



**STATE OF TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE**

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**STATES' FUND  
FINAL PLAN OF DISTRIBUTION**

**TO: A.B. Data, Ltd.**  
**FROM: Barbara A. Doak, States' Fund Representative**  
**RE: DISTRIBUTION AS TO MORGAN KEEGAN & CO. AND MORGAN  
ASSET MANAGEMENT - \$ 100,000,000.00 FUND FOR INVESTORS**

**I. OVERVIEW**

The following Plan of Distribution (“Distribution Plan”) for the States’ Fund (“States’ Fund”) is hereby submitted to A.B. Data, Ltd. (“Fund Administrator”) with terms which have been established by the States (Tennessee, Alabama, Mississippi, South Carolina and Kentucky)(“States”). As described more specifically below, the Distribution Plan provides for a distribution of partial restitution resulting from the Consent Orders<sup>1</sup> entered into by the States with Morgan Keegan & Company (“MKC”) and Morgan Asset Management (“MAM”) to injured investors of seven (7) Regions Morgan Keegan Funds from (1/1/2007) to (03/31/2008). The affected funds, collectively the “Funds,” are:

Regions Morgan Keegan Select Intermediate Bond Fund (“Intermediate Bond Fund”);  
Regions Morgan Keegan Select High Income Fund (“Select High Income Fund”);  
Regions Morgan Keegan Advantage Income Fund (“Advantage Income Fund”);  
Regions Morgan Keegan High Income Fund (“High Income Fund”);  
Regions Morgan Keegan Multi-Sector High Income Fund (“Multi-Sector High Income Fund”);

<sup>1</sup>Tennessee - <http://tn.gov/commerce/securities/documents/MorganKeegan6-21-11.pdf>

Alabama - <http://asc.state.al.us/Orders/2010/CO-2010-0016.pdf>

Mississippi - <http://www.sos.ms.gov/Morgan-KeeganOriginal/Morgan%20Keegan%20consent%20order.pdf>

South Carolina - [http://www.scag.gov/wp-](http://www.scag.gov/wp-content/uploads/2011/03/MorganAssetManagement.MorganKeegan.Kelsoe.Consent.pdf)

[content/uploads/2011/03/MorganAssetManagement.MorganKeegan.Kelsoe.Consent.pdf](http://www.scag.gov/wp-content/uploads/2011/03/MorganAssetManagement.MorganKeegan.Kelsoe.Consent.pdf)

Kentucky - [http://www.kfi.ky.gov/NR/rdonlyres/4F401F52-2973-45E5-A187-](http://www.kfi.ky.gov/NR/rdonlyres/4F401F52-2973-45E5-A187-AD0677B4C952/0/MorganandKeeganAOJune11.pdf)

[AD0677B4C952/0/MorganandKeeganAOJune11.pdf](http://www.kfi.ky.gov/NR/rdonlyres/4F401F52-2973-45E5-A187-AD0677B4C952/0/MorganandKeeganAOJune11.pdf)

Regions Morgan Keegan Strategic Income Fund (“Strategic Income Fund”); and  
Regions Morgan Keegan Select Short Term Bond Fund (“Short Term Bond Fund”).

In the Consent Orders, MKC and MAM agreed to pay into the States’ Fund one hundred million dollars (\$100,000,000.00) in partial restitution to investors. This amount has been paid into a States’ Fund created by the Fund Administrator. The Distribution Plan intends to distribute from the States’ Fund to eligible claimants (investors who held the fund during the period established for the States’ Fund and sustained an eligible loss<sup>2</sup> as established by the Fund Administrator)(“Eligible Claimants”) their partial share of the eligible losses<sup>3</sup> resulting from the violations.

The Distribution Plan is subject to approval by the States’ Fund Representative<sup>4</sup>, and the States’ Fund Representative retains jurisdiction over implementation of the Distribution Plan.

## **II. FACTUAL AND PROCEDURAL BACKGROUND**

### **A. Appointment of Fund Administrator**

1. The States’ Fund Representative has appointed A.B. Data, Ltd. as the Fund Administrator of the States’ Fund.<sup>5</sup>

2. The Fund Administrator shall be entitled to reasonable fees and reimbursement for reasonable costs and expenses in accordance with the proposal submitted to the States’ Fund Representative. The States’ Consent Orders require MKC and MAM to pay all costs and expenses associated with the States’ Fund administration, management and distribution, including, but not limited to, the fees, tax compliance fees, costs, expenses, and charges of the Fund Administrator. The Fund Administrator shall contact MKC and MAM’s representative, John N. Bolus<sup>6</sup>, Attorney with Maynard Cooper & Gayle PC, with regard to the scheduling of payment for all fees, costs, and expenses relating to the Fund Administrator’s services rendered. The States’ Fund will bear no responsibility for the administrative costs and expenses related to this action.

