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SUPERIOR COURT OF CALIFORNIA - COUNTY OF SAN DIEGO

SONIA HOFMANN, an individual and on
behalf of all others similarly situated,

Plaintiff,

vs.

TRUE RELIGION APPAREL, INC., a
California corporation; and DOES 1 through
100, inclusive,

Defendants

) CASE NO.: 37-2014-00041658-CU-BT-CTL

) *Complaint Filed: December 9, 2014*

) **CLASS ACTION**

) **AGREEMENT OF SETTLEMENT**

) Dept: C-67

) Judge: Hon. Eddie C. Sturgeon

1 Subject to Court approval, this Agreement of Settlement (“Settlement Agreement”), is
2 made as of the 30th day of June 2015, by and between Plaintiff Sonia Hofmann (“Plaintiff” or
3 “Hofmann”), both individually and on behalf of all Class Members (as defined below), and
4 Defendant True Religion Apparel, Inc. (“TRA” or “Defendant”).

5 **RECITALS**

6 A. On June 30, 2014, Plaintiff sent a 30-day notice of violation to TRA pursuant to
7 the Consumers Legal Remedies Act, California Civil Code sections 1750, et seq. (“CLRA”)

8 B. On December 9, 2014, Plaintiff filed a complaint against TRA in the Superior
9 Court of California, County of San Diego, captioned *Hofmann v. True Religion Apparel, Inc.*,
10 Case No. 37-2014-00041658-CU-BT-CTL (the “Action”), alleging claims for: violation of
11 California Business and Professions Code sections 17200, et seq.; violation of California
12 Business and Professions Code section 17533.7; violation of the CLRA; and negligent
13 misrepresentation.

14 C. Plaintiff alleges that Defendant is a manufacturer, distributor and retailer of jeans
15 that were labeled as “Made in USA” but contained foreign-made component parts (the “Jeans”).
16 Specifically, Plaintiff alleges that some of the Jeans are made with foreign-made buttons, rivets,
17 zipper assembly, thread, and/or fabric. Thus, Plaintiff alleges, Defendant falsely marketed and
18 represented to consumers that its Jeans were “Made in USA” in violation of California law.
19 Plaintiff does not dispute that the Jeans were designed and assembled in the United States.

20 D. After receiving Plaintiff’s June 30, 2014 letter but before the Action was filed,
21 TRA launched an investigation and evaluation of all existing TRA product label and marketing
22 language to address potential concerns regarding the CLRA or any other applicable law or
23 regulation. To that end and to remove any argument as to the propriety of TRA’s labels, TRA
24 has implemented new labels/marketing claims that provide additional clarifications as applicable:
25 (1) continuing the use of unqualified “Made in the U.S.A.” statements on labels and marketing
26 for particular products that contain only fabric and materials that are made in the U.S.; and/or (2)
27 utilizing qualified “Made in the U.S.A.” statements on labels and marketing for particular
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1 products that contain non-U.S. made materials, if warranted.

2 E. Defendant denied and continues to deny all charges of wrongdoing or liability
3 against it arising out of any of the conduct, statements, acts or omissions alleged, or that could
4 have been alleged, in the Action. TRA specifically denies that TRA knowingly or intentionally
5 labeled and marketed the Jeans in a manner that was false or misleading as to their country of
6 origin. As a result, TRA contends that it is not and cannot be held liable. Defendant also has
7 denied and continues to deny, *inter alia*, allegations that Plaintiff, the Settlement Class, or any
8 other member of the Settlement Class has suffered damage or harm by reason of any alleged
9 conduct, statement, act or omission of Defendant. Defendant further has denied and continues to
10 deny that the Action meets the requisites for certification as a class action under California law,
11 except for purposes of settlement, or that the evidence is sufficient to support a finding of
12 liability.

13 F. Counsel for the Parties engaged in mediation in San Diego on January 9, 2015,
14 before JAMS mediator Hon. Robert E. May (Ret.). The Parties engaged in good faith, arms'-
15 length negotiations and after a full day of mediation, the Parties reached agreement on a
16 settlement proposal presented by Judge May, the terms of which were memorialized in an April
17 1, 2015 Letter of Intent signed by Defendant and Plaintiff. The terms of the settlement are laid
18 out in greater detail herein.

19 G. Plaintiff's Counsel conducted a thorough examination and investigation of the
20 facts and law relating to the matters in the Action, including but not limited to examining highly
21 sensitive trade secret information in documents and written responses provided by Defendant
22 subject to a Stipulation for a Protective Order.

23 H. Plaintiff's Counsel has analyzed and evaluated the merits of all Parties'
24 contentions and this settlement as it impacts upon all Parties and the Settlement Class Members.
25 Class Counsel and Plaintiff believe that they have meritorious claims against TRA, but recognize
26 that the settlement provides significant benefits to all members of the class, eliminates the
27 burden, expense, and uncertainty inherent in complex litigation, and minimizes significant
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1 uncertainties associated with further litigation. Among the risks of continued litigation are the
2 risks of succeeding in a motion to certify a class and proving liability or damages on a classwide
3 or individual basis. Plaintiff and Plaintiff's Counsel, after taking into account the foregoing, are
4 satisfied that the terms and conditions of this Agreement are fair, reasonable, adequate and
5 equitable, and that a settlement of the Action and the prompt provision of effective relief to the
6 Class are in the best interest of the Settlement Class Members.

7 I. TRA, while continuing to deny all allegations of wrongdoing and disclaiming any
8 liability with respect to any and all claims, considers it desirable to resolve the Action on the
9 terms stated herein, in order to avoid further expense, inconvenience, and the distraction and
10 diversion of their personnel and resources, and to dispose of burdensome litigation. Therefore,
11 TRA has determined that settlement of this Action on the terms set forth herein is in its best
12 interest.

13 J. Each of the terms set forth in this Agreement was reached through contested
14 negotiation, including without limitation discussions that took place in connection with the
15 mediation. TRA, Class Counsel, and Plaintiff agreed to settle, compromise, and dismiss with
16 prejudice the operative complaint and all claims thereunder of the Class Members (as defined
17 below) without costs to any party (except as provided herein) on the terms and conditions set
18 forth in this Agreement, subject to the approval of the Court.

