

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

GRADY SCOTT WESTON, Individually And On
Behalf Of All Others Similarly Situated,

Plaintiffs,

v.

RCS CAPITAL CORPORATION, RCAP
HOLDINGS, LLC, RCAP EQUITY, LLC,
NICHOLAS S. SCHORSCH, BRIAN S. BLOCK,
EDWARD MICHAEL WEIL, WILLIAM M.
KAHANE, BRIAN D. JONES, PETER M. BUDKO,
MARK AUERBACH, JEFFREY BROWN, C.
THOMAS MCMILLEN, and HOWELL WOOD,

Defendants.

Civ. No. 1:14-CV-10136-GBD

**NOTICE OF PENDENCY OF CLASS ACTION, PROPOSED
SETTLEMENT, AND MOTION FOR ATTORNEYS' FEES
AND EXPENSES**

If you purchased or otherwise acquired the common stock of RCS Capital Corporation during the period from February 12, 2014 to December 18, 2014, inclusive (the "Class Period"), and were allegedly damaged thereby, you may be entitled to a payment from a class action settlement.

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

- The purpose of this Notice is to inform you of: (i) the pendency of the above-captioned securities class action (the "Action"); (ii) the proposed settlement of the Action (the "Settlement") on the terms and conditions provided for in the Stipulation and Agreement of Settlement, dated June 2, 2017 (the "Stipulation");¹ and (iii) the hearing to be held by the Court (the "Settlement Hearing"). At the Settlement Hearing, the Court will consider: (i) whether the Settlement should be approved; (ii) whether the proposed plan for allocating the net proceeds of the Settlement to eligible members of the Settlement Class (the "Plan of Allocation") should be approved; (iii) Lead Counsel's application for attorneys' fees and expenses; and (iv) certain other matters. Please read this Notice carefully. This Notice describes important rights you may have and what steps you must take if you wish to participate in the Settlement or wish to be excluded from the Settlement Class.²
- If approved by the Court, the Settlement will create a \$31 million cash fund, plus any interest earned thereon, for the benefit of eligible Settlement Class Members, less any attorneys' fees and expenses awarded by the Court, Notice and Administration Costs, and Taxes.
- The Settlement resolves claims by Court-appointed Lead Plaintiffs Oklahoma Police Pension Fund and Retirement System and City of Providence, Rhode Island (collectively, "Lead Plaintiffs") that have been asserted on behalf of the Settlement Class against RCS Capital Corporation ("RCAP" or the "Company"), RCAP Holdings, LLC ("RCAP Holdings"), RCAP Equity, LLC ("RCAP Equity"), Nicholas S. Schorsch, Brian S. Block, Edward M. Weil, Jr., William M. Kahane, Brian D. Jones, Peter M. Budko, Mark Auerbach, Jeffrey Brown, C. Thomas McMillen and Howell Wood (collectively, "Defendants"); avoids the costs and risks of continuing the litigation; pays money to eligible Settlement Class Members; and releases the Released Defendant Parties (defined below) from liability.

**If you are a Settlement Class Member, your legal rights will be affected by this Settlement whether you act or do not act.
Please read this Notice carefully.**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM POSTMARKED OR RECEIVED NO LATER THAN NOVEMBER 2, 2017	The <u>only</u> way to be eligible to receive a payment from the Net Settlement Fund.
EXCLUDE YOURSELF BY SUBMITTING A WRITTEN REQUEST SO THAT IT IS RECEIVED NO LATER THAN AUGUST 29, 2017	If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Net Settlement Fund. This is the only option that, assuming your claim is timely brought, might allow you to ever bring or be part of any other lawsuit against Defendants and/or the other Released Defendant Parties concerning the Released Plaintiffs' Claims. See Questions 11-13 below for details.

¹ The Stipulation can be viewed at www.RCAPSecuritiesSettlement.com.

² All capitalized terms not otherwise defined in this Notice have the same meanings as defined in the Stipulation.

OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED NO LATER THAN AUGUST 29, 2017	Write to the Court about why you do not like the Settlement, the Plan of Allocation, and/or Lead Counsel's motion for attorneys' fees and payment of Litigation Expenses. If you object, you will still be a member of the Settlement Class. <i>See Question 16 below for details.</i>
GO TO A HEARING ON SEPTEMBER 28, 2017 AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN AUGUST 29, 2017	Ask to speak in Court about the Settlement. If you submit an objection, you may (but you do not have to) attend the hearing and, at the discretion of the Court, speak in Court about your objection. <i>See Question 20 below for details.</i>
DO NOTHING	You will not be eligible to receive a payment from the Net Settlement Fund, you will give up rights, and you will still be bound by the Settlement.

- These rights and options — **and the deadlines to exercise them** — are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made to all Settlement Class Members who timely submit valid Claim Forms, if the Court approves the Settlement and after any appeals are resolved. Please be patient.

SUMMARY OF THE NOTICE

Statement of the Settlement Class's Recovery

1. Lead Plaintiffs have entered into the proposed Settlement with Defendants which, if approved by the Court, will resolve the Action in its entirety. Subject to Court approval, Lead Plaintiffs, on behalf of the Settlement Class, have agreed to settle the Action in exchange for a payment of \$31,000,000 in cash (the "Settlement Amount") to be deposited into an interest-bearing Escrow Account (the "Settlement Fund"). The Net Settlement Fund (as defined below) will be distributed to Settlement Class Members according to a Court-approved plan of allocation. The proposed Plan of Allocation is set forth on pages 10-12 below.

Estimate of Average Amount of Recovery Per Share

2. Based on Lead Plaintiffs' damages expert's estimate of the number of shares of RCAP common stock eligible to participate in the Settlement, and assuming that all investors eligible to participate in the Settlement do so, Lead Plaintiffs estimate that the average recovery, before deduction of any Court-approved fees and expenses, such as attorneys' fees, Litigation Expenses, Taxes, and Notice and Administration Costs, would be approximately \$0.68 per allegedly damaged share.³ If the Court approves the attorneys' fees and Litigation Expenses requested by Lead Counsel (discussed below), the average recovery would be approximately \$0.47 per allegedly damaged share. **Settlement Class Members should note, however, that the foregoing average recovery amounts are only estimates and Settlement Class Members may recover more or less than these estimated amounts.** An individual Settlement Class Member's actual recovery will depend on, for example: (i) the total number of claims submitted; (ii) the amount of the Net Settlement Fund; (iii) when the Settlement Class Member purchased or acquired RCAP common stock during the Class Period; and (iv) whether and when the Settlement Class Member sold RCAP common stock. *See the Plan of Allocation beginning on page 10 for information on the calculation of your Recognized Claim.*

Statement of Potential Outcome of Case

3. The Parties disagree about both liability and damages and do not agree on the damages that would be recoverable if Lead Plaintiffs were to prevail on each claim asserted against Defendants. The issues on which the Parties disagree include, for example: (i) whether Defendants made any statements or omitted any facts that were materially false or misleading, or otherwise actionable under the federal securities laws; (ii) whether any such allegedly materially false or misleading statements or omissions were made with the requisite level of intent or recklessness; (iii) the amounts by which the prices of RCAP common stock were allegedly artificially inflated, if at all, during the Class Period; and (iv) the extent to which external factors, such as general market, economic, and industry conditions, influenced the trading prices of RCAP common stock at various times during the Class Period.

