IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA

__________, Individually and On Behalf of All Others Similarly Situated, Plaintiff, v. WINNEBAGO INDUSTRIES, INC., MICHAEL HAPPE, and BRYAN HUGHES, Defendants.	Case No. CLASS ACTION COMPLAINT FOR VIOLATION OF THE FEDERAL SECURITIES LAWS JURY TRIAL DEMANDED CLASS ACTION

Plaintiff __________ ("Plaintiff"), individually and on behalf of all other persons similarly situated, by Plaintiff's undersigned attorneys, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff's own acts, and upon information and belief as to all other matters based on the investigation conducted by and through Plaintiff's attorneys, which included, among other things, a review of U.S. Securities and Exchange Commission ("SEC") filings by Winnebago Industries, Inc. ("Winnebago," or the "Company"), as well as media and analyst reports about the Company and Company press releases. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein.

NATURE OF THE ACTION

1. This is a class action on behalf of persons or entities who purchased publicly traded Winnebago securities between June 20, 2024 and September 23, 2024 inclusive (the "Class Period"). Plaintiff seeks to recover compensable damages caused by Defendants' violations of the federal securities laws under the Securities Exchange Act of 1934 (the "Exchange Act").

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C. §78aa).

4. This Court has jurisdiction over each defendant named herein because each defendant has sufficient minimum contacts with this judicial district so as to render the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

5. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged misstatements entered and the subsequent damages took place in this district.

6. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of a national securities exchange. Defendants disseminated the statements alleged to be false and misleading herein into this district, and Defendants solicited purchasers of Winnebago securities in this district.

PARTIES

7. Plaintiff, as set forth in the accompanying Certification, purchased Winnebago's securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosure.

8. Defendant Winnebago describes itself as follows:

> Winnebago Industries, Inc. is one of the leading North American manufacturers of recreation vehicles ("RV"s) and marine products with a diversified portfolio used primarily in leisure travel and outdoor recreational activities. We also design and manufacture advanced battery solutions that deliver "house power," supporting internal electrical features and appliances for a variety of outdoor products including RVs, boats, specialty and other low-speed vehicles, as well as other industrial applications. We produce our towable RV units in Indiana; our motorhome RV units in Iowa and Indiana; our marine units in Indiana and Florida; and our battery solutions in Florida. We distribute our RV and marine products primarily through independent dealers throughout the U.S. and Canada, who then retail the products to the end consumer. We also distribute our marine products internationally through independent dealers, who then retail the products to the end consumer. Our battery solutions are primarily sold to customers in the U.S.

9. Pertinent to this action is Grand Design, a towable RV brand that the Company acquired in 2016.

10. Defendant Winnebago is incorporated in Minnesota and its principal executive offices are located at 313200 Pioneer Trail, Eden Prairie, Minnesota 55347.

11. Winnebago's shares are listed on the New York Stock Exchange (the "NYSE") under the ticker symbol "WGO."

12. Defendant Michael Happe ("Happe") served as the Company's Chief Executive Officer ("CEO") and President throughout the Class Period.

13. Defendant Bryan Hughes ("Hughes") served as the Company's Chief Financial Officer ("CFO") and Senior Vice Period throughout the Class Period.

14. Defendants Happe and Hughes are collectively referred to herein as the "Individual Defendants."

15. Each of the Individual Defendants:

a) directly participated in the management of the Company;

b) was directly involved in the day-to-day operations of the Company at the highest levels;

c) was privy to confidential proprietary information concerning the Company and its business and operations;

d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;

e) was directly or indirectly involved in the oversight or implementation of the Company's internal controls;

f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or

g) approved or ratified these statements in violation of the federal securities laws.

16. The Company is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

17. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to the Company under *respondeat superior* and agency principles.