19 K. This Agreement reflects a compromise between the Parties, and shall in no event
20 be construed as or be deemed an admission or concession by any Party of the truth of any
21 allegation or the validity of any purported claim or defense asserted in any of the pleadings in the
22 Action, or of any fault on the part of Defendant, and all such allegations are expressly denied.
23 Nothing in this Agreement shall constitute an admission of liability or be used as evidence of
24 liability, by or against any Party hereto.

25 L. This Agreement, including its exhibits, embodies all of the terms and conditions
26 of the settlement between TRA and Plaintiff, both individually and on behalf of the Settlement
27 Class, subject to the approval of the Court.

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TERMS AND CONDITIONS OF SETTLEMENT

NOW THEREFORE, it is agreed by the undersigned, on behalf of Plaintiff and TRA, that this Action and all claims of the Plaintiff and all other Class Members shall be settled, compromised and dismissed on the merits *with prejudice* as to TRA, without costs to Plaintiff or TRA (except as provided below), on the following terms and conditions.

A. DEFINITIONS

The following terms, as used in this Settlement Agreement and attached exhibits, have the meanings set forth below:

1. "Attorneys' Fees" means any award of attorneys' fees and costs approved by the Court for payment to the Class Counsel.
2. "Claim" means a claim made either electronically or by U.S. Mail by a person that he or she is a member of the Settlement Class and made a selection of one of the considerations set forth in Section D(2) of this Agreement, all in accordance with the Claim Form and the requirements contained in this Agreement.
3. "Claim Form" means the form attached hereto as Exhibit F.
4. "Claims Administrator" means KCC Class Action Services, LLC or other mutually agreeable administrator, which will be retained to administer the Notice Program as described in Section E of this Settlement Agreement and the Claim Program as described in Section F of this Settlement Agreement.
5. "Claims Period" means the period of time commencing on the date the Court enters the Preliminary Approval Order and ending on the ninetieth (90th) day thereafter.
6. "Class Counsel" means John H. Donboli and Del Mar Law Group, LLP.
7. "Class Member(s)" means any member of the Settlement Class who does not timely exclude himself or herself from the Settlement pursuant to Section J of this Settlement Agreement.
8. "Class Period" means December 10, 2010 to the date the Court enters the Preliminary Approval Order.

1 9. “Common Fund” means the \$500,000 in value of True Religion t-shirts (with an
2 agreed upon approximate retail valuation of \$25 per shirt) (the “TRA T-Shirt”) to be distributed
3 in accordance with the terms set forth in Section D(2) of this Agreement.

4 10. “Court” means the Superior Court of the State of California for the County of San
5 Diego.

6 11. “Defendant’s Counsel” means Jason D. Russell, Hillary A. Hamilton and
7 Skadden, Arps, Slate, Meagher & Flom, LLP.

8 12. “Effective Date” means either (a) thirty (30) days after the entry of the Court’s
9 order regarding final approval of the settlement or Class Counsel’s attorneys’ fees request,
10 whichever is later, if no motions for reconsideration or no appeals or other efforts to obtain
11 review have been filed or (b) in the event that a motion for reconsideration, an appeal, or other
12 effort to obtain review of the Court’s order regarding final approval of the settlement or Class
13 Counsel’s attorneys’ fees request has been initiated, thirty (30) days after such reconsideration,
14 appeal, or review has been finally concluded and is no longer subject to review, whether by
15 appeal, petitions for rehearing, petitions for rehearing *en banc*, petitions for writ of certiorari, or
16 otherwise.

17 13. “Final Approval Hearing” means the hearing to consider the final approval of the
18 Settlement as required by Rule of Court 3.769(g).

19 14. “Final Approval Order” means the final order entered by the Court in the form
20 attached hereto as Exhibit D, approving this Settlement Agreement as fair, adequate and
21 reasonable and dismissing the Complaint and all allegations, claims, or causes of action asserted
22 therein against Defendant with prejudice.

23 15. “Judgment” means the judgment entered by the Court in the form attached hereto
24 as Exhibit E. The Judgment (and the underlying Final Approval Order) shall be deemed “Final”
25 upon entry of judgment.

26 16. “Notice” means the Notice of Proposed Settlement of Class Action in the form
27 attached hereto as Exhibit A.

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1 17. “Notice Expenses” means the costs reasonably and actually incurred by the
2 Claims Administrator in connection with providing notice to Settlement Class Members, and
3 administering Claims pursuant to this Agreement (including, where appropriate, shipping costs
4 to Settlement Class Members of the TRA T-shirt), as discussed in Sections D-F of this
5 Agreement.

6 18. “Notice Program” means the mechanisms and arrangement for providing notice as
7 described in Section E of this Settlement Agreement.

8 19. “Parties” means Plaintiffs and Defendant, collectively.

9 20. “Person” means a natural person, individual, corporation, partnership, association,
10 or any other type of legal entity.

11 21. “Plaintiffs” means representative plaintiff Sonia Hofmann and the Class
12 Members.

13 22. “Preliminary Approval Order” means the Order issued by the Court in
14 substantially the same form attached hereto as Exhibit C.

15 23. “Products” or “True Religion Products” means garments and accessories,
16 including, but not limited to, the Jeans, manufactured, marketed and/or distributed by Defendant
17 under the brand name True Religion, and with the unqualified designation “MADE IN USA” or
18 “MADE IN THE USA” on the label.

19 24. “Qualifying Transaction” means a purchase in California of a True Religion
20 Product containing foreign-made component parts in reliance on the “MADE IN USA” or
21 “MADE IN THE USA” label, during the Class Period for non-commercial use.

22 25. “Qualifying Claimant” means a Class Member who submits a timely, completed,
23 and fully executed Claim Form, indicating that he or she engaged in a Qualifying Transaction,
24 and whose claim is not rejected by the Claims Administrator and is not disputed by Defendant
25 under the procedures set forth in Section F below.

26 26. “Released Claims” means the claims released as described in Section K of this
27 Settlement Agreement.

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1 27. “Released Persons” means and includes Defendant and its past and present
2 subsidiaries and affiliates, parent companies, divisions, as well as their distributors, wholesalers,
3 retailers, customers and licensors, including the officers, directors, trustees, employees,
4 shareholders, agents, insurers, spokespersons, legal representatives, attorneys, public relations
5 firms, advertising and production agencies, successors and assigns of all such persons or entities.

