

IN RE REGIONS BANK, d/b/a)
)
REGIONS MORGAN KEEGAN TRUST)

FILED IN OFFICE
00853 PROBATE COURT
JUL 27 2016
ALAN L. KING
Judge of Probate
E.O.D.

Before the Court is the Joint Final Approval Petition submitted on January 16, 2015, by Regions Financial Corporation (“RFC”) and Regions Investment Management, Inc. (“RIM”) (collectively, the “Regions Parties”) and C. Fred Daniels, in his capacity as this Court’s Trustee *Ad Litem* (“TAL”), seeking the Court’s review, approval, and implementation of a \$24 million cash Settlement among the TAL, the Regions Parties, and Regions Bank that is set out in the Settlement Agreement¹ attached to the Joint Final Approval Petition as Exhibit A. After reviewing the record in this case and after a duly noticed Final Approval And Final Discharge Hearing on July 27, 2016, the Court hereby FINDS, CONCLUDES, ORDERS, ADJUDGES, and DECREES as follows:

1. Pursuant to Subsection 4.3 of the Settlement Agreement, Ala.R.Civ.P. 53, and the Court's expressly invoked equity powers, on March 24, 2015, the Court entered an Order appointing Judge Frank W. Bullock, Jr. (retired) as a Special Master to perform the duties, and exercise the authority, provided for the Special Master in the Settlement Agreement, including, but not limited to, the duties and authority provided in Subsections 2.2.3, 4.3 through 4.6, and 6.1 of the Settlement Agreement.

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2. Pursuant to Subsection 4.4.1 of the Settlement Agreement, on or before June 30, 2015, the TAL submitted to the Special Master: (a) a copy of the Settlement Agreement and its Exhibits; (b) a proposed Plan of Allocation; (c) a detailed explanation of the basis for the proposed Plan of Allocation, together with supporting information and data; (d) a proposed form of Notice to be sent pursuant to Subsection 4.4.3 of the Settlement Agreement; and (e) a proposed Notice Dissemination Plan.

3. Pursuant to Subsection 4.2 of the Settlement Agreement, on June 30, 2015, the TAL and Regions Bank each filed Final Discharge Petitions.

4. Pursuant to Subsection 2.2.1 of the Settlement Agreement, on June 30, 2015, RFC filed a petition seeking approval and appointment of Garden City Group, LLC (“GCG”) as the Settlement Administrator to exercise and carry out the duties and authority provided for the Settlement Administrator by the terms of the Settlement Agreement.

5. Pursuant to Subsection 4.4.6 of the Settlement Agreement, on August 18, 2015, the Special Master conducted a Special Master Fairness Hearing. All Parties and the Guardian *Ad Litem* (“GAL”) participated. Prior to and at the Special Master Fairness Hearing, the TAL made supplemental submissions pursuant to Subsection 4.4.2 of the Settlement Agreement. After the Special Master Fairness Hearing, the TAL presented modified submissions pursuant to Subsection 4.4.5 of the Settlement Agreement.

6. Pursuant to Subsection 4.4.7 of the Settlement Agreement, on September 29, 2015, the Special Master submitted to the Court his “Special Master’s Findings And Recommendations Concerning Preliminary Approval” (“Special Master’s Preliminary Findings And Recommendations”), which included the following:

After a thorough review of the Settlement Agreement, the Plan of Allocation, the Notice, the Notice Summary, and the Notice Dissemination Plan,

and a review of the Joint Final Approval Petition, the TAL's Final Discharge Petition, Regions Bank's Petition for Final Release, and a review and study of the court decisions in the litigation resolved by this Settlement Agreement, and a review and study of other litigation involving RMK Funds, and after consideration of the matters addressed by the parties at the Preliminary Approval Hearing, and the subsequent revision of some of the documents, the Special Master Recommends that the Settlement, the Plan of Allocation, the Notice, the Notice Summary, and the Notice Dissemination Plan be given Preliminary Approval by the Probate Court as fair, reasonable and adequate.

A copy of the Special Master's Preliminary Findings And Recommendations is attached to this Final Approval Order as **Exhibit 1**.

7. Pursuant to Subsection 4.4.8 of the Settlement Agreement, on November 5, 2015, the Regions Parties and the TAL filed a Joint Petition asking the Court to enter a Preliminary Approval Order preliminarily approving the Settlement Agreement, the Plan of Allocation, the Notice, and the Notice Dissemination Plan as fair, reasonable, and adequate, and directing that the Notice be sent pursuant to Subsection 4.4.4 of the Settlement Agreement.

8. On November 9, 2015, following a hearing attended by all Parties and the GAL, the Court entered a Preliminary Approval Order preliminarily approving the Settlement Agreement, the Plan of Allocation, the Notice, and the Notice Dissemination Plan as fair, reasonable, and adequate. The Preliminary Approval Order set April 15, 2016, as the deadline for objections to the Settlement Agreement, the Plan of Allocation, the TAL's Final Discharge Petition, and Region Bank's Final Discharge Petition, and set April 26, 2016, as the date for the Special Master Fairness Hearing to be conducted pursuant to Subsection 4.5 of the Settlement Agreement. The Preliminary Approval Order also set out specific directives for disseminating the Notice to Notice Parties, and specifically approved the TAL's engagement of GCG to carry out mailings to Notice Parties.

9. On April 26, 2016, the Special Master conducted the Special Master Fairness Hearing pursuant to Subsection 4.5 of the Settlement Agreement. Before and at the Special Master Fairness Hearing, Regions Bank provided an evidentiary submission establishing its compliance with its obligations under the RDR Orders, and the TAL and Regions Bank provided evidentiary submissions establishing their respective compliance with the Preliminary Approval Order's directives for providing Notice to Notice Parties.