18. The Company and the Individual Defendants are referred to herein, collectively, as the "Defendants."

19. Winnebago and the Individual Defendants are referred to collectively as "Defendants."

SUBSTANTIVE ALLEGATIONS

Materially False and Misleading Statements

20. On June 20, 2024, during the Company's Q3 2024 earnings call, Defendant Happe made the following statement:

> Before turning it over to Bryan for the financial review, ***I want to directly address the misinformation that has been disseminated on social media regarding excessive frame flex across the industry***, including a small percentage of our large Solitude Momentum Fifth Wheel products. In each reported case, the Grand Design team and/or its network of dealers have performed a thorough product review and are collaborating directly with impacted customers to resolve any concerns.
>
> The team has also been working directly with our frame supplier, a third-party structural engineering firm and industry experts to continue to ensure that our products and processes meet and exceed industry standards. ***Our commitment to customers is absolute, and we continue to stand behind every product we build.***
>
> To reinforce that commitment, we recently extended our frame warranty to five years on all Grand Design products. Our one year base warranty, three year structural warranty and new five year frame warranty are also transferable to subsequent owners during the warranty period based on the original purchase date.
>
> These warranties will continue to be honored retroactively from the date of original purchase beginning with model year 2020. ***Importantly, across Winnebago Industries, three core values guide how we operate every day. Do the right thing, put people first and be the best. These values support our vision to be the trusted leader in premium outdoor recreation and guide interactions with all stakeholders***.
>
> (Emphasis added).

21. The statement in ¶ 20 was materially false and misleading at the time it was made because the Company's Grand Design line of products had

meaningful issues which, when raised by consumers, were oftentimes not adequately addressed. Further, Defendant Happe omitted the lengths that the Company went to in order to prevent public criticism of its RV's, including NDAs.

22. The Q3 2024 earnings call included the following exchange between an analyst and Defendants Happe and Hughes:

> **Analyst**: Got it. And then, any quantification you could give us on the flex frame issue, both the extending of the warranty and the transferability of the warranty. ***It sounds like you don't think it's going to be a meaningful driver to increased warranty expense.*** But so maybe walk us through the major assumptions that lead you to that conclusion. Thanks.
>
> **Happe**: James, this is Mike**. *Let me put this in perspective for everybody. Less than 1% of all Grand Design Fifth Wheels built in the entire history of its company have experienced any sort of excessive frame flex issue*.** This is an issue which is not as large in actuality from a unit impact standpoint nor in financial impact as several stakeholders perceive it to be. The impact of warranty to date in fiscal year '24 regarding excessive frame flex has been nominal. And as Bryan alluded, we are maintaining historical warranty levels now around most of our businesses, including Grand Design.
>
> **Hughes**: Yeah. And just to add a little bit to that. As Mike said, the experience rate is so low on this. ***We do have some, of course, experience where we've seen it, as Mike said, less than 1%.*** Now on those instances where we have seen it, the cost per fix is likewise not meaningful. And then lastly, Grand Design has always taken care of the customers, okay? So call it, goodwill practices. I think most on the call know what that means from an industry perspective.
>
> Even in other words, outside of warranty, Grand Design has historically taken care of customers on these types of issues as well. So it's already effectively in the run rate, we feel this additional warranty that was just extended. So for all those reasons, hopefully, that gives you some perspective on why we think this is not any kind of financial event, call it, as we try to put our customers at ease through this extended warranty.

(Emphasis added).

23. The statements by Defendants Happe and Hughes in ¶ 22 were materially false and misleading at the time they were made because they understated the rate of issues affecting Grand Design RVs and, as a result, understated the Company's financial exposure to warranty claims.

24. The statements referenced in ¶¶ 20 and 22 above were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company's business, operational and financial results, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) As a result of increased RV demand in the wake of the COVID-19 pandemic, Winnebago's Grand Design subsidiary increased its production numbers without adequately controlling for quality control; (2) as a result, Grand Design quality control materially suffered; (3); the foregoing resulted in reputational damage to the Company from consumers, increased litigation risk, and an increase in possible liabilities under Company warranties and (4) as a result, Defendants' public statements were materially false and/or misleading at all relevant times.

The Truth Begins to Emerge

25. On September 23, 2024, during market hours, Hunterbrook Capital

announced that it had taken a short position in Winnebago stock in an article by Hunterbrook Media, an affiliate, which was entitled "'Grand Deception' – Winnebago Muzzles Outcry Over Major Problem That Owners Say Makes RVs Dangerous, Untowable, Worthless." (The "Report").

26. The Report stated that "Winnebago's best-selling Grand Design RVs (~35% of total revenue according to Hunterbrook's analysis) appear to be experiencing widespread frame failure, potentially affecting thousands of units sold for more than a billion dollars. This defect has led to costly damage and potential safety hazards, and rendered some RVs unroadworthy."

