



## AlaFile E-Notice

**01-CV-2009-001588.00**

Judge: HOUSTON BROWN

To: DAVIS GREGORY LOUIS  
gldavis@knology.net

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# NOTICE OF ELECTRONIC FILING

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IN THE CIRCUIT COURT OF JEFFERSON COUNTY, ALABAMA

LOUISIANA MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM V C DOWD RITTER  
01-CV-2009-001588.00

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**ANNE-MARIE ADAMS**  
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JEFFERSON COUNTY, ALABAMA  
JEFFERSON COUNTY, ALABAMA  
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205-325-5355  
anne-marie.adams@alacourt.gov



IN THE CIRCUIT COURT OF JEFFERSON COUNTY

LOUISIANA MUNICIPAL POLICE )  
EMPLOYEES RETIREMENT SYSTEM, )  
Derivatively for the Benefit of, and on )  
Behalf of, Nominal Party, REGIONS )  
FINANCIAL CORPORATION, )

*Plaintiff,* )

v. )

CIVIL ACTION NO.  
CV-2009-1588 HLB

C. DOWD RITTER, JACKSON W. )  
MOORE, IRENE ESTEVES, ALTON E. )  
YOTHER, D. BRYAN JORDAN, RONALD )  
C. JACKSON, RICHARD D. HORSLEY, )  
ALLEN B. MORGAN, JR., SAMUEL W. )  
BARTHOLOMEW, JR., GEORGE W. )  
BRYAN, MARGARET H. GREENE, )  
SUSAN W. MATLOCK, JORGE M. )  
PEREZ, MALCOLM PORTERA, JOHN R. )  
ROBERTS, MICHAEL S. STARNES, LEE )  
J. STYSLINGER, III, ROBERT R. )  
WALLER, SPENCE L. WILSON, HARRY )  
W. WITT, O.B. GRAYSON HALL, JR., )  
EARNEST W. DEAVENPORT, JR., )  
DAVID J. COOPER SR., DONALD )  
DeFOSSET, JAMES R. MALONE, )  
CHARLES D. McCrARY, CLAUDE B. )  
NIELSEN, JOHN E. MAUPIN JR., )  
WILLIAM C. WELLS, II, MERRILL )  
LYNCH, PIERCE, FENNER & SMITH )  
INCORPORATED and ERNST & YOUNG )  
LLP, )

*Defendants,* )

and )

REGIONS FINANCIAL CORPORATION, )  
a Delaware Corporation, )

*Nominal Party.*

**ORDER GRANTING PLAINTIFF'S APPLICATION FOR A TEMPORARY  
RESTRAINING ORDER AND MOTION FOR A PRELIMINARY INJUNCTION AND  
LIMITED EXPEDITED DISCOVERY**

The Court, having considered Plaintiff's Application for a Temporary Restraining Order and Motion for a Preliminary Injunction and Limited Expedited Discovery, the Memorandum of Points and Authorities filed in support thereof, the Affidavit and exhibits thereto submitted, and the Verified Shareholder Derivative Complaint for Breach of Fiduciary Duty, Corporate Waste, Abuse of Control, Aiding and Abetting and Breach of Professional Duties filed in this case, finds that: (i) Regions Financial Corporation ("Regions") will be irreparably injured if a temporary restraining order does not issue protecting tens of millions of dollars in incentive compensation Regions paid based on financial performance reported for fiscal years 2006-2008, later determined to be materially inaccurate; (ii) the injunctive relief does not threaten substantial injury to the parties to be restrained, all of whom are current or former directors, officers and/or employees of Regions and will retain custody and investment discretion over the disputed funds in trust for Regions; (iii) as to likelihood of success on the merits, the Court finds Plaintiff has presented at least "a fair question as to the existence of the right to be protected" concerning the legality of leaving \$155+ million of Regions assets in the unrestricted custody of the parties to be restrained; (iv) good cause exists for the imposition of a constructive trust; and (v) that limited, expedited discovery will aid the Court in determining whether a preliminary injunction should issue.

Accordingly, the Court ORDERS that:

1. Nominal party Regions, the "Restrained Parties" identified below and their agents, officers, servants, employees, attorneys, and those persons in active concert or participating with them, who receive actual notice of the Order, are temporarily enjoined and restrained pending the

Court's determination on the issuance of a preliminary injunction to protect the *status quo*, as follows:

(a) Any incentive compensation and bonuses received by Regions' 25 most highly paid executives for fiscal 2006, 2007 and 2008 (the "Restrained Parties"), as those persons are later identified (and personally served with this temporary restraining order), along with any restricted stock and stock options they hold (vested or unvested), and pension and supplemental executive retirement plan ("SERP") benefits accrued in their name are hereby subject to a constructive trust. To the extent these assets are now held by the Restrained Parties, or later transferred to them, these funds must be segregated, in whatever present form those proceeds may be, and invested in short-term U.S. Treasury Notes or other liquid assets approved by the Court.

(b) The Restrained Parties are hereby temporarily enjoined from exercising any Regions stock options without Court approval. If any such options are exercised, the shares issued shall be subject to the constructive trust described above in ¶(a).

(c) The Restrained Parties are temporarily enjoined from selling any Regions common stock, but they may petition the Court to allow the sale of a specified number of shares of Regions common stock upon a showing of good cause. If any such shares are sold, the proceeds shall be subject to the constructive trust described above in ¶(a).