10. On June 2, 2016, the Court received the "Special Master's Final Findings And Recommendations Following The Fairness Hearing" (the "Special Master's Final Report") submitted pursuant to Subsection 4.6 of the Settlement Agreement. A copy of the Special Master's Final Report is attached to this Order as **Exhibit 2**. The Special Master's Final Report finds and concludes that:

(a) The TAL and Regions Bank fully and effectively complied with all directives in the Court's November 9, 2015, Preliminary Approval Order for providing Notice to Notice Parties for the Settlement Accounts of: (i) the Settlement Agreement and the proposed Plan of Allocation; (ii) the TAL Final Discharge Petition and the Regions Bank Final Discharge Petition; (iii) the right of Parties With Standing to object to the Settlement (including the Plan of Allocation) or to either or both of the Final Discharge Petitions; and (iv) the date, time, and place of the Special Master Fairness Hearing.

(b) The only objection to the Settlement Agreement was submitted by the GAL, and the sole basis for that objection was that elements of the Plan of Allocation, if approved, will result in some of the Settlement Accounts for which the GAL received Notice having their Eligible Losses, Recognized Claim Amounts, or Distribution Amounts increased and some of the Settlement Accounts for which the GAL received Notice having their Eligible Losses,

Recognized Claim Amounts, or Distribution Amounts decreased. With respect to that objection, the Special Master found and concluded that: “The GAL acknowledges that he has no objective basis on which to object to the Settlement . . .” (Finding of Fact No. 5) and “The Objections to Settlement filed by the GAL provide no basis for reconsidering the fairness, reasonableness, and adequacy of the Settlement Amount or the Plan of Allocation.” (Conclusion of Law No. 8).

(c) The Special Master’s preliminary recommendation of GCG as the Settlement Administrator under the Settlement Agreement is confirmed. (Conclusion of Law No. 14)

(d) The Special Master’s final recommendation to the Court is that the Settlement, the Plan of Allocation, the Notice, the Notice Summary, and the Notice Dissemination Plan be given final approval by the Probate Court as fair, reasonable, and adequate.

11. Pursuant to Subsection 4.7 of the Settlement Agreement, promptly after receiving the Special Master’s Final Report, the TAL, the Regions Parties, and Regions Bank jointly petitioned the Court to set a Final Approval And Final Discharge Hearing for a date not less than forty-five (45) days after entry of the Order. On June 6, 2016, the Court entered an Order setting the Final Approval And Final Discharge Hearing for 2:45 pm on July 27, 2016. Notice of the Final Approval And Final Discharge Hearing was duly provided as directed by the Court’s Order and as provided in Subsection 4.7 of the Settlement Agreement.

Relief Granted

ONE: The Court approves and adopts the findings, conclusions, and recommendations in the Special Master’s Preliminary Findings And Recommendations and the Special Master’s Final Report attached hereto as **Exhibits 1 and 2**, and incorporates them herein by reference.

TWO: The Court grants Final Approval to the Settlement, the Plan of Allocation, the Notice, the Notice Summary, and the Notice Dissemination Plan as fair, reasonable, and adequate.

THREE: The Court determines that all Conditions Of Settlement provided in Subsections 5.1 through 5.8 of the Settlement Agreement that are applicable to entry of this Final Approval Order have been satisfied.

FOUR: The Court determines that the only Settlement Accounts identified on Exhibit 1 to the Settlement Agreement that have become Removed Settlement Accounts pursuant to Subsection 2.1.1 of the Settlement Agreement are the three Settlement Accounts identified by SAN Nos. 3458, 6353, and 6369 on Exhibit 1 to the Settlement Agreement and all other Settlement Accounts identified on Exhibit 1 to the Settlement Agreement have become Final Settlement Accounts as defined in the Settlement Agreement.

FIVE: The Court determines that the Final Settlement Amount, after the adjustments provided in Subsection 2.1 of the Settlement Agreement, is \$23,962,089.20.

SIX: The Court approves and appoints Garden City Group, LLC ("GCG") as the Settlement Administrator to carry out and exercise all duties and authority of the Settlement Administrator as provided in the Settlement Agreement. RFC shall be solely responsible for payment of all charges, costs, and expenses of or associated with the Settlement Administrator as provided in Subsection 2.2.1 of the Settlement Agreement.

SEVEN: Within thirty (30) days after the date of this Final Approval Order, the TAL shall cause the TAL's consultant, BKD, LLP, to provide to the Settlement Administrator the Distribution Amount for each Final Settlement Account calculated in accordance with the Plan of Allocation.

EIGHT: Regions Bank shall comply with all obligations of Regions Bank under the Settlement Agreement that are to be performed by Regions Bank after entry of the Final Approval Order, which are found in Subsections 2.2.2, 2.2.3, and 8.5, and Section 7 of the Settlement Agreement.

NINE: The Court reaffirms its March 24, 2015, Order Appointing Special Master and further directs that the Special Master shall have the continuing duties and authority that the Settlement Agreement provides for the Special Master in connection with implementation of the Settlement after the Final Approval Order is entered, which are found in Subsections 2.2.3, 4.3.5, and 6.1 of the Settlement Agreement. If the Special Master ultimately recommends distribution of any residual Undistributed Amounts to a charity because the reasonably projected costs (stated as a dollar amount) of a further Reallocation Distribution would be unreasonable in relation to the total dollar amount of the residual Undistributed Amounts, as provided in Subsection 2.2.3 (page 29) of the Settlement Agreement, then the Special Master shall designate the charity to receive such distribution. RFC shall be solely responsible for payment of all charges, costs, and expenses of or associated with the Special Master as provided in Subsection 4.3.4 of the Settlement Agreement and Paragraph 4 of the Order Appointing Special Master.

TEN: The Court directs that the GAL shall have the continuing duties and authority that the Settlement Agreement provides for the GAL in connection with implementation of the Settlement Agreement after the Final Approval Order is entered, which are found in Subsections 2.2.2.1, 2.2.3, and if the Court so orders, 4.3.5, of the Settlement Agreement.