6 28. “Settlement” means the terms and conditions of the settlement embodied by this
7 document.

8 29. “Settlement Class” means, for settlement purposes only, all persons who made a
9 Qualifying Transaction. Specifically excluded from the Settlement Class are: (a) employees,
10 officers, directors, agents, and representatives of TRA and its parents, subsidiaries and affiliates;
11 (b) persons who purchased a True Religion Product bearing a “Made in the USA” label where (i)
12 the Product was in fact entirely made in the USA of U.S.-made materials, or (ii) the consumer’s
13 decision to purchase the garment was not influenced by the “Made in the USA” label; (c) all
14 mediators, judges and judicial staff who have presided over the Action; and (d) all Persons who
15 have opted-out and/or been properly excluded from the Class.

16 30. “Settlement Fund” means the five hundred and seventy-five thousand dollars
17 (\$575,000.00) in value provided by TRA that includes (i) \$75,000 in applicable Notice Expenses
18 and administration (including shipping) and tax expenses; (ii) the \$500,000 in value in the
19 Common Fund; and/or (iii) to the extent necessary, and in the limited circumstances described in
20 Section D(4) below, charitable donations of True Religion T-Shirts. The Settlement Fund does
21 *not* include amounts awarded for attorneys’ fees and expenses, class representative incentive
22 award, or the significant value to the Settlement Class from changes to TRA labeling. Other than
23 as described in Section D(3) below, in no event shall TRA’s total monetary obligation exceed
24 \$575,000.00.

25 31. “Settlement Website” means the website to be created for this Settlement that
26 will, at the appropriate time, prominently post information pertaining to the Action and the terms
27 of the Settlement, and which will contain a copy of the Notice, the operative complaint in the
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1 Action, and other relevant documents and electronic and printable forms relating to the
2 Settlement, including the Claim Form which can be submitted online or printed and mailed. The
3 Claims Administrator shall consult the parties on the design and content of the Settlement
4 Website, and the Settlement Website shall not become active without True Religion's prior
5 written final approval as to, *inter alia*, appearance, subject matter, and/or content, which shall be
6 reviewed and approved in good faith. The phrase "True Religion" will not appear in the URL for
7 the Settlement Website.

8 32. "TRA Corporate Store" means a dedicated True Religion owned and operated
9 retail store and/or outlet store location in California. It does not mean department stores and/or
10 any other non-True Religion retail location distributing True Religion Products.

11 **B. TIMING OF PRELIMINARY APPROVAL**

12 The parties agree to file a motion for preliminary approval of this Settlement as soon as
13 practical after the execution of this Settlement Agreement.

14 **C. CONDITIONS OF SETTLEMENT**

15 Counsel for the undersigned agree to recommend approval of this Settlement Agreement
16 to the Court and to undertake reasonable efforts, including all steps and efforts contemplated by
17 this Settlement Agreement and any other steps and efforts that may be necessary or appropriate,
18 by order of the Court or otherwise, to carry out the terms of this Settlement.

19 TRA hereby agrees to comply with California Business & Professions Code § 17533.7 in
20 conjunction with all future sales of its Products and permits the entry of the stipulated permanent
21 injunction as fully detailed herein.

22 **D. SETTLEMENT CONSIDERATION FROM DEFENDANT**

23 1. The consideration provided by TRA in accordance with this Settlement
24 Agreement is in full, complete and final settlement of the claims of Class Members in the Action
25 as against all Released Persons.

26 2. TRA T-Shirts. In full and complete settlement of all claims which have been,
27 might have been, are now or could be asserted in the Action by Class Members against all
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1 Released Persons, within a reasonable period after the Effective Date, TRA, either directly or
2 indirectly through the Claims Administrator, will distribute to each Qualifying Claimant who
3 timely submits a fully executed Claim Form, one (1) TRA T-Shirt via one of the following
4 methods, as determined by the Class Administrator after review and evaluation of each
5 Qualifying Claimant's Claim Form:

6 (a) Purchases Made In Stores: Class Members who purchased their Product
7 in-store must pick up their TRA T-Shirt at a True Religion Corporate
8 Store if physically able. After evaluating the claims, the Claims
9 Administrator shall notify by email, telephone and/or mail the Class
10 Member of the location and hours of the closest TRA Corporate Store to
11 his or her residence, where his or her TRA T-Shirt will be available to be
12 picked up by the Class Member. A Class Member will have 45 days from
13 the date of this notice to pick up their TRA T-shirts (the "Distribution
14 Period"). If a class member is physically unable to pick up a TRA T-Shirt
15 in store, the class member will be required to submit, under penalty of
16 perjury, a written declaration attesting to the basis on which they are
17 physically unable to pick up their TRA T-shirt. The Claims Administrator
18 shall review and have final say on the validity of any assertion by a Class
19 Member that they are physically unable to claim their TRA T-shirt. The
20 Claims Administrator shall have 45 days to ship the TRA T-Shirt from the
21 determination of eligibility for shipping by the Claims Administrator.

22 (b) Purchases Made Online: Class Members who purchased their Product(s)
23 online, but reside within 25 miles of a TRA Corporate Store, will be
24 treated like a Class Member who purchased a TRA Product in-store and
25 must pick up their TRA T-Shirt at the appropriate TRA Corporate Store if
26 physically able. After evaluating the claims, the Claims Administrator
27 shall notify by email, telephone and/or mail the Class Member of the
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1 location and hours of the closest TRA Corporate Store to his or her
2 residence, where his or her TRA T-Shirt will be available to be picked up
3 during the Distribution Period. Class Members who purchased a TRA
4 Product online who reside more than 25 miles from a TRA Corporate
5 Store, or for otherwise valid claimants unable to pick up their TRA T-Shirt
6 at a TRA Corporate Store, may be eligible to have their TRA T-Shirt
7 shipped to them at the address listed on the Claim Form. The Claims
8 Administrator shall determine each Class Member's eligibility for
9 shipping and shall have sole discretion on the method and manner of
10 shipping to Class Members, if shipping is appropriate. The Claims
11 Administrator shall have 45 days to ship the TRA T-Shirt from the
12 determination of eligibility for shipping by the Claims Administrator.

