IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

IN RE MUTUAL FUNDS INVESTMENT LITIGATION	)	MDL-1586
	)	Case No. 04-MD-15863
Columbia sub-track	)	

MEMORANDUM IN SUPPORT OF FINAL APPROVAL OF SETTLEMENTS, APPROVAL OF PLAN OF ALLOCATION, CERTIFICATION OF SETTLEMENT CLASS, AND PETITION FOR AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF EXPENSES

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Pursuant to Rule 23(e) and 23.1 of the Federal Rules of Civil Procedure, Court-appointed Lead Class Plaintiff Jackie Williams on her own behalf and on behalf of the Class and Harold Beardsley, Brad Smith, Edward and Iris Segel, Virginia Wilcox, Pamela Yameen, Barbara Cordani, Mayer and Morris Sutton, George Slabe, as Custodian for Jo D. Slabe UGMA, Grace Nugent and David Armetta, acting derivatively on behalf of the mutual funds comprising the Columbia family of mutual funds (the "Columbia Funds" or the "Funds") (collectively, the "Fund Derivative Plaintiffs," and together with the Lead Class Plaintiff, the "Plaintiffs") respectfully request that this Court grant final approval of the proposed settlements of $12.653 million plus interest (the "Settlements") with the Columbia Defendants[1] and Bank of America Corporation and Banc of America Securities LLC ("BAS"), the Bear Stearns Defendants[2], the Security Brokerage Defendants[3], and the Canary Defendants[4] (collectively, the "Settling Defendants"). The Settlements resolve class action and derivative lawsuits brought under the federal securities laws over whether investors in Columbia Funds or the Funds themselves suffered legal injury on account of market timing and/or late trading in those funds. The Settlements benefit those persons and entities that purchased or held shares of Columbia mutual funds that were damaged by market timing, excluding Defendants and those affiliated with them, and the Columbia Funds themselves.

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[1] Columbia Management Group, LLC, Columbia Management Services, Inc., Columbia Management Distributors, Inc., Columbia Wanger Asset Management, L.P., Columbia Management Advisors, LLC, the Columbia Settling Trustees, the Columbia Trusts and Registrants, and the Columbia Mutual Funds (collectively, the "Columbia Defendants").

[2] Bear, Stearns & Co. Inc. (n/k/a J.P. Morgan Securities Inc.), Bear, Stearns Securities Corp. (n/k/a J.P. Morgan Clearing Corp.), and The Bear Stearns Companies Inc. (n/k/a The Bear Stearns Companies LLC) (collectively, the "Bear Stearns Defendants").

[3] Daniel G. Calugar, Security Brokerage, Inc. (now known as Symphonic Alpha, LLC), DCIP, L.P., RCIP, L.P., the Security Brokerage, Inc. Profit Sharing Trust (now known as the Calugar Corporation Profit Sharing Trust) and any of their successors (collectively, the "Security Brokerage Defendants").

[4] Canary Capital Partners, LLC, Canary Capital Partners, Ltd., Canary Investment Management, LLC, and Edward Stern (collectively, the "Canary Defendants").

For the reasons set forth below and in the accompanying Declaration of Clifford S. Goodstein in Support of Final Approval of Settlements, Plan of Allocation of Settlement Proceeds, and Application for an Award of Attorneys' Fees and Expenses (the "Goodstein Decl."), Plaintiffs submit that the proposed Settlements -- totaling $12,653,000 in cash (plus interest) -- are an excellent recovery and respectfully requests that the Court approve the Settlements and Plan of Allocation, award counsel fees and expenses to Plaintiffs' Lead Counsel and other law firms that worked on this case ("Plaintiffs' Counsel"), and enter Final Judgment accordingly.[5] There have been zero objections and 39 requests for exclusion to date.

PRELIMINARY STATEMENT

The proposed Settlements represent an excellent recovery for the Class. They were entered into after extensive briefing and argument regarding complicated legal issues, as well as merits and damages discovery. At the time of the Settlements, there remained serious risks on class certification, on the merits, and on damages issues, including establishing:

- That Plaintiffs who did not purchase Columbia funds during the Class Period had any rights of recovery;
- That any market timing provided a basis for a claim;
- That defendants could be liable for market timing that occurred absent an express agreement to allow timing;
- That plaintiffs could set forth a basis of establishing reliance that could provide a basis for class certification;
- That plaintiffs were entitled to recovery beyond that already obtained by the United States Securities and Exchange Commission (the "SEC"); and
- The amount of damages to the Class.