ELEVEN: The Court grants the TAL a final discharge and release from any and all authority, responsibility, and liability in connection with the Released Claims of the Final Settlement Accounts, other than authority to implement and enforce the terms of the Settlement


as provided in Subsection 6.1 of the Settlement Agreement and to carry out the TAL Winding Up Responsibilities as provided in the TAL Final Discharge Order.

TWELVE: The Court directs Regions Bank, in its current or former fiduciary capacity for the Final Settlement Accounts, to release the Released Claims under the Settlement Agreement, and the Court declares that Regions Bank, in its current or former fiduciary capacity for the Final Settlement Accounts, is a Releasor of the Released Claims.

THIRTEEN: In accordance with the terms of the Settlement Agreement, the Final Settlement Amount shall be paid by the Regions Parties to the Settlement Administrator within thirty (30) days after the date of this Final Approval Order.

Costs are taxed to Regions Bank.

DONE and ORDERED this the 27 day of July, 2016.


SHERRI C. FRIDAY, Probate Judge
Sitting in Equity

**IN THE PROBATE COURT OF JEFFERSON COUNTY, ALABAMA
(IN EQUITY)**

**IN RE: REGIONS BANK d/b/a
REGIONS MORGAN KEEGAN TRUST**

Case No. 200853

**SPECIAL MASTER'S FINDINGS AND RECOMMENDATIONS
CONCERNING PRELIMINARY APPROVAL**

By Order dated March 24, 2015, the Honorable Sherri C. Friday, Judge of the Probate Court of Jefferson County, Alabama, sitting in Equity, appointed the undersigned as Special Master to perform the duties and to exercise the authority set forth in a Settlement Agreement effective October 30, 2014, among Regions Financial Corporation, (RFC) Regions Investment Management, Inc., (RIM) (the Regions Parties) and C. Fred Daniels in his capacity as court-appointed Trustee ad litem ("TAL") for Accounts listed and identified in the Settlement Agreement (TAL Accounts/ Settlement Accounts). Regions Bank joined in the Settlement Agreement to evidence and confirm Regions Bank's consent and agreement to be bound by all terms and provisions of the Settlement Agreement and to perform all obligations and responsibilities imposed by the Settlement Agreement.

In the Settlement Agreement the Regions Parties agreed jointly and severally to pay \$24 million, subject to only minor adjustments, to resolve the claims of TAL Accounts arising from investments in three Open-End Regions Morgan Keegan proprietary investment funds ("RMK Funds"). The Settlement Agreement directs the Special Master to review the Settlement, the Plan of Allocation, the Notice and the Notice Dissemination Plan and to make a Recommendation to the Court as to whether the Settlement, the Plan of Allocation, the Notice and the Notice Dissemination Plan should be preliminarily approved by the Court as fair, reasonable and adequate.

The Special Master has received from the TAL a proposed one-page Notice form, a multi-page Summary, a proposed Notice Dissemination Plan, and a proposed Plan of Allocation pursuant to Section 4.4.1 of the Settlement Agreement. On August 7, 2015, the TAL submitted proposed revisions to the documents. Additional submissions were made to the Special Master on August 17, 2015, containing alternative language for some of the documents and also spreadsheets showing the calculations of the separate dollar amounts to be distributed to each of the Settlement Accounts under the TAL's proposed Plan of Allocation.

On August 18, 2015, the Special Master held a Preliminary Approval Hearing in Birmingham, Alabama, with counsel for all of the parties present. At the hearing the proposed Plan of Allocation, the single page Notice form, the multi-page Summary, and Notice Dissemination Plan, along with proposed revisions, were discussed in detail. Additional revisions to the documents were suggested and agreed upon at the hearing.

On September 11, 2015, the Special Master received from the parties' agreed-upon revisions to the multi-page Notice, the Summary, the Notice Dissemination Plan, and the Plan of Allocation.

The Special Master has also reviewed Regions Bank's Petition for Final Release and Discharge, and the TAL's Final Discharge Petition, and the Joint Final Approval Petition submitted by Regions Financial Corporation, Regions Investment Management, and the TAL. In addition to reviewing the submissions of the parties, the Special Master has done a significant amount of independent research and review, including a review and study of other litigation involving the RMK Funds, including litigation which the TAL either initiated or participated.

In making the Findings and reaching the Conclusions herein, the Special Master has sought to verify through court filings, orders, decisions, and other matters of public record the

information in the documents submitted and the representations made by counsel for the TAL, the Regions Parties, and Regions Bank. Although independent verification of every single representation and calculation has not been practical, the Special Master is satisfied that the Findings and Conclusions set out below are adequately supported by the record in this matter. In making these Findings and Conclusions, the Special Master did not seek and has not received any proposed Findings and Conclusions from any of the parties or their counsel, and has made a de novo review of the issues and proposals in this matter.

FINDINGS OF FACT

1. Beginning in mid-2007, several Regions Morgan Keegan proprietary investment funds experienced deep declines in value. As the United States Judicial Panel on Multi-District Litigation explained in its Order consolidating and transferring 21 pending cases to the United States District Court for the Western District of Tennessee, numerous lawsuits were filed in various states in which the plaintiffs contended that the deep declines in value of the funds were the results of the funds being overly concentrated in mortgaged-backed and asset-backed securities, and being heavily invested in thinly-traded, illiquid, and complex securities for which there was no readily available market pricing. Included in the cases consolidated were five actions filed by the TAL C. Fred Daniels. See In Re Regions Morgan Keegan Securities, Derivative and Employee Retirement Income Security Act (ERISA) Litigation, 598 F. Supp. 2d 1379 (J.P.M.L. 2009).

