

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

IN RE MUTUAL FUNDS INVESTMENT LITIGATION	}	MDL 1586
This Document Relates to: Scudder Sub-track	}	1:04-MD-15861-CCB

~~PROPOSED~~ ORDER AUTHORIZING INITIAL DISTRIBUTION OF
SETTLEMENT FUNDS IN THE SCUDDER SUB-TRACK

WHEREAS, by its Orders and Final Judgments entered in the Action on October 25, 2010 (Dkt. Nos. 1407-1410) and its Order Approving Plan of Allocation of Settlement Proceeds in the Scudder Sub-Track entered on October 26, 2010 (Dkt. No. 1403), this Court approved the terms of the stipulations of settlement filed with the Court in the Scudder Sub-Track of MDL 1586– *In re Mutual Funds Investment Litigation* (the “Action”) (Dkt. Nos. 1326-9, 1326-11, 1326-14 and 1326-17) (the “Stipulations”) and the plan for allocating the settlement proceeds to eligible Class Members (the “Plan of Allocation”), respectively; and

WHEREAS, this Court had directed the parties to consummate the terms of the Stipulations and Plan of Allocation; and

WHEREAS, the \$13,966,000 cash settlement proceeds plus interest have been deposited into an escrow account maintained by Citizens Bank on behalf of the Class and the Scudder Settlement Funds (the “Settlement Fund”), along with the \$30,000 plus interest obtained by the Office of the New York Attorney General in a settlement with the Canary Defendants (the “OAG/Canary Fund”); and

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U.S. DISTRICT COURT
DISTRICT OF MARYLAND

WHEREAS, as set forth in the Notice of Pendency and Proposed Settlements of Class and Derivative Actions, Motion for Attorneys' Fees and Expenses, and Settlement Hearing and the Long-Form Notice of Pendency and Proposed Settlements of Class and Derivative Actions, Motion for Attorneys' Fees and Expenses, and Settlement Hearing (together, the "Notices") the Court-approved claims administrator for the Settlements, Rust Consulting, Inc ("Rust"), has evaluated data regarding each Class Member's account; and

WHEREAS, the process of reviewing all account data has been completed; and

WHEREAS, Rust identified 68,786 accounts as being intrinsically ineligible because they were owned by Defendants or their employees or by known or suspected market timers; and

WHEREAS, Rust has analyzed the data for each of the 1,084,612 accounts not determined to be intrinsically ineligible and based on preliminary calculations has estimated that approximately 160,000 accounts may be eligible to receive a distribution from the Net Settlement Fund and the OAG/Canary Fund (the "Eligible Accounts"), with the remaining accounts having been determined to be ineligible because the potential distribution amount would be less than \$10 in cash; and

WHEREAS, pursuant to the Long Form Notice and Plan of Allocation, the owners of each of these Eligible Accounts is scheduled to receive a pro rata share of the Net Settlement Fund and OAG/Canary Fund based on his, her, or its Recognized Claim compared to the total Recognized Claims of all Eligible Account holders, and

WHEREAS, Rust has estimated that approximately 126,500 of the 160,000 Eligible Accounts are directly owned by individuals or entities ("Direct Account holders"); and

WHEREAS, the remaining 33,500 Eligible Accounts have been determined to be accounts managed by financial intermediaries on behalf of individuals or a number of individual or entity sub-account holders (*i.e.* – “Omnibus and Networked Accounts”), and

WHEREAS, in accordance with the Long Form Notice, Rust has engaged in outreach to Omnibus and Networked Account holders to determine whether they would like Rust to determine and/or distribute the allocation to sub-account holders or whether instead the Omnibus and Networked Account holder themselves would like to distribute their allocable share of the Net Settlement Fund, and

WHEREAS, for Omnibus and Networked Account holders who have elected to have Rust allocate and/or distribute payments to sub-account holders, Rust must obtain additional data from the Omnibus and Networked Account holders and perform certain additional calculations before distributing proceeds from the Net Settlement Fund and the OAG/Canary Fund to the sub-account holders within Omnibus and Networked Accounts, and

WHEREAS, in order to avoid further delay in distributing proceeds from the Net Settlement Fund and OAG/Canary Fund to Direct Account holders, Investor Class Plaintiffs respectfully request the Court direct Rust to distribute the allocable pro rata share of the Net Settlement Fund and OAG/Canary Fund to Direct Account holders at this time, along with Omnibus and Networked Accounts where the Omnibus and Networked Account holder has elected to distribute payments to the sub-account holders, and

WHEREAS, once Rust has made determinations on how to allocate the pro rata share allocable to Omnibus and Networked Account holders who elected to have Rust perform the distribution to the sub-account holders within those Omnibus and Networked Accounts, Investor Class Plaintiffs will move the Court for an additional distribution of those funds, and