4. Defendants have denied and continue to deny any wrongdoing, deny that they have committed any act or omission giving rise to any liability or violation of law, and deny that Lead Plaintiffs and the Settlement Class have suffered any loss attributable to Defendants' actions. While Lead Plaintiffs believe they have meritorious claims, they recognize that there are significant obstacles in the way to recovery.

Statement of Attorneys' Fees and Expenses Sought

5. Lead Counsel, on behalf of all Plaintiffs' Counsel, will apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not to exceed 30% of the Settlement Fund, which includes any accrued interest. Lead Counsel will also apply for payment of Litigation Expenses incurred by Plaintiffs' Counsel in prosecuting the Action in an amount not to exceed \$425,000, plus accrued interest, which may include an application pursuant to the Private Securities Litigation Reform Act of 1995 ("PSLRA") for the reasonable costs and expenses (including lost wages) of Lead Plaintiffs directly related to their representation of the Settlement Class. If the Court approves Lead

³ An allegedly damaged share might have been traded, and potentially damaged, more than once during the Class Period, and the average recovery indicated above represents the estimated average recovery for each share that allegedly incurred damages.

Counsel's attorneys' fees and expense application in full, the average amount of fees and expenses, assuming claims are filed for all shares eligible to participate in the Settlement, will be approximately \$0.21 per allegedly damaged share of RCAP common stock.

Reasons for the Settlement

6. For Lead Plaintiffs, the principal reason for the Settlement is the guaranteed cash benefit to the Settlement Class. This benefit must be compared to the uncertainty of being able to prove the allegations in the Complaint; the risk that the Court may grant some or all of the anticipated dismissal motions to be filed by Defendants; the uncertainty of a greater recovery after a trial and appeals, given the bankruptcy of the Company and wasting insurance policies; the risks of litigation, especially in complex actions like this; as well as the difficulties and delays inherent in such litigation (including any trial and appeals).

7. For Defendants, who deny all allegations of wrongdoing or liability whatsoever and deny that Settlement Class Members were damaged, the principal reasons for entering into the Settlement are to end the burden, expense, uncertainty, and risk of further litigation.

Identification of Attorneys' Representatives

8. Lead Plaintiffs and the Settlement Class are represented by Lead Counsel, Ira A. Schochet, Esq., Labaton Sucharow LLP, 140 Broadway, New York, NY 10005, (888) 219-6877, www.labaton.com, settlementquestions@labaton.com, and Deborah Clark-Weintraub, Esq., Scott+Scott, Attorneys at Law, LLP, The Helmsley Building, 230 Park Avenue, 17th Floor, New York, New York 10169, (800) 404-7770, www.scott-scott.com.

9. Further information regarding the Action, the Settlement, and this Notice may be obtained by contacting the Claims Administrator: *RCAP Securities Litigation*, c/o A.B. Data, Ltd., P.O. Box 173040, Milwaukee, WI 53217, (866) 778-9626, www.RCAPSecuritiesSettlement.com, info@RCAPSecuritiesSettlement.com; or Lead Counsel.

Please Do Not Call the Court With Questions About the Settlement.

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BASIC INFORMATION

1. WHY DID I GET THIS NOTICE?

10. The Court authorized that this Notice be sent to you because you or someone in your family or an investment account for which you serve as a custodian may have purchased or otherwise acquired the common stock of RCAP during the period from February 12, 2014 to December 18, 2014, inclusive. **Please note: Receipt of this Notice does not mean that you are a Member of the Settlement Class or that you will be entitled to receive a payment from the Settlement. If you are a Member of the Settlement Class and wish to be eligible for a payment, you are required to submit the Claim Form that is being distributed with this Notice and supporting documents, as explained in the Claim Form. See Question 8 below.**

11. The Court directed that this Notice be sent to Settlement Class Members because they have a right to know about the proposed Settlement of this class action lawsuit, and about all of their options, including whether or not to object or exclude themselves from the Settlement Class, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and after any objections and appeals are resolved, an administrator appointed by the Court will make the payments that the Settlement allows.

12. This Notice explains the Action, the Settlement, Settlement Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

13. The Court in charge of the Action is the United States District Court for the Southern District of New York, and the case is known as *Weston v. RCS Capital Corporation, et al.*, No. 1:14-CV-10136-GBD. The Action is assigned to the Honorable George B. Daniels, United States District Judge.

2. WHAT IS THIS CASE ABOUT?

14. The Action arises from an alleged accounting fraud at American Realty Capital Properties, Inc. ("ARCP"), a public real estate investment trust that shared a number of directors with RCAP, which was allegedly perpetrated and concealed by Defendant Schorsch (co-founder of RCAP and Executive Chairman of RCAP's board of directors) and other senior management of ARCP. RCAP is a wholesale broker-dealer and investment banking and advisory business, with the majority of its revenues during the Class Period generated from services provided to AR Capital, LLC ("ARC"), a real estate management company that also shared a number of directors with RCS. Those services included the wholesale distribution of ARC's investment products. Throughout the Class Period, Defendants, among other things, allegedly made false and misleading statements and omissions regarding the strength of RCAP's business prospects, emphasizing RCAP's ability to leverage its relationship with Schorsch-related entities.

15. In December 2014, an initial securities class action complaint was filed in the United States District Court for the Southern District of New York (the "Court") on behalf of investors in RCAP. On March 31, 2015, the Court entered an Order appointing Oklahoma Police Pension Fund and Retirement System and the City of Providence, Rhode Island, as Lead Plaintiffs pursuant to the PSLRA. By the same Order, the Court approved Lead Plaintiffs' selection of Labaton Sucharow LLP and Scott+Scott, Attorneys at Law, LLP as Lead Counsel for the class.

16. On June 1, 2015, Lead Plaintiffs filed an Amended Class Action Complaint for Violations of Federal Securities Laws, and, on June 30, 2015, Lead Plaintiffs filed the operative Corrected Amended Class Action Complaint for Violations of Federal Securities Laws (the "Complaint"), asserting claims under Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 (the "Securities Act") and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 (17 C.F.R. §240.10b-5) promulgated thereunder. In general, the Complaint alleged that Defendants violated the federal securities laws by making materially false and misleading statements and omissions concerning the strength of RCAP's core wholesale distribution and investment banking business and its prospects for success. As alleged in the Complaint, because of the alleged entanglement of RCAP, ARCP, and ARC, and the fact that investors associated all of those entities with Defendant Schorsch, the alleged accounting manipulations that occurred at ARCP undercut the credibility, reputation, and business operations of RCAP, as well as ARCP, and rendered Defendants' statements concerning the strength of RCAP's wholesale distribution and investment banking business and its prospects for growth success, false and misleading. The Complaint further alleged that the price of RCAP common stock was artificially inflated as a result of Defendants' allegedly false and misleading statements, and declined when the truth was revealed.

17. On September 11, 2015, Defendants filed motions to dismiss the Complaint, which Lead Plaintiffs opposed on October 27, 2015. On December 1, 2015, Defendants filed reply papers in further support of their respective motions to dismiss. Oral argument on the motions was held before the Honorable George B. Daniels on April 21, 2016. Thereafter, in light of the scheduling of settlement conferences, the motions were deemed withdrawn without prejudice.

18. On January 31, 2016, voluntary petitions for relief under Chapter 11 of the Bankruptcy Code were filed by RCAP and its affiliated debtors (collectively, the "Debtors") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), and docketed as Case No. 16-10223 (the "Bankruptcy Action"). The Action was automatically stayed as to RCAP. On February 1, 2016, RCAP filed a Notice of Suggestion of Bankruptcy in the Action.