2. Morgan Keegan & Co., Inc. is a full service broker/dealer and is a wholly-owned subsidiary of Regions Financial Corporation. Regions Bank is also a subsidiary of Regions Financial Corporation. When these proceedings began, millions of dollars of Regions Bank trust

accounts and other fiduciary accounts' assets had been invested in the RMK Funds. The TAL was appointed in this matter because Regions Bank had a conflict of interest in discharging certain duties as trustee, custodian, and agent because of its ownership in a fiduciary capacity of shares in the RMK Funds. C. Fred Daniels was appointed as trustee ad litem to evaluate and pursue claims against the RMK Funds that Regions Bank could not pursue due to its conflict.

3. The Settlement Agreement now before the Special Master and the Court resolves claims of Settlement Accounts arising from investments in Regions Morgan Keegan Open-End Funds, which means the RMK Select High Income Fund, the RMK Select Intermediate Bond Fund, and the RMK Select Short Term Bond Fund.

4. The account claims the TAL was appointed to pursue were accounts that were open at Regions Bank on June 30, 2008, and held or had held shares in the RMK Funds. The TAL's appointment was limited to those claims that Regions Bank had authority to assert against Morgan Keegan and Co., Inc. and Morgan Asset Management, Inc. (MAM) (now Regions Investment Management, Inc).

5. A Guardian ad litem ("GAL"), J. William Rose, Jr., was appointed by the Court on June 19, 2008, to accept notice on behalf of and to represent the beneficiaries of accounts under the age of majority, who were incompetent, unborn, unidentified, or unlocated, and were without representation.

6. The TAL was also given authority to pursue claims in behalf of Legacy Accounts, that is, accounts for which Regions Bank's appointment as trustee, custodian, agent or other fiduciary had ended.

7. The TAL engaged legal counsel to provide the legal services needed in any matters arising out of his appointment. The Birmingham, Alabama, law firm of Cabaniss,

Johnston, Gardner, Dumas and O'Neal, LLP, were engaged as primary counsel and the TAL engaged other lawyers as needed in states where Regions Bank had offices that maintained the relevant accounts.

8. The TAL employed a forensic accounting firm, BKD, LLP, to assist in calculating the TAL Accounts' potentially recoverable losses based on various legal remedies and theories of recovery.

9. The TAL also engaged an independent and well-known arbitrator and mediator, Jonathan Marks, as a consulting expert for assistance and advice in negotiating the settlement of claims resulting from the Open-End Funds decline.

10. All legal fees and expenses of the TAL and his counsel are being paid by Regions Bank. The fees and expenses of the Special Master, as well as the costs of administering and implementing the Settlement, will be paid by RFC.

11. In the fall of 2012, the Open End Funds (OEF) Class Securities Litigation in the Western District of Tennessee, which included the class action filed by the TAL for TAL Accounts, had been pending for over four years. The TAL, the Regions Parties and Regions Bank agreed to seek settlement of the remaining Open-End Funds claims within the TAL's RMK Funds Claim Authority through the use of an experienced mediator, Professor Eric Green, who also had mediated the Closed-End Fund Litigation settlement. After three full days of mediation, the parties mutually accepted the mediator's proposal of a \$24 million Settlement Amount.

12. The proposed distributions from the Settlement Amount in this case are not the sole distributions for losses in Open End Funds in the Settlement Accounts. However, distributions to the Settlement Accounts from other settlements were not proportional to the individual accounts losses on Open-End Funds.

13. The Plan of Allocation seeks to allocate the Settlement proceeds to account for prior disproportionate distributions. Consequently, the Plan subtracts the amount of a Settlement Account's prior distribution from other settlements for Open End Fund losses from the Settlement Accounts' Eligible Losses to determine the Recognized Claim Amount.

14. The Settlement in this case only resolves claims for Open-End Fund losses. Some Settlement Accounts have already recovered portions of their losses as a result of distributions from other settlements, which include losses on investments in Closed-End Funds as well as in the Open-End Funds that are the subject of this Settlement Agreement. Distributions were not allocated between Closed-End and Open-End Fund losses. The TAL's forensic accountant, BKD, LLP, has separated the distributions attributable to losses in each Fund.

15. Additional distributions to TAL Accounts from other settlements include distributions from the fund established by the securities regulatory authorities of the states of Alabama, Kentucky, Mississippi, South Carolina, and Tennessee (the "States Fund"), the fund established in the Securities and Exchange Commission's administrative proceeding (SEC Fair Fund), and distributions to the Settlement Accounts from the settlement of ERISA litigation.

16. The Plan also makes a deduction from an account's Eligible Losses for dividends received that exceeded the reasonably expected rate of return on similar investments as measured by the rate of return on comparable investments reflected in a publicly reported index by which the Open-End Funds performance was compared in public filings and marketing materials.

17. The first class action for Open-End Fund losses was filed on December 6, 2007. Claims for losses on shares bought before December 6, 2004, would be barred by the statute of repose under the 1933 Securities and Exchange Act. Losses on shares bought after the December 6, 2007, class action was filed would not support claims under the 1933 Act.

18. A class action on behalf of RMK Fund investors was already pending in the United States District Court for the Western District of Tennessee when the TAL was appointed. The TAL filed his own class action for losses in the Open-End Funds which was subsequently consolidated, and the consolidated action was denoted as In Re Regions Morgan Keegan Open-End Mutual Fund Litigation. On September 30, 2010, the District Court granted the Defendants' Motion to Dismiss claims made under Section 10(b), Rule 10(b)-5, and Section 20 of the 1934 Securities and Exchange Act for failure to meet the heightened pleadings standard of the Private Securities Litigation Reform Act of 1995 in that the Plaintiffs failed to demonstrate an inference of scienter. Claims under the 1933 Securities and Exchange Act do not require a heightened pleadings standard and Plaintiffs' allegations of untrue statements of material facts or omissions in a registration statement or prospectus under Sections 11 and 12(a)(2) and Section 15 were allowed to stand. See In re Regions Morgan Keegan Open-End Mutual Fund Litigation, 743 F.Supp. 2d 744 (W.D. Tenn. 2010).

