

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

WILLIAM SMITH, Individually and On Behalf of All Others Similarly Situated,)	
)	
)	CIVIL ACTION NO.
Plaintiff,)	
)	
vs.)	CLASS ACTION COMPLAINT
)	
REGIONS FINANCIAL CORPORATION,)	
REGIONS FINANCING TRUST III, C. DOWD)	<u>JURY TRIAL DEMANDED</u>
RITTER, SAMUEL W. BARTHOLOMEW, JR.,)	
GEORGE W. BRYAN, DAVID J. COOPER,)	
EARNEST W. DEAVENPORT, JR., DON)	
DEFOSSET, JAMES R. MALONE, SUSAN W.)	
MATLOCK, CHARLES D. MCCRARY,)	
CLAUDE B. NIELSEN, JORGE M. PEREZ, LEE)	
J. STYSLINGER, III, SPENCE L. WILSON,)	
JOHN R. ROBERTS, UBS SECURITIES LLC,)	
CITIGROUP GLOBAL MARKETS INC.,)	
MERRILL LYNCH, PIERCE, FENNER & SMITH)	
INCORPORATED, WACHOVIA CAPITAL)	
MARKETS, LLC, MORGAN STANLEY & CO.)	
INCORPORATED, MORGAN KEEGAN &)	
COMPANY, INC. and ERNST & YOUNG LLP,)	
)	
Defendants.)	

Plaintiff, William Smith ("Plaintiff"), alleges the following based upon the investigation by Plaintiff's counsel, which included, among other things, a review of the defendants' public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding Regions Financial Corporation ("Regions" or the "Company"), securities analysts' reports and advisories about the Company, and information readily available on the Internet, and Plaintiff

believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION AND OVERVIEW

1. This is a federal class action on behalf of all purchasers of the 8.875% Trust Preferred Securities of Regions Financing Trust III (the "Securities"), who purchased or otherwise acquired the Securities pursuant or traceable to the Company's April 2008 Offering (the "Offering"), seeking to pursue remedies under the Securities Act of 1933 (the "Securities Act").

2. Regions engages in consumer and commercial banking, trust, securities brokerage, mortgage and insurance products and services.

3. On or about April 28, 2008, the Company conducted the Offering. In connection with the Offering, the Company filed a Registration Statement and Prospectus (collectively referred to as the "Registration Statement") with the SEC. The Offering was a financial success for the Company, as it was able to raise over \$345 million by selling 13.8 million shares of the Securities to investors at a price of \$25 per share.

4. On January 20, 2009, Regions announced dismal financial results for the fourth quarter of 2008. Details included a \$6 billion non-cash charge for impairment of goodwill, a \$469 million loss resulting from non-performing assets, and an increase in the loan loss provision to \$1.150 billion.

5. Then, on February 2, 2009, it was reported that Moody's had downgraded the Company, largely due to its deteriorating loan portfolios in the troubled Florida market.

6. As a result of these disclosures, the price of the Securities has declined significantly.

7. The Complaint alleges that, in connection with the Company's Offering, defendants failed to disclose or indicate the following: (1) that the Company improperly accounted for goodwill; (2) that the Company improperly accounted for impaired assets; (3) that the Company improperly recorded provisions for loan losses; (4) that the Company lacked adequate internal and financial controls; (5) that the Company was not as well capitalized as represented; and (6) that, as a result of the foregoing, the Company's Registration Statement was false and misleading at all relevant times.

8. As a result of defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's Securities, Plaintiff and other Class Members have suffered significant losses and damages.

JURISDICTION AND VENUE

9. The claims asserted herein arise under and pursuant to Sections 11, 12(a)(2), and 15 of the Securities Act (15 U.S.C. §§ 77k and 77o).

10. This Court has jurisdiction over the subject matter of this action pursuant to Section 22 of the Securities Act (15 U.S.C. § 77v).

11. Venue is proper in this Judicial District pursuant to Section 22 of the Securities Act. Many of the acts and transactions alleged herein, including the preparation and dissemination of materially false and misleading information, occurred in substantial part in this Judicial District. Additionally, numerous defendants maintain headquarters or offices that are located within this Judicial District.