There were similar risks in the derivative action, including:

[5] Proposed Orders and Final Judgments will be submitted to the Court with Lead Counsel's filing on October 6, 2010.

- That plaintiffs could adequately establish demand futility;
- The amount of damages recoverable under Section 36(b) of the Investment Company Act.

Each of these issues was or would be vigorously disputed by the parties throughout the litigation, including in the briefing of Defendants' motions to dismiss. Additionally, while Lead Class Plaintiff retained an expert on the damages issues, defendants would have undoubtedly taken issue with Plaintiffs' expert's methodology, and would have likely offered their own expert to conclude that damages were far less than those calculated by Plaintiffs' expert. All of these issues -- class certification (or demand futility), merits, damages -- would have posed significant uncertainties if this case had proceeded to trial, in addition to all the expense and delay inherent in trial, post-trial motions and likely appeals. Under these circumstances, the $12.653 million total joint recovery represents an outstanding result and should be approved by the Court.

This Memorandum of Law also addresses Plaintiffs' proposed Plan of Allocation. The Plan of Allocation, which is set forth fully in the Long-Form Notice of Pendency and Proposed Settlements of Class and Derivative Actions, Motion for Attorneys' Fees and Expenses, and Settlement Hearing (the "Long-Form Notice") that has been made available to members of the Class and current shareholders, provides for the distribution of the Net Settlement Funds on a *pro rata* basis, based on a formula tied to liability and damages. As this is a reasonable and rational distribution, the Court should approve the proposed Plan of Allocation.

Finally, this Memorandum is submitted in support of the application by Plaintiffs' Counsel (including Class and Derivative counsel) for an award of attorneys' fees in the amount of 20% of the Gross Settlement Funds and reimbursement of $494,568.34 in litigation expenses. Plaintiffs' Counsel worked on an entirely contingent fee basis for over six years. Counsel shouldered the risk of committing significant resources to the litigation, notwithstanding the

uncertainty as to whether the litigation would succeed. Plaintiffs' Counsel's efforts have produced an enormously beneficial result. As discussed below, the requested fee falls within the parameters recognized as appropriate in federal securities class actions such as this, regardless of whether the proposed fee is evaluated as a percentage of the amount recovered through counsel's efforts or as a multiple of counsel's lodestar.

For the reasons discussed below, Plaintiff and their counsel respectfully submit that the Settlements are worthy of immediate approval, that the proposed Plan of Allocation is fair and reasonable, and that the proposed requested fee should be awarded, with expenses.

HISTORY OF THE LITIGATION

Beginning in late 2003, numerous class action and complaints against various Columbia entities were filed in various courts alleging violations of federal securities laws. These were subsequently coordinated under the above caption, with lead plaintiff and lead counsel appointed for each type of Action. The class action is brought on behalf of a Class of all persons who purchased or held shares of the Columbia Funds during the Class Period.

In addition, derivative litigation was brought on behalf of the Columbia Funds, alleging that certain officers identities of the Columbia Fund Family breached fiduciary duties to the Funds by allowing market timing, and that non-affiliated entities impermissibly engaged in market timing.

Following the appointment of Lead Plaintiffs and Lead Counsel, on September 30, 2004, amended complaints were filed in the class and derivative actions against persons and entities affiliated with the Columbia Mutual Funds, including the investment advisor to the Columbia Mutual Funds and its affiliates, as well as unaffiliated entities, including alleged market-timers and other parties that were alleged to have participated in or facilitated the market timers' trading of the Columbia Mutual Funds. The Complaints filed in the Action generally allege, among

other things, that the Columbia funds allowed known and unknown investors to engage in market timing and/or late trading, to the detriment of ordinary, long-term, buy and hold investors and the Columbia Funds. The Complaints asserted a variety of legal and damage theories that arose out of this misconduct. Specifically, plaintiff in the class action asserted claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 ("Exchange Act"), Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 ("Securities Act"), Sections 34(b), 36(a), 36(b) and 48(a) of the Investment Company Act of 1940 ("ICA"), and state law. Likewise, the plaintiffs in the derivative action asserted claims under Sections 36(a), 36(b), 47 and 48 of the ICA, Sections 206 and 215 of the Investment Advisors Act of 1940 ("IAA"), and state law.

