

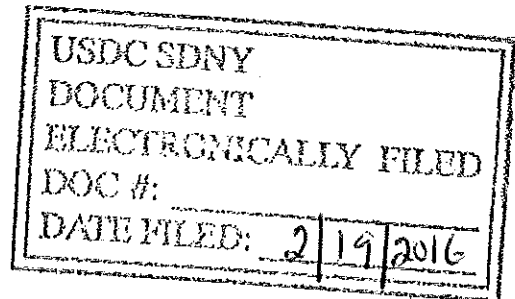
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE PUDA COAL SECURITIES INC.  
ET AL. LITIGATION

Case No: 1:11-CV-2598 (DLC)

CLASS ACTION

~~PROPOSED~~ ORDER PRELIMINARILY APPROVING  
SETTLEMENT AND PROVIDING FOR NOTICE



WHEREAS, a consolidated class action is pending in this Court styled *In re Puda Coal Securities Inc. et al. Litigation*, No. 1:11-CV-2598 (DLC) (the “Action”);

WHEREAS Lead Plaintiffs Salomón Querub, Howard Pritchard, and Hotel Ventures (“Lead Plaintiffs”), and named plaintiffs Trellus Management Company LLC and Steven Weissmann (together with Lead Plaintiffs, “Plaintiffs”), on behalf of themselves and the class of Persons defined below, and Defendant Brean Murray, Carret & Co. (the “Settling Defendant” or “Brean Murray”) (collectively, the “Settling Parties”) have determined to settle all claims asserted against Brean Murray in this Action on the terms and conditions set forth in the Amended Stipulation of Settlement, dated October 16, 2015 (the “Stipulation”), subject to the approval of this Court (the “Settlement”);

WHEREAS, the Settling Parties have made an application, pursuant to Rule 23 of the Federal Rules of Civil Procedure, for an order preliminarily approving the Settlement in accordance with the Stipulation and allowing and providing for notice to the Settlement Class Members as more fully described herein; and

WHEREAS, unless otherwise defined, all terms used herein shall have the same meanings as set forth in the Stipulation;

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Court hereby preliminarily approves the proposed Settlement, embodied in the Stipulation, as being fair, reasonable and adequate and in the best interests of the Settlement Class, subject to further consideration at a hearing to be conducted as described below.

2. The Court hereby preliminarily certifies, for purposes of this Settlement only, pursuant to Rules 23(a), 23(b)(3) and 23(c)(1)(C) a Settlement Class consisting of all Persons who during the period beginning on December 8, 2010 through and including April 11, 2011:

(a) purchased or otherwise acquired Puda Coal, Inc. (“Puda”) common stock; (b) purchased or otherwise acquired call options on Puda common stock; and/or (c) sold or otherwise disposed of put options on Puda common stock. Excluded from the Settlement Class are: (a) the Defendants; (b) any Person who was a partner, executive officer, director, controlling person, subsidiary, or affiliate of any Defendant during the Settlement Class Period; (c) members of the Defendants’ immediate families; (d) any Person in which any Defendant has a Controlling Interest; and (e) the legal representatives, heirs, estates, administrators, predecessors, successors or assigns of any of the foregoing excluded Persons. Also excluded from the Settlement Class is any Person who or which properly excludes himself, herself or itself by filing a valid and timely request for exclusion in accordance with the requirements set forth herein and in the Notice.

3. Pursuant to Rule 23, and for the purposes of the Settlement only, the Court preliminarily certifies Lead Plaintiffs as the class representatives for the Settlement Class and appoints Co-Lead Counsel The Rosen Law Firm P.A. and Glancy Prongay & Murray LLP as counsel to the Settlement Class. Co-Lead Counsel is authorized to act on behalf of the Settlement Class with respect to all acts required by, or that may be undertaken pursuant to, the Stipulation or such other acts as are reasonably necessary to consummate the proposed Settlement.

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

5. A hearing (the “Settlement Hearing”) shall be held before this Court on \_\_\_\_\_, 2015, at \_\_\_\_\_ .m., at the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 15B, New York, New York 10007, to determine whether the proposed Settlement of the Action on the terms and conditions provided for in the


Stipulation is fair, reasonable, and adequate to the Settlement Classes and should be approved by the Court; to determine whether an Order and Final Judgment as provided in the Stipulation should be entered; to determine whether the proposed Plan of Allocation should be approved; to determine any amount of fees, costs and expenses that should be awarded to Plaintiffs' Counsel and Plaintiffs for their service to the Settlement Classes; to hear any objections by Settlement Class Members to the Stipulation or Plan of Allocation or any award of fees and expenses to Plaintiffs' Counsel or to Plaintiffs; and to consider such other matters as the Court may deem appropriate.