12. In connection with the acts, conduct and other wrongs alleged in this Complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and

the facilities of the national securities exchange.

PARTIES

13. Plaintiff, William Smith, as set forth in the accompanying certification, incorporated by reference herein, purchased Regions Securities at artificially inflated prices during the Class Period and has been damaged thereby.

14. Defendant Regions is a Delaware corporation with its principal executive offices located at 1900 Fifth Avenue North, Birmingham, Alabama.

15. Defendant Regions Financing Capital Trust III ("Regions Trust III") is a Delaware statutory trust formed for the purpose of issuing the Securities and other common securities. Regions Trust III used the proceeds from the Offering to buy Junior Subordinated Notes from Regions.

16. Defendant C. Dowd Ritter ("Ritter") was, at all relevant times, the Company's President, Chief Executive Officer ("CEO"), and a member of the Company's Board of Directors.

17. Defendant Samuel W. Bartholomew ("Bartholomew") was, at all relevant times, a member of the Company's Board of Directors.

18. Defendant George W. Bryan ("Bryan") was, at all relevant times, a member of the Company's Board of Directors.

19. Defendant David J. Cooper ("Cooper") was, at all relevant times, a member of the Company's Board of Directors.

20. Defendant Earnest W. Deavenport, Jr. ("Deavenport") was, at all relevant times, a member of the Company's Board of Directors.

21. Defendant Don DeFosset ("DeFosset") was, at all relevant times, a member of the Company's Board of Directors.

22. Defendant James R. Malone ("Malone") was, at all relevant times, a member of the Company's Board of Directors.

23. Defendant Susan W. Matlock ("Matlock") was, at all relevant times, a member of the Company's Board of Directors.

24. Defendant Charles D. McCrary ("McCrary") was, at all relevant times, a member of the Company's Board of Directors.

25. Defendant Claude B. Nielsen ("Nielsen") was, at all relevant times, a member of the Company's Board of Directors.

26. Defendant Jorge M. Perez ("Perez") was, at all relevant times, a member of the Company's Board of Directors.

27. Defendant Lee J. Stysliger, III ("Stysliger") was, at all relevant times, a member of the Company's Board of Directors.

28. Defendant Spence L. Wilson ("Wilson") was, at all relevant times, a member of the Company's Board of Directors.

29. Defendant John R. Roberts ("Roberts") was, at all relevant times, a member of the Company's Board of Directors.

30. Defendants Ritter, Bartholomew, Bryan, Cooper, Deavenport, DeFosset, Malone, Matlock, McCrary, Nielsen, Perez, Stysliger, Wilson and Roberts are collectively referred to hereinafter as the "Individual Defendants." The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Regions' quarterly reports, press releases and documents, and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. Each defendant was provided with copies of the Company's reports and press releases and documents alleged herein

to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, each of these defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and misleading. Additionally, the Individual Defendants signed the false and misleading Registration Statement. The Individual Defendants are liable for the false statements pleaded herein, as those statements were each "group-published" information, the result of the collective actions of the Individual Defendants.

31. Defendant UBS Securities LLC ("UBS") is the U.S. investment banking and securities arm of UBS Investment Bank. UBS Investment Bank maintains its United States corporate headquarters at 1285 Avenue of the Americas, New York, New York.

32. Defendant Citigroup Global Markets Inc. ("Citigroup") is a financial services institution. Citigroup's headquarters is located at 388 Greenwich St., New York, New York.

33. Defendant Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") is a global financial services firm. Merrill Lynch's principal executive offices are located at 4 World Financial Center, 250 Vesey St., New York, New York.

34. Defendant Wachovia Capital Markets, LLC ("Wachovia Capital") is a subsidiary of Wachovia, engaged in corporate and investment banking. Wachovia Capital's headquarters is located at 301 S. College St., Charlotte, North Carolina.

35. Defendant Morgan Stanley & Co. Incorporated ("Morgan Stanley") is a global financial services firm. Morgan Stanley's headquarters is located at 1585 Broadway, New York, New York.

36. Defendant Morgan Keegan & Company, Inc. ("Morgan Keegan") provides financial services to institutions and individuals. Morgan Keegan's headquarters is located at 50 N. Front St., Memphis, Tennessee.