13 (c) Eligibility to receive a TRA T-Shirt will be on a first-come, first-served
14 basis to be determined by the Claims Administrator and limited to one
15 TRA T-Shirt per Class Member. The TRA T-Shirts shall be of similar
16 quality and aesthetic appeal as other t-shirts offered for sale or promotion
17 by TRA. Plaintiffs' counsel shall have the right to review and in good
18 faith approve the TRA T-Shirt prior to its distribution to Class Members;
19 such approval shall not unreasonably be withheld. The Court shall retain
20 jurisdiction to enforce this Agreement pursuant to California Code of Civil
21 Procedure § 664.6.

22 3. Shipping Costs. The cost to ship the TRA T-Shirts to appropriate Class Members
23 in the first instance (approximately \$8.50 per shirt) shall be deducted from TRA's \$75,000
24 payment for claims administration expenses (*i.e.*, shipping and handling expenses AND claims
25 administrator fees and expenses fall within the \$75,000 budget). The shipping and handling
26 expenses shall take priority over any claims administration expenses and shall be deducted first
27 dollar from the \$75,000 fund paid by TRA. If the cost to ship the TRA T-Shirts to qualifying
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1 Class Members plus administration costs exceeds \$75,000, and the total claims by Class
2 Members have not exceeded the \$500,000 in value in the Common Fund, then any shipping costs
3 in excess of \$75,000 shall be deducted from value of the Common Fund. If the cost to ship the
4 TRA T-Shirts to qualifying Class Members exceeds \$75,000, and the claims by Class Members
5 equal or exceed the \$500,000 common fund cap, then the shipping costs in excess of \$75,000
6 shall be borne equally by Plaintiff's counsel and TRA. In no event shall Plaintiff's counsel or
7 TRA be liable for additional shipping costs in excess of \$50,000 each.¹

8 4. Charitable Donation. At the conclusion of the Distribution Period, to the extent
9 there is any unclaimed residual value of the Common Fund, a donation in the form of \$25 TRA
10 T-shirts equivalent to the unclaimed residual value will be equally distributed among the
11 following five 501(c) (3) charities:

12 The Good Shepherd Shelter
13 P.O. Box 19487
14 Los Angeles, CA 90019-6233
15 Business Tel: (213) 737-6111

16 Peace Over Violence
17 1015 Wilshire Blvd., Suite 200
18 Los Angeles, CA 90017
19 Business Tel: (213) 955-9090
20 Hotline/Crisis: (213) 626-3393

21 YWCA of San Diego County
22 Administrative Offices
23 1012 C Street
24 San Diego, CA 92101
25 Business Tel: (619) 239-0355
26 Hotline/Crisis: (619) 234-3164

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28 ¹ This assumes: (i) full subscription of the Common Fund, namely 20,000 TRA T-Shirts at \$25 per
shirt (\$500,000); (ii) that every single Class Member is eligible to have their TRA T-Shirt shipped to
them at a cost of \$8.50 per item shipped (20,000 T-Shirts x \$8.50 per T-Shirt = \$170,000 maximum
shipping cost); (iii) that the \$75,000 claims administration budget is deducted from the shipping costs,
resulting in a net shipping overage cost of approximately \$100,000; and (iv) the net shipping cost overage
is divided by two, resulting in a maximum shipping overage cost to Plaintiff's counsel and TRA of
\$50,000 each.

1 WOMAN, Inc.
2 333 Valencia St., Suite 450
3 San Francisco, CA 94103
4 Business Tel: (415) 864-4777
5 Hotline/Crisis: (415) 864-4722

6 CORA
7 2211 Palm Avenue
8 San Mateo, CA 94403
9 Business Tel: (650) 652-0800
10 Hotline: (800) 300-1080

11 Upon the Court's final approval of this Agreement, the Court shall retain jurisdiction to
12 enforce this Agreement pursuant to California Code of Civil Procedure § 664.6, including
13 adequate supervision to ensure that the charitable donation in TRA T-Shirts was actually
14 distributed. Class Counsel shall submit, at the appropriate time, a declaration to this Court
15 confirming that the residual value of the Common Fund has been exhausted.

16 5. Injunctive Relief. TRA has voluntarily revised its labels to comply with
17 California Business & Professions Code § 17533.7, including adding qualifying language as
18 appropriate on its labels, to address the concerns raised in this Action. TRA provided exemplars
19 of the revised labels to Class Counsel during the January 9, 2015 mediation and Class Counsel
20 approved the form and content of those labels. TRA is in the process of affixing its revised
21 labels to new products and anticipates that the revised labels will begin to enter the market in the
22 next few months. The parties agree that, for purposes of this Agreement, such updated materials
23 satisfy any and all actions, claims, demands, rights, suits, and causes of action of whatever kind
24 or nature against Defendant which Plaintiff or Class Members asserted, or could have asserted, in
25 the Action.

26 While TRA believes that its labeling has always been entirely truthful and accurate, and
27 that its recent voluntary update in any event satisfies statutory safe harbors for consumer
28 protection statutes invoked by Plaintiff, such that TRA has additional defenses to the award of
any monetary damages and other relief in California, TRA further agrees to a stipulated
permanent injunction (the "Permanent Injunction") requiring TRA to label goods sold in

1 California in compliance with California Business & Professions Code § 17533.7, *i.e.*, any goods
2 labeled “Made in the USA” shall be entirely manufactured in the USA of U.S.-made materials or
3 shall bear appropriate qualifying language if the garment is comprised of more than trivial
4 amounts of foreign components. However, if any later judicial or legislative interpretation of
5 California Business & Professions Code § 17533.7 results in a change or modification to the
6 impact, interpretation and/or effect of California Business & Professions Code § 17533.7, the
7 Permanent Injunction shall reflect the more current interpretation of the statute and the burden on
8 TRA shall be interpreted and/or modified accordingly. The Permanent Injunction will become
9 effective as part of the Judgment on the Effective Date. The Permanent Injunction will be
10 substantially in the form of Exhibit E and include: (i) a meet and confer requirement before
11 Plaintiff or her counsel may take any action to enforce the Permanent Injunction; (ii) a cure
12 provision requiring notice to TRA and an opportunity to resolve any alleged violation before
13 seeking relief from any other court, tribunal, arbitration panel, commission, agency or before any
14 governmental and/or administrative body, or any other adjudicatory body, and (iii) provisions
15 restricting the injunction to product created and placed on the shelves after the Effective Date.