In February 2005, certain of the defendants filed numerous motions to dismiss the Complaints, asserting a variety of legal grounds. After briefing was completed, the Court held a hearing on the motions in June 2005. On November 3, 2005, Judge Motz issued a letter ruling on the motions to dismiss, denying them in part and granting them in part. Following further briefing, the parties submitted proposed orders for the Court's review and entry.

As to the Columbia Defendants, the parties soon thereafter entered into informal damages-related discovery, wherein Columbia provided plaintiff's expert with access to its trading records. Upon review of these trading records, settlement negotiations began, and led to a term sheet dated April 4, 2006 and Stipulation and Agreement of Settlement with the Columbia Defendants and Defendant Bank of America, dated and executed as of September 14, 2007.

As to the Bear Stearns Defendants, the Security Brokerage Defendants, and the Canary Defendants, separate Stipulations of Settlement were reached as part of an overall MDL settlement process, with allocation among the various fund family subtracks based upon damage

analysis conducted by Plaintiffs' expert.[6] The Short-Form Notice of Pendency and Proposed Settlements of Class and Derivative Actions and Settlement Hearing (the "Mail Notice") was mailed to Class members on June 30, 2010 and a summary notice was published in the various national publications in July, 2010. As of this date, only 39 Class members have exercised their right to opt out of the litigation.[7]

SUMMARY OF THE SETTLEMENTS

A. The Settlements

The Settling Defendants have agreed to pay $12,653,000[8] in full settlement of Plaintiffs' claims. The settlement funds, less any attorneys' fees and expenses and notice, administrative and tax expenses (the "Net Settlement Funds") will be distributed in part to the Columbia Funsd and in part among those Class members hwo have not requested exclusion from the Class and who either (i) submit a timely and valid Proof of Claim under the procedures set forth in the Mail Notice and the Long-Form Notice, or (ii) held directly with Columbia, so that they do not need to submit a Proof of Claim (because Columbia provided trading records for these Class Members). In addition, the Columbia Defendants and BAS have provided a further, significant benefit to by paying for the costs of notice and administration.

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6 Fund Derivative Plaintiffs are not parties to the settlement with the Bear Stearns Defendants.

7 In the aggregate, over 1.9 million copies of the Mail Notice were disseminated to potential Class Members or their nominees through September 10, 2010. *See* Affidavit of Elizabeth K. Nelson Regarding Notice and Report on Requests for Exclusion Received (hereinafter the "Nelson Aff.") at ¶7. The Nelson Aff. is attached as Exhibit 1 to the Goodstein Decl.. Additionally, a Summary Notice was published in the national editions of a variety of publications in July 2010. *See* Goodstein Decl., Ex. 2, Declaration of Stephen J. Cirami Concerning Compliance with the Publication Components of the Notice Programs. (hereinafter the "Cirami Decl.")

8 Of this amount, $588,000 was paid on behalf of the Bear Stearns defendants, $2,450,000 was paid on behalf of the Security Brokerage defendants, and $15,000 was paid on behalf of the Canary defendants. The remaining $9.6 million was paid on behalf of the Columbia defendants.

B. Recovery Under The Settlements and Plan of Allocation

The Plan of Allocation provides that, after payment of attorneys fees and expenses, the Net Settlement Funds will be allocated to Class Members and the Columbia Funds in the first instance in a manner agreed to by Plaintiffs' Counsel.

The Net Settlement Funds will first be split into a component for Class Members and a component for the Columbia Mutual Funds. The Columbia Mutual Funds will receive $1,500,000 of the Net Settlement Funds (less a *pro rata* share of court awarded fees and litigation expenses), to be distributed in accordance with a plan of allocation to be reasonably determined by Lead Fund Derivative Counsel in consultation with counsel for the then-current trustees of the Columbia Mutual Funds family of mutual funds, which they reasonably believe redresses any alleged harm to the Columbia Mutual Funds. The remainder of the Net Settlement Funds will be distributed among Class Members based on their holdings of Columbia Mutual Funds during the Class Period (the "Class Settlement Funds"). Lead Class Counsel have, in consultation with expert advisors, developed an analysis of when and to what extent the various Columbia Mutual Funds were allegedly affected by the activities alleged in the Actions. Because the analysis developed by Lead Class Counsel shows that some Columbia Mutual Funds were potentially affected more than others by those alleged activities, and that the potential impact of those alleged activities varied from time to time, Lead Class Counsel developed a Plan of Allocation that provides relatively larger distributions for holdings that were, according to their analysis, more strongly affected by the alleged activities.

