

**STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION**

**IN THE MATTER OF:** )

**MORGAN KEEGAN & COMPANY** )

**JAMES T. RITT** )

**ADMINISTRATIVE ORDER**

**NO. CO-2009-0019**

**RESPONDENTS** )

**CONSENT ORDER**

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities into, within or from the state of Alabama, has determined as follows:

**RESPONDENTS**

1. MORGAN KEEGAN AND COMPANY ("MORGAN KEEGAN"), CRD # 4161, 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. JAMES T. RITT ("RITT"), CRD # 1836011, was an Alabama registered agent/investment advisor with J. C. Bradford from May 1, 1985 to September 25, 1991 and Rauscher Pierce Refsnes, Inc. from October 1, 1991 to October 31, 1997. He has been employed with MORGAN KEEGAN since August 18, 1998. He has served as MORGAN KEEGAN's General Counsel, Director of Compliance and Chief Legal Officer. At the relevant time, RITT was serving as the General Counsel and/or Director of Compliance.

## STATEMENT OF FACTS

3. On November 8, 2005, the Commission and MORGAN KEEGAN entered into a Consent Order (CO-2005-0032) which resolved issues cited in a Show Cause Order (SC-2005-0032) issued on September 26, 2005.

4. The orders alleged that three MORGAN KEEGAN Montgomery branch office agents engaged in a course of business, in connection with the sale of securities, which operated as a deceit upon their clients by churning a number of clients' accounts. Furthermore, it was alleged that two of the Montgomery branch supervisors, as well as MORGAN KEEGAN, failed to adequately supervise those agents.

5. As part of the Consent Order, MORGAN KEEGAN was ordered to pay an administrative assessment and partial reimbursement of the Commission's investigative cost.

6. The consent order also ordered MORGAN KEEGAN to:

*"As part of its responsibility to provide such supervision Morgan Keegan shall:*

- A. Ensure that all complaints concerning trading activities, whether written or verbal, are logged and recorded in a complaint book for supervisory reference. Copies of all written complaints, along with all memoranda and/or correspondence generated as a result of any complaint, shall be maintained in the appropriate complaint file located at the respective branch, as well as the Office of Supervisory Jurisdiction, regardless of the status of the complaint.*
- B. In addition to all necessary and required training under the rules of the NASD and the State of Alabama, MORGAN KEEGAN is required and shall provide evidence of the thorough training of all office staff including ethics training. A log of all such training shall be maintained, including, but not limited to, subject matter outlining handouts, syllabi, and a list of attendees and speakers. A supervisory representative from the MORGAN KEEGAN*

*Compliance Department must be present for these training events or verify their occurrence. **A copy of said training is to be sent to the Alabama Securities Commission annually for the next two years.***

- C. *Formalize procedures to monitor client accounts by instituting a verification procedure that will document accurate and current account information including the confirmation of sales. **A annual report of these procedures shall be generated and provided to the Commission for a period of three years subsequent to the entry of this Consent Order.***

7. MORGAN KEEGAN consented to the entry of the order and RITT, on behalf of MORGAN KEEGAN, executed the order.

8. MORGAN KEEGAN has failed to make the required filings as set forth in Consent Order CO-2005-0032.

9. On June 29, 2009, the Commission contacted RESPONDENTS to determine the status of the required filings cited in B and C in paragraph 6 of this order. RESPONDENTS admitted that although the required training had been conducted, Morgan Keegan failed to make the required filings.

10. On July 17, 2009, the Commission issued a Show Cause order (SC-2009-0019) against the RESPONDENTS. Subsequent, to the issuance of the Show Cause, the RESPONDENTS provided the documentation and information which had been ordered in Consent Order CO-2005-0032.

#### **CONCLUSIONS OF LAW**

11. Pursuant to the provisions of Section 8-6-3(j)(2), Code of Alabama 1975, the Commission may suspend, revoke, 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 violated or failed to comply with any provision of the Alabama Securities Act, or any rule or order issued by the Commission. By failing to make the ordered filings cited in CO-2005-0032, MORGAN KEEGAN has violated this provision.

**WHEREAS, MORGAN KEEGAN** admits that it failed to fully comply with the Commission Consent Order CO-2005-0032, and

**WHEREAS, RESPONDENTS** have voluntarily waived all rights to a hearing upon entry of this Order, and have consented to the entry of this Order, and

**WHEREAS,** the Commission finds this Order necessary and appropriate in the public interest for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act, and

**WHEREAS,** the Commission and **RESPONDENTS** are desirous of settling this matter as hereafter set forth and agree to the entry of this Order.

**ACCORDINGLY, IT IS HEREBY ORDERED:**

1. That **MORGAN KEEGAN** shall ensure that proper procedures are enacted to preclude any future non-compliance with the Act.

2. That in accordance with Section 8-6-19(j)(1), Code of Alabama 1975, **MORGAN KEEGAN** shall pay to the **State of Alabama** an administrative assessment in the total sum of Seven Thousand Five Hundred Dollars (\$7,500), said funds to be tendered in certified funds contemporaneously with the entry of this Order.

3. That in accordance with Section 8-6-19(k)(1), Code of Alabama 1975, **MORGAN KEEGAN** shall pay to the **Alabama Securities Commission**, as partial reimbursement for the Commission's cost for investigating this matter, the sum of Seven Thousand Five Hundred Dollars (\$7,500), said funds to be tendered in certified funds contemporaneously with the entry of this Order.

4. That the entry of this Order resolves any and all matters as to **MORGAN KEEGAN** and **RITT** as set forth in the Show Cause Order, Administrative Order No. SC-2009-0019, issued July 17, 2009 to the **RESPONDENTS**.

AGREED AND CONSENTED to on dates indicated:

RESPONDENTS:

MORGAN KEEGAN & COMPANY

BY: Charles D. Mays  
TITLE: CFO  
DATE: 2/10/2010

JAMES T. RITT

BY: James T. Ritt  
DATE: 2-11-10

\*\*\*\*\*

APPROVED AND ORDERED 17<sup>th</sup> day of February, 2010



ALABAMA SECURITIES COMMISSION

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(334) 242-2984

BY:

Joseph P. Borg

JOSEPH P. BORG

Director