### **B. Waiver of Bond Requirement**

3. The States have waived any bond requirement of the Fund Administrator for good cause. Good cause is shown by:

a. Error and Omissions coverage in the amount of \$60M;

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<sup>2</sup>See footnote 9 on page 5

<sup>3</sup>See footnote 9 on page 5

<sup>4</sup>Barbara A. Doak, Chief Counsel for the Tennessee Securities Division, has been designated by the States as the States’ Fund Representative

<sup>5</sup>See Letter Appointing A.B. Data, Ltd. as the States’ Fund Administrator

<sup>6</sup>John N. Bolus, 2400 Regions/Harbert Plaza, 1901 Sixth Avenue North, Birmingham, AL35203; (205) 254-1025;

[jbolus@maynardcooper.com](mailto:jbolus@maynardcooper.com)

- b. Additional insurance coverage for general commercial liability and a crime policy which covers employee misconduct, including, but not limited to, dishonesty, forgery or fraudulent alteration of securities;
- c. Extensive work history with the SEC;
- d. Review of Internal Controls and Security Protocols.

**C. Duties of the Fund Administrator**

4. The Fund Administrator will be responsible for all aspects of oversight and implementation of the administration of the States' Fund and the Distribution Plan, as provided in the original and amended proposals submitted by the Fund Administrator to the States' Fund Representative, including, but not limited to, the handling of the tax administration for the States' Fund, obtaining accurate mailing information for potential Eligible Claimants that purchased the Funds from broker-dealers other than Morgan Keegan or other nominee purchasers, drafting and mailing Notifications to all known potential Eligible Claimants, preparing accountings, processing claims, handling claim disputes, the setting up, monitoring and maintenance of a case specific website, the setting up and staffing of a call center to address potential Eligible Claimant questions or concerns regarding the Distribution, distributing money from the States' Fund to Eligible Claimants in accordance with the Distribution Plan, and reporting as requested by the States' Fund Representative.

5. The Fund Administrator will ensure that sufficient amounts are withheld from the States' Fund to satisfy any tax liability of the States' Fund.

**D. Appointment of Tax Administrator**

6. The States' Fund Representative has appointed A.B. Data, Ltd. as the Tax Administrator of the States' Fund. Tax compliance fees and costs shall be paid by MKC and MAM as part of the costs of administering, managing and distributing restitution funds to Eligible Claimants.

7. The tax obligations of the States' Fund shall be paid from the interest earned on the States' Fund, and if the interest is not sufficient, then from the corpus of the States' Fund.

**III. DISTRIBUTION PLAN AND PROCEDURES**

**A. Identification and Notification of Potential Claimants**

8. Upon approval of the Distribution Plan by the States' Fund Representative, the Fund Administrator shall take reasonable steps to ascertain the identity and location of potential Eligible Claimants, primarily through a review and analysis of records provided by MKC to the States and to the Fund Administrator by the States' Fund Representative indicating names and addresses of investors who maintained accounts with MKC in the seven (7) affected funds of MKC listed above (the "Initial Mailing List"). In addition, the Fund Administrator shall obtain from MKC a list of "other purchasers" of the Funds and shall, on a best efforts basis, attempt to

ascertain the identity and location of potential Eligible Claimants based on the data provided by MKC for purchases of the Funds made through banks, brokers, and other nominees.

9. The Fund Administrator will seek to contact all potential Eligible Claimants by direct First-Class US Mail to inform them of eligibility requirements for participation in the States' Fund, and explain how to make a claim. The Fund Administrator will request that banks, brokers, and other nominees that held shares on behalf of other purchasers either (a) file a claim on behalf of the beneficial owner(s) for whom they held shares, (b) forward the notice and claim form on to the beneficial owners within fourteen (14) days of receipt of the notice and claim form so that beneficial owners may timely file a claim, or (c) provide the Fund Administrator with a list of last known names and addresses for all beneficial owners for whom the banks, brokers, and other nominees purchased or held potentially eligible shares. The Fund Administrator will maintain a website where shareholders may receive further information on the settlement, how to file a claim, how to reach the Fund Administrator by phone, and how to file claims electronically.

