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17 **UNITED STATES DISTRICT COURT**
18 **CENTRAL DISTRICT OF CALIFORNIA**
19 **WESTERN DIVISION**

20 IN RE AMERICAN APPAREL, INC.
21 SHAREHOLDER LITIGATION

22 Case No. CV-10-6352 MMM (JCGx)
23 (Consolidated)

24 This Document Relates To: All
25 Actions

26 **FINAL JUDGMENT**

27
28

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1 WHEREAS, a consolidated class action is pending before this Court
2 captioned *In re American Apparel, Inc. Shareholder Litigation*, Case No. CV-10-
3 6352 MMM (JCGx) (the “Action”);

4 WHEREAS, this matter came before the Court for hearing pursuant to the
5 Order Preliminarily Approving Settlement and Providing for Notice dated April 16,
6 2014 (the “Preliminary Approval Order”), and on the application of the parties for
7 approval of the settlement set forth in the Stipulation and Agreement of Settlement
8 dated January 17, 2014 (the “Stipulation”) entered into by Charles Rendelman (the
9 “Lead Plaintiff”), on behalf of himself and the Class (as defined herein), and
10 defendants American Apparel, Inc. (“American Apparel” or the “Company”), Dov
11 Charney, Adrian Kowalewski, Lion Capital LLP and Lion Capital (Americas) Inc.
12 (collectively, the “Defendants”); and

13 WHEREAS, due and adequate notice having been given to the Class,
14 pursuant to the Preliminary Approval Order, and the Court having considered all
15 papers filed and proceedings had herein and otherwise being fully informed in the
16 premises and good cause appearing therefore;

17 IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

18 1. This Final Judgment (the “Judgment”) incorporates by reference the
19 definitions in the Stipulation and all terms used herein shall have the same
20 meanings as set forth in the Stipulation.

21 2. This Court has jurisdiction over the subject matter of the Action, and
22 over all Parties to the Action, including all members of the Class.

23 3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court
24 hereby certifies the Action as a class action for purposes of the Settlement. The
25 Class consists of all persons and entities who purchased or otherwise acquired the
26 publicly traded common stock of American Apparel between November 28, 2007
27 and August 17, 2010, inclusive. Excluded from the Class are Defendants, the
28 directors and officers of American Apparel and their families and affiliates. Also

1 excluded from the Class are all persons and entities who excluded themselves from
2 the Class by timely requesting exclusion in accordance with the requirements of the
3 Notice, a list of which is attached hereto as Exhibit 1.

4 4. With respect to the Class, this Court finds, solely for the purposes of
5 the Settlement, that the prerequisites for a class action under Rules 23(a) and (b)(3)
6 have been satisfied in that:

7 (a) members of the Class are so numerous that joinder of all Class
8 Members in the Action is impracticable;

9 (b) there are questions of law and fact common to the Class;

10 (c) the claims by Lead Plaintiff, as class representative, are typical
11 of the claims of the Class;

12 (d) Lead Plaintiff and Lead Counsel have and will fairly and
13 adequately represent and protect the interests of Class Members;

14 (e) the questions of law and fact common to the members of the
15 Class predominate over any questions affecting only individual members; and

16 (f) a class action is superior to other available methods for the fair
17 and efficient adjudication of the controversy, considering: (i) the interests of the
18 Class Members in individually controlling the prosecution of separate actions; (ii)
19 the extent and nature of any litigation concerning the controversy already
20 commenced by Class Members; and (iii) the desirability or undesirability of
21 concentrating the litigation of these claims in this particular forum.

22 5. Pursuant to Rule 23, and solely for the purposes of the Settlement, the
23 Court further finally certifies Lead Plaintiff as class representative for the Class and
24 appoints Lead Counsel as counsel for the Class.

25 6. The Court hereby finds that notice of the pendency of this Action as a
26 class action and of the proposed Settlement -- including the plan of allocation, the
27 attorneys' fees and expenses sought by Lead Counsel, and the incentive award
28 sought by Lead Plaintiff Charles Rendelmann -- was given to all Class Members

1 who could be identified with reasonable effort. The notification provided for and
2 given to the Class was in compliance with the Preliminary Approval Order, and it
3 constituted the best notice practicable under the circumstances, including individual
4 notice to all Class Members who could be identified through reasonable effort. The
5 distribution of the Notice and the publication of the Summary Notice provided the
6 best notice practicable under the circumstances of those proceedings and of the
7 matters set forth therein, including the proposed Settlement set forth in the
8 Stipulation, to all Persons entitled to such notice, and said notice fully satisfied the
9 requirements of Rule 23; Section 21D(a)(7) of the Securities Exchange Act of
10 1934, as amended by the Private Securities Litigation Reform Act of 1995, 15
11 U.S.C. §78u-4(a)(7), the Constitution of the United States, and any other applicable
12 law, and it is further determined that all members of the Class (excluding those
13 Persons listed on Exhibit 1 hereto) are bound by the Judgment herein.