6. At the Settlement Hearing, the Court will also independently consider the settlements reached by Defendant Macquarie Capital (USA) Inc. ("Macquarie") with Plaintiffs, pursuant to a separate Stipulation and Agreement of Settlement, dated October 16, 2015 (the "Macquarie Stipulation"), and Defendants Lawrence Wizel and C. Mark Tang (the "U.S. Directors") with Plaintiffs pursuant to a separate Stipulation and Agreement of Settlement dated December 1, 2015 (the "U.S. Directors Stipulation") which settlements shall be considered separately from the determination as to the fairness, reasonableness, and adequacy of the Settlement between Brean Murray and Plaintiffs (and any appeal from any orders relating solely to the Macquarie and/or U.S. Directors settlements), or any reversal or modification thereof, shall not operate to terminate, modify or cancel the Settlement or Stipulation, or affect or delay the validity, effectiveness or finality of the Settlement or Final Order and Judgment (if entered by the Court).

7. Pursuant to Rule 23(c) of the Federal Rules of Civil Procedure, the Court appoints for settlement purposes only the firm of Epiq Systems, Inc. (the "Claims Administrator") to

supervise and administer the notice procedure as well as the processing of claims as more fully set forth below:

(a) The Settling Defendant shall cooperate reasonably and in good faith in providing documents and information to assist Plaintiffs in identifying Settlement Class Members;

(b) Not later than fourteen (14) business days after entry of this Preliminary Approval Order (the "Notice Date"), the Claims Administrator shall cause a copy of the Joint Notice ("Joint Notice") and the Proof of Claim Form, substantially in the form attached to Plaintiffs' Renewed Notice of Motion and Motion for Preliminary Approval of Class Action , to be mailed by First-Class Mail to all Settlement Class Members who can be identified with reasonable effort;

(c) Not later than ten (10) business days after the Notice Date (the "Publication Notice Date"), the Claims Administrator shall cause the Summary Notice, substantially in the form attached to the Joint Notice, to be published once in the national edition of *Investor's Business Daily* and once over the PR Newswire;

(d) Not later than three (3) business days after the Notice Date, the Joint Notice, the Summary Notice, the Stipulation, and the Proof of Claim shall be placed on the website created for the Settlement by the Claims Administrator as well as Co-Lead Counsel's websites; and

(e) Not later than twenty-one (21) calendar days before the Settlement Hearing, Lead Counsel shall serve on Settling Defendant's counsel and file with the Court proof, by affidavit or declaration, of such mailing and publishing.

8. Nominees who purchased or acquired Puda securities for the benefit of another Person during the Class Period shall be requested to send the Joint Notice and Proof of Claim to such beneficial owners of Puda securities within ten (10) calendar days after receipt thereof, or send a list of the names and addresses of such beneficial owners to the Claims Administrator within ten (10) calendar days of receipt thereof, in which event the Claims Administrator shall promptly mail the Joint Notice and Proof of Claim to such beneficial owners.

9. The form and content of the notice program described herein, and the methods set forth herein for notifying the Settlement Classes of the Settlement and its terms and conditions, the Fee and Expense Application, and the Plan of Allocation meet the requirements of Rule 23 of the Federal Rules of Civil Procedure, Section 21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(a)(7), as amended by the Private Securities Litigation Reform Act of 1995, and due process, constitute the best notice practicable under the circumstances, and shall constitute due and sufficient notice to all Persons entitled thereto.

10. Other than the cost of providing the names and addresses of record holders of Puda securities during the Class Period to Lead Counsel and/or the Claims Administrator, all fees, costs, and expenses incurred in identifying and notifying members of the Settlement Classes shall be paid from the Settlement Fund as set forth in ¶ 2.7 of the Stipulation, and in no event shall any of the Released Parties bear any responsibility for such fees, costs, or expenses.

11. All Settlement Class Members (except Persons who request exclusion pursuant to ¶ 15 below) shall be bound by all determinations and judgments in the Action concerning the Settlement, including, but not limited to, the releases provided for therein, whether favorable or unfavorable, to the Settlement Classes, regardless of whether such Persons seek or obtain by any

means, including, without limitation, by submitting a Proof of Claim or any similar document, any distribution from the Settlement Fund or the Net Settlement Fund.