37. Defendants UBS, Citigroup, Merrill Lynch, Wachovia Capital, Morgan Stanley and Morgan Keegan served as financial advisors and assisted in the preparation of Regions' Offering, and are collectively referred to hereinafter as the "Underwriter Defendants."

38. Defendant Ernst & Young LLP ("E&Y" or "Auditor Defendant") is an audit, tax and advisory firm that served as the Company's auditor at relevant times, and certified a portion of the Registration Statement. E&Y's headquarters is located at 5 Times Square, New York, New York.

SUBSTANTIVE ALLEGATIONS

Background

39. Regions engages in consumer and commercial banking, trust, securities brokerage, mortgage and insurance products and services.

40. On or about May 11, 2007, the Company filed a Form S-3 Registration Statement with the SEC. The Registration Statement stated, in relevant part:

The SEC allows us to "incorporate by reference" into this prospectus the information in documents we file with the SEC,

which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus and should be read with the same care. When we update the information contained in documents that have been incorporated by reference, by making future filings with the SEC, the information incorporated by reference in this prospectus is considered to be automatically updated and superseded. In other words, in all cases, if you are considering whether to rely on information contained in this prospectus or information incorporated by reference into this prospectus, you should rely on the information contained in the document that was filed later. We incorporate by reference the documents listed below and any additional documents we file with the SEC in the future under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 until our offering is completed (other than information in such additional documents that are deemed, under SEC rules, not to have been filed):

- Annual Report on Form 10-K for the year ended December 31, 2006;
- Quarterly Report on Form 10-Q for the quarter ended March 31, 2007;
- Current Reports on Form 8-K filed on January 8, 2007, January 24, 2007, January 30, 2007, March 14, 2007, April 13, 2007 and April 20, 2007, and two Forms 8-K filed on April 30, 2007, and Form 8-K/A filed on January 12, 2007, amending the Form 8-K filed on November 6, 2006; and
- The description of our common stock set forth in our registration statement filed with the SEC pursuant to Section 12 of the Securities Exchange Act of 1934 and any amendment or report filed for the purpose of updating any such description.

41. On or about April 28, 2008, the Company conducted the Offering. In connection with the Offering, the Company filed a Registration Statement with the SEC. The Offering was a financial success for the Company, as it was able to raise over \$345 million by selling 13.8 million shares of the Securities to the public at a price of \$25 per share.

**Materially False and Misleading
Statements Made in the Registration Statement**

42. On February 27, 2008, the Company filed its Annual Report with the SEC on Form 10-K. The Form 10-K would be incorporated into the Registration Statement, and reported net income of \$1.251 billion, provisions for loan losses of \$555 million, stockholders' equity of \$20 billion, and assets of \$141 billion. Additionally, the Company's Form 10-K stated, in relevant part:

The provision for loan losses is used to maintain the allowance for loan losses at a level that, in management's judgment, is adequate to cover losses inherent in the loan portfolio as of the balance sheet date. During 2007, the provision for loan losses from continuing operations increased to \$555.0 million compared to \$142.4 million in 2006. Two primary factors led to the increase. Most notably, 2006 included just two months of provision for loan losses added to the portfolio as a result of the November 2006 merger with AmSouth, while the provision recorded in 2007 reflected the results of the newly merged Regions for the full year. Additionally, the provision rose due to an increase in management's estimate of inherent losses in its residential homebuilder portfolio, as well as generally weaker conditions in the broader economy.

As a result of the general economic environment and the deteriorating credit conditions described above, which accelerated late in 2007, Regions increased its allowance for credit losses through a loan loss provision from continuing operations of \$555.0 million and a provision for unfunded commitments of \$6.4 million, \$358.0 million and \$2.4 million of which, respectively, were expensed in the fourth quarter. These provisions drove the allowance for credit losses up to 1.45 percent of total loans, net of unearned income, at December 31, 2007, as compared to 1.17 percent at December 31, 2006.

* * *

**REPORT OF INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM**

**THE BOARD OF DIRECTORS AND SHAREHOLDERS OF
REGIONS FINANCIAL CORPORATION**

We have audited Regions Financial Corporation's internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Regions Financial Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are

subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Regions Financial Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Regions Financial Corporation and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2007 of Regions Financial Corporation and our report dated February 26, 2008, expressed an unqualified opinion thereon.