10. The Fund Administrator also will publish notices describing the States' Fund and eligibility requirements for participation at least twice in a national publication, and additionally as determined by the Fund Administrator. The first notice will occur within ten (10) days of the initial notice mailing and the second within forty-five (45) days of the initial notice mailing. The Fund Administrator will also issue a press release at least twice through a newswire service pursuant to the same deadlines to ensure the information will appear on financial news websites concurrently with publication.

11. The Fund Administrator will provide notice of the States' Fund via a case-specific website, [MorganKeeganSettlement.com](http://MorganKeeganSettlement.com), (the "Website") in addition to providing the same information through an electronic link to the Website to be located on the Fund Administrator's website, and an electronic link to the Website from the websites of all interested individual States. The States' Fund Website and the Fund Administrator's case page on its website will provide a copy of the Distribution Plan, eligibility requirements for participation in the States' Fund, a claim form, electronic claim filing guidelines, an explanation of the Eligible Loss Amount<sup>7</sup> calculation, the process for disputing an Eligible Loss Amount<sup>8</sup> calculation and the deadline for filing claims. The States' Fund Representative retains the right to review and approve any material posted on the websites.

12. An email address of [info@MorganKeeganSettlement.com](mailto:info@MorganKeeganSettlement.com) will be listed in the notice and claim form as well as on the Website and the Fund Administrator's case page on its website in order for potential Eligible Claimants to make inquiries.

13. The Fund Administrator shall establish a toll-free telephone number for potential Eligible Claimants to call to speak to a live claims administrator during its regular business hours or to listen to prerecorded messages after its regular business hours.

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<sup>7</sup> See footnote 9 on page 5

<sup>8</sup> See footnote 9 on page 5

14. Within thirty (30) days after this Distribution Plan is approved by the States' Fund Representative, the Fund Administrator shall provide written notice by First-Class US Mail, postage prepaid, to persons and/or entities that have been identified as potential Eligible Claimants informing them of the States' Fund (the "Initial Mailing").

15. For any notice appearing on the Initial Mailing List returned as "undeliverable," within forty-five (45) days of the Initial Mailing the Fund Administrator will undertake an address update search for the Eligible Claimant(s) if a Social Security number or Employer Identification Number is available through various proprietary databases using a Social Security or employer identification number reverse append process to locate the most up-to-date address on file. Undeliverable notices will be processed based on the criteria below:

- a. For returned notices received one to twenty (1-20) days after the Initial Mailing, the reverse append research will be conducted and the Fund Administrator will mail a replacement notice, within ten (10) days of completing the reverse append process to the updated addresses, if any, obtained through such database search; or
- b. For returned notices received twenty-one to forty-five (21-45) days after the Initial Mailing, the reverse append research will be conducted and the Fund Administrator will mail only a second written notice as described below within 10 days of completing the reverse append process to the updated addresses, if any, obtained through such database search.

16. A second written notice, sent by First-Class US Mail, postage prepaid, shall be sent to potential Eligible Claimants within forty-five (45) days of the Initial Mailing except that for those parties with updated addresses pursuant to Paragraph 15(b) second written notices shall be mailed no later than sixty (60) days of the Initial Mailing.

17. Periodically throughout the notice process, at times to be determined by the Fund Administrator, the Fund Administrator shall submit to the States' Fund Representative a list by state of all Initial Mailing List notifications that have been returned due to insufficient or incorrect address and for which the Fund Administrator has been unable to locate an up-to-date address through the database research referenced in Paragraph 15. The list shall include information sufficient for the States to use to attempt contact with the investor in their state, including, but not limited to, name, address as provided by MKC, and telephone number if available.

#### **B. Claims Process**

18. Each notice shall generally describe the claims and distribution process as set forth in the Distribution Plan, explain how to obtain a copy of the Distribution Plan by a written request or from the Website, identify the methods for submitting a claim (by filing a paper or electronic claim), and will be accompanied by a claim form prepared by the Fund Administrator. The claims filing deadline shall be clearly identified in the notice and claim form as the calendar date one hundred twenty (120) days from the date of the first mailing or the first publication of notice, unless extended by the Fund Administrator (any extension to be published on the Website

and noted on the recordings for the toll-free phone line after approval by the States' Fund Representative). No claim shall be accepted if postmarked after the final deadline established by the Fund Administrator as approved by the States' Fund Representative.