The Class Settlement Funds will be distributed to Class Members based on each "Authorized Claimant's" *pro rata* share of the Class Settlement Funds based on his or her "Recognized Claim" from holdings during the Class Period determined by the settlement administrator. This calculation is detailed in the Long-Form Notice, and is based on plaintiff's

expert determinations as to which funds' investors were damaged during which time period. To the extent an investor had a gain from his, her or its overall holdings in any particular Columbia fund, the value of the Recognized Claim with respect to that fund will be zero.

Lead Class Counsel prepared the Plan of Allocation and the "Recognized Claim" formulae in such a way as to fairly allocate the recovery among Class Members in accordance with Lead Class Plaintiff's theories of damages in the Class Action. Thus, as set forth in detail in the Plan of Allocation, with respect to fund holdings, a Claimant's Recognized Claim is based upon Lead Class Plaintiff's contention of the estimated damage to the fund's value based on market timing as calculated by Lead Class Plaintiff's damages expert.

Under the Plan of Allocation, checks will be distributed to Authorized Claimants after the Court has finally approved the Settlements and after all claims have been processed. The Plan of Allocation provides for a redistribution process if checks are not cashed, and after such redistribution, any remaining funds will be distributed to the Columbia Funds.

NOTICE TO THE CLASS AND CURRENT SHAREHOLDERS WAS ADEQUATE

The Court's May 19, 2010 Order approved the procedures for notifying the Class and current shareholders about the Settlement as well as the content of the notice materials. The standards for approving the adequacy of notice are set forth in the Omnibus Settlement Brief and will not be repeated herein.

Rust Consulting ("Rust"), the Settlement Administrator for the Settlements, administered the mailing of individual Mail Notices by first-class mail to all reasonably locatable Class Members at their last-known addresses. *See* Goodstein Decl., Ex. 1. As of September 10, 2010, Rust had mailed over 1.9 million Mail Notices. *Id*. In addition to the mailing of over 1.9 million individual Mail Notices, a summary notice ran in a variety of national publications during July 2010. *See* Goodstein Decl., Ex. 2.

Moreover, the Mail Notice satisfied the requirements of Rule 23(c)(2)(B) inasmuch as it contains information regarding (i) the nature of the cases, the class definition, and the claims, issues, or defenses in the actions, (ii) class members' right to exclude themselves from the class, (iii) the binding effect of a class judgment on all class members who do not request exclusion, and (iv) class members' right to object to the settlements and appear through counsel. It also satisfied the PSLRA, 15 U.S.C. §§ 78u-4(a)(7), 77z-1(a)(7), inasmuch as it contains:

(a) Statement of recovery – the amount of the settlements determined in the aggregate and on an average per share basis;

(b) Statement of potential outcome of case – as the parties are unable to agree on damages, a statement concerning the issues on which the parties disagree;

(c) Statement of attorneys' fees – statement of fees and costs to be applied for in the aggregate and on a per share basis;

(d) Identification of lawyers' representatives – the name, telephone number, and address of counsel available to answer questions; and

(e) Reasons for settlement – a brief statement explaining the reasons why the parties are proposing the settlements.

Indep. Energy Holdings, 302 F. Supp. 2d at 184. The notice provided to the Class in this case satisfies all the foregoing requirements. *See* Exhibit A to Goodstein Decl. Ex.1. The Mail Notice also contained information required by Rule 23, the PSLRA, and due process, and provided a toll-free number and website for Class Members to call for the full Long-Form Notice. *See id.*

Thus, the individual Mail Notice and published Summary Notice provided sufficient information for the Class to understand the Settlements and Class members' options.

In addition to the mailed Mail Notice and the published Summary Notice, the Settlement Administrator established a website with information and documents concerning the cases, including the Long-Form Notice that expanded upon information included in the Mail Notice.

