



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

August 25, 2004

Joseph D. Edmondson, Jr., Esq.  
Foley & Lardner LLP  
3000 K Street, N.W., Suite 500  
Washington, D.C. 20007

**Re: Morgan Keegan & Co., Inc.—Waiver Request under Regulation A and Rule 505 of Regulation D**

Dear Mr. Edmondson:

This is in response to your letter dated today, written on behalf of Morgan Keegan & Co., Inc. (the "Firm") and constituting an application for relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D under the Securities Act of 1933. You requested relief from disqualifications from exemptions available under Regulation A and Rule 505 of Regulation D that may arise by virtue of the entry of an order dated today by the Securities and Exchange Commission ordering, pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, that the Firm cease and desist from committing or causing any violations and any future violations of Section 17(b) of the Securities Act and Section 17(a) of the Exchange Act and Rule 17a-4 promulgated thereunder; that the Firm is censured pursuant to Section 15(b)(4) of the Exchange Act; that the Firm pay a civil money penalty of \$875,000; and that the Firm comply with the undertakings set forth in the order (the "Order").

For purposes of this letter, we have assumed as facts the representations set forth in your letter and the findings necessary to support the Order. We also have assumed that the Firm will comply with the Order.

On the basis of your letter, I have determined that you have made a showing of good cause under Rule 262 and Rule 505(b)(2)(iii)(C) that it is not necessary under the circumstances to deny the exemptions available under Regulation A and Rule 505 of Regulation D by reason of the entry of the Order. Accordingly, pursuant to delegated authority, and without necessarily agreeing that the requested relief is necessary, the relief described above from the disqualifying provisions of Regulation A and Rule 505 of Regulation D is hereby granted.

Sincerely,

A handwritten signature in cursive script that reads "Gerald J. Laporte".

Gerald J. Laporte  
Chief, Office of Small Business Policy

August 25, 2004

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053122-0108**Via Hand Delivery**Gerald J. Laporte, Esq.  
Chief, Office of Small Business Policy  
Division of Corporation Finance  
U.S. Securities and Exchange Commission  
450 Fifth Street, N.W., Room 3502  
Washington, D.C. 20549-0310Re: Matter of Certain Payments for Research, SEC File No. HO-9700  
(Morgan Keegan & Company, Inc.)

Dear Mr. Laporte:

We submit this letter on behalf of our client Morgan Keegan & Company, Inc. ("Morgan Keegan"), which is a settling respondent in the above-referenced proceeding investigation by the Securities and Exchange Commission (the "Commission") into payments received by Morgan Keegan that allegedly violated Section 17(b) of the Securities Act of 1933 (the "Securities Act").

Morgan Keegan requests, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D of the Commission promulgated under the Securities Act, a waiver of any disqualification from exemptions under Regulation A and Rule 505 of Regulation D that may be applicable to Morgan Keegan or any of its affiliates as a result of the entry of the Commission order described below. Morgan Keegan requests that these waivers be granted effective upon entry of such order by the Commission. It is our understanding that the Staff of the Division of Enforcement does not object to the grant of the requested waiver by the Division of Corporate Finance.

**BACKGROUND**

The Staff of the Division of Enforcement have engaged in settlement discussions with Morgan Keegan in connection with the investigation described above. As a result of these discussions, Morgan Keegan has submitted an Offer of Settlement. In this Offer of Settlement, solely for the purpose of the above-captioned proceeding and any other proceedings brought by or on behalf of the Commission or to which the Commission is a party, Morgan Keegan has consented to the entry by the Commission of an Order Instituting Proceedings, Making Findings and Imposing Sanctions (the "Order"), without admitting or denying the matters set forth therein (other than those relating to the jurisdiction of the Commission). Specifically, the Order states that Morgan Keegan received payments in consideration for publishing research reports without disclosing such payments in the reports, and that Morgan Keegan failed to preserve internal electronic mail communications.

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Under that Order, which was issued today, the Commission made findings, without admission or denial by Morgan Keegan, that it violated Section 17(b) of the Securities Act and Section 17(a)(1) of the Exchange Act and Rule 17a-4 thereunder. The Order requires that Morgan Keegan cease and desist from committing or causing any violations or future violations of Section 17(b) of the Securities Act pursuant to Section 8A of the Securities Act, and cease and desist from committing or causing any violations or future violations of Section 17(a)(1) of the Exchange Act and Rule 17a-4 thereunder pursuant to Section 21C of the Exchange Act. Finally, the Order requires that Morgan Keegan pay a civil money penalty of \$875,000 to the United States Treasury, and comply with the undertakings specified in the Order.