19. All claims, which must be in writing or submitted electronically, shall be accompanied by such documentary evidence as the Fund Administrator deems necessary or appropriate to substantiate the claim. To the greatest extent possible, shareholders will be provided with their Invested Amounts, Recovered Amounts, and Eligible Loss Amounts<sup>9</sup> calculated based on MKC's records as personalized entries in the claim form and will merely be required to confirm they do not disagree with the stated amount(s), update their personal information as required on the claim form, and sign the claim form's Substitute W-9.<sup>10</sup> If the Eligible Loss Amount calculated based on MKC's transaction records is accepted by the potential Eligible Claimant then no further documentation is required. If the Eligible Loss Amount calculated based on MKC's transaction records is disputed then the investor will be prompted to complete a schedule stating the shares owned at the close of trading on December 31, 2006, all purchases/free receipts/acquisitions from January 1, 2007 through and including March 31, 2008, all cash interest or dividends received from January 1, 2007 through and including March 31, 2008, all sales/free deliveries from January 1, 2007 through and including March 31, 2008, and shares owned at the end of trading on March 31, 2008. Documentation to support the holdings and transactions identified in the schedule must be submitted as proof of any additional claimed losses.

20. For those other purchasers for whom MKC does not have access to their data because the shares were held by a bank, broker or other nominee on the beneficial owners' behalf, data will not be available to the Fund Administrator directly. Claims for these other purchasers may either be filed by the banks, brokers, or nominees on behalf of the beneficial owners pursuant to their brokerage agreements or these other purchasers will be able to complete a generic copy of the claim form. The generic claim form will contain "Unknown" in the variable fields for Invested Amount, Recovered Amount, and Eligible Loss Amount and will prompt the investor to complete a schedule stating the shares owned at the close of trading on December 31, 2006, all purchases/free receipts/acquisitions from January 1, 2007 through and including March 31, 2008, all cash interest or dividends received from January 1, 2007 through and including March 31, 2008, all sales/free deliveries from January 1, 2007 through and including March 31, 2008, and shares owned at the end of trading on March 31, 2008 for processing. Documentation to support the holdings and transactions identified in the schedule must be submitted as proof of any additional claimed losses. Generic claim forms will be provided along with notices to all banks, brokers, and other nominees that either request copies of the notice and claim form to send to other purchasers or the Fund Administrator will send

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<sup>9</sup>"Eligible Loss", "Eligible losses" and "Eligible Loss Amount" are defined as the amount invested as of January 1, 2007, plus all purchases/free receipts/acquisitions from January 1, 2007 through and including March 31, 2008, less all cash interest or dividends received from January 1, 2007 through and including March 31, 2008, less all sales/free deliveries from January 1, 2007 through and including March 31, 2008, and less value of shares owned at the end of trading on March 31, 2008.

<sup>10</sup>It is anticipated that the calculated Invested Amounts, Recovered Amounts and Eligible Loss Amounts per the SEC's relevant period of January 1, 2007 through and including August 31, 2007, will also be provided on the Claim Form for investors to review concurrently, thus requiring investors to file only one claim to participate in both Settlement Funds if eligible.

these notices and claim forms to the other purchasers on behalf of the banks, brokers, and other nominees upon receipt of a list of beneficial owners; names and addresses. The generic claim form will also be available for download from the Website.

21. The Fund Administrator shall review all claim submissions and determine the eligibility and, if eligible, the approved Eligible Loss Amount less any offset for prior arbitration, mediation or other awards paid by MKC or MAM as of the claims filing deadline, of each potential Eligible Claimant that has submitted a claim. The Fund Administrator shall make initial determinations regarding eligibility to participate in the States' Fund and for those eligible claims, the approved Eligible Loss Amount to be used for calculating their shares of the States' Fund, within thirty (30) days of the claims filing deadline.

22. The Fund Administrator shall, within forty-five (45) days after the claims filing deadline, notify, in writing, all persons whose claims the Fund Administrator rejected for participation in the States' Fund, including those for whom a deficiency in the original filing exists. The Fund Administrator shall advise claimants in writing of the basis for rejection of their claims and the process for seeking reconsideration of the rejection or correction of the deficiency if that is the basis for rejection.