19. The Court converted the oral argument on Defendants' motions to dismiss scheduled for February 2, 2016 into a status conference at which Defendants updated the Court and Lead Plaintiffs regarding RCAP's bankruptcy petition, including whether it would move the Bankruptcy Court to extend the bankruptcy stay to any non-debtor Defendants. Following the February 2, 2016 status conference, oral argument on Defendants' motions to dismiss was adjourned to April 21, 2016 to afford Defendants (and the Debtors) the opportunity to determine whether to seek, and then pursue, such relief from the Bankruptcy Court.

20. After Defendants and the Debtors did not seek further relief from the Bankruptcy Court, a day-long hearing on the motions to dismiss was held on April 21, 2016. Immediately following the argument, the Court scheduled a settlement conference for June 30, 2016.

21. On April 25, 2016, Lead Plaintiffs filed a motion in the Bankruptcy Action requesting that the Bankruptcy Court enter an order generally granting limited relief from the automatic bankruptcy stay pursuant to section 326(d) of the Bankruptcy Code with respect to RCAP and permitting Lead Plaintiffs to prosecute and/or settle the claims asserted in the Action against RCAP.

22. On May 5, 2016, the Bankruptcy Court entered an order partially granting Lead Plaintiffs' motion to lift the automatic bankruptcy stay against RCAP. More specifically, the order lifted the stay and granted Lead Plaintiffs relief from the plan discharge and injunction provisions of a future confirmed chapter 11 plan, "solely to prosecute and/or settle the claims asserted in the Weston Securities Litigation against RCAP . . . solely from any insurance proceeds under any insurance policies that may provide coverage for any liability of RCAP in the Weston Securities Litigation, provided, however, that to the extent any settlement with or judgment against RCAP exceeds any funded insurance payments (an "Excess Claim"), this Court shall, unless hereafter otherwise ordered by this Court, retain jurisdiction with respect to the treatment of such Excess Claim . . ." The order allowed the Court to consider the pending motion to dismiss filed by RCAP.

23. On May 19, 2016, the Bankruptcy Court entered an order, *inter alia*, confirming the "Fourth Amended Joint Plan Of Reorganization For RCS Capital Corporation And Its Affiliated Debtors Under Chapter 11 Of The Bankruptcy Code" and "Debtors' Second Amended Joint Prepackaged Plan Of Reorganization Under Chapter 11 Of The Bankruptcy Code," which, *inter alia*, permitted Lead Plaintiffs' claims against RCAP in the Action to proceed while limiting recovery for such claims to the proceeds available under RCAP's applicable insurance policies.

24. On June 27, 2016, the Parties informed the Court of their agreement to explore mediation and accordingly requested that the June 30, 2016 settlement conference be adjourned to allow the Parties to engage in settlement negotiations before a mediator.

25. In September 2016, the Parties engaged Mr. Robert A. Meyer, a well-respected and highly experienced mediator, to assist them in exploring a potential negotiated resolution of the claims in the Action. On November 14, 2016, the Parties participated in a full-day mediation session with Mr. Meyer in an attempt to reach a settlement. In advance of the mediation session, the Parties provided detailed mediation statements and exhibits to the Mediator which addressed the issues of both liability and damages. Following arm's-length and mediated negotiations under the auspices of Mr. Meyer, on March 20, 2017, the Parties reached an agreement-in-principle to settle the Action.

26. On June 2, 2017, the Parties executed the Stipulation, which sets forth the final terms and conditions of the Settlement.

27. Lead Plaintiffs, through Lead Counsel, have conducted a thorough investigation of the claims, defenses, and underlying events and transactions that are the subject of the Action. This process included reviewing and analyzing: (i) United States Securities and Exchange Commission ("SEC") filings by RCAP, ARCP, and their affiliates; (ii) the sworn/verified allegations in *McAlister v. American Realty Capital Properties, Inc., et al.*, Index No. 162499/2014 (Sup. Ct. N.Y. Cty.); (iii) other court filings related to RCAP and ARCP and the issues and events in question, including (a) the amended pleadings and other filings in *In re American Realty Capital Properties, Inc. Litigation*, Civil Action No. 1:15-mc-00040-AKH (S.D.N.Y.); (b) the complaint filed in *RCS Creditor Trust v. Schorsch, et al.*, Case No. 2017-0178 (Del. Ch.); (c) filings in the Bankruptcy Action; and (d) filings in actions and other proceedings brought by the United States Department of Justice

(“DOJ”) and the SEC, including in the actions captioned (1) *U.S. v. Block*, Case No. 16-cr-00595-JPO (S.D.N.Y); (2) *U.S. v. McAlister*, Case No. 16-cr-653-AKH (S.D.N.Y); and (3) *S.E.C. v. Block et al.*, Case No. 16-cv-07003-LGS (S.D.N.Y); (iv) securities analysts’ reports and advisories about the Company and ARCP; (v) press releases, investor presentations, and other public statements issued by the Company, ARCP, and their affiliates; (vi) transcripts of RCAP and ARCP conference calls; and (vii) media reports about RCAP, ARCP, and their affiliates. Lead Counsel also identified approximately 58 former RCAP employees and others with relevant knowledge and analyzed witness interviews from 13 former RCAP employees and others with relevant knowledge (three of whom have provided information as confidential witnesses) and consulted with experts on damages and loss causation issues.

3. WHY IS THIS A CLASS ACTION?

28. In a class action, one or more persons or entities (in this case, Lead Plaintiffs), sue on behalf of people and entities who have similar claims. Together, these people and entities are a “class,” and each is a “class member.” Bringing a case, such as this one, as a class action allows the adjudication of many individuals’ similar claims that might be too small to bring economically as individual actions. One court resolves the issues for all class members at the same time, except for those who exclude themselves, or “opt-out,” from the class. In this Action, the Court has appointed Oklahoma Police Pension Fund and Retirement System and City of Providence, Rhode Island to serve as Lead Plaintiffs and has appointed Labaton Sucharow LLP and Scott+Scott, Attorneys at Law, LLP to serve as Lead Counsel.

4. WHAT ARE THE REASONS FOR THE SETTLEMENT?

29. The Court did not finally decide in favor of Lead Plaintiffs or Defendants. Instead, both sides agreed to a settlement.

30. Lead Plaintiffs and Lead Counsel believe that the claims asserted in the Action have merit. Lead Plaintiffs and Lead Counsel recognize, however, the expense and length of continued proceedings necessary to pursue their claims in the Action through trial and appeals, as well as the difficulties in establishing liability. Lead Plaintiffs and Lead Counsel have considered the uncertain outcome and the risk of any litigation, especially in complex lawsuits like this one, as well as the difficulties and delays inherent in litigation. For example, Defendants have raised a number of arguments and defenses (which they would raise at summary judgment and trial) that they did not make false and misleading statements in violation of the Securities Act and the Exchange Act because, *inter alia*, the claims are based on actionable statements of opinion or corporate optimism and protected by the PSLRA statutory safe harbor and, with respect to the Exchange Act claims only, that Lead Plaintiffs would not be able to establish that Defendants acted with the requisite intent given that the alleged accounting errors did not occur at Defendant RCAP, but at an affiliate, ARCP. Even assuming Lead Plaintiffs could establish liability, Defendants maintained that there was a disconnect between the alleged corrective disclosures and the alleged misstatements. Defendants also asserted certain standing arguments in connection with the Securities Act claims. In the absence of a settlement, the Parties would present factual and expert testimony on each of these issues, and there is a risk that the Court or jury would resolve these issues unfavorably against Lead Plaintiffs and the Settlement Class. There was also significant uncertainty concerning the Settlement Class’s ability to recover more than the Settlement Amount after trial and the inevitable appeals, given the Company’s bankruptcy filing and the potential unavailability of wasting insurance policies at the point of a non-appealable verdict. In light of the Settlement and the guaranteed cash recovery to the Settlement Class, Lead Plaintiffs and Lead Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Settlement Class.