16 The Parties recognize that TRA possesses a quantity of Products with the prior labels and
17 agree that the Permanent Injunction does not apply to such Products. TRA warrants and
18 represents that TRA is in the process of affixing its revised labels to new products and anticipates
19 that the revised labels will begin to enter the market in the next few months. TRA further
20 warrants and represents that TRA will cease to affix its prior labels to product by no later than
21 December 31, 2015.

22 **E. NOTICE PROGRAM**

23 1. The terms of the Notice to the Settlement Class shall be more fully set forth after
24 consultation with the Claims Administrator. However, the Class Notice shall conform to all
25 applicable requirements of California law, the United States Constitution (including the Due
26 Process Clause), and any other applicable law, and shall otherwise be in the manner and form
27 agreed upon by the Settling Parties and approved by the Court.

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1 2. The Notice shall be in the form attached hereto as Exhibit A.

2 3. The Claim Administrator will arrange for publication in notice in publications
3 (either printed or electronic or both) that adequately cover the consumers of TRA Products, as
4 determined by the Class Action Settlement Administrator in its reasonable judgment.

5 4. TRA will post in-store notice via 5" X 7" flyers in all TRA Corporate Stores in a
6 reasonably conspicuous location for the duration of the Claims Period, in the form attached
7 hereto as Exhibit B.

8 5. To the extent that TRA has any California end-user identifying information in its
9 corporate books and records that establish that a particular consumer is or would be a member of
10 the Class, and to the extent that TRA has each consumer's consent to utilize that information to
11 contact the consumer, TRA will provide such information to the Claim Administrator and direct
12 the Claims Administrator to mail the Notice to those consumers. All such mailings shall be
13 mailed within twenty (20) days of the entry of the Preliminary Approval Order. For any and all
14 Notices returned to the Claims Administrator that have forwarding addresses provided by the
15 postal service, the Claims Administrator shall re-mail the Notices to the new addresses, except
16 that the Claims Administrator will have no obligation to re-mail returned Notices that they
17 receive from the postal service later than fifty (50) days after entry of the Preliminary Approval
18 Order. Under no circumstances shall TRA be required to contact consumers where, to do so,
19 would arguably violate and state or federal law or any privacy rights of the consumer.

20 6. The Settlement Website shall be active within twenty (20) days after the
21 Preliminary Approval Order is entered and shall remain active until 30 days after the Court
22 enters the Judgment. Defendant will provide an easily viewable hyperlink to the Settlement
23 Website in the "Legal Notices" section of its website at www.truereligion.com for the duration of
24 the Claims Period. The Settlement Website address will be published in the Notice.

25 7. At least thirty (30) days prior to the Final Approval Hearing, the Claims
26 Administrator, through their counsel of record, shall either provide to Class Counsel or cause to

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1 be filed with the Court, a declaration or declarations that they complied with provisions of
2 Section E herein.

3 **F. CLAIM PROGRAM**

4 1. Notice will be provided to members of the Settlement Class by the method set
5 forth in Section E of this Agreement.

6 2. Every Settlement Class Member shall have the right to submit a claim for
7 settlement benefits. A claim shall be valid only if submitted on the Claim Form pursuant to the
8 procedures set forth herein.

9 3. Claim Forms must be submitted: (a) electronically through the Settlement
10 Website no later than the last day of the Claims Period; or (b) in paper form via first class mail
11 postmarked no later than the last day of the Claims Period. On the Claim Form, the Settlement
12 Class Member must certify the following under the penalty of perjury:

13 a. his or her name and valid residential address;

14 b. the date of purchase (the Claims Administrator shall provide online
15 claimants with a calendar field and ensure that no Claimant can enter a date prior
16 to the Claims Period);

17 c. the place of purchase of the Product(s), including whether the
18 purchase was made in-store or online (the Claims Administrator shall provide
19 drop-down boxes listing options for retailers and ensure that no Class Member
20 will be permitted to complete a claim form without fully responding to these
21 fields);

22 d. the type of Product(s) purchased (a drop-down box will be
23 provided by the Claims Administrator for online claimants stating, for example,
24 blouse, jeans, shirt, etc.);

25 e. an attestation that the Product(s) purchased bore an unqualified
26 "Made in the USA" label;

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1 f. an attestation that the Settlement Class Member's decision to
2 purchase the Product based in substantial part on the presence of a "Made in the
3 USA" label;

4 g. an attestation that the Settlement Class Member would not have
5 purchased the Product(s) at that time had the Settlement Class Member known
6 that the Product(s) in question was/were not entirely manufactured within the
7 United States of U.S.-made materials;

8 h. an attestation that the Settlement Class Member has not previously
9 received credit or a refund from TRA for the purchase(s) reflected in the Claim
10 Form;

11 i. the size of the TRA T-Shirt to be distributed in fulfillment of the
12 Claim (the Claims Administrator shall provide a drop-down box for online
13 claimants);

14 j. any reason why the Class Member is physically unable to pick up
15 the TRA T-Shirt at a TRA Corporate Store (such as disability, imprisonment, etc.)
16 (the Claims Administrator shall provide a drop-down box for online claimants).

17 This information must be certified under the penalty of perjury with a signature for Claim
18 Forms submitted in paper form, or with an electronic signature, in the form of typed initials, for
19 Claim Forms submitted electronically.

20 4. The Claims Administrator will review each Claim Form submitted by a Class
21 Member to determine whether the Claim Form is valid, and will reject any invalid claims (if
22 any), within thirty (30) days after the expiration of the Claims Period. The Claims
23 Administrator shall report all such determinations of invalidity to Class Counsel during weekly
24 updates to Class Counsel.

25 5. The Claims Administrator shall evaluate each valid claim to determine whether
26 the purchase was made in-store or online, the proximity of the claimant's residence to a TRA
27 Corporate Store, and any reason why the claimant cannot pick up the TRA T-Shirt in person at a
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1 TRA Corporate Store. The Claims Administrator shall within a reasonable time notify the class
2 members of the appropriate distribution methods as described in Section D of this Agreement.