Ernst & Young LLP

Birmingham, Alabama

February 26, 2008

**REPORT OF INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM**

**THE BOARD OF DIRECTORS AND SHAREHOLDERS OF
REGIONS FINANCIAL CORPORATION**

We have audited the accompanying consolidated balance sheets of Regions Financial Corporation and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement

presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Regions Financial Corporation and subsidiaries at December 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in Notes 1 and 19 to the consolidated financial statements, effective January 1, 2007 Regions Financial Corporation adopted Financial Accounting Standards Board Interpretation Number 48, *Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement Number 109*.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Regions Financial Corporation's internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2008, expressed an unqualified opinion thereon.

Ernst & Young LLP

Birmingham, Alabama

February 26, 2008

[Emphasis added.]

43. On April 15, 2008, the Company filed a Form 8-K with the SEC. The Form 8-K would be incorporated into the Registration Statement, and stated, in relevant part:

First quarter EPS of 55 cents, excluding merger-related charges

Regions' first quarter 2008 net income was \$336.7 million, or 48 cents per diluted share, which included \$75.6 million in pre-tax merger-related expenses. Excluding the impact of merger-related expenses, earnings per diluted share from continuing operations were 55 cents compared to the previous quarter's 24 cents. Pre-tax earnings also reflect \$131.9 million in non-merger related charges and valuation adjustments, \$182.8 million in investment securities

gains and Visa-related share redemption and litigation expense reduction, and a \$181.0 million provision for loan losses.

* * *

Annualized net charge-offs of 53 basis points of average loans, non-performing assets at 125 basis points of loans and other real estate

Net loan charge-offs increased to \$125.8 million, or an annualized 0.53 percent of average net loans, in the first quarter of 2008 compared to \$107.5 million, or an annualized 0.45 percent of average net loans, in the prior quarter. The linked-quarter increase was primarily driven by the previously discussed residential homebuilder portfolio and the Company's home equity portfolio, both of which are closely tied to the housing market slowdown. Although the home equity portfolio weakened due to declining residential property values, losses remain manageable at an annualized 0.57 percent of related average outstandings and compare favorably relative to Regions' peer group.

The company is aggressively managing its residential homebuilder portfolio. Overall exposure to this portfolio now stands at \$6.2 billion.

Indicative of the more challenging credit environment, the first quarter's loan loss provision totaled \$181.0 million, or \$55 million above first quarter net loan charge-offs. The total allowance for credit losses was 1.49 percent of net loans at March 31, 2008, an increase over the prior quarter's 1.45 percent.

Total non-performing assets at March 31, 2008, were \$1,204.4 million, or 1.25 percent of loans and other real estate, compared to \$864.1 million, or 0.90 percent at December 31, 2007. Non-performing assets and net charge-off levels are expected to continue upward in 2008 as the strained economic climate continues.

* * *

Capital position remains strong

At March 31, 2008, Regions' capital position, as measured by the tangible stockholders' equity-to-tangible assets ratio, was 5.90 percent. This compared to 5.88 percent at December 31, 2007. [Emphasis added.]

44. On or about April 28, 2008, the Company conducted the Offering. In connection

with the Offering, Regions filed a Prospectus, which formed part of the Registration Statement.

The Prospectus stated, in relevant part:

Regions Financial Corporation is a Delaware corporation and financial holding company headquartered in Birmingham, Alabama, which operates throughout the South, Midwest and Texas. Regions provides traditional commercial, retail and mortgage banking services, as well as other financial services in the fields of investment banking, asset management, trust, mutual funds, securities brokerage, insurance and other specialty financing. At December 31, 2007, Regions had total consolidated assets of approximately \$141.0 billion, total consolidated deposits of approximately \$94.8 billion and total consolidated stockholders' equity of approximately \$19.8 billion.