The notice program also met the requirements of Rule 23.1 for settlement of the Fund Derivative Actions, as set forth more fully in Plaintiffs' Omnibus Memorandum of Law in Support of Final Approval of the Proposed Settlements and Plans of Allocation ("Omnibus Settlement Brief"). Current shareholders received notice via the publication and website notice programs and, because the direct mail notices to Class Members also provided notice of derivative settlements, Class Members who are current shareholders also received notice through the direct mail program.

Accordingly, the Court should find the form and substance of the notice disseminated to the Class and current shareholders proper and adequate.

THE PROPOSED SETTLEMENT CLASS MEETS THE PREREQUISITES FOR CLASS CERTIFICATION UNDER RULE 23

The legal standards relating to certification of a settlement class were set forth in the Omnibus Memorandum submitted at the time of preliminary approval, and will not be repeated herein.

A. Numerosity

The proposed Settlement Class consists of all persons and entities who, during the period November 1, 1998 through February 25, 2004, inclusive, purchased and/or held shares in any of the Columbia Mutual Funds (as defined in the Stipulations). Excluded from the Class are: (i) any and all defendants named in any action that is part of the Columbia Subtrack of MDL-1586; (ii) for defendants who are natural persons, members of their immediate families (parents, spouses (current or former), siblings, and children), their heirs, successors or assigns, and any person acting on their behalf for purposes of collecting a payment under this Settlement; (iii) for defendants that are legal entities, their parents, subsidiaries, affiliates, successors or assigns; (iv) any entity in which any defendant has, or during the Class Period had, a controlling interest; and

(v) all Columbia portfolio managers during the Class Period (defined as the person or persons with primary responsibility for the day-to-day management of the investment portfolio of a Columbia Mutual Fund during the Class Period).

Based on the notice process, there are millions of Settlement Class Members geographically dispersed throughout the United States, making joinder of all members of the Settlement Class impractical. Thus, the numerosity requirement is satisfied.

B. Commonality

Here, the commonality standard is met as there are numerous common legal and factual issues between Lead Class Plaintiff's claims and those of absent Settlement Class Members, including, among others:

(a) whether defendants engaged in or facilitated market timing as alleged by Lead Class Plaintiff, and whether these alleged acts and omissions violated federal or state law;

(b) whether defendants acted with the requisite intent or recklessness to establish scienter under the federal securities laws;

(c) the extent to which the alleged market timing influenced the value of shares in the Columbia Mutual Funds during the Class Period; and

(d) the appropriate method for determining whether Settlement Class Members were damaged by defendants' alleged activities and, if so, the appropriate method for measuring these damages.

C. Typicality

The claims of the Lead Class Plaintiff – the proposed class representative for the Settlement Class – and the claims of the prospective Settlement Class arise from the same alleged conduct by the Settling Defendants. Lead Class Plaintiff, like the other members of the proposed Settlement Class, purchased and/or held shares in the Columbia Mutual Funds during the Class Period, and as a result of the alleged improper trading practices in such Columbia Mutual Funds, allegedly suffered damages. Further, the proof that Lead Class Plaintiff would

present to establish her claims also would prove the claims of the rest of the Settlement Class. Additionally, the Lead Class Plaintiff is not subject to any unique defenses that could make her an atypical member of the proposed Settlement Class.

D. Adequacy

Here, the Lead Class Plaintiff is an investor who has been in active communication with class counsel and has monitored the progress of this litigation. Lead Class Plaintiff's claims are typical of and coextensive with those of the Settlement Class. Further, the Lead Class Plaintiff has retained counsel highly experienced in securities class action litigation and which has successfully prosecuted many securities and other complex class actions throughout the United States. The significant settlements obtained for the Settlement Class are further evidence that Lead Class Plaintiff and counsel have been acting vigorously to fairly and adequately represent the interests of the Settlement Class. Thus, Lead Class Plaintiff is an adequate representative of the Settlement Class, and counsel is qualified, experienced and capable of prosecuting the Class Action, in satisfaction of Rule 23(a)(4).

1. Predominance of Common Issues

In the Class Action, the issues of liability and causation are common to all Settlement Class Members and clearly predominate over any individual issues. Here, the nature of the alleged damages is the same for all Settlement Class Members, with the only alleged differences among the Class relating to the amount of alleged damage suffered, which would depend on which of the allegedly affected mutual funds Settlement Class Members had invested in, how many shares they held, and the time period during which they held the shares. Thus, common issues predominate.