27. The Report referenced the post-pandemic demand for RVs previously reported on by *The Indianapolis Star*, which led to heightened demand for RVs. It stated the following, in pertinent part:

> [. . .] RV owners and experts have long accused the RV industry – concentrated in a little-known county of Elkhard, Indiana, dubbed the "RV Capital" – ***of hiding behind a powerful lobby and a lax regulatory environment in Indiana to produce cheap, low-quality products without being held accountable.***
>
> Quality and safety concerns have only grown since the pandemic, when the industry scrambled to meet an unprecedented surge in demand. The RVIA called 2021 "the best year on record," with a record-breaking number of shipments as Americans looked to avoid crowds, replacing air travel and hotels with more social-distance-friendly RVs. Winnebago's deliveries of and revenue from towable RVs grew by 59% and 64% respectively, year on year, in fiscal year 2021, according to its annual statement.
>
> (Emphasis added).

28. However, there was a cost to the industry's post-COVID growth, which manifested itself in terms of quality control. The Report stated the following:

> ***But the pandemic had also led to what the industry association described as "shipping delays, material shortages and a tighter workforce."*** One Winnebago employee said in a 2022 IndyStar investigation that he'd gone "from working on 16 RVs a day to 36 during the pandemic." ***Complaints about the quality of RV models built during those years became so common that the RVs were nicknamed "COVID trailers," the IndyStar reported***.

(Emphasis added).

29. The Report stated that "***Winnebago has used NDAs, buybacks, and online censorship*** to silence complaints about frame failure, potentially violating consumer protection laws, according to conversations with owners and legal experts, as well as a review of deleted social media posts." (Emphasis added).

30. The Report stated that "[l]egal and industry experts told Hunterbrook a recall is overdue. ***One independent repair shop reported that 70% of the Grand Design RVs it inspects suffer from issues with the frame***." It further stated that "[a] certified welder and retired structural stress analysis engineer ***said that of a sample of 10 Grand Design RVs he inspected at campsites while on a road trip, every single one had a broken frame***." (Emphasis added).

31. The Report noted that "[t]he National Highway Traffic Safety Administration, which oversees vehicle safety recalls, has received 125 complaints

about 2020-2023 models, including 91 mentioning frame issues — ***significantly higher than for similar complaints about key competitors***." (Emphasis added).

32. The Report then referenced Defendant Happe's June 2024 comments regarding "misinformation that has been disseminated on social media regarding excessive frame flex[. . .]" and the Company having a "absolute" commitment to its customers, as referenced in ¶ 20 and stated that "[y]et, even as Winnebago publicly dismissed allegations that its RVs were defective and unsafe, behind closed doors, ***it was censoring online discussions of frame failure and pressuring customers into signing agreements not to publicly criticize the company or its brands***." The report noted that "[i]n return, Winnebago ***was allegedly offering to buy back their broken trailer homes***." (Emphasis added).

33. The Report noted that "Grand Design made up an estimated 84% of Winnebago's delivery of towable units and an estimated 35% of Winnebago's total revenue in the last fiscal year, according to Hunterbrook's analysis of company filings and publicly available industry statistics."

34. The Report discussed Greg Carson, a Grand Design RV owner who had signed an NDA in exchange for the remaining balance on his RV loan being paid off after documenting issues with his RV.

35. In contrast to Mr. Carson, the report profiled Pete and Lisa West, who it described as "owners of a 2022 Grand Design Momentum fifth wheel," and

who "have become unexpected leaders in a growing movement of disgruntled RV owners."

36. The Report then stated the following:

> The Wests told Hunterbrook their journey into full-time RVing began — like many others during the pandemic — with dreams of freedom and adventure on the open road.
>
> ***But just months after buying the RV, which cost them $119,000, Pete and Lisa began noticing troubling signs of frame failure that echoed a growing chorus of complaints from other Grand Design owners***.
>
> "We are not the worst case scenario. We're a light, light, light, light, light scenario," Lisa West told Hunterbrook. Pete said he believed their status as social media influencers may have resulted in better service from the company. After getting their RV fixed at the Grand Design service center in Indiana, Pete said, he and Lisa stayed an extra three weeks at a nearby campground to help other Grand Design RV owners coming through to get their frames fixed. "We had to coach them through this, because Grand Design was giving them a lot of runaround," Pete said.
>
> (Emphasis added).