19. Claims asserted under the 1933 Act are available only for shares purchased during the three-year period from December 6, 2004, to December 6, 2007 (Purchaser Claims). Claims asserted under the 1934 Act are for losses on shares that were owned or held during the loss period from January 1, 2007, through May 29, 2009, the date the Open-End Funds were liquidated (Holder Claims). Because of the higher standard of proof under the 1934 Act for Holder Claims, the Plan of Allocation subtracts 20% of the losses on shares purchased before December 6, 2004, or after December 6, 2007 (shares for which Purchaser Claims were not available) to address the fact that recovery on Holder Claims is more difficult.

20. January 1, 2007 is the starting date for determining Eligible Shares. This "Holder Claim" model for determining Eligible Shares is used to achieve a wider distribution of the

Settlement Amount proceeds than would result from an allocation limited to shares for which Purchaser Claims were asserted in the Open-End Mutual Fund Litigation.

21. To calculate the Share Price Trading Loss, the actual purchase or acquisition price is used in the Plan of Allocation.

22. January 1, 2007, is used as the starting point for determining Eligible Shares because RMK Fund prices were steady throughout 2006 and did not begin a significant decline until after January 2007.

23. The facts set out above are contained in the Notice, the Summary, the Notice Dissemination Plan, and the Plan of Allocation which will go to TAL Account Holders. The Special Master has carefully reviewed these documents for thoroughness and clarity.

24. The proposed one-page Notice has the Probate Court name at the top and just below it the name of the party and the Settlement Account number. The first two paragraphs recite the \$24 million Settlement, the name of the case, and advise the addressee that he or she may be eligible to receive a distribution from the Settlement; another paragraph contains an estimate of the distribution amount for the particular account. At the bottom of the page is a toll free number for the TAL as well as mailing and website addresses.

25. Enclosed with the one-page Notice is a 43-page Summary providing information about the Fairness Hearing, and setting out in question and answer form an explanation and information about the Settlement, including the Plan of Allocation. The procedure to file objections to the Settlement is also set out. Contact information is provided.

26. At the top of the third page of the multi-page Summary, it is stated in bold print that "No action is necessary for this account to receive payment." If an account is a Settlement

Account, it will participate in the Settlement and receive payment even if the Account Holder does nothing at all upon receipt of the Notice.

27. The Notice Dissemination Plan provides, as required by Section 4.4.9 of the Settlement Agreement, for the TAL to mail the Notice, and other documents, by first class mail within 30 days after the Court enters a Preliminary Approval Order. Regions Bank must furnish all of the information required for mailing the Notices. Provision is also made for re-mailing of all returned mailings to any updated or corrected addresses reasonably obtainable by Regions Bank.

28. The Settlement Agreement provides that 120 days after the Distribution Date the Settlement Administrator shall provide a verified written report (the "Distribution Report") to the Special Master which shall include undistributed amounts still remaining after the Settlement Administrator's efforts to effect payment of the Distribution Amount. After reasonable distribution efforts have been exhausted and the Settlement Administrator and Special Master have certified to the Court and the GAL that the projected costs to pursue distribution further would be unreasonable in relation to the total dollar amount of the Undistributed Amount, the Settlement Agreement provides that the Special Master shall submit a Recommendation to the Court and the GAL that the remaining amount be transferred to the charity or charities identified in the Plan of Allocation. See Settlement Agreement Section 2.2.3.

29. Section 2.21 of the Settlement Agreement provides that RFC shall propose to the Special Master a qualified Settlement Administrator to administer and distribute the final Settlement Amount to the Settlement Accounts. RFC has proposed Garden City Group, LLC as Settlement Administrator. Garden City Group has successfully administered other large settlements.

30. The TAL and his counsel made a number of discretionary decisions in effecting this Settlement, the first of which was whether to pursue settlement of the case, followed by the decision to settle for a payment of \$24 million.

31. After settlement was agreed upon the TAL adopted a proposed Plan of Allocation among the Settlement Accounts with the purpose to balance Open-End Fund losses in the Settlement Accounts equitably, which also incorporated a number of discretionary determinations, including:

1. Selection of a January 1, 2007 start date for determining Eligible Shares;
2. A dividend adjustment which subtracted excess dividend income over the Applicable Index Return from the Share Price Trading Loss;
3. A 20% Limited Claim Adjustment deduction from the Share Price Trading Loss to address the differences in the likelihood of recovery on claims asserting only "Holder Claims";
4. The exclusion of other settlement payments from a Settlement Account's Eligible Losses to determine its Recognized Claim Amount;
5. A 60% Total Recovery Cap;
6. A \$100 minimum Recognized Claim Amount;
7. Adoption of a "Holder Claim" model with a specific loss period regardless of when the shares were purchased, which results in an allocation for losses in more Open-End Funds Shares and a wider distribution of the Settlement Amount among the Settlement Accounts than would result from an allocation based solely or primarily on "Purchaser Claims."

32. The TAL represents that the proposed Plan of Allocation results in a net recovery of more than 31% of the total Eligible Losses and a net recovery of more than 41% of the total Recognized Claim Amount.

33. The Settlement Agreement does not provide the option for a Settlement Account Holder to opt out of the Settlement. However, three Settlement Accounts have become Removed Settlement Accounts excluded from this Settlement by order of the Court. Distributions amounts allocated to the Removal Settlement Accounts will be subtracted from the Settlement Amount. The reduction from the \$24 million Settlement Amount resulting from the removal of the three accounts is represented to be less than \$40,000.

