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Lisa A. Tracy, Esq.
Deputy General Counsel
Executive Office for United States Trustees
U.S. Department of Justice
441 G Street, NW, Suite 6150
Washington, D.C. 20530

Dear Ms. Tracy:

As we have discussed with the Executive Office for United States Trustees (“EOUST”), Regions Bank (“Regions”), on its own initiative, conducted a comprehensive review of consumer, non-mortgage proofs of claim (“POCs”) filed in Chapter 13 bankruptcy cases between January 2014 and October 2020. This review resulted in Regions’ self-identification of approximately 2,400 overstated POCs and 2,200 understated POCs. Upon receiving the results of the review, Regions voluntarily contacted the EOUST to discuss the self-identified issue and Regions’ proposed remediation plan. As described below, the plan was designed to ensure that all impacted consumers received remediation, which may have resulted in some Regions consumers being over-remediated. Regions has also provided remediation for a limited number of errors in consumer mortgage POCs, and for certain consumer, non-mortgage accounts with Chapter 7 or Chapter 11 cases during the same time period.

The self-identified issue and the remediation plan are summarized below.

Regions’ Representation of Facts

A. Overstated and Understated Consumer, Non-Mortgage Chapter 13 POCs

In early 2019, Regions conducted a review of its practices for filing POCs to determine whether Regions should enhance any manual processes. During its review, Regions discovered manual or other discrete errors with respect to certain consumer, non-mortgage POCs filed in Chapter 13 bankruptcy cases.

In response to this internal review, Regions initiated a comprehensive review of consumer, non-mortgage POCs filed in Chapter 13 bankruptcy cases between January 2014 and October 2020. The review identified that out of 28,914 POCs, a total of 2,371 were overstated, with a median overstatement amount of \$31, and a further 2,189 were understated, with a median understatement amount of \$81. Regions took appropriate actions to address the root causes of these inaccurate POCs, including by revising its POC filing procedures and processes and further enhancing controls. Regions’ monitoring has demonstrated that these enhancements have sustainably and significantly improved the accuracy of Regions’ POCs.

Additionally, Regions has completed a comprehensive remediation plan designed to exceed any potential consumer harm. Specifically, for discharged cases where Regions filed a POC that was overstated by \$1,000 or less, and for open cases where Regions filed a POC that was overstated

by \$5,000 or less, Regions has paid consumers or Chapter 13 trustees the full amount of the overstatement, regardless of whether Regions actually received any overpayments corresponding to the amount of the overstatement. For discharged cases where Regions filed a POC that was overstated by more than \$1,000, and for open cases where Regions filed a POC that was overstated by more than \$5,000, Regions has refunded consumers or Chapter 13 trustees the amount of any overpayment. In open cases with overstatements, Regions has amended POCs to reflect the correct claim amount. In addition, in discharged or open Chapter 13 cases where Regions filed an understated consumer, non-mortgage POC, Regions has waived all remaining account balances in excess of the understatements.

B. Additional Remediation

As referenced above, Regions undertook a sample review across all relevant Bankruptcy Code Chapters of approximately 10% of consumer mortgage POCs filed between January 2014 and October 2020. In the course of this review, Regions identified a limited number of overstatements and understatements, as well as certain consistency issues, which Regions determined did not warrant a broader review of the population. Specifically, Regions identified nine accounts with POCs that were overstated in the median amount of \$982.28, as well as 21 accounts with POCs that were understated in the median amount of \$559.50. For the identified overstated consumer mortgage POCs in Chapter 13 cases, and for the identified consumer mortgage POCs overstated by \$1,000 or less in Chapter 11 cases, Regions has paid in remediation the full amount of the overstatement regardless of whether Regions actually received any overpayments corresponding to the amount of the overstatement. For overstatements greater than \$1,000 in Chapter 11 cases, Regions has investigated and paid the amount overpaid to Regions, if any. In addition, Regions has filed amended POCs in open cases with overstated POCs and certain categories of understated POCs. Regions continues to enhance its controls over consumer mortgage POCs, and its monitoring demonstrates sustainably improved POC quality.

Regions has also completed the following additional remediation actions:

- Returned 5% of any payments received by Regions in Chapter 7 cases where Regions itself filed a consumer, non-mortgage POC between January 2014 and October 2020 and received a distribution. Regions has made these payments out of an abundance of caution, to compensate for any risk that these POCs were overstated.
- Made a payment of \$315 to each of approximately 190 debtors with Chapter 11 bankruptcy cases, which represent the entire population for consumer, non-mortgage accounts with Chapter 11 cases between January 2014 and October 2020. As with the Chapter 7 payments, Regions is making these payments out of an abundance of caution, to compensate for any risk of an overstatement.
- Forgiven the total amount of outstanding debt for dismissed, closed, and converted Chapter 13 cases with consumer, non-mortgage POCs filed between January 2014 and October 2020 that were overstated by both (i) more than 10% of the total claim value; and (ii) more than \$1,000.
- Made a payment of approximately \$75 to each of approximately 2,275 first mortgage debtors with Chapter 7, Chapter 11, Chapter 12, and Chapter 13 bankruptcy cases between January 2014 and October 2020, which represents the entire population of consumer

mortgage accounts in bankruptcy during this period that were not reviewed in connection with Regions' sample review. As with the Chapter 7 and Chapter 11 consumer, non-mortgage payments, Regions has made these payments to mortgage debtors out of an abundance of caution, to compensate for any risk that any POCs in these cases were overstated.

- Corrected fewer than 225 improperly redacted consumer, non-mortgage POCs or POCs with missing or incorrect supporting documents. These non-systemic errors were identified in the course of the Bank's review of POCs, and reflect less than 1% of the review population.

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This letter and its contents are not to be used as an admission of liability, violation, or wrongdoing by Regions to any person or entity or on any legal or equitable theory. Additionally, nothing in this letter, nor the remediation or other corrective actions described herein, affects the rights of impacted consumers or of the United States Trustee Program to take actions in the future should Regions' representations regarding its remediation or other corrective actions prove to be inaccurate or incomplete. This letter is made without trial or adjudication of any issue of fact or law. Regions does not waive any privilege, including the attorney-client privilege.

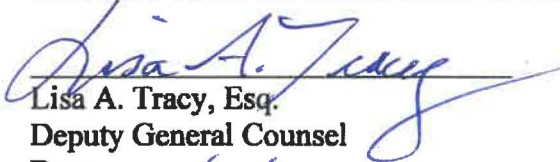
Sincerely,



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Seen and acknowledged:

Executive Office for United States Trustees



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