23. Any claimants seeking reconsideration of their rejected claims and/or correction of their deficiencies must advise the Fund Administrator in writing within twenty (20) days of the date of their rejection/deficiency letters. All requests for reconsideration and curing of deficiencies must include the necessary documentation to either (a) substantiate the basis upon which the claimant is requesting reconsideration, or (b) cure the outstanding deficiency, as applicable. Following subsequent review, the Fund Administrator shall, within twenty-five (25) days of the claimants' deadline notify such parties in writing of the Fund Administrator's decision. The determinations of the Fund Administrator shall be final.

24. Potential Eligible Claimants will be able to utilize the toll-free telephone number, 888-208-9083, to contact the Fund Administrator to request copies of the notice and claim form, ask questions about how to complete the claim form, how to file a claim in general, or inquire about how to correct their claims once deficiency and rejection processing begins. Potential Eligible Claimants will also be able to provide additional documentation or make inquiries using the email address noted above, a dedicated fax number for the case that will be included on all correspondence, or by sending correspondence via U.S. Mail, as long as such additional information is postmarked by the deadline set for submission of claims and/or responses to deficiency notices or requests for reconsideration on rejected claims. These contact options will be noted in all written correspondence exchanged with the potential Eligible Claimants in regard to their claims and will be clearly identified on the Website and within the toll-free line prerecorded messages, as applicable.

### **C. Calculation of Disbursement Amounts**

25. The States' Fund assets (principal plus accrued interest less withholding for tax liability of the settlement fund) will be disbursed to Eligible Claimants based on a "rising tide" distribution. Once the pool of Eligible Claimants is established through the claims process, all

Eligible Claims shall be allocated one dollar at a time with this allocation continuing until the calculated Eligible Loss Amount is satisfied for an Eligible Claim at which point no further funds will be distributed to that Eligible Claim and the process will continue for those Eligible Claims that have not been fully satisfied. This process will continue until the States' Fund is depleted of assets to the point that there are insufficient funds for equitable distribution of an additional dollar to each remaining Eligible Claim that is not already fully satisfied or all Eligible Claims are fully satisfied, whichever occurs first. Any otherwise Eligible Claim that fails to have an estimated Eligible Loss Amount of at least \$10.00 shall be deemed *de minimus* and will not receive a payment.

#### **IV. ADMINISTRATION OF THE DISTRIBUTION PLAN**

##### **A. Control of the Distribution Fund**

26. The assets of the States' Fund are subject to the continuing jurisdiction and control of the States' Fund Representative. The States' Fund is currently deposited at the banking institution selected by the Fund Administrator.

27. The States' Fund constitutes a Qualified Settlement Fund ("QSF") under Section 468B (g) of the Internal Revenue Code, 26 U.S.C. §468B (g), and related regulations, 26 C.F.R. §§1.468B-1 through 1.468B-5.

28. The Fund Administrator established the QSF account at Baylake Bank (the "Bank") in the name of and bearing the taxpayer identification number ("TIN") of the QSF as custodian for the beneficiaries of the Distribution Plan. The name of the account is "Morgan Keegan & Company, et al. Securities Settlement Fund" and the Fund Administrator is identified as custodian of the QSF Account for the benefit of investors allocated a disbursement from the States' Fund.

29. Prior to receipt of any funds in the QSF Account, the Bank provided the Fund Administrator with a collateral agreement, which has been provided to the States' Fund Representative. The collateral agreement states all funds in the QSF Account will be held for this Distribution Plan and that the Bank will not place any lien or encumbrance of any kind upon the funds.

30. Any interest earned shall be included in the distribution allocations as calculated by the Fund Administrator and distributed to beneficiaries up to time certain selected by the Fund Administrator that would allow for orderly distribution. Residual interest shall be distributed to the States according to a pro rata percentage of dollars lost by each State's investors. All costs associated with the QSF Account will be paid by MAM and MKC.

31. The Bank will hold the States' Fund assets during the check-cashing period. The Fund Administrator shall be the signer on the QSF account, subject to the continuing jurisdiction and control of the States' Fund Representative.

32. The assets of the States' Fund will be held in the QSF Account, separate from Bank assets, until presentation of a check. Presented checks will be subject to positive pay controls before they are honored by the Bank and only upon the positive pay criteria matching will funds be transferred from the QSF account to the operating account in order to clear the approved checks.

33. The Administrator shall use the assets and earnings of the States' Fund held in the QSF Account to provide payments to Eligible Claimants and to provide the Tax Administrator with assets to pay tax liabilities.