34. In addition to the \$24 million Settlement Amount, Settlement Accounts that still held Open-end Fund Shares on May 29, 2009 may be eligible to receive distributions from a \$15 million Settlement Fund that is to be created pursuant to a proposed settlement in the OEF Derivative Litigation if that settlement is approved by the federal court in Tennessee.

Based on the foregoing Findings of Fact, the Special Master makes the following Conclusions of Law:

CONCLUSIONS OF LAW

1. The Settlement Agreement in this matter provides, in Section 4.3, for the appointment of a Special Master pursuant to Ala. R. Civ. P. 53. Section 4.3.1 of the Settlement Agreement requires that the Special Master has previously served as a federal district or federal magistrate judge in a district outside of Alabama, and while serving participated in the review and approval of class action settlements pursuant to Fed. R. Civ. P. 23(e) in class actions arising from federal securities laws. The undersigned served as a United States District Judge for the

Middle District of North Carolina for 24 years, seven years as Chief Judge, and presided over numerous class action settlements, several of which involved the federal securities laws; many required the court to set or approve reasonable counsel fees and costs. The Special Master is well aware of the considerations that go into a decision whether or not to approve a proposed settlement of a certified class action, some of which are set out below.

2. Conflicts of interest issues arise not infrequently in class action settlements, often involving the attorneys' fees and costs of class counsel. In this case such conflicts issues are avoided by the Court Order requiring Regions Bank to pay the fees and expenses of the TAL; the fees and expenses will thus not be deducted from the Settlement Amount. All costs of administering and implementing the Settlement will be paid by RFC. Compensation and expenses of the Special Master will be paid by RFC.

3. In many class action settlements, amounts which remain undistributed because of insufficient addresses or for other reasons are returned to the defendants; such is not the case here because any undistributed amounts will be given to selected charities. This provision removes any incentive for Regions Bank to use anything less than its best efforts to accomplish the widest practicable distribution of the proceeds of the Settlement.

4. The Special Master, in carrying out the duties imposed on him in the Settlement Agreement, has examined the strength of the claims asserted, the probability of success, and the range of possible recoveries. The Special Master has also examined the results of similar cases, including the settlement of other cases making similar claims and involving many of the same parties as here. The Special Master is thus in a position to judge the fairness, reasonableness, and adequacy of the Settlement and the allocation of the Settlement Amount.

5. The timing of any class action settlement, as well as the reasons for settlement, are important factors to consider when the fairness, reasonableness, and adequacy of the settlement is at issue. From the beginning of his appointment in 2008, the TAL has actively pursued recovery for losses in the TAL Accounts by filing and/or participating in a number of cases regarding the RMK Funds. The TAL has been assisted by able counsel throughout these proceedings. By the fall of 2012 the TAL and his counsel were well versed in the strengths and weaknesses of the RMK Funds cases. Activities in the OEF Class Securities Litigation had stalled in the Western District of Tennessee, and the District Court had dismissed all claims under the 1934 Securities and Exchange Act; a motion to amend the consolidated complaint had never been acted upon by the court. The TAL reasonably concluded that it was time to pursue settlement in this matter. This was especially true in that the Probate Court had ordered on August 22, 2012, that Regions Bank had to pay the TAL's reasonable attorneys' fees and costs, and these costs would be ongoing as the litigation continued.

6. Another issue to consider when deciding whether or not to approve a proposed class action settlement is the negotiating process leading up to the settlement. When settlement negotiations began, the TAL and his counsel had four years of experience dealing with various facets of the RMK Funds litigation, as well as participating in the 2012 mediation involving the Closed-End Funds Class Securities Litigation and ERISA Litigation. The TAL and the Regions Parties agreed to mediate the current matter before the same highly qualified and experienced mediator who assisted in the settlement of the Closed-End Funds Class Securities Litigation. The decision to pursue mediation at this time and in this way was a fair and reasonable decision by the TAL.

7. Before and during the mediation process the TAL and his counsel were assisted by a respected and experienced consulting expert. Through the use of this consultant and the national accounting firm, BKD LLP, the TAL conducted a review and analysis of the TAL Accounts and the review of documents in other proceedings before state and federal agencies and the courts. This enabled the TAL and his counsel to be well prepared to proceed with the settlement discussions and mediation.

8. The \$24 million Settlement in this matter is a result of arms-length and highly contested negotiations among well informed, equally prepared and able parties, and is not the result of collusion.

9. The Settlement Amount is fair, reasonable, and adequate under the circumstances of this case. There is no evidence that the parties and counsel have bargained away the interests of class members to maximize their own positions.

10. The Plan of Allocation was drafted with the specific purpose of allocating the Settlement Amount to losses on more Open-end Fund Shares and to provide a wider distribution among the Settlement Accounts. Because the Settlement was negotiated based on a number of disputed claims, the Plan of Allocation's use of a specific loss period similar to that used for "Holder Claims" is fair and reasonable under the circumstances.

11. The January 1, 2007 start date for the Loss Period is a fair and reasonable decision by the TAL. A review of the Open-End Funds performance shows no significant decline in share values until 2007. Although significant decline did not occur until July 2007, the use of an earlier date is not unreasonable. The use of the January 1, 2007 date makes the Plan of Allocation consistent with the existing plans of allocation for the State's Fund and the SEC Fair Fund.

12. The three deductions made in the Plan of Allocation, i.e., for excess dividends received, for shares which because of their time of acquisition would support only claims under the more difficult proof requirement of the 1934 Securities and Exchange Act, and for recoveries already made in Settlement Accounts for losses on their Open-End Fund Shares from other settlements, were adopted by the TAL in an effort to make the total recoveries in the Settlement Accounts more equitable. The TAL's drafting of the Plan of Allocation in this regard is fair and reasonable.