* * *

The SEC allows us to "incorporate by reference" into this prospectus supplement the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus supplement and information that we subsequently file with the SEC will automatically update and supersede information in this prospectus supplement and in our other filings with the SEC. We incorporate by reference the documents listed below, which we have already filed with the SEC, and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, or "Exchange Act," until we sell all the securities offered by this prospectus supplement (in each case, other than information that is deemed, under SEC rules, not to have been filed):

- Annual Report on Form 10-K for the year ended December 31, 2007; and
- Current Reports on Form 8-K filed on January 24, 2008, February 20, 2008, February 27, 2008, February 29, 2008, and April 22, 2008.

45. The statements contained in ¶¶ 42-44 were materially false and misleading when made because defendants failed to disclose or indicate the following: (1) that the Company improperly accounted for goodwill; (2) that the Company improperly accounted for impaired

assets; (3) that the Company improperly recorded provisions for loan losses; (4) that the Company lacked adequate internal and financial controls; (5) that the Company was not as well capitalized as represented; and (6) that, as a result of the foregoing, the Company's Registration Statement was false and misleading at all relevant times.

The Truth Begins to Emerge

46. On January 20, 2009, Regions issued a press release entitled "Regions Reports Fourth Quarter 2008 Loss Largely Driven by Non-cash Goodwill Impairment Charge." Therein, the Company, in relevant part, stated:

- *Loss of \$9.01 per diluted share for the quarter ended December 31, 2008 was largely driven by a \$6 billion non-cash charge for impairment of goodwill.* Excluding goodwill impairment, Regions' loss totaled 35 cents per diluted share for the quarter (see reconciliation in "Earnings

* * *

- Accelerated disposition of problem assets, with *approximately \$1 billion in non-performing assets sold or transferred to held for sale, resulting in approximately \$479 million of losses*
- Net loan charge-offs rose to an annualized 3.19 percent of average loans
- *Increased loan loss provision to \$1.150 billion, \$354 million above net charge-offs;* raised allowance for credit losses to 1.95 percent of loans

* * *

The results of goodwill impairment testing at the end of the fourth quarter indicated that the estimated fair value of Regions' banking reporting unit was less than its book value, requiring a \$6 billion non-cash charge.

* * *

During the fourth quarter, *Regions either sold or transferred to held for sale approximately \$1 billion of non-performing loans*

and foreclosed properties. Losses on those transactions, most of which was included in net-charge-offs, totaled \$479 million, driving the linked-quarter increase in net loan charge-offs.

* * *

Total fourth quarter net loan charge-offs rose to \$796 million, or to an annualized 3.19 percent of average loans, from third quarter's \$416 million, or 1.68 percent. Commercial real estate construction write-offs, primarily related to homebuilders and condominiums, drove the losses.

* * *

Fourth quarter's provision for loan losses increased to \$1.150 billion, \$354 million above net charge-offs and \$733 million higher than the third quarter. This increased provision raised the company's allowance for credit losses to 1.95 percent of loans, up 38 basis points linked quarter. Continued declines in housing and residential-related construction project values, as well as rising unemployment, necessitated the reserve increase. Prices of Florida-based properties remain under particular pressure, with the real estate downturn rippling through the economy and propelling unemployment levels. [Emphasis added.]

47. Then, on February 2, 2009, the *Birmingham Business Journal* published an article entitled "Regions shares drop after Moody's downgrade." The article, in relevant part, stated:

Regions Financial Corp.'s share prices tumbled 15 percent in late afternoon trading Monday after Moody's Investor Service downgraded its ratings.

Regions Bank, the Birmingham-based titan's primary subsidiary, was knocked down to a C+ from a B- and its long-term deposits dwindled to A2 from A1.

Its stock prices declined to \$2.92, compared to a previous close Friday at \$3.46. In comparison, Regions' banking cousins, SunTrust Banks Inc. (NYSE:STI) and Fifth Third Bancorp. (Nasdaq:FITB), saw shares drop 3 percent and 13 percent, respectively.

The credit rating agency said the company had a "negative outlook," because of its deteriorating loan portfolios in the troubled Florida market.

"Net charge-offs for the fourth quarter of 2008 were nearly double that of the prior quarter and reflect a pace of asset quality deterioration beyond Moody's prior expectations," Moody said in a research note.

Regions Financial Corp.'s (NYSE:RF) stock prices have declined more than 83 percent within the past year. The banking thrift is headquartered in Birmingham, where it has 86 locations. [Emphasis added.]