31. Defendants have denied and continue to deny any wrongdoing and deny that they have committed any act or omission giving rise to any liability or violation of law. Defendants deny the allegations that they knowingly, or otherwise, made any material misstatements or omissions; that any Member of the Settlement Class has suffered damages; that the prices of RCAP common stock were artificially inflated by reason of the alleged misrepresentations, omissions, or otherwise; or that Members of the Settlement Class were harmed by the conduct alleged in the Complaint. Nonetheless, Defendants have concluded that continuation of the Action would be protracted, time-consuming and expensive, and have taken into account the uncertainty and risks inherent in any litigation, especially a complex case like this Action, and believe that the Settlement is in the best interests of Defendants.

WHO IS IN THE SETTLEMENT

32. To be eligible for a payment from the proceeds of the Settlement, you must be a Settlement Class Member.

5. HOW DO I KNOW IF I AM PART OF THE SETTLEMENT CLASS?

33. The Court has directed, for the purposes of the proposed Settlement, that everyone who fits the following description is a Settlement Class Member and subject to the Settlement unless they are an excluded person (*see* Question 6 below) or take steps to exclude themselves from the Settlement Class (*see* Question 11 below):

All investors that purchased or otherwise acquired the common stock of RCAP during the period from February 12, 2014 to December 18, 2014, inclusive, and were allegedly damaged thereby.

34. If one of your mutual funds purchased RCAP common stock during the Class Period, that alone does not make you a Settlement Class Member. You are a Settlement Class Member only if you individually purchased or otherwise acquired RCAP common stock during the Class Period. Check your investment records or contact your broker to see if you have any eligible purchases or acquisitions.

6. ARE THERE EXCEPTIONS TO BEING INCLUDED?

35. Yes. There are some individuals and entities who are excluded from the Settlement Class by definition. Excluded from the Settlement Class are: Defendants; the officers and directors of RCAP, RCAP Holdings and RCAP Equity; members of the Immediate Families of any excluded person and their legal representatives, heirs, successors, affiliates, or assigns; and any entity in which Defendants have or had a controlling interest. Also excluded from the Settlement Class is anyone who timely and validly seeks exclusion from the Settlement Class in accordance with the procedures described in Question 11 below.

THE SETTLEMENT BENEFITS — WHAT YOU GET

7. WHAT DOES THE SETTLEMENT PROVIDE?

36. In exchange for the Settlement and the release of the Released Plaintiffs' Claims against the Released Defendant Parties (see Question 10 below), Defendants have agreed to cause a \$31 million cash payment to be made, which, along with any interest earned on this amount, will be distributed after deduction of Court-awarded attorneys' fees and Litigation Expenses, Notice and Administration Costs, Taxes, and any other fees or expenses approved by the Court (the "Net Settlement Fund"), among all Settlement Class Members who submit valid Claim Forms and are found by the Court to be eligible to receive a distribution from the Net Settlement Fund ("Authorized Claimants").

8. HOW CAN I RECEIVE A PAYMENT?

37. To qualify for a payment from the Net Settlement Fund, you must submit a timely and valid Claim Form. A Claim Form is included with this Notice. If you did not receive a Claim Form, you can obtain one from the website dedicated to the Settlement: www.RCAPSecuritiesSettlement.com, or from Lead Counsel's websites: www.labaton.com and www.scott-scott.com. You can also request that a Claim Form be mailed to you by calling the Claims Administrator toll-free at (866) 778-9626.

38. Please read the instructions contained in the Claim Form carefully, fill out the Claim Form, include all the documents the form requests, sign it, and mail or submit it to the Claims Administrator so that it is **postmarked or received no later than November 2, 2017**. The Claim Form may also be submitted online at www.RCAPSecuritiesSettlement.com.

9. WHEN WILL I RECEIVE MY PAYMENT?

39. The Court will hold a Settlement Hearing on **September 28, 2017** to decide, among other things, whether to finally approve the Settlement. Even if the Court approves the Settlement, there may be appeals which can take time to resolve, perhaps more than a year. It also takes a long time for all of the Claim Forms to be accurately reviewed and processed. Please be patient.

10. WHAT AM I GIVING UP TO RECEIVE A PAYMENT OR STAY IN THE SETTLEMENT CLASS?

40. If you are a Settlement Class Member and do not timely and validly exclude yourself from the Settlement Class, you will remain in the Settlement Class and that means that, upon the "Effective Date" of the Settlement, you will release all "Released Plaintiffs' Claims" against the "Released Defendant Parties."

(a) "**Released Plaintiffs' Claims**" means any and all claims, demands, losses, rights, and causes of action of any nature whatsoever, known or Unknown, whether arising under federal, state, common, or foreign law, whether brought directly or indirectly, that (a) were asserted in this Action or that could have been asserted in the Action, or in any other action or forum, whether foreign or domestic, and (b) arise out of, are based upon, or relate in any way to both (i) the purchase, sale or acquisition of RCAP common stock during the Class Period and (ii) any of the allegations, acts, transactions, facts, events, matters, occurrences, representations or omissions involved, set forth, alleged or referred to, in the Action. For the avoidance of doubt, the Settlement does not affect: (i) the pending claims asserted by the Securities and Exchange Commission in *SEC v. Brian S. Block and Lisa Pavelka McAlister*, 1:16-cv-07003 (S.D.N.Y.), or by the Department of Justice in *United States v. Lisa McAlister*, 16-cr-00653 (S.D.N.Y.) and *United States v. Brian Block*, 16-cr-00595 (S.D.N.Y.); or (ii) any claims for losses allegedly incurred in connection with the purchase, sale, acquisition or holding of the securities of American Realty Capital Properties, Inc., as asserted in *In re American Realty Capital Properties, Inc. Litigation*, Case No. 1:15-md-00040-AKH (S.D.N.Y.) (including *Teachers Insurance and Annuity Assoc. of America, et al. v. American Realty Capital Properties, Inc., et al.*, Case No. 15-cv-00421 (S.D.N.Y.) and all other cases consolidated therein or designated as related thereto).

(b) "**Released Defendant Parties**" means Defendants and their respective present and former parents, subsidiaries, divisions, affiliates, present and former employees, members, general and limited partners and partnerships, principals, officers, directors, attorneys, advisors (including, but not limited to, financial advisors), accountants, auditors, and insurers of each of them; and the predecessors, successors, estates, heirs, executors, trusts, trustees, administrators, agents, representatives and assigns of each of them, in their capacity as such.

