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Morgan Keegan Enters Settlement With Regulators ***\$200 Million Will Be Repaid to Investors in the Multi-State Case***

ATLANTA, Ga. – (June 22, 2011) – Today the Kentucky Department of Financial Institutions (DFI) announced a multi-state settlement and entry of consent orders with Morgan Keegan & Company (MKC), and Morgan Asset Management (MAM), and certain employees.

This action is a direct result of intensive investigations led by regulators in Kentucky, Alabama, Mississippi, South Carolina and Tennessee in cooperation with several other states, along with the Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority (FINRA).

The investigation centered on seven proprietary mutual funds sold by Morgan Keegan broker dealers to more than 30,000 account holders. Those seven mutual funds lost approximately \$1.5 billion dollars from March 31, 2007, to March 31, 2008. More than 2,000 Kentucky investors sustained about \$50 million in losses.

The states' joint administrative actions alleged that the firms and certain employees misled investors by failing to disclose risks regarding the mutual funds and providing misleading information about products. The actions also cite that the company had due diligence and supervisory failures.

“It is the firm’s obligation to ensure their sales force provides accurate disclosures and sufficient descriptions of the products being marketed and sold to investors. By entering into this consent order, state and federal regulators are putting firms on notice that these types of activities will not be tolerated,” said DFI Securities Division Director Shonita Bossier.

The consent orders direct MKC and MAM to pay a total of \$200 million, split between an SEC Fair Fund and a States’ Fund, both for the benefit of investors. MCK and MAM must pay all costs associated with the management of the funds and distribution of the settlement money. Investors will be notified and must file a claim with the fund administrator to recover damages suffered when the Morgan Keegan funds collapsed.

In addition to requiring restitution, the consent orders prohibit MKC and MAM from creating, offering or selling any proprietary fund for two years. Also, for the next three years, MKC and MAM will provide special mandatory training to all of their registered agents and investment adviser representatives. Additional requirements can be found in the complete orders.

State securities regulators are continuing the cases and charges against Brian B. Sullivan, Gary S. Stringer and Michele F. Wood, who have not entered into the consent orders. James Kelsoe settled charges with the states and SEC and was ordered to pay \$500,000, split equally between the states and SEC. To dismiss further charges, Kelsoe agreed to the revocation of all his existing registrations/licenses and an order of permanent bar from involvement in the securities industry. None of those four employees operated in Kentucky.

“Protecting investors is a primary goal of the Securities Division of DFI. Through this collaborative effort among state and federal regulators we were able to recoup a portion of investor losses. Today’s action demonstrates Kentucky’s willingness and ability to take action when citizens have been harmed,” said DFI Commissioner Charles Vice.

For more information, visit www.kfi.ky.gov/public/morgankeegan.htm. Kentucky investors may contact DFI at 800-223-2579 with questions or to file a complaint. DFI cannot give investment advice, including recommendations of

whether to use a particular broker, and DFI does not act as an investor's attorney.

Morgan Keegan & Company, headquartered in Memphis, Tenn., is a registered securities broker-dealer, and Morgan Asset Management is a federal registered investment adviser headquartered in Birmingham, Ala. Both are wholly owned subsidiaries of Regions Financial Corporation.

DFI is an agency in the Public Protection Cabinet. It supervises the financial services industry by examining, chartering, licensing and registering various financial institutions, securities firms and professionals operating in Kentucky. DFI's mission is to serve Kentucky residents and protect their financial interests by maintaining a stable financial industry, continuing effective and efficient regulatory oversight, promoting consumer confidence, and encouraging economic opportunities.

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