34. Any funds in the QSF Account shall be held in a fully FDIC insured account or invested in U.S. Treasury Bills or in instruments backed by the full faith and credit of the U.S. Government, including a top-rated U.S. Treasury money market fund that directly invests 100% in short-term U.S. Treasury securities and obligations, provided however, that the money market mutual funds' investments in short term U.S. Treasury securities will not be made through repurchase agreements or other derivative products.

#### **B. Procedures for Distributing the Distribution Fund**

35. In order to distribute funds, the Fund Administrator will compile and submit a validated list of payees (including multiple identifiers such as name, address, or social security or taxpayer identification numbers) and the payment amounts to the States' Fund Representative no later than 20 days after the Final Rejection Letters are mailed. The validation will state that the list was compiled in accordance with the Distribution Plan and provides all information necessary to make payment to each Eligible Claimant whose disbursement meets the threshold as outlined in the Calculation of Distribution Amounts section above. A copy of the validated list of payees including names, addresses, TINs, and payment amounts shall be provided to MKC and MAM counsel, John Bolus, or another representative as directed by MKC and MAM.

36. Upon receipt and review of the validated list, and upon approval by the States' Fund Representative, the States' Fund Representative will direct the Fund Administrator that checks or electronic transfers may be issued. The Fund Administrator shall make all practicable efforts to have such distribution issued within five (5) business days of receiving approval from the States' Fund Representative (the "Initial Distribution Date").

37. All checks shall be issued by the Fund Administrator from the operating account set up with the Bank. All checks shall bear a stale date of one hundred twenty (120) days from the Initial Distribution Date. Checks that are not negotiated within the stale date shall be voided, and the Bank shall be instructed to stop payment on those checks, except as provided below.

38. All payments shall be preceded or accompanied by a communication that includes, as appropriate, (a) a statement characterizing the disbursement; (b) a description of the tax information reporting and other related tax matters; (c) a statement that checks will be void one hundred twenty (120) days from the Initial Distribution Date and thereafter subject to forfeiture; and (d) contact information for the Fund Administrator, to be used in the event of any questions regarding the disbursement (the "Disbursement Letter"). Any such information letter or other mailing to recipients characterizing their Distributions shall be submitted to the States'

Fund Representative for review and approval. Disbursement checks, on their face or in the accompanying mailing, will clearly indicate that the money is being distributed from a States' Fund established by the States for the injured investors of the seven (7) Regions Morgan Keegan (RMK) Funds.

39. Electronic transfers or "wire transfers" may be utilized to transfer funds in accordance with the approved disbursement amounts to filers of claims on behalf of twenty (20) or more beneficial owners. Wire transfers will be initiated by the Fund Administrator using a two-party check and balance system.

40. The Fund Administrator shall utilize the Bank's "positive pay" system to control Distributions by check from the operating account. The positive pay system provides protection against fraud arising from counterfeit or amount-altered checks. The positive pay system will require, at a minimum, confirmation by the Bank that all checks presented for payment match the identifiers and amounts on the validated list prior to payment of the presented obligation.

41. The Fund Administrator will continue to provide customer support and communications programs utilizing the same toll-free number included in the notice and claim form as well as posting additional information on the Website throughout fund administration.

### **C. Procedures for Handling Returned or Un-Cashed Checks**

42. The Fund Administrator shall account for all payments and transactions related to the Distribution Fund, including any checks that expire un-cashed. The Fund Administrator shall research and reconcile all returned items due to non-delivery, insufficient addresses, and/or any other deficiencies and shall issue new checks where appropriate.

43. In cases where an Eligible Claimant is unable to endorse a disbursement check as written (e.g., name changes as a result of divorce, IRA custodian changes, or recipient is deceased) and the Eligible Claimant or his/her/its lawful representative requests the reissuance of a disbursement check in a different name, the Fund Administrator will request, and must receive, documentation to support the requested change. The Fund Administrator will review the documentation to determine the authenticity and propriety of the change request. If such change request is properly documented, the Fund Administrator will issue an appropriately redrawn disbursement check to the requesting party. All reissued disbursement checks shall bear a final void date no later than one hundred eighty (180) days from the Initial Distribution Date.

44. Any Eligible Claimants that contact the Fund Administrator to request reissue of their disbursement checks shall be required to wait until the initial one hundred twenty (120) day stale date has passed for re-issue unless the original disbursement checks are returned to the Fund Administrator.