48. The price of the Securities has significantly declined as a result of these disclosures.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

49. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired Regions' Securities pursuant or traceable to the Company's April 2008 Offering, and who were damaged thereby (the "Class"). Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

50. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Regions' Securities were actively traded on the New York Stock Exchange ("NYSE"). While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Regions or its transfer agent, and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

51. Plaintiff's claims are typical of the claims of the members of the Class as all

members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

52. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

53. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- (a) whether the federal securities laws were violated by defendants' acts as alleged herein;
- (b) whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Regions; and
- (c) to what extent the members of the Class have sustained damages and the proper measure of damages.

54. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

55. The market for Regions' Securities was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to

disclose, Regions' Securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Regions' Securities relying upon the integrity of the market price of Regions' Securities and market information relating to Regions, and have been damaged thereby.

56. During the Class Period, defendants materially misled the investing public, thereby inflating the price of Regions' Securities, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

57. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about Regions' financial well-being and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Regions and its financial well-being and operations, thus causing the Company's Securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's Securities at artificially inflated prices, thus causing the damages complained of herein.

LOSS CAUSATION

58. Defendants' wrongful conduct, as alleged herein, directly and proximately caused

the economic loss suffered by Plaintiff and the Class.

59. During the Class Period, Plaintiff and the Class purchased the Securities of Regions at artificially inflated prices and were damaged thereby. The price of Regions' Securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

**Applicability of Presumption of Reliance:
Fraud On The Market Doctrine**

60. At all relevant times, the market for Regions' Securities was an efficient market for the following reasons, among others:

- (a) Regions Securities met the requirements for listing, and were listed and actively traded on the NYSE, a highly efficient and automated market;
- (b) As a regulated issuer, Regions filed periodic public reports with the SEC and the NYSE;
- (c) Regions regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and
- (d) Regions was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

61. As a result of the foregoing, the market for Regions' Securities promptly digested current information regarding Regions from all publicly-available sources and reflected such information in Regions' Securities price. Under these circumstances, all purchasers of Regions' Securities during the Class Period suffered similar injury through their purchase of the Company's Securities at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

62. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements, because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Regions who knew that those statements were false when made.

FIRST CLAIM
Violation of Section 11 of
The Securities Act Against All Defendants

63. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein only to the extent, however, that such allegations do not allege fraud, scienter or the intent of the defendants to defraud Plaintiff or members of the Class. This count

is predicated upon defendants' strict liability for making false and materially misleading statements in the Registration Statement.

64. This claim is asserted by Plaintiff against all defendants by, and on behalf of, persons who acquired the Company's Securities pursuant to or traceable to the false Registration Statement issued in connection with the April 2008 Offering.

65. Individual Defendants as signatories of the Registration Statement, as directors and/or officers of Regions and controlling persons of the issuer, owed to the holders of the Securities obtained through the Registration Statement the duty to make a reasonable and diligent investigation of the statements contained in the Registration Statement at the time they became effective to ensure that such statements were true and correct, and that there was no omission of material facts required to be stated in order to make the statements contained therein not misleading. Defendants knew, or in the exercise of reasonable care should have known, of the material misstatements and omissions contained in or omitted from the Registration Statement as set forth herein. As such, defendants are liable to the Class.

66. Underwriter Defendants and Auditor Defendant owed to the holders of the Securities obtained through the Registration Statement the duty to make a reasonable and diligent investigation of the statements contained in the Registration Statement at the time they became effective to ensure that such statements were true and correct and that there was no omission of material facts required to be stated in order to make the statements contained therein not misleading. Defendants knew, or in the exercise of reasonable care should have known, of the material misstatements and omissions contained in or omitted from the Registration Statement as set forth herein. As such, defendants are liable to the Class.

67. None of the defendants made a reasonable investigation or possessed reasonable

grounds for the belief that the statements contained in the Registration Statement were true or that there was no omission of material facts necessary to make the statements made therein not misleading.

68. Defendants issued and disseminated, caused to be issued and disseminated, and participated in the issuance and dissemination of, material misstatements to the investing public which were contained in the Registration Statement, which misrepresented or failed to disclose, *inter alia*, the facts set forth above. By reason of the conduct herein alleged, each defendant violated and/or controlled a person who violated Section 11 of the Securities Act.

