

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK
Securities and Exchange Commission

v.

Collins & Aikman Corporation, David A. Stockman, J. Michael Stepp, Gerald E. Jones, David R. Cosgrove, Elkin B. McCallum, Paul C. Barnaba, John G. Galante, Christopher M. Williams, and Thomas V. Gougherty

Civil Action No. 1:07-cv-02419-JMF

**SUMMARY DISTRIBUTION PLAN NOTICE OF COLLINS & AIKMAN FAIR FUND
ESTABLISHED BY THE SECURITIES & EXCHANGE COMMISSION (“SEC”)**

If you purchased or acquired Collins & Aikman common stock (the “Eligible Securities”) during the period from February 21, 2002 through May 17, 2005 (the “Relevant Period”), you may be eligible to recover from the Collins & Aikman Fair Fund.

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.

YOU MAY BE ELIGIBLE FOR RECOVERY FROM THE COLLINS & AIKMAN FAIR FUND.

THIS NOTICE CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS.

What this Case is About

On March 26, 2007, the Securities and Exchange Commission (“SEC”) filed a complaint alleging that Collins & Aikman Corporation (“Collins & Aikman”), David A. Stockman, J. Michael Stepp, David R. Cosgrove, Elkin B. McCallum, Paul C. Barnaba, John G. Galante, Gerald E. Jones, Christopher M. Williams, and Thomas V. Gougherty (collectively, the “Defendants”) violated Section 17(a) of the Securities Act of 1933 (“Securities Act”), Sections 10(b) and 13(a) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rules 10b-5, 12b-20, 13a-11, and 13a-13 thereunder. The Complaint alleged that for more than three years from the fourth quarter of 2001 until early 2005, Collins & Aikman and several of its former officers and employees, entered into numerous improper “round-trip” transactions with Elkin B. McCallum (“McCallum”), a member of Collins & Aikman’s Board of Directors and a supplier to the Company, knowing that they were intended to improperly inflate Collins & Aikman’s earnings and provided Collins & Aikman with false documents to justify the improper accounting. The Complaint further alleged that Collins & Aikman also inflated its quarterly earnings by improperly recognizing in income numerous rebates received from suppliers in return for anticipated future business and other benefits and improperly recorded discounts on equipment as rebates for past purchases of non-capital goods or services. According to the Complaint, Collins & Aikman and its executives knowingly or recklessly played important roles in connection with the McCallum round-trip transactions, the supplier rebate scheme, or both.

On April 20, 2010, the Court entered a Final Judgment as to Defendant Stockman, ordering him to pay disgorgement and prejudgment interest of \$2.4 million and a civil penalty of \$400,000 to the Court. On or about April 28, 2010, Defendant Stockman paid \$2.8 million to the Clerk of the Court and the funds were deposited into the Court Registry Investment System.

By order dated December 2, 2019, a Fair Fund was established for the \$2.8 million, along with any accrued interest and earnings thereon, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002 and a Tax Administrator, Miller Kaplan Arase LLP, was appointed to fulfill the tax obligations of the Fair Fund. By order dated December 3, 2019, the Court appointed Epiq Class Action & Claims Solutions, Inc. as the Distribution Agent to assist in developing a Distribution Plan to distribute monies in the Collins & Aikman Fair Fund to investors harmed by the violations alleged in the Complaint.

On March 4, 2020, the SEC submitted a Distribution Plan to the Court for approval. The Court approved the Distribution Plan in its entirety on March 4, 2020.

Who is Eligible for Compensation

You must satisfy certain eligibility criteria that are described in detail in the Distribution Plan and the Plan of Allocation,

attached to the Distribution Plan as Attachment A. These documents are available on the Collins & Aikman Fair Fund website at www.SECvCollinsandAikmanFairFund.com. Those criteria include the following:

1. You must have purchased or acquired Collins & Aikman common stock (the “Eligible Securities”) during the period from February 21, 2002 through May 17, 2005 (the “Relevant Period”).
2. Your approved transactions must calculate to a Total Eligible Loss Amount and your Distribution Payment must equal or exceed \$10.00.
3. **You are excluded from participation in the Collins & Aikman Fair Fund if you are:**
 - A defendant named in the Complaint;
 - A member of the immediate family of any of the individual defendants named in the Complaint;
 - A firm, trust, partnership, corporation, present or former officer, director or other individual or entity in which any of the defendants named in the Complaint have a controlling interest or which is related to or affiliated with any of the defendants named in the Complaint;
 - The legal representatives, heirs, successors-in-interest or assigns of any such excluded persons or entities;
 - Persons or entities whose only acquisition of Eligible Securities during the Relevant Period was via gift or inheritance if the person from which the Eligible Securities were received did not themselves acquire the Eligible Securities during the Relevant Period; and/or
 - The Distribution Agent, its employees, and those persons assisting the Distribution Agent in its role as the Distribution Agent.

How to Obtain Compensation

You can file a Proof of Claim Form by mailing the completed form to:

SEC v. Collins & Aikman Fair Fund
P.O. Box 10668
Dublin, OH 43017-9368

You must complete and sign the Proof of Claim form and submit it to the Distribution Agent so that it is postmarked (or if not sent by U.S. Mail, received) no later than **July 17, 2020**.

If you have any questions, or if you would like to receive a Proof of Claim Form in the mail, you may call (833)-991-1534 in the United States, send an email to Questions@SECvCollinsandAikmanFairFund.com, or visit www.SECvCollinsandAikmanFairFund.com.