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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION**

BENJAMIN L. PADNOS, Derivatively on  
Behalf of CHINA EDUCATION ALLIANCE,  
INC.,  
  
Plaintiff,  
  
v.  
  
XIQUN YU, ZIBING PAN, SUSAN LIU,  
CHANQING WANG, JAMES HSU,  
LIANSHENG ZHANG, and YIZHAO ZHANG,  
  
Defendants,  
  
CHINA EDUCATION ALLIANCE, INC.,  
a North Carolina Corporation,  
  
Nominal Defendant.

Master File No. 2:11-CV-08973  
CAS (JCx)

**[PROPOSED] ORDER & FINAL  
JUDGMENT**

WHEREAS plaintiff Benjamin L. Padnos, on behalf of himself individually  
and derivatively on behalf of nominal defendant China Education Alliance, Inc.  
("CEU"), CEU, and defendants Xiqun Yu, Zibing Pan, Liansheng Zhang, and  
Yizhao Zhang (collectively, the "Settling Parties"), by and through their respective

1 counsel, entered into a Stipulation of Settlement (the “Stipulation”), dated July 13,  
2 2012, setting forth the terms and conditions of settlement (the “Settlement”) of the  
3 above-captioned action (the “Action”);  
4

5 WHEREAS, on July 16, 2012, the Plaintiff filed an Unopposed Motion for  
6 Preliminary Approval of Proposed Settlement (the “Motion”) seeking preliminary  
7 approval of the Settlement;  
8

9 WHEREAS, on August 13, 2012, this Court entered an order preliminarily  
10 approving the Settlement (the “Preliminary Approval Order”) and requiring that  
11 notice thereof be disseminated to all shareholders of CEU common stock as of the  
12 date of the execution of the Stipulation in accordance with the provisions of the  
13 Stipulation;  
14

15  
16 WHEREAS, on October 15, 2012, the Court held a hearing for the purpose  
17 of:

- 18 a. determining whether to finally approve the Settlement pursuant to Rule  
19 23.1 of the Federal Rules of Civil Procedure as fair, reasonable,  
20 adequate, and in the best interests of CEU and its shareholders;
- 21 b. considering an Order and Final Judgment dismissing the Action with  
22 prejudice and releasing and enjoining prosecution of any and all claims  
23 to be released pursuant to the Stipulation;
- 24 c. determining whether to approve attorneys’ fees and expenses;
- 25 d. determining whether to award plaintiff’s incentive fee; and
- 26 e. hearing other such matters as the Court may deem necessary and  
27 appropriate.  
28

1           WHEREAS the Court has reviewed and considered all documents, evidence,  
2 objections (if any) and arguments presented in support of or against the Settlement;  
3

4           WHEREAS this matter is now before the Court for final approval of the  
5 proposed Settlement; and

6           NOW, THEREFORE, it is ORDERED, ADJUDGED AND DECREED that:  
7

8           1.     This Court has jurisdiction over the subject matter of this litigation and  
9 over all parties to the litigation.

10           2.     All capital terms not otherwise defined herein shall have the meaning  
11 ascribed to them in the Stipulation.  
12

13           3.     The Court finds that notice of the proposed Settlement has been  
14 disseminated in compliance with the Preliminary Approval Order and such notice  
15 satisfies due process and Federal Rule Civil Procedure 23.1 and constitutes due and  
16 sufficient notice of all matters relating to the Settlement;  
17

18           4.     The Court further finds that the Plaintiff and Plaintiff's Counsel fairly  
19 represent the interests of CEU and its shareholders.  
20

21           5.     Pursuant to Federal Rule Civil Procedure 23.1, this Court hereby  
22 approves the Settlement as fair, reasonable, adequate and in the best interests of  
23 CEU and its shareholders, and the Settling Parties are directed to consummate the  
24 terms of the Settlement in accordance with the terms of the Stipulation.  
25

26           6.     Upon the Effective Date, Plaintiff, on his own behalf and derivatively  
27 on behalf of CEU and CEU's shareholders, shall have, and by operation of the  
28

1 Judgment shall be deemed to have, fully, finally, and forever released, relinquished  
2 and discharged all Released Claims (including Unknown Claims) against the  
3 Released Persons.  
4

5 7. Upon the Effective Date, each of the Released Parties shall be deemed  
6 to have, and by operation of the Judgment shall have, fully, finally, and forever  
7 released, relinquished and discharged Plaintiff and Plaintiff's Counsel from all  
8 Released Claims, including Unknown Claims.  
9

10 8. Upon the Effective Date, each of the Individual Defendants and their  
11 Related Persons shall be deemed to have, and by operation of the Judgment shall  
12 have, fully, finally, and forever released, relinquished and discharged CEU, its  
13 officers, directors and employees from any and all Released Claims.  
14

15 9. Neither the Settlement of the Action nor any act performed or  
16 document executed pursuant to or in furtherance thereof:  
17

18 (i) is or may be deemed to be or may be used as an admission of or  
19 evidence of the validity of any Released Claim or of any  
20 wrongdoing or liability of the Released Persons; or,

21 (ii) is or may be deemed to be or may be used as an admission of, or  
22 evidence of, any fault or omission of any of the Released Persons  
23 in any civil, criminal or administrative proceeding in any court,  
24 administrative agency or other tribunal.

25 10. The Court hereby approves the Fee and Expense Award in the amount  
26 of \$250,000.00 in accordance with the Stipulation, and finds that the Fee and  
27 Expense Award is fair and reasonable.  
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11. The Court hereby approves the Incentive Award of \$3,000.00 for the Plaintiff to be paid from the total Fee and Expense Award before distribution among Plaintiff's Counsel.

12. The Action and all claims asserted therein are hereby dismissed with prejudice.

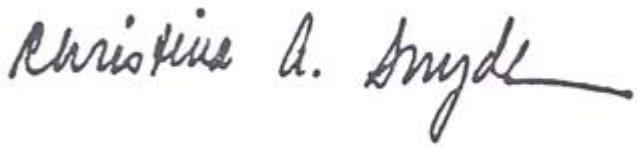
13. In the event that the Settlement does not become Final, this Order and Final Judgment shall become null and void and shall be vacated; in such event, all orders entered and releases delivered in connection with the Settlement shall be null and void to the extent provided by and in accordance with the Stipulation.

14. The Court retains jurisdiction over all matters relating to the consummation of the Settlement.

15. There being no reason for delay, the Clerk of the Court is hereby directed pursuant to Federal Rules of Civil Procedure 54 to enter this Order and Final Judgment.

**IT IS SO ORDERED.**

Dated: October 15, 2012



Christina A. Snyder  
United States District Judge