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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

In re China Education Alliance, Inc.
Securities Litigation

Master File No.: 2:10-CV-09239 CAS
(JCx)

**[PROPOSED] ORDER AND
FINAL JUDGEMENT**

This Document Relates to: All
Actions

CLASS ACTION

1 On the 11th day of March, 2013, a hearing having been held before this
2 Court to determine: (1) whether the terms and conditions of the Stipulation and
3 Agreement of Settlement dated October 3, 2012 (the “Stipulation”) are fair,
4 reasonable and adequate for the settlement of all claims asserted by (i) the Class
5 against (ii) defendants China Education Alliance, Inc. (“CEU”), James Hsu,
6 Yizhao Zhang, Xiqun Yu, Zibing Pan, Susan Liu, Chunqing Wang, and Liansheng
7 Zhang (collectively “Defendants”); and (2) whether to approve the proposed Plan
8 of Allocation as a fair and reasonable method to allocate the Net Settlement Fund
9 among Class Members; and

10 The Court having considered all matters submitted to it at the hearing and
11 otherwise; and

12 It appearing that the Notice substantially in the form approved by the Court
13 in the Court’s Order Preliminarily Approving Settlement and Providing For Notice
14 (“Preliminary Approval Order”) was mailed to all reasonably identifiable Class
15 Members; and

16 It appearing that the Summary Notice substantially in the form approved by
17 the Court in the Preliminary Approval Order was published in accordance with that
18 Order and the specifications of the Court;

19 NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND
20 DECREED THAT:

- 21 1. All capitalized terms used herein have the same meanings as set forth
22 and defined in the Stipulation.
- 23 2. The Court has jurisdiction over the subject matter of the Litigation,
24 Lead Plaintiffs, all Class Members and the Defendants.
- 25 3. The District Court finds that the prerequisites for a class action under
26 Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure have been satisfied in
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1 that: (a) the number of Class Members is so numerous that joinder of all members
2 thereof is impracticable; (b) there are questions of law and fact common to the
3 Class; (c) the claims of the Lead Plaintiffs are typical of the claims of the Class he
4 seek to represents; (d) Lead Plaintiffs fairly and adequately represent the interests
5 of the Class; (e) the questions of law and fact common to the members of the Class
6 predominate over any questions affecting only individual members of the Class;
7 and (f) a class action is superior to other available methods for the fair and efficient
8 adjudication of this Litigation. The Class is being certified for settlement purposes
9 only.

10 4. Pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil
11 Procedure, the Court hereby certifies this action as a class action for settlement
12 purposes only, and certifies as the Class all persons or entities who purchased the
13 publicly-traded common stock of CEU from May 15, 2008 through December 7,
14 2010, and who were damaged thereby. Excluded from the Class are:

- 15 a. Defendants, and the members of their immediate families and
16 Defendants' heirs, successors and assigns, any entity in which
17 any Defendant has or had a controlling interest, and CEU
18 predecessors;
19 b. Present and former officers and/or directors of CEU;
20 c. Those persons who excluded themselves by filing timely and
21 valid requests for exclusion in accordance with the Preliminary
22 Approval Order, a list of whom is attached to this Order as
23 Exhibit A.

24 5. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, Lead
25 Plaintiffs are certified as the class representatives and the Lead Plaintiffs' Counsel
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1 previously selected by Lead Plaintiffs and appointed by the Court is hereby
2 appointed as Lead Counsel for the Class.

3 6. The Court hereby finds that the forms and methods of notifying the
4 Class of the Settlement and its terms and conditions met the requirements of due
5 process and Rule 23 of the Federal Rules of Civil Procedure, Section 21D(a)(7) of
6 the Exchange Act, 15 U.S.C. § 78u-4(a)(7), as amended by the Private Securities
7 Litigation Reform Act of 1995; constituted the best notice practicable under the
8 circumstances; and constituted due and sufficient notice to all persons and entities
9 entitled thereto of these proceedings and the matters set forth herein, including the
10 Settlement and Plan of Allocation, to all persons entitled to such notice. No Class
11 Member is relieved from the terms of the Settlement, including the releases
12 provided for therein, based upon the contention or proof that such Class Member
13 failed to receive actual or adequate notice. A full opportunity has been offered to
14 the Class Members to object to the proposed Settlement and to participate in the
15 hearing thereon. The Court further finds that the notice provisions of the Class
16 Action Fairness Act, 28 U.S.C. § 1715, were fully discharged. Thus, it is hereby
17 determined that all members of the Class are bound by this Order and Final
18 Judgment except those persons listed on Exhibit A to this Order and Final
19 Judgment.

20 7. The Settlement is approved as fair, reasonable and adequate, and in
21 the best interests of the Class. Lead Plaintiffs and the Defendants are directed to
22 consummate the Settlement in accordance with the terms and provisions of the
23 Stipulation.