WHEREAS, based on consultations between Rust and Investor Class Counsel, Investor Class Plaintiffs anticipate that the proposed distribution to Omnibus Account sub-account holders will take place within three months of the initial distribution to Direct Account holders, and

WHEREAS, this Court has retained jurisdiction of this Action for the purpose of, among other things: considering any further application or matter which may arise in connection with the administration of the Settlements and the distribution of the Net Settlement Fund and the OAG/Canary Fund to the Class;

NOW, THEREFORE, upon reading: (1) the Affidavit of Julie Swanson in Support of Motion for Initial Distribution of Settlement Proceeds in the Scudder Sub-Track (the "Swanson Affidavit") submitted on behalf of Rust; (2) the Memorandum in Support of Investor Class Plaintiffs' Motion for Distribution of Settlement Proceeds in the Scudder Sub-Track; and (3) the other submissions and papers on file with the Court; and upon all prior proceedings heretofore had herein, and after due deliberation, it is hereby

ORDERED, that all capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Swanson Affidavit and the Orders and Final Judgments entered in the Action on October 25, 2010; and it is further

ORDERED, that the administrative determinations of Rust identifying Eligible Accounts described in the Swanson Affidavit, calculated pursuant to the Court-approved Plan of Allocation set forth in the Long Form Notice, be and the same hereby are approved, and said determinations are hereby accepted; and it is further

ORDERED, that the administrative determinations of Rust identifying ineligible accounts described in the Swanson Affidavit be and the same determinations hereby are approved, and said accounts are deemed ineligible; and it is further

ORDERED, that payment be made from the Settlement Fund to the Internal Revenue Service for the proper amount of taxes due and owing on the interest earned on the Settlement Fund while in escrow, if any; and it is further

ORDERED, that Rust be paid the sum of \$410,153.56 out of the Net Settlement Fund for the balance of its fees and expenses incurred and to be incurred in connection with the administration of the Settlements and distribution of the Net Settlement Fund and OAG/Canary Fund; and it is further

ORDERED, that the balance of the Settlement Fund after deducting payments previously allowed and set forth herein (the "Net Settlement Fund") shall be distributed to the (i) Direct Account holders and (ii) Ominbus and Networked Account holders who have requested to make their own distributions, in accordance with their respective pro rata shares and as described in the Swanson Affidavit, pursuant to the Court approved Plan of Allocation in proportion to each eligible account holder's claim as compared to the total Recognized Claims of all eligible account holders; and it is further

ORDERED, that that OAG/Canary Fund shall be distributed to the (i) Direct Account holders and (ii) Ominbus and Networked Account holders who have requested to make their own distributions, in accordance with their respective pro rata shares and as described in the Swanson Affidavit pursuant to the Court approved Plan of Allocation in proportion to each eligible account holder's claim as compared to the total Recognized Claims of all eligible account holders; and it is further

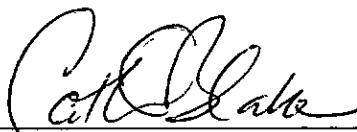
ORDERED, that the checks for initial distribution to the eligible account holders shall bear the notation "CASH PROMPTLY, VOID AND SUBJECT TO RE-DISTRIBUTION IF NOT CASHED BY [DATE 90 DAYS AFTER ISSUE DATE]." Investor Lead Counsel and Rust are authorized to take appropriate actions to locate and/or contact any eligible account holder who has not cashed his, her or its check within said time; and it is further

ORDERED, that eligible account holders who do not cash their checks within the time allotted will irrevocably forfeit all recovery from the Settlement Fund and the OAG/Canary Fund, and it is further

ORDERED, that the Court finds that the administration of the Settlements and the proposed initial distribution of the Net Settlement Fund and the OAG/Canary Fund comply with the terms of the Stipulations and the Plan of Allocation and that all persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing of the account data submitted in this Action, or who are otherwise involved in the administration or taxation of the Settlement Fund, the Net Settlement Fund or the OAG/Canary Fund are released and discharged from any and all claims arising out of such involvement, and, pursuant to the release terms of the Settlements, all Class Members, whether or not they are to receive payment from the Net Settlement Fund and the OAG/Canary Fund are barred from making any further claims against the Net Settlement Fund and the OAG/Canary Fund or the parties released pursuant to the Settlements beyond the amount allocated to them pursuant to this Order; and it is further

ORDERED, that this Court retain jurisdiction over any further application or matter which may arise in connection with this Action.

Dated: May 9, 2013



THE HONORABLE CATHERINE C. BLAKE
UNITED STATES DISTRICT JUDGE