2. Superiority of a Class Action

Resolution of the Class Action through a class action is far superior to litigating thousands of individual claims where the expense for a single investor in pursuing a separate action would likely exceed the individual's claim. Because certification of the Settlement Class is being sought only for purposes of settlement, the Court need not consider potential manageability concerns in its analysis.

In light of the foregoing, all of the requirements of Rule 23(a) and 23(b)(3) are satisfied, and, the Court should certify the Settlement Class for settlement purposes.

THE PROPOSED SETTLEMENTS SHOULD BE GRANTED FINAL APPROVAL

The substantive terms of the Settlements and the method used to arrive at the Settlements, as well as the proposed Plan of Allocation are fair, reasonable and adequate and should be approved by the Court. The legal standards governing this determination are set forth in the Omnibus Settlement Brief and will not be repeated herein.

A. The Posture of the Case at the Time of Settlement

To the extent this inquiry determines whether the case was sufficiently well-developed for the parties to reach a well-reasoned settlement, there should be little doubt of that here. Prior to settling the cases, Plaintiffs' Counsel had conducted an in-depth investigation of the factual and legal underpinnings of their allegations and claims (including public and non-public sources), had briefed and argued extensive motions to dismiss, had spent considerable time and resources developing their damage theories in consultation with their expert, and had reviewed trading date provided by defendants. Plaintiffs and counsel had a more than adequate understanding of the strengths and weaknesses of the claims.

Discovery in these cases was informal and directed toward damages issues, because one of the most significant risks in this litigation was the possibility that plaintiffs could prove the merits of their case in its entirety yet end up with no cognizable damage theory. Because the parties were able to agree to settlements at a relatively high percentage of damages, there was no reason to engage in further merits discovery. Yet, plaintiffs were aware of significant risks going forward, including but not at all limited to the following:

First, as identified in defendants' motions to dismiss, there were numerous legal hurdles that plaintiff would be required to overcome on the merits. For example, in the Class Action, there was an issue of whether those class members who did not buy Columbia Mutual Funds during the Class Period had any legal claim at all. Moreover, there is little precedent for applying Lead Class Plaintiff's theories of liability to the specific factual context of their claims, creating substantial risk of no recovery at all particularly with respect to "under the radar" timing. There were concerns that plaintiffs could not rely upon an "efficient market" theory to prove reliance on defendants' fraud, and thereby could have trouble certifying a class.

Similarly, Fund Derivative Plaintiffs faced significant legal hurdles, including whether they could prove demand futility, whether they had private rights of action under various sections of the Investment Company Act and the Investment Advisers Act, and the amount of damages recoverable under Section 36(b) of the Investment Company Act.

Finally, given the sizable recovery by the SEC, there was a question whether any recoverable damages in either the Class Action or the Derivative Action remained uncompensated.

Even if Plaintiffs were entirely successful in ultimately prosecuting their respective claims, such prosecution would be expensive and cause delays in the ultimate recovery.

B. The Circumstances Surrounding Settlement Negotiations

Collusion is not an issue with respect to these Settlements. As explained in the Goodstein Decl., the parties fought hard over the course of the litigation, conducted informal and formal merits and damages discovery, and briefed and argued numerous motions. The settlement negotiations themselves were hard-fought, lengthy and conducted at arm's length between experienced and skilled attorneys. Negotiations concerned not only the ultimate dollar amount, but also provisions regarding notice and administration, the scope of the settlement and release, and other concerns. Qualified and experienced counsel for all sides, who are intimately familiar with all facets of the cases, recommend final approval of the Settlements. The Settlements are therefore clearly entitled to a presumption of fairness based on the negotiations.

C. The Experience of Counsel In Similar Litigation

As set forth in Exhibits 3-9 to the Goodstein Declaration, Plaintiffs' Counsel are highly experienced in sophisticated securities class action and derivative litigation, and were more than sufficiently qualified to consider and in good faith recommend these Settlements.

D. The Reaction of the Class to the Settlements

As of September 10, 2010, over 1.9 million Mail Notices have been sent to Class Members or their nominees. No objections to the Settlements have been received. The deadline for submitting objections is September 21, 2010. The favorable reaction of the Class is further evidence that the Settlement is fair, reasonable and adequate. To date, no objection to the Derivative Settlements have been received.