24 8. The Litigation and the Complaint are hereby dismissed with prejudice
25 and without costs.
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1 9. Lead Plaintiffs and the Class Members, on behalf of themselves, their
2 current and former heirs, executors, administrators, successors, attorneys, legal
3 representatives, and assigns, hereby release and forever discharge the Released
4 Parties from any and all Settled Claims. Lead Plaintiffs and the Class Members,
5 and anyone acting or purporting to act for any of them, are hereby permanently and
6 forever enjoined from prosecuting, attempting to prosecute, or assisting others in
7 the prosecution of the Settled Claims against the Released Parties.

8 10. Each of the Defendants, including any and all of their respective
9 successors in interest or assigns, hereby releases and forever discharges any and all
10 Settled Defendants' Claims against the Lead Plaintiffs, any of the Class Members
11 and any of their counsel, including Lead Counsel for the Class and any counsel
12 working under Lead Counsel's direction.

13 11. The Court hereby finds that the proposed Plan of Allocation is a fair
14 and reasonable method to allocate the Net Settlement Fund among Class Members.

15 12. In accordance with 15 U.S.C. § 78u-4(f)(7) and any other applicable
16 law or regulation, any and all claims which are brought by any Person or entity
17 against Defendants (a) for contribution or indemnification arising out of any
18 Settled Claim, or (b) where the damage to the claimant is measured by reference to
19 the claimant's liability to the Lead Plaintiffs or the Class, are hereby permanently
20 barred and discharged. Any such claims brought by Defendants against any Person
21 or entity (other than Persons or entities whose liability to Lead Plaintiffs or the
22 Class is extinguished by this Judgment) are likewise permanently barred and
23 discharged. Further, nothing in this Stipulation shall apply to bar or otherwise
24 affect any claim for insurance coverage by any Defendant.
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1 13. The Court finds that all parties and their counsel have complied with
2 each requirement of Rule 11 of the Federal Rules of Civil Procedure as to all
3 proceedings herein.

4 14. Neither this Order and Final Judgment, the Stipulation, nor any of the
5 negotiations, documents or proceedings connected with them shall be:

- 6 (a) referred to or used against the Released Parties or against the Lead
7 Plaintiffs or the Class as evidence of wrongdoing by anyone;
8 (b) construed against the Released Parties or against the Lead Plaintiffs or
9 the Class as an admission or concession that the consideration to be
10 given hereunder represents the amount which could be or would have
11 been recovered after trial;
12 (c) construed as, or received in evidence as, an admission, concession or
13 presumption against the Class or any of them, that any of their claims
14 are without merit or that damages recoverable under the Complaint
15 would not have exceeded the Settlement Fund; or
16 (d) used or construed as an admission of any fault, liability or wrongdoing
17 by any person or entity, or offered or received in evidence as an
18 admission, concession, presumption or inference against any Settling
19 Party in any proceeding other than such proceedings as may be
20 necessary to consummate or enforce the Stipulation.
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22 15. Exclusive jurisdiction is hereby retained over the Settling Parties and
23 the Class Members for all matters relating to the Litigation, including the
24 administration, interpretation, effectuation or enforcement of the Stipulation or
25 Settlement and this Order and Final Judgment, and including any application for
26 fees and expenses incurred in connection with administering and distributing the
27 settlement proceeds to the Class Members.
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1 16. Without further order of the Court, the Settling Parties may agree to
2 reasonable extensions of time to carry out any of the provisions of the Stipulation.

3 17. There is no just reason for delay in the entry of this Order and Final
4 Judgment and immediate entry by the Clerk of the Court is directed pursuant to
5 Rule 54(b) of the Federal Rules of Civil Procedure.

6 18. The finality of this Order and Final Judgment shall not be affected, in
7 any manner, by rulings that the Court may make on Lead Plaintiffs' Counsel's
8 application for an award of Attorneys' Fees and Expenses.

9 19. In the event that the Settlement does not become final and effective in
10 accordance with the terms and conditions set forth in the Stipulation, then this
11 Order and Final Judgment shall be rendered null and void and be vacated and the
12 Settlement and all orders entered in connection therewith shall be rendered null and
13 void (except as provided in paragraphs C.5, H.2, L.5-8, M.10-11, & M.13 in the
14 Stipulation), and the parties shall be deemed to have reverted to their respective
15 status prior to the execution of this Stipulation, and they shall proceed in all
16 respects as if the Stipulation had not been executed and the related orders had not
17 been entered, preserving in that event all of their respective claims and defenses in
18 the Litigation, and shall revert to their respective positions in the Litigation.

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20 Dated: _____, 2013

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23 HON. CHRISTINA A. SNYDER
24 UNITED STATES DISTRICT JUDGE
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