(d) Regions and the Restrained Parties shall cooperate in preparing and providing Plaintiff a detailed accounting of all bonuses, incentive compensation, severance or golden parachute payments, retention bonuses and payments, pension and SERP benefit accruals and stock options, restricted share and common stock sales involving Regions during the Relevant Period.

(e) The Restrained Parties may, subject to this Court's approval upon proper application, substitute for the segregation of funds described herein which are to be invested in short-

term U.S. Treasury Notes or other liquid assets approved by the Court, a bond in the amount of one hundred per cent of the value of the assets assignable to any such Restrained Party.

2. That the parties shall arrange in good faith to conduct the following limited discovery, including making the following documents available *within seven days* of entry of this Order for copying and permitting Plaintiff to depose Defendants C. Dowd Ritter (Regions' Chief Executive Officer and Chairman of the Board), Irene Esteves (Regions' Chief Financial Officer), Regions' Compensation Committee members Claude B. Nielsen (Chair), George W. Bryan, Earnest W. Deavenport, Jr., Susan W. Matlock and Lee J. Styslinger, III, and the persons most knowledgeable concerning the topics governed by the documents described below, limited to four hours, *upon three calendar days' notice* and:

(a) Documents sufficient to identify the 25 most highly paid Regions executives or employees in fiscal years 2006, 2007 and 2008;

(b) Documents sufficient to determine the value and basis for paying any non-salary compensation benefits to the 25 most highly paid Regions executives or employees for fiscal 2006, 2007 and 2008, including the basis for paying any bonuses, incentive compensation (long-term and short-term, equity and non-equity), stock option grants, restricted stock grants, pension and SERP accruals, perquisites, and any "other compensation";

(c) Documents sufficient to identify all stock options or restricted shares granted to any Restrained Party during the Relevant Period, including whether such stock options or restricted shares are vested or unvested, the dates such stock options were issued or restricted shares were issued and the dates such stock options and restricted shares vest (if not yet vested);

(d) Documents sufficient to identify all stock options exercised by any Restrained Party during the Relevant Period, including the date of such exercise and the disposition of the shares upon exercise;

(e) For each Relevant Period sale, encumbrance or other disposition of Regions securities (including common stock, stock options or restricted shares) by any Restrained Party, documents which identify the brokerage house, bank, institution, other entity or individual through whom or which the security was transacted;

(f) Documents sufficient to identify the location of proceeds of securities sales, encumbrances or dispositions evidenced in ¶(e) above or any assets derived from such proceeds (including institution, account number and account name, or, if the proceeds or assets are in the possession, custody or control of a person, the identification and location of any such person);

(g) Documents sufficient to permit Plaintiff's forensic accountants to calculate the "excess purchase price" and/or "goodwill" attributed to Regions' November 2006 acquisition of AmSouth Corporation, both in connection with completing the acquisition and on a quarterly basis following the acquisition through the present;

(h) Documents sufficient to permit Plaintiff's forensic accountants to compute the sufficiency of Regions' and AmSouth's loan loss reserves on a quarterly basis commencing January 1, 2006 through the present;

(i) Documents sufficient to permit Plaintiff's forensic accountants to calculate the value of Regions' and AmSouth's real estate loan portfolios on a quarterly basis commencing January 1, 2006 through the present;

(j) Documents sufficient to permit Plaintiff's forensic accountants to ascertain the appropriateness of the timing of write-downs and impairments taken on Regions' and AmSouth's

real estate loan portfolios, excess purchase price and goodwill on a quarterly basis commencing January 1, 2006 through the present;

(k) Documents sufficient to demonstrate communications between Regions, its directors, executives and employees, its financial advisors, its outside auditors and AmSouth, and AmSouth's directors, executives and employees, financial advisors and outside auditors concerning the value of AmSouth's real estate loan portfolio and operations in connection with Regions' acquisition of AmSouth in November 2006 through the present;

(l) All Regions and AmSouth Board and Board Committee meeting minutes for meetings held since January 1, 2006, including any board packets and other documents prepared for or provided to directors in connection with those meetings;

(m) Documents sufficient to demonstrate all communications with the U.S. Treasury, the U.S. Securities and Exchange Commission ("SEC") or any other federal agency concerning Regions' executive compensation schemes since January 1, 2008 through the present; and

(n) Documents sufficient to demonstrate all communications with the U.S. Treasury, the SEC, or any other federal agency concerning the \$6 billion "excess purchase price" write-down Regions took in January 2009, all increases in loan loss reserves following the AmSouth acquisition, and all write-downs on the combined real estate loan portfolio since the AmSouth acquisition through the present.

3. This Order shall become effective and shall issue only upon the Plaintiff posting a bond in the amount of Twenty-Five Thousand and No/100 Dollars (\$25,000.00).

4. The Circuit Clerk is hereby **ORDERED and DIRECTED** to certify a copy of this Order for service on each of the Restrained Parties herein and a due return made thereon.

**NOTICE OF PRELIMINARY INJUNCTION HEARING**

Regions and the Restrained Parties shall show cause before this Court on **JULY 6, 2009, at 9:00 a.m.**, or as soon thereafter as counsel may be heard, why a Preliminary Injunction should not be ordered according to the terms and conditions set forth above.

**DONE and ORDERED** this the 24<sup>th</sup> day of June, 2009.

  
HOUSTON L. BROWN  
CIRCUIT JUDGE