(c) "**Unknown Claims**" means any Released Claims which Lead Plaintiffs or any other Settlement Class Member, Defendants, or any of the other Releasees does not know or suspect to exist in his, her or its favor at the time of the release of such claims, which, if known by him, her or it, might have affected his, her, or its decision(s) with respect to the Settlement, including the decision to object to the terms of the Settlement or to exclude himself, herself, or itself from the Settlement Class. With respect to any and all

Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Lead Plaintiffs and Defendants shall expressly waive, and each of the other Settlement Class Members and each of the other Releasees shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or principle of common law, that is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiffs, other Settlement Class Members, or Defendants, and their respective Releasees may hereafter discover facts, legal theories, or authorities in addition to or different from those which any of them now knows or believes to be true with respect to the subject matter of the Released Claims, but the Parties stipulate and agree that, upon the Effective Date of the Settlement, Lead Plaintiffs and Defendants shall expressly waive, and each of the other Settlement Class Members and Releasees shall be deemed to have waived, and by operation of the Judgement, or if applicable, the Alternative Judgment, shall have expressly waived any and all Released Claims without regard to subsequent discovery or existence of such different or additional facts. Lead Plaintiffs and Defendants acknowledge, and each of the other Settlement Class Members and each of the other Releasees shall be deemed by operation of law to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Plaintiffs’ Claims and Released Defendants’ Claims was separately bargained for and is a key element of the Settlement.

41. The “Effective Date” will occur when an Order entered by the Court approving the Settlement becomes Final and not subject to appeal. If you remain a member of the Settlement Class, all of the Court’s orders, whether favorable or unfavorable, will apply to you and legally bind you.

42. Upon the “Effective Date,” Defendants will also provide a release of any claims against Lead Plaintiffs and the Settlement Class arising out of or related to the institution, prosecution, or settlement of the claims in the Action.

EXCLUDING YOURSELF FROM THE SETTLEMENT CLASS

43. If you do not want to be eligible to receive a payment from the Settlement, and you want to keep any right you may have to sue or continue to sue Defendants and the other Released Defendant Parties on your own concerning the Released Plaintiffs’ Claims, then you must take steps to remove yourself from the Settlement Class. This is called excluding yourself or “opting out.” **Please note:** If you decide to exclude yourself from the Settlement Class, there is a risk that any lawsuit you may file to pursue claims alleged in the Action may be dismissed, including because the suit is not filed within the applicable time periods required for filing suit.

11. HOW DO I EXCLUDE MYSELF FROM THE SETTLEMENT CLASS?

44. To exclude yourself from the Settlement Class, you must mail a signed letter stating that you “request to be excluded from the Settlement Class in *Weston v. RCS Capital Corporation*, No. 1:14-CV-10136 (S.D.N.Y.).” You cannot exclude yourself by telephone or email. Each request for exclusion must also: (i) state the name, address, email, and telephone number of the person or entity requesting exclusion, and in the case of entities, the name and telephone number of the appropriate contact person for the entity; (ii) state the number of shares of RCAP common stock purchased, acquired, and/or sold during the Class Period, as well as the date, number of shares and price per share of each such purchase, acquisition, and/or sale; and (iii) be signed by the person or entity requesting exclusion or an authorized representative. A request for exclusion must be submitted so that it is **received no later than August 29, 2017** to:

RCAP Securities Litigation
EXCLUSIONS
c/o A.B. Data, Ltd.
P.O. Box 173001
Milwaukee, WI 53217

45. Your exclusion request must comply with these requirements in order to be valid. If you ask to be excluded, do not submit a Claim Form because you cannot receive any payment from the Net Settlement Fund. Also, you cannot object to the Settlement because you will not be a Settlement Class Member. However, if you submit a valid exclusion request, you will not be legally bound by anything that happens in the Action, and you may be able to sue (or continue to sue) Defendants and the other Released Defendant Parties in the future.

12. IF I DO NOT EXCLUDE MYSELF, CAN I SUE DEFENDANTS AND THE OTHER RELEASED DEFENDANT PARTIES FOR THE SAME THING LATER?

46. No. Unless you properly exclude yourself, you will remain in the Settlement Class and you will give up any rights to sue Defendants and the other Released Defendant Parties for any and all Released Plaintiffs’ Claims. If you have a pending lawsuit against any of the Released Defendant Parties, **speak to your lawyer in that case immediately**. You must exclude yourself from this Settlement Class to continue your own lawsuit. Remember, the exclusion deadline is **August 29, 2017**.

13. IF I EXCLUDE MYSELF, CAN I GET MONEY FROM THE PROPOSED SETTLEMENT?

47. No. If you exclude yourself, do not send in a Claim Form to ask for any money. But, you may exercise any right you may have to sue, continue to sue, or be part of a different lawsuit against Defendants and the other Released Defendant Parties.

THE LAWYERS REPRESENTING YOU

14. DO I HAVE A LAWYER IN THIS CASE?

48. The Court appointed the law firms of Labaton Sucharow LLP and Scott+Scott, Attorneys at Law, LLP to represent all Settlement Class Members. These lawyers are called “Lead Counsel.” You will not be separately charged for these lawyers. The Court will determine the amount of Plaintiffs’ Counsel’s fees and expenses, which will be paid from the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

15. HOW WILL THE LAWYERS BE PAID?

49. Plaintiffs’ Counsel have been prosecuting the Action on a contingent basis and have not been paid for any of their work. Lead Counsel will ask the Court to award Plaintiffs’ Counsel attorneys’ fees of no more than 30% of the Settlement Fund, which will include any accrued interest. Lead Counsel will also seek payment of Litigation Expenses incurred by Plaintiffs’ Counsel in the prosecution of the Action of no more than \$425,000, plus accrued interest, which may include an application in accordance with the PSLRA for the reasonable costs and expenses (including lost wages) of Lead Plaintiffs directly related to their representation of the Settlement Class. As explained above, any attorneys’ fees and expenses awarded by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

OBJECTING TO THE SETTLEMENT, THE PLAN OF ALLOCATION, OR THE FEE AND EXPENSE APPLICATION

16. HOW DO I TELL THE COURT THAT I DO NOT LIKE SOMETHING ABOUT THE PROPOSED SETTLEMENT?

50. If you are a Settlement Class Member, you can object to the Settlement or any of its terms, the proposed Plan of Allocation of the Net Settlement Fund, and/or Lead Counsel’s application for an award of attorneys’ fees and Litigation Expenses. You may give reasons why you think the Court should not approve any or all of the Settlement terms or related relief. If you would like the Court to consider your views, you must file a proper objection within the deadline, and according to the following procedures.

51. To object, you must send a signed letter stating that you object to the proposed Settlement in “*Weston v. RCS Capital Corporation*, No. 1:14-CV-10136 (S.D.N.Y.).” The objection must: (i) state the name, address, telephone number, and email address of the person or entity objecting and must be signed by the objector; (ii) contain a statement of the Settlement Class Member’s objection or objections and the specific reasons for each objection, including any legal and evidentiary support (including witnesses) the Settlement Class Member wishes to bring to the Court’s attention; and (iii) include documents sufficient to prove membership in the Settlement Class, including the number of shares of RCAP common stock purchased, acquired, and/or sold during the Class Period, as well as the date, number of shares, and price per share of each such purchase, acquisition, and/or sale. Unless otherwise ordered by the Court, any Settlement Class Member who does not object in the manner described in this Notice will be deemed to have waived any objection and will be forever foreclosed from making any objection to the proposed Settlement, the Plan of Allocation, and/or Lead Counsel’s application for attorneys’ fees and Litigation Expenses. Your objection must be filed with the Court **no later than August 29, 2017** and mailed or delivered to the following counsel so that it is received no later than August 29, 2017:

Court

Clerk of the Court
United States District Court
Southern District of New York
Daniel Patrick Moynihan U.S. Courthouse
500 Pearl Street
New York, NY 10007

Lead Counsel

Labaton Sucharow LLP
Ira A. Schochet, Esq.
140 Broadway
New York, NY 10005

Scott+Scott, Attorneys at Law, LLP
Deborah Clark-Weintraub, Esq.
The Helmsley Building
230 Park Avenue, 17th Floor
New York, NY 10169

Defendants’ Counsel Representative

Paul, Weiss, Rifkind, Wharton & Garrison LLP
Audra J. Soloway, Esq.
1285 Avenue of the Americas
New York, NY 10019

52. You do not need to attend the Settlement Hearing to have your written objection considered by the Court. However, any Settlement Class Member who has not submitted a request for exclusion and who has complied with the procedures described in this Question 16 and below in Question 20 may appear at the Settlement Hearing and be heard, to the extent allowed by the Court, about their objection. An objector may appear in person or arrange, at his, her, or its own expense, for a lawyer to represent him, her, or it at the Settlement Hearing.