14 7. Pursuant to Federal Rule of Civil Procedure 23, the Court hereby
15 approves the Settlement set forth in the Stipulation and finds that the Settlement is,
16 in all respects, fair, reasonable, and adequate to Lead Plaintiff and the Class. The
17 Court further finds that the Settlement set forth in the Stipulation is the result of
18 arm's-length negotiations between experienced counsel representing the interests of
19 the Parties and is in the best interest of the Class. The Court further finds that the
20 record is sufficiently developed and complete to have enabled the Parties to have
21 adequately evaluated and considered their positions. Accordingly, the Settlement
22 embodied in the Stipulation is hereby finally approved in all respects. The Parties
23 are hereby directed to perform its terms.

24 8. The Action and all claims included therein, as well as all of the Settled
25 Claims (defined in the Stipulation and in Paragraph 9(b) below) are dismissed with
26 prejudice as to Lead Plaintiff and the other members of the Class, and as against
27 each and all of the Released Parties (defined in the Stipulation and in Paragraph
28

1 9(a) below). The Parties are to bear their own costs, except as otherwise provided
2 in the Stipulation.

3 9. As used in this Judgment, the terms “Released Parties,” “Settled
4 Claims,” “Released Parties’ Claims,” and “Unknown Claims” shall have the
5 meanings as provided in the Stipulation, and specified below:

6 (a) “Released Parties” means the Defendants and their respective
7 past or present officers, directors, partners, members, parents, subsidiaries,
8 controlling persons, affiliates, employees, agents, attorneys, auditors, underwriters,
9 insurers, representatives, spouses, immediate family members, heirs, predecessors,
10 successors in interest and assigns of the Defendants.

11 (b) “Settled Claims” means, to the extent allowed by law, all
12 claims and causes of action of every nature and description, whether known or
13 unknown, whether arising under federal, state, common or foreign law, that Lead
14 Plaintiff or any other member of the Class (a) asserted in the Complaint, or (b)
15 could have asserted in any forum that arise out of or are based upon the allegations,
16 transactions, facts, matters or occurrences, representations or omission involved,
17 set forth, or referred to in the Complaint and that relate to the purchase or other
18 acquisition of the publicly-traded common stock of American Apparel during the
19 Class Period. Notwithstanding the foregoing, “Settled Claims” does not include
20 claims asserted in any derivative action or ERISA action based on similar
21 allegations or any claims relating to the enforcement of the Settlement.

22 (c) “Released Parties’ Claims” means, to the extent allowed by
23 law, all claims and causes of action of every nature and description, whether
24 known or unknown, whether arising under federal, state, common or foreign law,
25 that arise out of or relate in any way to the institution, prosecution, or settlement of
26 the claims against the Defendants, except for claims relating to the enforcement of
27 the Settlement.

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1 (d) "Unknown Claims" means any and all Settled Claims that Lead
2 Plaintiff and/or any Class Member does not know or suspect to exist in his, her or
3 its favor as of the Effective Date and any Released Parties' Claims that Defendants
4 or any Released Party does not know or suspect to exist in his, her or its favor as of
5 the Effective Date, which if known by him, her or it might have affected his, her or
6 its decision(s) with respect to the Settlement. With respect to any and all Settled
7 Claims and Released Parties' Claims, the Parties stipulate and agree that upon the
8 Effective Date, Lead Plaintiff and Defendants shall expressly waive, and each
9 Class Member and Released Party shall be deemed to have waived, and by
10 operation of the Judgment shall expressly have waived, any and all provisions,
11 rights and benefits conferred by any law of any state of the United States, or
12 principle of common law or otherwise, which is similar, comparable, or equivalent
13 to California Civil Code §1542, which provides:

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

18 The Parties acknowledge, and Class Members and Released Parties by operation of
19 law shall be deemed to have acknowledged, that the inclusion of "Unknown
20 Claims" in the definition of Settled Claims and Released Parties' Claims was
21 separately bargained for and was a key element of the Settlement.

22 10. Upon the Effective Date of the Settlement, Lead Plaintiff and
23 members of the Class, on behalf of themselves and each of their heirs, executors,
24 administrators, successors and assigns, shall, with respect to each and every Settled
25 Claim, release and forever discharge, and shall forever be enjoined from
26 prosecuting, any Settled Claims against any of the Released Parties, regardless of
27 whether or not such Class Member executed and delivers a Proof of Claim Form.
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1 11. Upon the Effective Date of the Settlement, each of the Released
2 Parties, on behalf of themselves and each of their heirs, executors, administrators,
3 successors and assigns, shall, with respect to each and every Released Parties'
4 Claim, release and forever discharge, and shall forever be enjoined from
5 prosecuting any of the Released Parties' Claims against Lead Plaintiff, and his
6 attorneys, and all other Class Members.