3 6. If Defendant disputes a Claim, they must notify the claimant in writing by mail no
4 later than forty-five (45) days after the expiration of the Claims Period, stating the reasons for the
5 rejection. The claimant will have fifteen (15) days after the notice is mailed to present in writing
6 by mail additional information or evidence in support of his or her Claim. If a claimant timely
7 provides such additional information or evidence, Defendant will either (i) approve the Claim; or
8 (ii) advise Class Counsel that Defendant continues to dispute the Claim. The Court will retain
9 jurisdiction regarding disputed Claims. If Class Counsel and Defendant cannot agree on the
10 resolution of any disputed Claim, final determination of disputed Claims will be made by the
11 Court. Class Counsel and Defendant will exercise best efforts to submit any such disputed
12 Claims to the Court in batches.

13 Any claimant, who is rejected by Defendant pursuant to this Paragraph, shall not be
14 bound by any judgment entered in connection with this settlement. A list of persons who
15 constitute rejected claimants shall be filed with the Court by Defendant's Counsel before the date
16 for the hearing on final approval.

17 7. Class Members who do not return a Claim Form postmarked on or before the final
18 day of the Claims Period will remain Class Members and be bound by this Settlement.

19 8. The Claims Administrator shall be responsible for, and shall bear the costs of: (i)
20 establishing the Settlement Website; (ii) providing notice to potential class members; (iii)
21 processing claims by potential class members; (iv) determining eligibility of potential class
22 members for receipt of proceeds and shipping by mail; (v) informing class members where and
23 how to receive their TRA T-Shirt; (vi) shipping, where appropriate, TRA T-Shirts to Class
24 Members; and (vii) preparing and submitting such documentation and declarations as are
25 reasonably necessary to obtain judicial approval of the settlement.

26 9. Upon the Effective Date, TRA shall pay claims administration fees up to \$75,000,
27 which will include, but is not limited to, the costs of distribution of TRA T-Shirts to claimants,
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1 as described in Section D(2) of this Agreement. Any claims administration fees in excess of
2 \$75,000 shall be paid by Plaintiff's counsel from its own fees.

3 **G. FEES AND EXPENSES OF CLASS COUNSEL; CLASS REPRESENTATIVE**
4 **INCENTIVE AWARD**

5 1. Class Counsel shall file a motion with the Court for an award of Attorneys' Fees,
6 reimbursement of actual expenses, and an award of a class representative enhancement fee
7 against TRA.

8 2. These papers may include references to highly sensitive trade secret information
9 such as sales and product information provided to Class Counsel by TRA during discovery
10 and/or in support of the parties' settlement efforts and to the extent that Plaintiffs' counsel
11 reasonably believes information contained in the chart is necessary to obtain judicial approval, it
12 shall submit a declaration under seal detailing generally the information and will submit specific
13 information if, and only if, directed to do so by the Court.

14 3. Such a motion shall be heard at the Final Approval Hearing (or at any other time
15 deemed appropriate by the Court). Class Counsel shall file this motion consistent with the
16 timing requirements set forth in California Rules of Court, Rule 3.764 (i.e., 28 calendar days
17 before the date of the hearing).

18 4. Defendant reserves the right to file an opposition to the above-referenced
19 motion(s). Defendant, however, agrees *not* to oppose a request by Plaintiffs' counsel of an
20 award of attorneys' fees and expenses not to exceed \$250,000.00, and/or an award of an
21 incentive fee to Plaintiff that does not exceed \$5,000.00. The payment of Attorneys' Fees,
22 reimbursement of actual expenses, and an award of a class representative incentive fee (if any)
23 will be paid by TRA in addition to the settlement consideration to the Settlement Class. If
24 approved, payment of Attorneys' Fees and reimbursement of expenses and the incentive award
25 will be paid within ten (10) business days of the Effective Date.

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1 **H. FINAL APPROVAL HEARING**

2 1. Hearing Date: Pursuant to the Preliminary Approval Order, the Court will hold a
3 Final Approval Hearing on a date to be set by the Court.

4 2. Briefing Schedule: Any briefs in support of final approval by Class Counsel or
5 Defendant shall be submitted not less than fourteen (14) court days before the Final Approval
6 Hearing, unless otherwise agreed by the parties or ordered by the Court. Class Counsel will file
7 a Memorandum of Points and Authorities requesting recommendations of final approval of the
8 Settlement by the Court, including a determination by the Court: (i) that the Settlement be
9 approved as fair, reasonable and adequate; (ii) that Class Counsel have adequately represented
10 the interests of the Settlement Class; (iii) that the Settlement Class, excluding those persons who
11 exercise their right to opt out of participation in the Settlement, will be certified; and (iv) that the
12 Final Approval Order approving the Settlement substantially in the form of Exhibit D and the
13 Judgment in substantially the form of Exhibit E, should be entered. The Final Approval Hearing
14 may be continued from time to time as necessary without further notice to the Settlement Class.

15 3. Consequences of Non-Approval: If the Court does not grant final approval of the
16 settlement reflected in this Agreement, any certification of any Settlement Class will be vacated
17 and the Parties will be returned to their positions with respect to the Action as if the Agreement
18 had not been entered into. In the event that Final Approval is not achieved: (a) any Court orders
19 preliminarily or finally approving the certification of any class contemplated by this Agreement
20 shall be null, void, and vacated, and shall not be used or cited thereafter by any person or entity;
21 and (b) the fact of the settlement reflected in this Agreement, shall not be used or cited thereafter
22 by any person or entity, including any manner whatsoever, including without limitation any
23 contested proceeding relating to the certification of any class. However, the failure by the Court
24 to approve the Attorneys' Fee and expense award and/or class representative award in the
25 amount agreed upon by the Parties shall not be a material event justifying the option to withdraw
26 from this Settlement.

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1 **I. OBJECTION**

2 1. Any Class Member who has not timely requested exclusion may appear at the
3 Final Approval Hearing to show cause why the Court should not approve this Settlement and
4 dismiss the Action with prejudice, and may appear at the hearing to support or oppose Class
5 Counsel's request or application for Attorneys' Fees.