17. WHAT IS THE DIFFERENCE BETWEEN OBJECTING AND SEEKING EXCLUSION?

53. Objecting is telling the Court that you do not like something about the proposed Settlement, Plan of Allocation, or Lead Counsel's application for attorneys' fees and Litigation Expenses. You can still recover money from the Settlement. You can object *only* if you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself from the Settlement Class, you have no basis to object because the Settlement and the Action no longer affect you.

THE SETTLEMENT HEARING

18. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE PROPOSED SETTLEMENT?

54. The Court will hold the Settlement Hearing on **September 28, 2017 at 10:00 a.m.**, in Courtroom 11A at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007.

55. At this hearing, the Court will consider, among other things, whether: (i) the Settlement is fair, reasonable, and adequate, and should be finally approved; (ii) the Plan of Allocation is fair and reasonable, and should be approved; and (iii) the application of Lead Counsel for an award of attorneys' fees and payment of Litigation Expenses, including those of Lead Plaintiffs, is reasonable and should be approved. The Court will take into consideration any written objections filed in accordance with the instructions in Question 16 above. We do not know how long it will take the Court to make these decisions.

56. You should be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent to Settlement Class Members. If you want to attend the hearing, you should check with Lead Counsel or visit the settlement website, www.RCAPSecuritiesSettlement.com, beforehand to be sure that the hearing date and/or time has not changed.

19. DO I HAVE TO COME TO THE SETTLEMENT HEARING?

57. No. Lead Counsel will answer any questions the Court may have. But, you are welcome to attend at your own expense. If you submit a valid and timely objection, the Court will consider it and you do not have to come to Court to discuss it. You may have your own lawyer attend (at your own expense), but it is not required. If you do hire your own lawyer, he or she must file and serve a Notice of Appearance in the manner described in the answer to Question 20 below **no later than August 29, 2017**.

20. MAY I SPEAK AT THE SETTLEMENT HEARING?

58. You may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (*see* Question 16), **no later than August 29, 2017**, a statement that you, or your attorney, intend to appear in "*Weston v. RCS Capital Corporation*, No. 1:14-CV-10136 (S.D.N.Y.)". Persons who intend to present evidence at the Settlement Hearing must also include in their objections (prepared and submitted in accordance with the answer to Question 16 above) the identities of any witnesses they may wish to call to testify and any exhibits they intend to introduce into evidence at the Settlement Hearing. You may not speak at the Settlement Hearing if you exclude yourself from the Settlement Class or if you have not provided written notice of your objection and intention to speak at the Settlement Hearing in accordance with the procedures described in this Question 20 and Question 16 above.

IF YOU DO NOTHING

21. WHAT HAPPENS IF I DO NOTHING AT ALL?

59. If you do nothing and you are a member of the Settlement Class, you will receive no money from the Settlement and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against Defendants and the other Released Defendant Parties concerning the Released Plaintiffs' Claims. To share in the Net Settlement Fund, you must submit a Claim Form (*see* Question 8 above). To start, continue, or be a part of any other lawsuit against Defendants and the other Released Defendant Parties concerning the Released Plaintiffs' Claims, you must exclude yourself from the Settlement Class (*see* Question 11 above).

GETTING MORE INFORMATION

22. ARE THERE MORE DETAILS ABOUT THE SETTLEMENT?

60. This Notice summarizes the proposed Settlement. More details are contained in the Stipulation. You may review the Stipulation filed with the Court or other documents in the case during business hours at the Office of the Clerk of the United States District Court, Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007. Subscribers to PACER, a fee-based service, can also view the papers filed publicly in the Action through the Court's online Case Management/Electronic Case Files System at <https://www.pacer.gov>.

61. You can also get a copy of the Stipulation, and other documents related to the Settlement, as well as additional information about the Settlement by visiting the website dedicated to the Settlement, www.RCAPSecuritiesSettlement.com, where you will find answers to common questions about the Settlement and can download copies of the Stipulation or Claim Form. You may also call the Claims

PLAN OF ALLOCATION OF THE NET SETTLEMENT FUND

23. HOW WILL MY CLAIM BE CALCULATED?

62. As discussed above, the Settlement provides \$31 million in cash for the benefit of the Settlement Class. The Settlement Amount and any interest it earns constitute the Settlement Fund. The Settlement Fund, after deduction of Court-approved attorneys' fees and Litigation Expenses, Notice and Administration Costs, Taxes, and any other fees or expenses approved by the Court, is the Net Settlement Fund. If the Settlement is approved by the Court, the Net Settlement Fund will be distributed to eligible Authorized Claimants – *i.e.*, members of the Settlement Class who timely submit valid Claim Forms that are accepted for payment by the Court – in accordance with this proposed Plan of Allocation or such other plan of allocation as the Court may approve. Settlement Class Members who do not timely submit valid Claim Forms will not share in the Net Settlement Fund, but will otherwise be bound by the Settlement. The Court may approve this proposed Plan of Allocation, or modify it, without additional notice to the Settlement Class. Any order modifying the Plan of Allocation will be posted on the settlement website, www.RCAPSecuritiesSettlement.com.

63. The objective of the Plan of Allocation is to distribute the Net Settlement Fund equitably among those Settlement Class Members who suffered economic losses as a proximate result of the alleged wrongdoing. The Plan of Allocation reflects Lead Plaintiffs' damages expert's analysis undertaken to that end, including a review of publicly available information regarding RCAP and statistical analysis of the price movements of RCAP publicly traded common stock and the price performance of relevant market and industry indices during the Class Period, as well as the statutory provisions for a claim for violations of Sections 11 and 12 of the Securities Act. The Plan of Allocation, however, is not a formal damage analysis, and the calculations made in accordance with the Plan of Allocation are not intended to be estimates of, or indicative of, the amounts that Settlement Class Members might have been able to recover after a trial. Nor are the calculations intended to be estimates of the amounts that will be paid to Authorized Claimants. The computations under the Plan of Allocation are only a method to weigh, in a fair and equitable manner, the claims of Authorized Claimants against one another for the purpose of making pro rata allocations of the Net Settlement Fund.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

64. In this Action, Class Members may have claims under Sections 11 and/or 12(a)(2) of the Securities Act and/or Section 10(b) of the Exchange Act. Pursuant to the Plan of Allocation, if a Claimant has a claim under **both the Securities Act and the Exchange Act for the same transaction in RCAP common stock**, the claim will be calculated under the section of the Plan of Allocation (*i.e.*, Section I or Section II below) that yields the largest loss.