37. As a result, "[i]n March of 2024, the Wests started a Facebook group dedicated to owners of Grand Design RVs experiencing major issues." The Report stated that Pete West told Hunterbrook that he "***could not just sit back and watch so many people be treated so poorly by Grand Design, including placing blame on customers for everything, just to cover up the frame failure issu***es[.]" (Emphasis added). The Report then stated the following:

> The group has rapidly grown to over 5,500 members, with more than 10 posts a day and about 100 new members joining each week. It has become a hub for RV owners to share their experiences without censorship, offer

> support, and collectively push for accountability from Winnebago and Grand Design. Members exchange tips on identifying frame flex issues, navigating the often-frustrating warranty claim process, and documenting their interactions with the company.
>
> The Wests' Facebook group is just one part of a larger online movement that has sprung up around frame failure. There are now more than 30 YouTube channels — with millions of subscribers — discussing frame flex problems, and the focus seems to be on Grand Design RV[.]

38. The Report stated that this "surge in online activism defies Winnebago's efforts to control the narrative." Further, "[m]embers of owners' groups have accused Winnebago of actively censoring posts about frame flex on forums the company manages and using its network of 'Lifestyle Ambassadors' to promote positive messaging while downplaying concerns online."

39. The Report stated the following about the Company's possible litigation exposure as a result of the aforementioned issues with the Grand Design RV:

> Lawsuits Piling Up: One way Winnebago has kept warranty costs down is through policy loopholes that make it hard for customers to receive coverage. According to experts, this may open Grand Design up to legal liability under the Magnuson-Moss Warranty Act. Consumers have already sued Winnebago at least 15 times under this statute in recent years — and settled the vast majority of cases. Consumer law attorneys say this could be a class action suit waiting to happen.

40. Even with the "policy loopholes" mentioned above, the Report noted that warranty claims have gone up over time, stating the following:

> Skyrocketing Warranty Claims: ***Despite the loopholes, warranty claims paid by Winnebago increased by 278%*** between 2017 and 2023.

> Winnebago's accounting appears to be under-provisioning for warranty expenses, which could lead to a significant increase in cost relative to revenue in the near future, ***according to a Hunterbrook analysis by a certified fraud examiner who teaches accounting at NYU and previously held qualitative and quantitative investment roles*** at Two Sigma, Norges Bank Investment Management, and Citadel.
>
> (Emphasis added).

41. The Report stated that "[a]s frame flex issues continue to plague Grand Design RVs, Winnebago is facing a dramatic surge in warranty claims. This increase isn't just a customer service problem — it's a financial issue that the company has highlighted as a significant risk."

42. The Report then stated the following:

> Between 2017 and 2023, Winnebago's warranty costs rose by a staggering 278%. Most of the claims were from Grand Design RVs. In the most recent fiscal year, total warranty claims — at $98 million — were 3.26% of revenue — the highest level seen since 2017.
>
> ***These figures do not appear to include the company's buyouts and repairs done as "goodwill" outside of the warranty — such as the $92,389.51 payoff to Carson — the costs of which appear to be omitted from Winnebago's reserves and financial projections***.
>
> (Emphasis added).

43. The Report said the following about the financial implications of repairs and replacements for Winnebago RVs:

> But while Winnebago is spending far more on repairs and replacements for its RVs than it has in the past, ***its profit margins aren't reflecting these numbers — yet***.
>
> This is because, when Winnebago sells a product with a warranty, like most

other companies, it doesn't just wait for claims to come in and then pay them. Instead, it sets aside money in advance to cover expected future claims. This is called "provisioning" for warranty expenses, and the money set aside is known as the "warranty reserve" or "warranty liability balance."

Historically, Winnebago has been conservative in its approach to warranty provisioning: Between 2017 and 2021, the company typically set aside 107.7% to 143.3% of the amount it paid out in claims each year. In other words, Winnebago was preparing for future claims by reserving more money than it was currently spending on warranties.

However, Hunterbrook's analysis of Winnebago's recent financial statements reveals a concerning shift. In fiscal year 2023, Winnebago's warranty provision dropped to just 1.92% of revenue. This is significantly lower than the 2.04% to 2.63% range seen in previous years. And as a result, the company's warranty reserve now covers only 82.6% of the claims paid in the most recent quarter.

What does this mean in practical terms? Winnebago is setting aside less money to cover future warranty claims, even as those claims are increasing dramatically.

If Winnebago had maintained its fiscal year 2022 provisioning rate of 2.40% in 2023, the company would have set aside an additional $16.8 million for warranty expenses. That's about 6.0% of the company's pretax earnings.

In essence, by reducing its warranty provisions, Winnebago may be overstating its current profitability. More importantly, it may be under-preparing for future warranty expenses, which could lead to significant financial strain if claim rates continue to rise — especially in light of Winnebago's decision to extend its warranty to five years.

(Emphasis added).