13. The 60% Total Recovery Cap was adopted in the Plan of Allocation in an effort to reduce the disparities in the total recoveries in the Settlement Accounts because of significant recoveries in some Accounts through distributions from other settlements. This is a fair and reasonable approach to distributing the Settlement Amount among the Settlement Accounts.

14. The \$100.00 Minimum Recognized Claim is a fair and reasonable way to recognize that even Settlement Accounts which have had their losses fully compensated through other settlements will nevertheless release their claims as a result of this Settlement.

15. The Plan of Allocation of the Settlement Amount in this case is a thoughtful, fair, and reasonable process to address the disparities in the recoveries in the various Settlement Accounts.

16. The requirements for the Notice to Parties are set out in Section 4.4.3 of the Settlement Agreement. Fed. R. Civ. P. 23(e)(1), referenced in the Settlement Agreement, requires Notice in a reasonable manner to all persons who would be bound by the settlement. The standard for reasonableness has been interpreted to include efforts that are calculated to reach class members, convey all of the required information, and permit a reasonable amount of time to respond. See Mullane v. Hanover Bank and Trust Co., 339 U.S. 306, 314 (1950). Notice

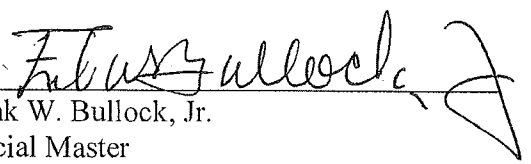
by publication is not always effective because it is difficult to determine the reach of the various publications. The accuracy of email lists can also be questionable because of high “bounce-back” rates. It is reasonable to believe that a significant majority of holders of financial accounts will be diligent in providing their financial institution with their current address. The proposed Notice Dissemination Plan for distributing the one-page Notice, the multi-page Summary and other documents by first-class mail to the addresses furnished by Regions Bank, and the provisions adopted for handling returned mailings, are fair and reasonable and provide the best method to reach the greatest number of Settlement Account holders.

17. The one-page Notice delivered by first-class mail to the individual addresses with the specific account name and number at the top, just below the name of the Probate Court, puts the recipient on notice that it involves an important matter and that it is important to read it. The multi-page Summary provides detailed information about the Settlement and contact information for those who have questions. Both documents provide attention-getting information at the top, and provide fair and reasonable notice and detailed information about the settlement in reasonably understandable language.

After a thorough review of the Settlement Agreement, the Plan of Allocation, the Notice, the Notice Summary, and the Notice Dissemination Plan, and a review of the Joint Final Approval Petition, the TAL’s Final Discharge Petition, Regions Bank Petition for Final Release, and a review and study of the court decisions in the litigation resolved by this Settlement Agreement, and a review and study of other litigation involving RMK Funds, and after consideration of the matters addressed by the parties at the Preliminary Approval Hearing, and the subsequent revision of some of the documents, the Special Master Recommends that the

Settlement, the Plan of Allocation, the Notice, the Notice Summary, and the Notice Dissemination Plan be given Preliminary Approval by the Probate Court as fair, reasonable and adequate. This Recommendation is not a commitment to make a similar Recommendation following the Fairness Hearing, and a Final Recommendation must await developments at the Fairness Hearing.

It is further Recommended that Garden City Group LLC be appointed as Settlement Administrator in this matter.


Frank W. Bullock, Jr.
Special Master

September 29, 2015.

**IN THE PROBATE COURT OF JEFFERSON COUNTY, ALABAMA
(IN EQUITY)**

**IN RE: REGIONS BANK d/b/a
REGIONS MORGAN KEEGAN TRUST**

Case No. 200853

**SPECIAL MASTER'S FINAL FINDINGS AND RECOMMENDATIONS
FOLLOWING THE FAIRNESS HEARING**

After entry by the Probate Court of its Preliminary Approval Order on November 9, 2015, in the above-entitled matter, and after Notice to the Parties with Standing, and Potential Account Successors, the Special Master held a Fairness Hearing at the Jefferson County Courthouse in Birmingham, Alabama on April 26, 2016. The purpose of the hearing was to consider any timely objections to the Settlement Agreement, the Plan of Allocation (POA) or the sufficiency of the Notice and the Notice Dissemination Plan. On April 15, 2016, the deadline specified in the Notice for the receipt of objections, the Special Master received the Guardian Ad Litem's (GAL) Objections to the Settlement. The GAL was appointed in this proceeding to accept Notice on behalf of and to represent the interests of TAL Accounts (account within the scope of the Trustee Ad Litem's appointment by the Probate Court) under the age of majority and who are without representation, who are incompetent, and who are unborn or otherwise unascertained, and who have not been identified or whose locations have not been identified to the TAL by Regions Bank. After a careful review of all information and evidence presented to or acquired by the Special Master after the initial September 29, 2015 Findings and Recommendations concerning Preliminary Approval, and after hearing the presentations of counsel at the April 26, 2016 Fairness Hearing, the Special Master makes the following Findings of Fact;

FINDINGS OF FACT

1. The Special Master Fairness Hearing was held at 9:00 a.m. on April 26, 2016 in the Jefferson County Courthouse as provided in the Notice mailed to the Notice Parties and as ordered by the Probate Court.
2. The GAL received Notices on behalf of 35 interested parties for 29 Settlement Accounts.
3. Because some of the 35 parties are Parties with Standing, but cannot for various reasons express their consent or objection to the Settlement and Petitions for Final Discharge and Release, the GAL presented his Objections to the Plan of Allocation to emphasize his expectation that the Special Master and the Court will carefully consider the interests of the beneficiaries he represents when reviewing the fairness, reasonableness, and adequacy of the proposed Settlement.
4. The GAL acknowledges that he has been given a full opportunity to participate in the preliminary approval process and that any concerns he had have been properly addressed.
5. The GAL acknowledges that he has no objective basis on which to object to the Settlement or the proposed Discharge and Release of the TAL and Regions Bank.
6. The TAL, in response to the GAL's Objections, states that the Special Master and the Court carefully considered the specific elements of the POA in preliminarily approving the Settlement, and that nothing has changed since those determinations were made.
7. The POA, if approved, will result in some of the accounts for which the GAL has received Notice having their claims increased and some of the accounts having their claims decreased.