65. For purposes of determining whether a Claimant has a "Recognized Claim" (defined below), the respective purchases, acquisitions, and sales of RCAP common stock will first be matched on a First In/First Out ("FIFO") basis. If a Settlement Class Member has more than one purchase/acquisition or sale of RCAP common stock during the Class Period, the Class Period sales will be matched first against any holdings at the beginning of the Class Period, and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period.

66. A "Recognized Loss Amount" will be calculated as set forth below for each share of RCAP common stock purchased or otherwise acquired during the Class Period that is listed in the Claim Form and for which adequate documentation is provided. To the extent that the calculation of a Claimant's Recognized Loss Amount results in a negative number (a gain), that number shall be set to zero.

67. A Claimant's "Recognized Claim" under the Plan of Allocation shall be the sum of his, her or its Recognized Loss Amounts as calculated under the Plan of Allocation.

I. EXCHANGE ACT RECOGNIZED LOSS AMOUNT CALCULATIONS

68. In order to have recoverable damages pursuant to the Exchange Act, disclosure of the alleged misrepresentations or omissions must be the cause of the decline in the price of securities. In the Action, Lead Plaintiffs alleged that Defendants made false statements and omitted material facts during the Class Period (February 12, 2014 through and including December 18, 2014), which allegedly had the effect of artificially inflating the price of RCAP common stock. In addition, Lead Plaintiffs alleged that partially corrective disclosures occurred over a series of days, beginning on October 29, 2014 and ending on December 18, 2014.⁴ Accordingly, in order to have an Exchange Act Recognized Loss Amount with respect to any given purchase or acquisition, the RCAP common stock must have been purchased/acquired between February 12, 2014 and December 18, 2014, inclusive, and held through at least one of the alleged corrective disclosures.

69. For each share of RCAP common stock purchased or otherwise acquired during the Class Period and sold on or before March 17, 2015,⁵ an "Out of Pocket Loss" will be calculated. Out of Pocket Loss is defined as the purchase/acquisition price (excluding all fees, taxes, and commissions) *minus* the sale price (excluding all fees, taxes, and commissions). To the extent that the calculation of the Out of Pocket Loss results in a negative number thereby reflecting a gain on the transaction, that number shall be set to zero.

⁴ The disclosures allegedly resulted in changes in the market price of RCAP common stock on October 29, 2014, November 3, 2014, November 4, 2014, November 10, 2014, December 15, 2014, and December 18, 2014.

⁵ March 17, 2015 represents the last day of the 90-day period subsequent to the Class Period (the "90-day look back period").

70. For each share of RCAP common stock purchased or otherwise acquired from February 12, 2014 through and including December 18, 2014, and:

- (a) Sold prior to October 29, 2014 (the date of the first alleged corrective disclosure), the Exchange Act Recognized Loss Amount shall be zero.
- (b) Sold between October 29, 2014 and December 18, 2014 (the date of the last corrective disclosure), inclusive, the Exchange Act Recognized Loss Amount for each share shall be the *lesser of*:
 - (i) the dollar amount of artificial inflation applicable to each share on the date of purchase/acquisition as set forth in **Table 1** below *minus* the dollar amount of artificial inflation applicable to each share on the date of sale as set forth in **Table 1** below; or
 - (ii) the Out of Pocket Loss.
- (c) Sold after December 18, 2014, and prior to the close of trading on March 17, 2015,⁶ the Exchange Act Recognized Loss Amount for each share shall be *the least of*:
 - (i) the dollar amount of artificial inflation applicable to each share on the date of purchase/acquisition as set forth in **Table 1** below;
 - (ii) the purchase/acquisition price of each share (excluding all fees, taxes, and commissions) *minus* the average closing price of each share as set forth in **Table 2** below on the date of sale; or
 - (iii) the Out of Pocket Loss.
- (d) Held through the close of trading on March 17, 2015, the Exchange Act Recognized Loss Amount for each share shall be *the lesser of*:
 - (i) the dollar amount of artificial inflation applicable to each share on the date of purchase/acquisition as set forth in **Table 1** below; or
 - (ii) the actual purchase/acquisition price of each share (excluding all fees, taxes, and commissions) *minus* \$10.84 (the average closing price of RCAP common stock between December 18, 2014, and March 17, 2015, as set forth on the last line of **Table 2** below).

II. SECURITIES ACT RECOGNIZED LOSS AMOUNT CALCULATIONS

71. Investors who purchase securities in an offering pursuant or traceable to a registration statement that contained material misrepresentations or omissions have a right to assert a claim under Sections 11 and/or 12 of the Securities Act. The following section of the Plan of Allocation measures the amount of alleged loss that a Settlement Class Member can claim under applicable provisions of the Securities Act for RCAP common stock purchased or otherwise acquired pursuant to the prospectus and registration statement issued in connection with RCAP's secondary public offering of common stock on June 5, 2014. For the calculation of a claim under the Securities Act, the "value" of the stock on the date on which a complaint was first filed is relevant for purposes of calculating damages for securities still held as of that date. Thus, under certain conditions, "value" may be measured here by the closing price on June 1, 2015, which is the date the first such complaint was filed in the Action.

72. For each share of RCAP common stock purchased or otherwise acquired pursuant to the Company's June 5, 2014 secondary public offering and:

- (a) Sold before June 1, 2015, the Securities Act Recognized Loss Amount shall be the purchase/acquisition price per share (not to exceed the issue price at the offering of \$20.25) *minus* the sale price per share; or
- (b) Sold on or after June 1, 2015, the Securities Act Recognized Loss Amount shall be the purchase/acquisition price per share (not to exceed the issue price at the offering of \$20.25) *minus* the sale price per share (not to be less than \$7.40, the closing price of RCAP common stock on June 1, 2015); or
- (c) Never sold, the Securities Act Recognized Loss Amount shall be the purchase/acquisition price per share (not to exceed the issue price at the offering of \$20.25) *minus* \$7.40 (the closing price of RCAP common stock on June 1, 2015).

ADDITIONAL PROVISIONS

73. Purchases/acquisitions and sales of RCAP common stock shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance or operation of law of RCAP common stock during the Class Period shall not be deemed a purchase, acquisition or sale of RCAP common stock for the calculation of an Authorized Claimant's

⁶ The PSLRA imposes a statutory limitation on recoverable damages using the 90-day look back period. This limitation is incorporated into the calculation of Recognized Loss Amounts. Specifically, a Recognized Loss Amount cannot exceed the difference between the purchase price paid for a share of RCAP common stock and the respective average price of the share of RCAP common stock during the 90-day look back period subsequent to the Class Period, if the share was held through March 17, 2015, the end of the 90-day look back period. Losses on RCAP common stock purchased/acquired during the Class Period and sold *during* the 90-day look back period cannot exceed the difference between the purchase price paid for the share of RCAP common stock and the average price of the RCAP common stock during the portion of the 90-day look back period elapsed as of the date of sale, as set forth in **Table 2** below.

Recognized Claim, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such RCAP common stock unless: (i) the donor or decedent purchased or otherwise acquired such RCAP common stock during the Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such RCAP common stock; and (iii) it is specifically so provided in the instrument of gift or assignment.

74. The date of covering a “short sale” is deemed to be the date of purchase or acquisition of the share of RCAP common stock. The date of a “short sale” is deemed to be the date of sale of the respective RCAP common share. In accordance with the Plan of Allocation, however, the Recognized Loss Amount on purchases/acquisitions used to cover “short sales” is zero. In the event that a Claimant has an opening short position in RCAP common stock, the earliest Class Period purchases or acquisitions shall be matched against such opening short position and not be entitled to a recovery until that short position is fully covered. In the event that a Claimant newly establishes a short position during the Class Period, the earliest subsequent Class Period purchases or acquisitions shall be matched against such short position on a FIFO basis and not be entitled to a recovery.