69. As a direct and proximate result of defendants' acts and omissions in violation of the Securities Act, the market price of Regions' Securities sold in the Offering was artificially inflated, and Plaintiff and the Class suffered substantial damage in connection with their ownership of Regions' Securities pursuant to the Registration Statement.

70. Regions is the issuer of the Securities sold via the Registration Statement. As issuer of the stock, the Company is strictly liable to Plaintiff and the Class for the material misstatements and omissions therein.

71. At the times they obtained their Securities of Regions, Plaintiff and members of the Class did so without knowledge of the facts concerning the misstatements or omissions alleged herein.

72. This action is brought within one year after discovery of the untrue statements and omissions in and from the Registration Statement which should have been made through the exercise of reasonable diligence, and within three years of the effective date of the Prospectus.

73. By virtue of the foregoing, Plaintiff and the other members of the Class are entitled to damages under Section 11 as measured by the provisions of Section 11(e), from the

defendants and each of them, jointly and severally.

SECOND CLAIM
Violation of Section 12(a)(2) of
The Securities Act Against All Defendants

74. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

75. This Count is brought pursuant to Section 12(a)(2) of the Securities Act on behalf of the Class, against all defendants.

76. Defendants were sellers, offerors, and/or solicitors of purchasers of the Securities offered pursuant to the Regions Offering Registration Statement.

77. The Regions Offering Registration Statement contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and concealed and failed to disclose material facts. The Individual Defendants' actions of solicitation included participating in the preparation of the false the misleading Registration Statement.

78. Defendants owed to the purchasers of Regions' Securities, including Plaintiff and other members of the Class, the duty to make a reasonable and diligent investigation of the statements contained in the Offering materials, including the Registration Statement, to ensure that such statements were true and that there was no omission to state a material fact required to be stated in order to make the statements contained therein not misleading. Defendants knew of, or in the exercise of reasonable care should have known of, the misstatements and omissions contained in the Offering materials as set forth above.

79. Plaintiff and other members of the Class purchased or otherwise acquired Regions' Securities pursuant to and/or traceable to the defective Registration Statement. Plaintiff

did not know, or in the exercise of reasonable diligence could not have known, of the untruths and omissions contained in the Registration Statement.

80. Plaintiff, individually and representatively, hereby offer to tender to defendants those Securities which Plaintiff and other Class members continue to own, on behalf of all members of the Class who continue to own such Securities, in return for the consideration paid for those Securities together with interest thereon. Class members who have sold their Regions Securities are entitled to rescissory damages.

81. By reason of the conduct alleged herein, these defendants violated, and/or controlled a person who violated Section 12(a)(2) of the Securities Act. Accordingly, Plaintiff and members of the Class who hold Regions Securities purchased in the Offering have the right to rescind and recover the consideration paid for their Regions Securities, and hereby elect to rescind and tender their Regions Securities to the defendants sued herein. Plaintiff and Class members who have sold their Regions Securities are entitled to rescissory damages.

82. This action is brought within three years from the time that the Securities upon which this Count is brought was sold to the public, and within one year from the time when Plaintiff discovered or reasonably could have discovered the facts upon which this Count is based.

THIRD CLAIM
Violation of Section 15 of The Securities Act
Against the Individual Defendants

83. Plaintiff repeats and realleges each and every allegation contained above, excluding all allegations above that contain facts necessary to prove any elements not required to state a Section 15 claim, including without limitation, scienter.

84. This count is asserted against Individual Defendants and is based upon Section 15

of the Securities Act.

85. Individual Defendants, by virtue of their offices, directorship and specific acts were, at the time of the wrongs alleged herein and as set forth herein, controlling persons of Regions within the meaning of Section 15 of the Securities Act. The Individual Defendants had the power and influence and exercised the same to cause Regions to engage in the acts described herein.

86. Individual Defendants' position made them privy to and provided them with actual knowledge of the material facts concealed from Plaintiff and the Class.

87. By virtue of the conduct alleged herein, the Individual Defendants are liable for the aforesaid wrongful conduct and are liable to Plaintiff and the Class for damages suffered.

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: April 21, 2009

Respectfully submitted,

By: _____

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