

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)	
)	
MORGAN KEEGAN & COMPANY)	ADMINISTRATIVE ORDER
)	NO. SC-2005-0032
GEORGE EARL BAGWELL)	
WOODLEY HANNON BAGWELL)	
JOHN ALLEN JONES IV)	
HAMPTON F HOOK)	
ROBERT SHAWN ELLISON)	
)	
<u>RESPONDENTS</u>)	

SHOW CAUSE ORDER

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.

RESPONDENTS

1. MORGAN KEEGAN AND COMPANY ("MORGAN KEEGAN") has been registered as a Dealer in the state of Alabama, since August 18, 1982, with a business address of Fifty Front Street, Morgan Keegan Tower, Memphis, TN 38103-9980.

2. GEORGE EARL BAGWELL ("GEORGE BAGWELL") was registered in Alabama as an agent of MORGAN KEEGAN from August 18, 1982 to May 2003, with a business address of 201 Monroe Street, Suite 1900, Montgomery, AL 36104. From November 6, 1986, to May 2003, GEORGE BAGWELL served as a supervisor of the Montgomery, Alabama branch office of MORGAN KEEGAN.

3. WOODLEY HANNON BAGWELL ("WOODLEY BAGWELL"), has been registered in Alabama as an agent of MORGAN KEEGAN since August 18, 1982, with a current business address of 201 Monroe Street, Suite 1900, Montgomery, AL 36104. From November 6, 1986, to May 2003, WOODLEY BAGWELL served as a supervisor of the Montgomery, Alabama branch office of MORGAN KEEGAN.

4. JOHN ALLEN JONES IV ("JONES") was registered in Alabama as an agent of MORGAN KEEGAN from January 1, 1996 to August 26, 1999, with a business address of 201 Monroe Street, Suite 1900, Montgomery, AL 36104.

5. HAMPTON FORREST HOOK ("HOOK"), was registered in Alabama as an agent of MORGAN KEEGAN from, December 20, 1993, to June 25, 2002, with a business address of 201 Monroe Street, Suite 1900, Montgomery, AL 36104.

6. ROBERT SHAWN ELLISON ("ELLISON") was registered in Alabama as an agent MORGAN KEEGAN from October 27, 1997, to August 15, 2001. ELLISON's last known address is 6325 Chappelle Lane, Montgomery, AL 36117.

STATEMENT OF FACTS

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

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 **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.

13. 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, Thomas Hope 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.

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 **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.

15. 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

16. 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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.

22. 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.

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 IRA account of an Alabama resident. The confirmation forms falsely represented that the client directed the trades.

24. 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.

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 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.

27. 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.

28. 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 accounts of Alabama residents. The confirmation forms falsely represented that the clients directed the trades.

29. 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.

30. 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.

31. 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.

32. 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.

33. 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. The RESPONDENT 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

34. That by virtue of the activity set forth in paragraphs 7 through 10 above, JONES has engaged in a course of business, in connection with the sale of securities, which operated, as a deceit upon his clients set forth in said paragraphs, in violation of § 8-6-17(a)(3), Code of Alabama, 1975.

35. That by virtue of the activity set forth in paragraphs 11 through 19 above, HOOK has engaged in a course of business, in connection with the sale of securities, which operated, as a deceit upon his clients set forth in said paragraphs, in violation of § 8-6-17(a)(3), Code of Alabama, 1975.

36. That by virtue of the activity set forth in paragraph 20 through 28 above, HOOK engaged in dishonest or unethical practices in the securities business in regard to his clients set forth in said paragraphs, in violation of § 8-6-3(j)(7) Code of Alabama, 1975.

37. That by virtue of the activity set forth in paragraphs 29 through 33 above, ELLISON has engaged in a course of business, in connection with the sale of securities, which operated, as a deceit upon his clients set forth in said paragraphs, in violation of § 8-6-17(a)(3), Code of Alabama, 1975.

38. 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.

39. That the activity discussed in paragraphs 7 through 33 above, constitutes a failure on the part of GEORGE BAGWELL and WOODLEY BAGWELL to exercise reasonable supervision over the activities of MORGAN KEEGAN agents, HOOK, JONES and ELLISON.

40. 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.

41. 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.

42. That the activity discussed in paragraphs 7 through 39 above, constitutes a failure on the part of MORGAN KEEGAN to exercise reasonable supervision over the activities of its agents, GEORGE BAGWELL, WOODLEY BAGWELL, HOOK, JONES and ELLISON.

43. 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.

44. That pursuant to § 8-6-3(j)(10), 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, in the case of a dealer, has failed to reasonably supervise its agents.

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 MORGAN KEEGAN **SHOW CAUSE** to the Commission, within 28 days of the date of this Order, why its registration as a dealer should not be suspended in the state of Alabama. It is further **ORDERED** that GEORGE BAGWELL and WOODLEY BAGWELL **SHOW CAUSE** to the Commission, within 28 days of the date of this Order, why their registrations as agents should not be limited and why they should not be censored. It is further **ORDERED** that JONES, ELLISON and HOOK **SHOW CAUSE**, to the Commission, within 28 days of the date of this Order, why they should not be permanently barred from employment as agents of a Dealer in Alabama.

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



ALABAMA SECURITIES COMMISSION
770 Washington Avenue, Suite 570
Montgomery, AL 36130-4700
(334) 242-2984

BY:

A handwritten signature in black ink, appearing to read "Joseph P. Borg", is written over a horizontal line. The signature is stylized and extends to the right.

JOSEPH P. BORG
Director