75. Option contracts to purchase or sell RCAP common stock are not securities eligible to participate in the Settlement. With respect to RCAP common stock purchased or sold through the exercise of an option, the purchase/sale date of the RCAP common stock is the exercise date of the option and the purchase/sale price is the exercise price of the option.

76. An Authorized Claimant’s Recognized Claim shall be the amount used to calculate the Authorized Claimant’s pro rata share of the Net Settlement Fund. If the sum total of Recognized Claims of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each Authorized Claimant shall receive his, her, or its pro rata share of the Net Settlement Fund. The pro rata share shall be the Authorized Claimant’s Recognized Claim divided by the total of Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If the Net Settlement Fund exceeds the sum total amount of the Recognized Claims of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund shall be distributed pro rata to all Authorized Claimants entitled to receive payment.

77. The Net Settlement Fund will be allocated among all Authorized Claimants whose prorated payment is \$10.00 or greater. If the prorated payment to any Authorized Claimant calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to that Authorized Claimant.

78. After the initial distribution of the Net Settlement Fund, the Claims Administrator will make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks. To the extent any monies remain in the fund at least six (6) months after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determine that it is cost-effective to do so, the Claims Administrator will conduct a re-distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks may occur thereafter in a reasonable and economic fashion if Lead Counsel, in consultation with the Claims Administrator, determine that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance shall be contributed to non-sectarian, not-for-profit organization(s), to be recommended by Lead Plaintiffs and approved by the Court.

79. Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Claimants. No person shall have any claim against Lead Counsel, Plaintiffs’ Counsel, Lead Plaintiffs’ damages expert, Defendants, Defendants’ Counsel, any of the other Plaintiffs’ Releasees or Released Defendant Parties, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the Plan of Allocation approved by the Court, or further orders of the Court. Lead Plaintiffs, Defendants and their respective counsel, and all other Released Defendant Parties, shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement Fund; the Plan of Allocation; the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator; the payment or withholding of Taxes; or any losses incurred in connection therewith.

80. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the claim of any Claimant. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her or its Claim Form.

SPECIAL NOTICE TO SECURITIES BROKERS AND NOMINEES

81. If you purchased or otherwise acquired RCAP common stock (ISIN: US74937W1027) during the Class Period for the beneficial interest of a person or entity other than yourself, the Court has directed that **WITHIN SEVEN (7) DAYS OF YOUR RECEIPT OF THIS NOTICE, YOU MUST EITHER:** (a) provide to the Claims Administrator the name and last known address of each person or entity for whom or which you purchased or otherwise acquired RCAP common stock during the Class Period; or (b) request additional copies of this Notice and the Claim Form from the Claims Administrator, which will be provided to you free of charge, and **WITHIN SEVEN (7) DAYS** of receipt, mail the Notice and Claim Form directly to all the beneficial owners of those securities. If you choose to follow procedure (b), the Court has also directed that, upon making that mailing, **YOU MUST SEND A STATEMENT** to the Claims Administrator confirming that the mailing was made as directed and keep a record of the names and mailing addresses used. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation and timely compliance with the above directives. All communications concerning the foregoing should be addressed to the Claims Administrator.

RCAP Securities Litigation
 c/o A.B. Data, Ltd
 Attn: Fulfillment Department
 P.O. Box 173040
 3410 West Hopkins Street
 Milwaukee, WI 53217
 info@RCAPSecuritiesSettlement.com

Dated: July 5, 2017

BY ORDER OF THE UNITED STATES DISTRICT COURT
 SOUTHERN DISTRICT OF NEW YORK

TABLE 1
Estimated Alleged Artificial Inflation for RCAP Common Stock
for Purposes of Calculating Purchase and Sale Inflation

Purchase or Sale Date	Inflation Per Share
February 12, 2014 - October 28, 2014	\$12.17
October 29, 2014 - October 31, 2014	\$9.48
November 3, 2014	\$6.89
November 4, 2014 - November 7, 2014	\$4.23
November 10, 2014 - December 12, 2014	\$3.56
December 15, 2014 - December 18, 2014	\$2.37

TABLE 2
RCAP Common Stock Closing Price and Average Closing Price
December 18, 2014 – March 17, 2015

Date	Closing Price	Average Closing Price Between December 18, 2014 and Date Shown	Date	Closing Price	Average Closing Price Between December 18, 2014 and Date Shown
12/18/2014	\$9.95	\$9.95	2/3/2015	\$9.54	\$10.83
12/19/2014	\$11.00	\$10.48	2/4/2015	\$9.63	\$10.79
12/22/2014	\$10.81	\$10.59	2/5/2015	\$10.18	\$10.77
12/23/2014	\$10.97	\$10.68	2/6/2015	\$10.32	\$10.76
12/24/2014	\$11.23	\$10.79	2/9/2015	\$10.12	\$10.74
12/26/2014	\$11.15	\$10.85	2/10/2015	\$9.71	\$10.71
12/29/2014	\$11.30	\$10.92	2/11/2015	\$9.59	\$10.68
12/30/2014	\$12.16	\$11.07	2/12/2015	\$10.00	\$10.66
12/31/2014	\$12.24	\$11.20	2/13/2015	\$10.28	\$10.65
1/2/2015	\$12.25	\$11.31	2/17/2015	\$10.37	\$10.64
1/5/2015	\$12.94	\$11.45	2/18/2015	\$10.17	\$10.63
1/6/2015	\$13.01	\$11.58	2/19/2015	\$10.24	\$10.62
1/7/2015	\$12.46	\$11.65	2/20/2015	\$11.06	\$10.63
1/8/2015	\$11.88	\$11.67	2/23/2015	\$11.27	\$10.65
1/9/2015	\$11.21	\$11.64	2/24/2015	\$10.60	\$10.65
1/12/2015	\$10.93	\$11.59	2/25/2015	\$10.70	\$10.65
1/13/2015	\$10.87	\$11.55	2/26/2015	\$10.58	\$10.65
1/14/2015	\$10.34	\$11.48	2/27/2015	\$11.40	\$10.66
1/15/2015	\$10.06	\$11.41	3/2/2015	\$11.47	\$10.68
1/16/2015	\$10.00	\$11.34	3/3/2015	\$11.38	\$10.69
1/20/2015	\$9.83	\$11.27	3/4/2015	\$11.73	\$10.71
1/21/2015	\$10.00	\$11.21	3/5/2015	\$11.75	\$10.73
1/22/2015	\$10.19	\$11.16	3/6/2015	\$11.85	\$10.75
1/23/2015	\$10.19	\$11.12	3/9/2015	\$11.68	\$10.77
1/26/2015	\$10.08	\$11.08	3/10/2015	\$11.40	\$10.78
1/27/2015	\$10.24	\$11.05	3/11/2015	\$11.46	\$10.80
1/28/2015	\$10.07	\$11.01	3/12/2015	\$11.71	\$10.81
1/29/2015	\$9.82	\$10.97	3/13/2015	\$11.63	\$10.83
1/30/2015	\$9.43	\$10.92	3/16/2015	\$11.22	\$10.83
2/2/2015	\$9.44	\$10.87	3/17/2015	\$11.07	\$10.84