12. Settlement Class Members who wish to participate in the Settlement shall complete and submit the Proof of Claim in accordance with the instructions contained therein. Unless the Court orders otherwise, all Proofs of Claim must be postmarked or submitted electronically no later than seventy-five (75) calendar days after the Notice Date. Any Settlement Class Member who does not submit a Proof of Claim within the time provided shall be barred from sharing in the distribution of the proceeds of the Net Settlement Fund, unless otherwise ordered by the Court, but shall nevertheless be bound by any final judgment entered by the Court. Notwithstanding the foregoing, Lead Counsel shall have the discretion to accept late-submitted claims for processing by the Claims Administrator so long as distribution of the Net Settlement Fund is not materially delayed thereby. Plaintiffs' Counsel shall not incur any liability for declining to accept any late-submitted claim.

13. The Proof of Claim submitted by each Settlement Class Member must satisfy the following conditions, unless otherwise ordered by the Court: (i) it must be properly completed, signed and submitted in a timely manner in accordance with the provisions of the preceding subparagraph; (ii) it must be accompanied by adequate supporting documentation for the transactions reported therein, in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the transactional information found in a broker confirmation slip, or such other documentation as is deemed adequate by Lead Counsel or the Claims Administrator; (iii) if the person executing the Proof of Claim is acting in a representative capacity, a certification of her current authority to act on behalf of the Settlement Class Member must be included in the Proof of Claim; and (iv) the Proof of Claim must be

complete and contain no material deletions or modifications of any of the printed matter contained therein and must be signed under penalty of perjury.

14. Any Settlement Class Member may enter an appearance in the Action, at his, her, or its own expense, individually or through counsel of their own choice. If they do not enter an appearance, they will be represented by Lead Counsel.

15. Any Settlement Class Member may, upon request, be excluded or “opt out” from the Settlement Classes. Any such Person must request exclusion in writing within the time and in the manner set forth in the Notice. Any such request for exclusion shall be mailed or delivered such that it is received no later than fourteen (14) calendar days prior to the Settlement Hearing by the Claims Administrator, as provided in the Notice. Unless the Court orders otherwise, no request for exclusion shall be valid unless it is made within the time provided and in the manner specified in the Notice and contains the information required therein. Any request for exclusion that does not comply with the prerequisites for exclusion will be invalid.

16. Any Person who timely and validly requests exclusion in compliance with the terms stated in this Order and the Joint Notice, and is excluded from the Settlement Class, shall not be a Settlement Class Member, shall not be bound by the terms of the Settlement, shall have no right to object to the Settlement, the Plan of Allocation and/or the motion for attorneys’ fees and Litigation Expenses (and for a Reimbursement Award) and shall have no rights under the Settlement (including the right to participate in the distribution of the Net Settlement Fund). Only Settlement Class Members and Plaintiffs’ Counsel shall have any right to seek a distribution from the Net Settlement Fund, unless otherwise ordered by the Court or provided in the Stipulation.



17. Lead Counsel shall cause to be provided to Settling Defendant's counsel copies of all Requests for Exclusion, and any written revocation of Requests for Exclusion, as expeditiously as possible and in any event not less than seven (7) days prior to the Settlement Hearing set forth in ¶ 2.

18. Any Settlement Class Member may enter an appearance in the Action, at their own expense, individually or through counsel of their own choice, by filing with the Clerk of Court and ~~delivering a notice of appearance to both Co-Lead Counsel and the Settling Defendants' counsel (as listed in the Notice) such that it is received no later than twenty-one~~ (21) calendar days prior to the Settlement Hearing, or as the Court may otherwise direct. Any Settlement Class Member who does not enter an appearance will be represented by Lead Plaintiffs and Co-Lead Counsel.