6 2. For a Class Member to have objections considered, the Class Member must file
7 any objections and all papers in support of such objections with the Court in the time set forth in
8 the Notice, which will be no later than sixty (60) days after entry of Preliminary Approval Order.
9 All such written objections shall be served on Class Counsel and Defendant's Counsel. The
10 filing of any objection will not extend the time within which a member of the Settlement Class
11 may file a request for exclusion from the settlement.

12 3. Any objection must include: (1) the Class Member's complete name and
13 residence or business address (giving the address of any lawyer who represents the Class
14 Member is not sufficient); (2) a statement that the Class Member falls within the definition of the
15 Settlement Class, including the approximate date the Class Member purchased the Product; and
16 (3) each ground for comment or objection and any supporting papers the Class Member desires
17 the Court to consider (i.e., a mere statement that "I object" will not be deemed-sufficient).

18 **J. OPT-OUT RIGHTS OF MEMBERS OF THE SETTLEMENT CLASS**

19 1. Any member of the Settlement Class may request exclusion from this class action
20 settlement by first class mail, personally signed, and stating unequivocally that he/she wishes to
21 be excluded from this class action settlement. Any request for exclusion must be mailed to Class
22 Counsel and Defendant's Counsel, postmarked on or before sixty (60) days after Preliminary
23 Approval Order, and referring, in the request for exclusion, to the name and number of the
24 Action, *Hofmann v. True Religion Apparel, Inc.*, Case No. 37 -201400041658-CU-BT-CTL.
25 Such request shall state the name, address and phone number of the person requesting exclusion
26 and that such person elects to be excluded from this litigation. The person requesting exclusion
27 must sign the request for exclusion personally. No member of the Settlement Class who chooses
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1 to be excluded may submit a Claim Form. Any member of the Settlement Class who chooses to
2 be excluded and who provides the requested information will not be bound by any judgment
3 entered in connection with this Settlement but shall not be entitled to pursue relief against TRA
4 in the form of a class action on behalf of him or herself and others. A list of persons who
5 requested exclusion shall be filed with the Court by the Claims Administrator before the date of
6 the Final Approval Hearing.

7 2. If more than two hundred (200) Class Members request exclusion, then Defendant
8 shall have the unilateral right, in its sole discretion, to withdraw from this Settlement Agreement.
9 That unilateral right to withdraw must be exercised within ten (10) days of TRA's receipt of
10 notification that the number of individuals validly requesting exclusion exceeds two hundred
11 (200); Defendant's unilateral right to withdraw is waived if not so exercised.

12 **K. RELEASES**

13 1. In addition to the effect of any final judgment entered in accordance with this
14 Settlement Agreement, upon this Settlement becoming final, Defendant, and the Released
15 Persons will be released and forever discharged from any and all actions, claims, demands,
16 rights, suits, and causes of action of any kind or nature whatsoever against the Released Persons,
17 including damages, costs, expenses, penalties, and attorneys' fees, whether at law or equity,
18 known or unknown, foreseen or unforeseen, developed or undeveloped, direct, indirect or
19 consequential, liquidated or unliquidated, arising under common law, regulatory law, statutory
20 law, or otherwise, based on federal, state, or local law, statute, ordinance, regulation, code,
21 contract, common law, or any other source, or any claim that Plaintiff or Class Members ever
22 had, now have, may have, or hereafter can, shall or may ever have against the Released Persons
23 in any other court, tribunal, arbitration panel, commission, agency or before any governmental
24 and/or administrative body, or any other adjudicatory body, on the basis of, connected with,
25 arising from or in any way whatsoever relating to actions or omissions in manufacturing,
26 advertising, marketing, labeling, packaging, promotion, sale and distribution of the Products,
27 and/or any claims or omissions regarding the geographic location any Product and/or any

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1 component of any Product was manufactured, assembled and/or created, from date TRA started
2 selling in California to the Effective Date, including, without limitation, those which have been
3 asserted or which could reasonably have been asserted by the Class Members against the
4 Defendant in this Action or any other threatened or pending litigation asserting claims of the
5 nature encompassed by this release, and any claims arising after the date of final approval which
6 could be asserted based on labels or marketing in existence as of the date of final approval of the
7 Agreement.

8 Defendant and its parents, subsidiaries and affiliated corporations, partnerships and
9 businesses, past, present and future, and all of their past, present and future trustees, directors,
10 officers, shareholders, partners, agents, employees, representatives, attorneys, insurers, hereby
11 releases Plaintiff Sonia Hofmann and her counsel from any claims of abuse of process, malicious
12 prosecution, or any other claims arising out of the institution, prosecution, assertion, or
13 resolution of this Action, including, but not limited to, claims for attorneys' fees, costs of suit, or
14 sanctions of any kind.

15 2. Each Class Member and Defendant expressly waives the provisions of Section
16 1542 of the California Civil Code (and all other like provisions of law) to the full extent that
17 these provisions may be applicable to the releases in paragraph K (1). California Civil Code,
18 Section 1542, provides:

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

22 3. Subject to the above, each Class Member or Defendant may hereafter discover
23 facts other than or different from those which he, she, or it knows or believes to be true with
24 respect to the claims being released. Nevertheless, each Class Member and Defendant hereby
25 expressly waive and fully, finally and forever settle and release, upon this Settlement becoming
26 final, any known or unknown, contingent or non-contingent claim in any way relating to the
27 subject matter of the claims being released in paragraph K (1), whether or not concealed or
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1 hidden, without regard to subsequent discovery or existence of such different or additional facts.

2 **L. FORCE AND EFFECT OF SETTLEMENT**

3 1. In the event that this Settlement does not become final in accordance with the
4 terms hereof, then this Settlement Agreement will be of no force or effect, except that the parties
5 hereto agree that this Settlement Agreement, including its exhibits, and any and all negotiations,
6 drafts of settlement documents and discussions associated with it, will be without prejudice to
7 the rights of any party, will be inadmissible in evidence against any party, and further will not be
8 deemed or construed to be an admission or evidence of any violation of any statute or law or of
9 any liability or wrongdoing by Defendant, or of the truth of any of the claims or allegations
10 contained in any complaint or any other pleading filed in the Action or any other action, and
11 evidence thereof will not be discoverable or used directly or indirectly in any way, whether in the
12 Action or in any other action or proceeding. Plaintiff and Defendant expressly reserve all of
13 their rights and preserve all applicable defenses if this Settlement does not become final in
14 accordance with the terms of this Settlement Agreement. In the event this Settlement is
15 terminated, the Settlement Agreement and all matters leading up to or related to the Settlement
16 are confidential settlement communications inadmissible under California Code of Evidence §
17 1152(a) or and any and all other applicable federal and/or state laws. The provisions of this
18 paragraph will survive and continue to apply to Defendant and each member of the Settlement
19 Class, even if the Court does not approve the Settlement, or the Court's approval of this
20 Settlement is set aside on appeal, or Defendant withdraws from the Settlement Agreement.
21 Notwithstanding the foregoing, this Settlement Agreement may be used or admitted into
22 evidence against any party as to whom this Settlement Agreement is being enforced.