8. Any settlement that allocates a fixed amount among multiple parties with different claims will result in distributions which give some parties increased amounts at the expense of other parties with different claims.

9. No other objections were received by the Special Master.

10. The Special Master and the Court have previously determined that the POA resulted in an equitable distribution of the Settlement Amount.

11. The Probate Court's November 9, 2015 Order adopting the Special Master's Recommendation required that certain actions be taken by Regions Bank and the TAL prior to the Special Master's Fairness Hearing (see paragraphs 3-16 of the Court's Order).

12. On April 25, 2016, the TAL filed with the Court and provided to the Special Master an Evidentiary Submission consisting of the affidavits of principles of Garden City Group, the settlement administrator, of BKD, the forensic accounting firm engaged by the TAL to provide litigation support services including loss calculations, and of counsel for the TAL attesting to the accuracy of the customized Notices mailed to the Notice Parties.

13. The Special Master has also received the affidavit of the Chief Fiduciary Officer of Regions Bank itemizing the actions taken by the Bank in providing information to the TAL and GAL regarding the Settlement Accounts.

14. Garden City Group (GCG), the settlement administrator, has extensive experience and expertise in every aspect of class action administration and outreach, and has successfully administered large class action settlements, including those involving, as here, securities issues, and has over its 30 year history mailed millions of notices and disseminated millions of dollars to eligible parties.

15. BKD is a national accounting firm with extensive experience in providing forensic accounting and claims evaluation in securities litigation.

16. Regions Bank has provided updated Notice Party information with respect to Settlement Accounts which remain open.

17. Regions Bank has made additional efforts to obtain corrected or updated information with respect to Potential Account Successors.

18. As a result of the records search and efforts of Regions Bank, Garden City Group, and the TAL, less than 4% of the more than 11,000 Notices mailed by the TAL were ultimately returned as undeliverable.

19. The Settlement Agreement also provides for the Special Master to receive, but not act upon, any timely objections to the TAL's Final Discharge Petition and Regions Bank's Final Discharge Petition.

20. The Special Master did not receive any objections to the Petitions for Discharge either before or at the Fairness Hearing.

CONCLUSIONS OF LAW

1. The actions required to be taken in paragraphs 3 through 16 of the Probate Court's Order were in fact taken as directed.

2. Regions Bank provided updated Notice Party information as was reasonably obtainable.

3. Regions Bank's efforts to obtain corrected or updated information as to potential Account Successors were reasonable under the circumstances.

4. BKD appropriately performed the duties requested of it by the TAL, including the calculations for each Settlement Account under the POA.

5. GCG accurately prepared the authorized Notices to each Settlement Account.
6. The procedures for providing Notice to Parties with Standing and potential Account Successors (Notice Partners) were thorough and effective.
7. The best evidence of the success of the efforts to disseminate Notice and relevant information to the interested parties is the fact that less than 4% of the more than 11,000 Notices were returned as undeliverable.
8. The Objections to Settlement filed by the GAL provide no basis for reconsidering the fairness, reasonableness, and adequacy of the Settlement Amount or the Plan of Allocation.
9. No other objections have been filed other than those by the GAL.
10. No objections have been made to the Petitions for Final Release and Discharge filed by the TAL and by Regions Bank.
11. Both the Special Master's Recommendations and the Probate Court's November 9, 2015 Preliminary Approval, which found the Settlement Agreement, the Plan of Allocation, the Notice, and the Notice Dissemination Plan to be fair, reasonable and adequate, were premised on the expectations that the actions enumerated in paragraphs 3 through 16 of the Probate Court's Order were successfully executed.
12. The evidentiary submissions reviewed by the Special Master at the April 26, 2016 Fairness Hearing confirmed that each step directed by the Probate Court in its Order was carried out in a professional manner and resulted in providing notice and other information to the vast majority of Account Holders and Successors.
13. The success of the Notification Procedures and the lack of significant objections confirm the Special Master's initial Findings and Conclusions as reflected in the September 29,

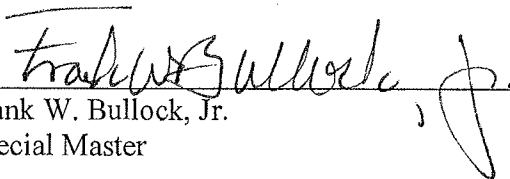
2015 Recommendation, which is incorporated herein by reference, that the Settlement is fair, reasonable, and adequate.

14. The Special Master's initial Recommendation of Garden City Group as the Settlement Administrator is confirmed by the thorough and professional manner in which Garden City Group carried out the duties assigned to it.

15. Counsel for all parties in these proceedings have represented their clients independently, competently, and in a thoroughly professional manner.

16. The Special Master finds no basis to change his earlier determination as reflected in his September 29, 2015 Recommendation that the Settlement, including the Plan of Allocation, is fair, reasonable and adequate.

NOW, THEREFORE, it is recommended that the Settlement, the Plan of Allocation, the Notice, the Notice Summary, and the Notice Dissemination Plan be given final approval by the Probate Court as fair, reasonable, and adequate. The Special Master will submit with this Final Report a copy of the GAL's Objection to Settlement, which was timely filed and considered by the Special Master, and which was the only objection of any kind submitted at the Fairness Hearing. The TAL's Response to the Objections will also be submitted. No objections were received to the Final Discharge Petitions of the TAL and Regions Bank.


Frank W. Bullock, Jr.
Special Master

June 2, 2016