7 12. The Stipulation and all negotiations, statements, and proceedings in
8 connection therewith shall not, in any event, be construed or deemed to be evidence
9 of an admission or concession on the part of Lead Plaintiff, any Defendant, any
10 member of the Class, or any other Person, of any liability or wrongdoing of any
11 nature by them, or any of them, and shall not be offered or received in evidence in
12 any action or proceeding (except an action to enforce the Stipulation and
13 Settlement contemplated thereby), or be used in any way as an admission,
14 concession, or evidence of any liability or wrongdoing of any nature, and shall not
15 be construed as, or deemed to be evidence of, an admission or concession that Lead
16 Plaintiff, any member of the Class, or any other Person, has or has not suffered any
17 damage.

18 13. The Court finds that all Parties and their counsel have complied with
19 each requirement of the Private Securities Litigation Reform Act of 1995 and Rule
20 11 of the Federal Rules of Civil Procedure as to all proceedings herein.

21 14. Only those Class Members filing valid Claim Forms shall be entitled
22 to participate in the Settlement and to receive a distribution from the Settlement
23 Fund. The Claim Form to be executed by Class Members shall further release all
24 Settled Claims against the Released Parties. All Class Members shall, as of the
25 Effective Date, be bound by the releases set forth herein whether or not they submit
26 a valid and timely Claim Form.

27 15. No Authorized Claimant shall have any claim against Lead Plaintiff,
28 Lead Counsel, the Claims Administrator, or any other agent designated by Lead

1 Counsel based on the distributions made substantially in accordance with the
2 Settlement and Plan of Allocation as approved by the Court and further orders of
3 the Court. No Authorized Claimant shall have any claim against Defendants,
4 Defendants' Counsel, or any of the Released Parties with respect to the investment
5 or distribution of the Net Settlement Fund, the determination, administration,
6 calculation or payment of claims, the administration of the escrow account, or any
7 losses incurred in connection therewith, the Plan of Allocation, or the giving of
8 notice to Class Members.

9 16. The Court finds and concludes that the formula for the calculation
10 of the Claims of Claimants as set forth in the Plan of Allocation mailed to Class
11 Members provides a fair and reasonable basis upon which to allocate the proceeds
12 of the Net Settlement Fund among eligible Class Members with due consideration
13 having been given to administrative convenience and necessity. The court
14 therefore finds and concludes that the Plan of Allocation is, in all respects, fair and
15 reasonable to the Class. Accordingly, the Court approves the Plan of Allocation
16 proposed by Lead Plaintiff.

17 17. Any order modifying the Plan of Allocation set forth in the Notice or
18 Lead Counsel's request for attorneys' fees and reimbursement of Litigation
19 Expenses and/or Lead Plaintiff's request for reimbursement of costs and expenses
20 (including lost wages) in connection with his representation of the Class shall not
21 disturb or affect the finality of this Judgment, the Stipulation or the Settlement
22 contained therein.

23 18. Without affecting the finality of this Judgment in any way, the Court
24 reserves exclusive and continuing jurisdiction over the Action, Lead Plaintiff, the
25 Class, and the Released Parties for the purposes of: (1) supervising the
26 implementation, enforcement, construction, and interpretation of the Stipulation,
27 the Plan of Allocation, and this Judgment; (2) hearing and determining any request
28 by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation

1 Expenses and/or any request of Lead Plaintiff for reimbursement of costs and
2 expenses (including lost wages) in connection with his representation of the Class;
3 and (3) supervising the distribution of the Settlement Fund.

4 19. In the event that the Settlement does not become effective in
5 accordance with the terms of the Stipulation or in the event that the Settlement
6 Fund, or any portion thereof, is returned to Defendants, then this Judgment shall be
7 rendered null and void to the extent provided by and in accordance with the
8 Stipulation and shall be vacated and, in such event, all orders entered and releases
9 delivered in connection herewith shall be null and void to the extent provided by
10 and in accordance with the Stipulation.

11 20. Lead Counsel is awarded attorneys' fees in the amount of
12 \$1,200,000.00, which constitutes 25% of the common fund created by the
13 Settlement and which the court finds to be fair and reasonable. Lead Counsel is
14 also awarded reasonable expenses in the amount of \$211,305.91. The foregoing
15 attorneys' fees and expenses shall be paid from the Settlement Fund in accordance
16 with the terms of the Stipulation.

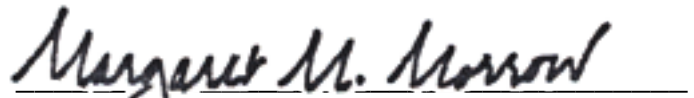
17 21. Lead Plaintiff Charles Rendelman is awarded \$6,600.00 from the
18 Settlement Fund as reimbursement for his reasonable costs and expenses directly
19 relating to his representation of the Class.
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22. Any appeal or any challenge affecting this Court's approval of ~~regarding~~ any attorneys' fees and expense application shall in no way disturb or affect the finality of this Judgment.

23. The action is hereby dismissed.

DATED: July 29, 2014



HON. MARGARET M. MORROW
UNITED STATES DISTRICT JUDGE

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EXHIBIT 1

List of Persons Excluded from the Class

1. Stephen G. Fridl
Asheville, NC