administrative Code, every dealer and officers, directors and partners thereof, shall exercise diligent supervision over all the securities activities of its associated persons.

40. That pursuant to § 8-6-3(j)(2), Code of Alabama 1975, the Commission may suspend or revoke any registration, or censor or bar any registrant from employment with a securities dealer if the Commission finds that the Order is in the public interest, and that the registrant has willfully violated or willfully failed to comply with any rule under the Alabama Securities Act.

This Order is appropriate in the public interest for the protection of investors and consistent with the purposes of the Alabama Securities Act.


This Order does not prevent the Commission from seeking such other civil or criminal remedies that may be available to it under the Alabama Securities Act.

ACCORDINGLY, IT IS HEREBY ORDERED that in the event that GEORGE BAGWELL seeks to registered as an agent of a broker/dealer, he must take and pass all NASD and/or required state exams and that in no event he shall hold any supervisory position. If no response is received within 28 days of the issuance of this Order, the findings of this ORDER shall be in effect.

Entered at Montgomery, AL, this 26th day of September, 2005.



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BY: 
JOSEPH P. BORG
Director