45. If any disbursement check is returned as "undeliverable," the Fund Administrator will undertake an address update search for the Eligible Claimant(s), through various proprietary databases using Social Security number reverse append processing to locate the most up-to-date address on file, within fourteen (14) business days after receipt of such returned disbursement check. The Fund Administrator will mail a new disbursement check to the updated address, if

any, obtained through such database search. If a disbursement check is not negotiated by its initial one hundred twenty (120) day stale date, that disbursement check shall be voided in the Bank's positive pay system and it will not be honored should it be presented.

46. If any money remains in the States' Fund one hundred twenty (120) days after the Initial Distribution Date, the Fund Administrator shall make reasonable efforts to contact Eligible Claimants who have failed to negotiate any disbursement checks over two hundred fifty dollars (\$250.00) (other than disbursement checks returned as "undeliverable") and take appropriate action to re-issue any such disbursement checks as needed. If any reissued disbursement checks remain un-cashed one hundred eighty (180) days after the Initial Distribution Date the Fund Administrator shall void all such disbursement checks with the Bank and such Eligible Claimants' shares shall be deemed forfeited.

47. A residual within the States' Fund will be established for any amounts remaining after all assets have been disbursed. The residual may include funds reserved for future taxes and related expenses, amounts from disbursement checks that have not been cashed, amounts from disbursement checks that were not delivered or accepted upon delivery, and tax refunds. Any funds remaining in the residual after the final accounting is approved by the States' Fund Representative shall be allocated back to the States on a pro-rata percentage of dollars lost by each State's investors.

#### **D. Procedures for Handling Disputes**

48. Disputes shall be limited to the calculation of the disbursement amount to Eligible Claimants. Procedures for determining and reconsideration of a claimant's eligibility to receive a disbursement are outlined in Paragraphs 17-23 above. Any disbursement disputes must be submitted in writing along with any supporting documentation to the Fund Administrator. All calculation disputes must be submitted in writing along with any supporting documentation to the Fund Administrator. All calculation disputes must be submitted within thirty (30) days of the Initial Distribution Date. Following an investigation of the dispute, including a review of the written dispute and any supporting documentation, within thirty (30) days of receipt of the dispute the Fund Administrator shall notify, in writing, the person submitting the dispute of the Fund Administrator's resolution of the dispute, which shall be final. This procedure shall be set forth in the Disbursement Letter accompanying and/or attached to the check.

#### **E. Accounting**

49. The Fund Administrator will provide an accounting to the States' Fund Representative during the first twenty (20) days of each calendar quarter after approval of the Distribution Plan. The Fund Administrator will file an accounting of all monies earned or received and all monies billed to MKC and MAM in connection with the administration of the Distribution Plan. Upon final payment of the funds to Eligible Claimants pursuant to the procedures described above, all of the taxes and fees having been paid, the Fund Administrator will submit a final accounting to the States' Fund Representative for approval prior to termination of the Distribution Fund and discharge of the Fund Administrator; such report shall be provided no more than two hundred twenty-five (225) days after the Initial Distribution Date.

**F. Termination of the Distribution Fund**

50. The States' Fund shall be eligible for termination, and the Fund Administrator shall be discharged, after all of the following have occurred: (1) a final accounting has been submitted by the Fund Administrator for approval of, and has been approved by, the States' Fund Representative; (2) all taxes, fees, and expenses have been paid; and (3) any amount remaining in the States' Fund has been received by the States pursuant to Paragraphs 30 and 47. When the States' Fund Representative has approved the final accounting, the Fund Administrator shall seek a letter from the States' Fund Representative approving the termination of the States' Fund and discharge of the Fund Administrator.

**G. Amendments**

51. The Fund Administrator shall take reasonable and appropriate steps to distribute the States' Fund according to the Distribution Plan. The Administrator will inform the States' Fund Representative of any changes needed in the Distribution Plan. Upon agreement with the States' Fund Representative, the Fund Administrator may implement immaterial changes to the Distribution Plan to effectuate its general purposes. If a change is deemed to be material by the States' Fund Representative, the States' Fund Representative's approval is required prior to implementation by amending the Distribution Plan, which may be done upon the request of any of the States or the Fund Administrator or upon the States' Fund Representative's own request.

52. For good cause shown, the States' Fund Representative may extend any of the procedural deadlines set forth in the Distribution Plan.

Approved by:



Barbara A. Doak  
States' Fund Representative

12-22-11  
Date