

ALABAMA SECURITIES COMMISSION
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FOR IMMEDIATE RELEASE

Alabama Securities Commission Issues Order to Show Cause to Morgan Keegan and Company, Inc.

MONTGOMERY, ALABAMA (July 21, 2009) – The Alabama Securities Commission (ASC) today issued a “Order to Show Cause” to Morgan Keegan and Company, Inc., headquartered in Memphis, Tennessee. Morgan Keegan is the brokerage subsidiary of Regions Financial Corporation, with principal offices in Birmingham, Alabama. The U.S. Securities and Exchange Commission (SEC) simultaneously issued a complaint in federal court in conjunction with these ongoing investigations.

Morgan Keegan and Company, Inc. allegedly underwrote, marketed and sold Auction Rate Securities (ARS) as safe, highly liquid investments that were supposedly equivalent to cash or money market funds at a time when ARS product risks were increasing. As a result, many Morgan Keegan customers, requiring short-term liquidity, placed money in these investments underwritten and marketed by Morgan Keegan. Morgan Keegan failed to advise its customers that money invested in ARS, upon failure of the auction, could become illiquid. Instead the company engaged in a concerted effort to market ARS underwritten and/or held by Morgan Keegan towards its retail customers' accounts without advising the retail customers of any of the potential risks associated with a failed auction or market illiquidity.

Joseph P Borg, Director of the ASC, said, “The actions filed today by the ASC and SEC demonstrate outstanding efforts of the two agencies to use all the tools available, both at the state and federal levels, to stop investor harm and discipline those who engage in dishonest and unethical practices.”

The “Order to Show Cause” alleges that Morgan Keegan;

- A. Engaged in Dishonest and Unethical Practices
- B. Failed to Supervise Their Agents in the Sale of Auction Rate Securities
- C. Failed to Disclose Material Facts to Their Customers
- D. Engaged in an Act, Practice, or Course or Business Which Operated as a Fraud

The order requires Morgan Keegan, within 28 days, to show cause to the ASC why its registration as a broker-dealer in the State of Alabama should not be suspended or revoked and also seeks orders permanently prohibiting Morgan Keegan from engaging in future violations of the antifraud provisions of the Alabama securities laws and requiring them to disgorge any profits or gains, buy back all Auction Rate Securities sold by the company and pay financial penalties.

The ASC’s and SEC’s investigations are continuing.

The ASC cautions potential investors to thoroughly scrutinize and research any investment opportunity or offer. Contact the ASC with inquiries concerning securities broker-dealers, agents, investment advisers, investment adviser representatives, financial planners, registration status of securities, to report suspected fraud or to obtain consumer information.

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For more information contact Dan Lord, Education and Public Affairs Manager, (334) 353-4858.

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