23 **M. MISCELLANEOUS PROVISIONS**

24 1. This Settlement Agreement will be binding upon and inure to the benefit of the
25 successors of the parties hereto. Without limiting the generality of the foregoing, each and every
26 covenant and agreement herein by Plaintiffs and Class Counsel will be binding upon all Class
27 Members.

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1 2. This Settlement Agreement contains the entire, complete and integrated statement
2 of each and every term and provision agreed to by and among the parties, superseding all
3 previous negotiations and understandings, including, but not limited to, the April 1, 2015 Letter
4 of Intent and may not be contradicted by evidence of any prior or contemporaneous agreement.
5 The Parties are not subject to any condition not provided for herein. This Settlement Agreement
6 may be amended or modified only by a written instrument signed by Class Counsel and
7 Defendant's Counsel. Amendments and modifications may be made without additional notice to
8 the Class Members unless such notice is required by the Court.

9 3. Any inconsistency between this Settlement Agreement and the exhibits attached
10 hereto will be resolved in favor of the Settlement Agreement.

11 4. The determination of the terms of, and the drafting of, this Agreement have been
12 by mutual agreement after negotiation, with consideration by and participation of all Parties
13 hereto and their counsel. None of the parties hereto will be considered to be the drafter of this
14 Settlement Agreement or any provision hereof for the purpose of any statute, case law or rule of
15 interpretation or construction that would or might cause any provision to be construed against the
16 drafter thereof.

17 5. All terms of this Settlement Agreement and the exhibits hereto will be governed
18 by and interpreted according to the substantive laws of the State of California without regard to
19 its choice of law or conflict of laws principles.

20 6. Defendant and each Class Member hereby irrevocably submit to and agree not to
21 contest the exclusive jurisdiction of the Court and agree that the Court is a proper venue and
22 convenient forum, for purposes of any suit, action, proceeding or dispute arising out of or
23 relating to this Settlement Agreement and/or the exhibits hereto.

24 7. Neither this Agreement nor the Settlement, nor the releases given herein, nor any
25 consideration therefor, nor any act performed or document executed pursuant to or in
26 furtherance of this Agreement or the settlement: (i) is or may be deemed to be or may be used as
27 an admission of, or evidence of, the validity of any released Claim, or defense, or any point of
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1 fact or law alleged in the Action, or of any wrongdoing or liability of Defendant, or of the
2 propriety of maintaining the Action as a class action; or (ii) is or may be deemed to be or may be
3 used as an admission, concession, presumption, or inference of any wrongdoing by the Released
4 Persons in any proceeding in any court, administrative agency, or other tribunal, except such
5 proceedings as may be necessary to consummate, interpret, or enforce this Agreement. Further,
6 Defendant may file this Agreement or the Judgment in any action that may be brought against
7 any Released Person in order to support a defense or counterclaim based on principles of *res*
8 *judicata*, collateral estoppel, release, good faith settlement, judgment bar, or reduction or any
9 other theory of claim preclusion or issue preclusion or similar defense or counterclaim. In the
10 event the provisions of this Settlement Agreement are asserted by Defendant as a defense, in
11 whole or in part, to any claim or cause of action or otherwise raised as an objection in any suit,
12 action or proceeding by a Class Member, it is hereby agreed that Defendant will be entitled to a
13 stay of that suit, action or proceeding until the Court has entered a final judgment no longer
14 subject to any appeal or review determining any issues relating to the defense or objection based
15 on such provisions.

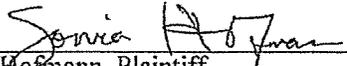
16 8. This Agreement shall not be subject to collateral attack by any Settlement Class
17 Member or any recipient of the notices to the Settlement Class after the Judgment is entered.
18 Such prohibited collateral attacks shall include claims made before the Final Approval hearing
19 that a Settlement Class Member failed to receive timely notice of the settlement or failed to
20 submit a timely dispute letter for any reason.

21 9. This Settlement Agreement may be executed in counterparts. Facsimile
22 signatures will be considered as valid signatures as of the date hereof, although the original
23 signature pages will thereafter be appended to this Settlement Agreement.

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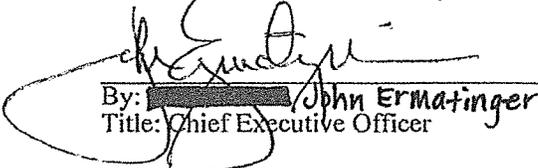
1 IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties have
2 caused this Settlement Agreement to be executed by their officers or representatives hereunto
3 duly authorized, effective as of the date first above mentioned. In so doing, the parties expressly
4 agree to and intend to be legally bound by this Settlement Agreement.

5 Dated: June 30, 2015


Sonia Hoffmann, Plaintiff

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7 Dated: 7/6/15

TRUE RELIGION APPAREL, INC.

8
9 
By:  John Ermatinger
Title: Chief Executive Officer

10
11 
By: Eric Bauer
Title: Chief Financial Officer

12
13 APPROVED AS TO FORM:

14
15 DATED: 7-7, 2015

SKADDEN, ARPS, SLATE, MEAGHER & FLOM,
LLP

16
17
18 By: 
Jason D. Russell
SKADDEN, ARPS, SLATE, MEAGHER &
FLOM, LLP
Attorneys for: TRUE RELIGION APPAREL, INC.

19
20
21 DATED: June 30, 2015

DEL MAR LAW GROUP, LLP

22
23 By: 
John H. Donboli
JL Sean Slattery
DEL MAR LAW GROUP, LLP
Attorneys for: Plaintiffs and the Settlement
Class