E. Adequacy of the Settlements

The risks and challenges described in Section A above, support a conclusion that the Settlements are adequate. Moreover, the SEC Fair Fund distribution for Columbia, unlike other distributions, attempted to remedy all instances of market timing, whether known or unknown.

As a result, arguably there were no damages left to be recovered. Similarly, while Plaintiffs in the Derivative Action asserted that rescissory damages totaling tens of millions of dollars should be awarded under Section 36(b), the recovery here is certainly adequate in light of the Court's January 20, 2010 decision in the Janus subtrack. As a result, the Settlement achieved (including coverage of notice and administration costs) represents a sizable compromise of the potential claims. In light of these considerations, and in light of Plaintiffs' Counsel's considered judgment that the Settlements are adequate, the Settlements should be approved.

THE PROPOSED PLAN OF ALLOCATION IS FAIR AND REASONABLE

Here, the Plan of Allocation provides for the distribution of the Net Settlement Funds to the Columbia Funds and to Class Members on a *pro rata* basis, based on a formula tied to liability and damages. The allocation formula here, developed in conjunction with plaintiff's expert, has far greater than a reasonable and rational basis. As to mechanics, the Settlement Administrator has informed direct Columbia fund holders that they do not need to file a proof of claim; claim forms for other class members are available via a public website. The allocation to the Columbia Funds, representing recovery for the derivative litigation, was based on negotiations between Lead Class Counsel and Lead Fund Derivative Counsel. Counsel's conclusion that the Plan of Allocation is fair and reasonable is therefore entitled to great weight. For these reasons, the Plan of Allocation is fair and reasonable and should be approved.

PETITION FOR AN AWARD OF ATTORNEYS' FEES AND EXPENSES

Simultaneously with seeking final approval of the Settlements negotiated in these cases, Plaintiffs' Counsel also respectfully submit this memorandum of law in support of their petition for an award of attorneys' fees in the amount of 20% of the Gross Settlement Funds, a negative

multiplier of Plaintiffs' Counsel's total lodestar, and reimbursement of their out-of-pocket litigation expenses in the amount of $494,568.34.

The Settlements obtained in this case – consisting of $12,653,000 in cash (not including coverage of notice and administration costs) -- represent an excellent result. This result is due solely to the tenacious and skillful efforts of Plaintiffs' Counsel, who prosecuted these cases for years on a contingent basis. Settling Defendants mounted an arduous defense. Plaintiffs' Counsel's skill and diligence in prosecuting these actions, and their willingness to take these cases to mediation and trial and perhaps risk their significant investment of lodestar and out-of-pocket expenses rather than accept a settlement offer they deemed inadequate, merits the requested fee in these cases. Even higher percentages have been awarded in numerous cases that were far less risky involving defendants with the ability to withstand a far greater judgment.

The Class and current shareholders do not appear to disagree. In accordance with this Court's May 19, 2010 Order, copies of the Mail Notice have been mailed to over 1.9 million potential Class Members, and a Summary Notice was published in a number of publications in July 2010. The Mail Notice described the litigation and the proposed Settlements, as well as Plaintiffs' Counsel's intent to request an award of fees of up to 20% of the Gross Settlement Funds and reimbursement of their expenses in an amount not to exceed $550,000 The Mail Notice also informed Class Members and current shareholders of their right to object to this application. While the deadline for filing an objection has not yet passed, as of this date, **no** Class members or current shareholders have objected to the fee request. The overwhelming positive response from Class members, including numerous sophisticated financial institutions who received notice in this case, is further grounds for finding that the requested fee award is reasonable and appropriate.

In this case, Plaintiffs' Counsel seek a fee of 20% of the joint settlement funds of $12,653,000, plus interest, in addition to reimbursement of their expenses in the amount of $494,568.34. Counsel notes that because, in this case, defendants are paying the costs of notice and administration, counsel's fee request represents well less than 20% of the value of the joint settlement.

FACTORS SUPPORTING THE REASONABLENESS OF THE FEE REQUEST

A. The Results Obtained

As stated above in the discussion of whether the Settlements should be approved, counsel believes the results obtained in this case were excellent in light of the recovery by the SEC and the risks of litigation. That recovery attempted to remedy all instances of market timing in the Columbia funds (including known and unknown timers), and, as a result, although the legal consequences of the SEC's actions were not determined, arguably there was little damage left to be remedied to the Class. For Columbia and the additional defendants to pay an additional $12.6 million (in addition to the notice and administration costs covered by Columbia) is an excellent result for the Class.