### DISCUSSION

Morgan Keegan understands that the entry of the Order may disqualify it and its affiliated entities from participating in certain offerings otherwise exempt under Regulation A and Rule 505 of Regulation D promulgated under the Securities Act, insofar as the Order may be deemed to cause Morgan Keegan to be subject to an order of the Commission pursuant to Section 15(b) of the Exchange Act. The Commission has the authority to waive the Regulation A and Rule 505 of Regulation D exemption disqualifications upon a showing of good cause that such disqualifications are not necessary under the circumstances. *See* 17 C.F.R. §§ 230.262 and 230.505(b)(2)(iii)(C).<sup>1</sup>

For the following reasons, Morgan Keegan requests that the Commission waive any disqualifying effect that the Order may have on it, or any of its affiliates, based on a determination that it is not necessary under the circumstances that such exemption under Regulation A and Rule 505 of Regulation D be denied.

1. Morgan Keegan's conduct to be addressed in the Order does not relate to offerings under Regulation A or D.
2. Morgan Keegan has undertaken to implement certain reforms in a manner reasonably designed to ensure compliance with the regulatory requirements that are the subject of the Order.
3. The disqualification of Morgan Keegan from the exemptions available under Regulation A and Rule 505 of Regulation D would, we believe, have an unduly adverse impact on third parties that have retained Morgan Keegan and its affiliates in connection with transactions that rely on these exemptions.

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<sup>1</sup> We note in support of this request that the Commission has in other instances granted relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D for similar reasons. *See, e.g., UBS Securities, LLC*, S.E.C. No-Action Letter (pub. avail. Oct. 31, 2003) (charges including Section 17(b) of the Securities Act); *U.S. Bancorp Piper Jaffray, Inc.*, S.E.C. No-Action Letter (pub. avail. Oct. 31, 2003) (charges including Section 17(b) of the Securities Act). *See also Credit Suisse First Boston Corporation*, S.E.C. No-Action Letter (pub. avail. Jan. 29, 2002); *Dain Rauscher, Incorporated*, S.E.C. No-Action Letter (pub. avail. Sept. 27, 2001); *Legg Mason Wood Walker, Incorporated*, S.E.C. No-Action Letter (pub. avail. June 11, 2001); *In the Matter of Certain Market-Making Activities on NASDAQ*, S.E.C. No-Action Letter (pub. avail. Jan. 11, 1999); *Stephens Incorporated*, S.E.C. No-Action Letter (pub. avail. Nov. 23, 1998).

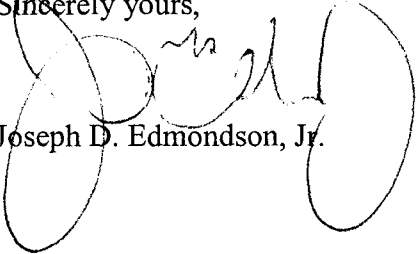
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4. The disqualifications would be unduly and disproportionately severe given: (i) the lack of any relationship between the violations addressed in the Order and any Regulation A or D related activity conducted by Morgan Keegan; and (ii) the fact that the Commission staff has negotiated a settlement with Morgan Keegan and reached a satisfactory conclusion to this matter that includes a cease and desist order, together with the payment of a substantial civil money penalty and compliance with undertakings.

In light of the foregoing, we believe that disqualification is not necessary in the public interest or for the protection of investors, and that Morgan Keegan has shown good cause that relief should be granted. Accordingly, we respectfully urge the Commission, and the Division of Corporation Finance pursuant to delegated authority, to waive the disqualification provisions in Regulation A and D to the extent that they may be applicable to Morgan Keegan or any of its affiliates as a result of the entry of the Order.

Please do not hesitate to contact the undersigned at 202-672-5354, if you have any questions regarding this request.

Sincerely yours,

  
Joseph D. Edmondson, Jr.

cc: James T. Ritt, Esq.  
Samuel J. Winer, Esq.