19. Any member of the Settlement Class who does not request exclusion from the Settlement Class may file a written objection to the proposed Settlement, the Plan of Allocation, and/or Fee and Expense Application and appear and show cause, if that Person has any cause, as to why any or all of those matters should not be approved. No Settlement Class Member, however, shall be heard or entitled to contest the approval of any of these matters unless that Person has filed written objections with the Court and served copies of such objections in the manner provided in the Notice ~~such that it is received no later than twenty-one (21) calendar~~ days prior to the Settlement Hearing on:

Robert S. Wolf  
Moses & Singer LLP  
The Chrysler Building  
405 Lexington Avenue  
New York, New York 10174  
Telephone: (212) 554-7800  
Facsimile: (212) 554-7700

Laurence Rosen

The Rosen Law Firm PA  
275 Madison Avenue, 34th Floor  
New York, NY 10016  
Telephone: (212) 686-1060  
Facsimile: (212) 202-3827



Lionel Glancy  
Glancy Prongay & Murray LLP  
1925 Century Park East, Suite 2100  
Los Angeles, CA 90067  
Telephone: (310) 201-9150  
Facsimile: (310) 201-9160

20. Any objections, filings or other submissions by an objecting Settlement Class Member must comply with the procedures, requirements and timing set forth in the Notice, including without limitation: (a) a statement of that Settling Class Member's objection; (ii) the specific reasons, if any, for each objection, including the legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (c) documents sufficient to show the number of shares of Puda common stock purchased and sold, as well as the dates and prices of each such purchase and sale. By filing a notice of objection, a Settlement Class Member shall be deemed to have submitted to the jurisdiction of the Court with respect to their objection or request to be heard, the subject matter of the Settlement, and enforcement as to its terms.

21. Any member of the Settlement Class who does not make his, her or its objection in the manner provided herein and in the Notice shall: (a) have and be deemed to have waived and forfeited any and all rights he/she/it may otherwise have to object to the Settlement, the Plan of Allocation, and/or Fee and Expense Application; (b) forever be foreclosed from making any objection to the fairness, adequacy or reasonableness of the Settlement, the Final Order and Judgment to be entered approving the Settlement, the fairness and reasonableness of the Plan of Allocation, and the fees and litigation expenses requested and/or awarded to Plaintiffs' Counsel and to Lead Plaintiffs; (c) be bound by all of the terms of the Stipulation and by all proceedings,

orders and judgments entered by the Court in the Action, including the Final Order and Judgment; and (d) have and be deemed to have waived their right to, be, and otherwise be forever barred from being heard with respect to any matters concerning the Settlement.

22. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

23. All papers in support of the Settlement, Plan of Allocation, and any Fee and Expense Application shall be filed and served no later than thirty (30) calendar days prior to the Settlement Hearing, and any reply papers shall be filed and served no later than seven (7) calendar days prior to the Settlement Hearing.

24. The Released Parties shall have no responsibility for the Plan of Allocation or any Fee and Expense Application, and such matters will be considered separately from the fairness, reasonableness, and adequacy of the Settlement.

25. At or after the Settlement Hearing, the Court shall determine whether the Plan of Allocation and any Fee and Expense Application proposed by Lead Counsel should be approved.

26. All reasonable expenses incurred in identifying and notifying Settlement Class Members as well as administering the Settlement Fund shall be paid as set forth in the Stipulation. In the event the Court does not approve the Settlement, or it otherwise fails to become effective, neither Plaintiffs nor any of Plaintiffs' Counsel shall have any obligation to repay any amounts actually and properly incurred or disbursed pursuant to ¶ 2.7 of the Stipulation.

27. Neither the Stipulation nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, shall be construed as an admission or concession by the Settling Parties or any other Released Parties of the truth of any of the allegations in the Action, or of any liability, fault, or wrongdoing of any kind, or offered or received in evidence, or otherwise used by any person in the Action, or in any other action or proceeding, whether civil, criminal, or administrative, in any court, administrative agency, or other tribunal, except in connection with any proceeding to enforce the terms of the Stipulation. The Released Parties, Plaintiffs, Settlement Class Members, and each of their counsel may file the Stipulation and/or the Order and Final Judgment in any action that may be brought against them in order to support a defense or counterclaim based on the principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

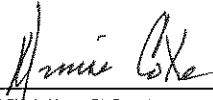
28. All proceedings in the Action are stayed as to Settling Defendant Brean Murray until further order of this Court, except as may be necessary to implement the Settlement or comply with the terms of the Stipulation. Pending final determination of whether the Settlement should be approved, neither Plaintiffs nor any Settlement Class Member, either directly, representatively, or in any other capacity, shall commence or prosecute against any of the Released Parties any action or proceeding in any court or tribunal asserting any of the Released Claims.

29. The Court reserves the right to alter the time or the date of the Settlement Hearing without further notice to the Settlement Class Members, and retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement. The Court may

approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to the Settlement Classes.

IT IS SO ORDERED.

DATED: February 19, 2016

  
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HON. DENISE L. COTE  
UNITED STATES DISTRICT JUDGE