B. The Quality, Skill and Efficiency of the Attorneys

Plaintiffs' Counsel in these cases include among the most experienced plaintiffs' class action and derivative counsel in the country. Exhibits to the counsel's affidavits (See Goodstein Decl. Exs. 3-9) indicate their abilities and results achieved in other litigation. In these cases, as the Court is likely aware, they have tirelessly yet professionally pressed their clients' positions, toward an effective end. Among other things, Plaintiffs' Counsel has developed the factual and legal basis for the claims, briefed and argued multiple motions, worked with experts in formulating damage theories, negotiated multiple settlements, and organized the administration of these settlements.

Such skill was particularly necessary here where Columbia was represented by the New York law firm of Wachtell, Lipton, Rosen & Katz, which is generally regarded as one of the finest law firms in the country.

C. The Complexity and Duration of the Litigation

As indicated by the lengthy rounds of briefing and argument on the motions to dismiss, this case presented novel legal issues, complicated fact patterns and damage theories, and difficult administrative problems. Litigating and administering these cases required experienced and knowledgeable plaintiffs' counsel. These cases were initially organized in 2004, but the work and coordination required in these cases meant that the cases did not reach settlements ready for preliminary approval until 2010. Even a review of the notice and plan of allocation indicates the complexity of the issues in these cases.

D. The Risk of Non-Payment

Entering into these cases posed substantial risk of non-payment. Even within this MDL, the Putnam and Janus subtracks saw substantial work performed to the point of summary judgment motions, which of course were decided in defendants' favor. The relatively small settlements in those cases, and the minimal fees to be recovered by counsel there, indicate the risks of maintaining this litigation.

E. Awards in Similar Cases

The 20% fee requested is in line with not only many other fee awards, but also fee requests in the other subtracks here, especially considering that, because Plaintiffs' Counsel do not seek a fee on the value of notice and administration costs paid for by Columbia and BAS, the fee represents less than 20% of the total settlement value.

F. The Reaction of the Class and Current Shareholders

As of this date, there have been no objections to the fees requested by counsel.

G. The Lodestar Method May Be Consulted as a "Cross-Check" on the Percentage Fee Award

The lodestar multiplier is, in fact, a negative multiplier, i.e. the amount of the fee requested is less than the value of the attorneys' time committed to this litigation. The affidavits submitted herewith (*see* Goodstein Decl. Exs. 3-9)indicate that counsel represent that they have committed more than 8,936.30 hours, which if they had been billed on a market basis, represents value of $3.410,908.50.

COUNSEL SHOULD BE REIMBURSED FOR THEIR REASONABLY INCURRED LITIGATION EXPENSES

Plaintiffs' Counsel are also entitled to recover litigation expenses. Class Counsel have advanced or incurred $471,375.97 in expenses to date. Goodstein Decl. Exs. 3-4. Because these expenses were advanced with no guarantee of recovery, Plaintiffs and their Counsel had a strong incentive to keep them to a reasonable level. The major categories of expenses are for investigator's fees, and Class Plaintiffs' damages consultant's fees. Those expenses are detailed in the accompanying Goodstein Decl. and were reasonably and necessarily incurred. Additionally, Derivative Counsel have informed Lead Class Counsel that they have incurred $23,222.37 in expenses in the prosecution of the Derivative Action (see Goodstein Decl. Exs. 5-9), for total expenses requested to be reimbursed of $494,568.34 All of these expenses fall within the categories of expenses that have been found reasonable and reimbursed in past cases of this nature.

CONCLUSION

For the foregoing reasons, Plaintiffs respectfully request that the Court grant final approval of the Settlements and the Plan of Allocation. Additionally, Plaintiffs' Counsel respectfully request that the Court grant their application for an award of attorneys' fees in the amount of 20% of the Gross Settlement Funds, together with the reimbursement of their

expenses reasonably incurred to date in the amount of $494,568.34, plus accrued interest to the date of the award to the same extent as has been earned by the deposited Settlement Funds.

Dated: September 14, 2010

Respectfully submitted,

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/s/

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