44. The Report stated the following about customers who do not feel that the Company respects warranty coverage suing:

A growing number of customers who feel they did not receive adequate

> warranty coverage are suing. Customers have filed at least 15 lawsuits against Grand Design since 2023 — doubled from the previous two years — for its alleged violation of the Magnuson-Moss Warranty Act, a federal law that requires good faith and fair dealing in consumer product warranty provisions.

45. The Report stated that "Grand Design owners are increasingly turning to lawsuits to demand their rights under the Magnuson-Moss Warranty Act, with the number of lawsuits filed since 2023 more than double the total filed in the previous two year":

Case	Cause	File Date	Status
Clark et al v. Grand Design RV, LLC	Magnuson-Moss Warranty Act	4/19/24	Pending
Scott v. Grand Design RV, LLC	Magnuson-Moss Warranty Act And Texas Deceptive Trade Practices Act	1/10/24	Pending
Green et al v. Grand Design RV, LLC	Magnuson-Moss Warranty Act	1/8/24	Pending
Lorenzo v. Grand Design RV, LLC	Magnuson-Moss Warranty Act And Texas Deceptive Trade Practices Act	10/4/23	Pending
Hookey v. Grand Design RV, LLC	Magnuson-Moss Warranty Act	10/4/23	Settled
Semerau v. Grand Design RV, LLC	Magnuson-Moss Warranty Act	9/20/23	Pending
Kennedy et al v. Grand Design RV, LLC	Magnuson-Moss Warranty Act	9/18/23	Settled
Wachel et al v. Grand Design RV, LLC	Magnuson-Moss Warranty Act	9/18/23	Settled
Fleming et al v. Grand Design RV, LLC	Magnuson-Moss Warranty Act	8/8/23	Settled
McKinley v. Grand Design RV, LLC	Magnuson-Moss Warranty Act	8/8/23	Settled
Shepard v. Grand Design RV, LLC	Magnuson-Moss Warranty Act	8/8/23	Settled
Wallukait v. Grand Design RV, LLC	Magnuson-Moss Warranty Act And Texas Deceptive Trade Practices Act	7/28/23	Settled
Kutter v. Grand Design RV, LLC	Magnuson-Moss Warranty Act	7/6/23	Settled
Wachel et al v. Grand Design RV, LLC	Magnuson-Moss Warranty Act	5/15/23	Settled
Schilling v. Grand Design RV, LLC et al	Magnuson-Moss Warranty Act And Texas Deceptive Trade Practices Act	2/23/23	Settled
Chaffin et al v. Grand Design RV, LLC	Magnuson-Moss Warranty Act	12/14/22	Dismissed
Brast et al v. Grand Design RV, LLC	Magnuson-Moss Warranty Act And Texas Deceptive Trade Practices Act	12/14/22	Settled
Rodriguez et al v. Grand Design RV, LLC	Magnuson-Moss Warranty Act	10/8/22	Dismissed
Blankenship et al v. Grand Design RV, LLC	Magnuson-Moss Warranty Act	9/27/21	Dismissed
Duane C. burnham v. Grand Design RV, LLC et al	Magnuson-Moss Warranty Act	8/18/21	Settled
Dodd et al v. Grand Design RV, LLC et al	Magnuson-Moss Warranty Act	8/11/21	Settled
Gorecki v. Grand Design RV, LLC	Magnuson-Moss Warranty Act	4/29/21	Settled

46. The Report said the following about Ronald Burdge, whom it described as a " consumer law attorney who has been helping RV owners for four decades":

> "You just want to get the darn thing fixed so you can get back on the road and enjoy the life they told [you] were going to have with this RV," Burdge said, referring to Grand Design customers warring with Winnebago to get their frame issues fixed.
>
> He believes this could be a class action lawsuit waiting to happen.
>
> "Even if they end up avoiding liability, they're going to end up spending time and effort and money fighting and arguing about all of this, and that is not a smart move." He added, "The stockholders will get hurt, the company will get hurt, and consumers will get hurt."

47. The Report included the following under the heading "customers say the scale and impact of the frame flex issue far exceed company claims":

> RV ownership is not for the faint of heart. Customers go in knowing things are going to break, from water pipes to electric circuits to appliances.
>
> "We knew that it was always going to be something wrong. They kind of beat that into you," Lisa West said. "So we were already in that mindset."
>
> ***Frame failure, however, can cause structural damage that costs tens of thousands of dollars to address. It also potentially compromises the safety of passengers and others on the road***, according to Grand Design owners and RV experts Hunterbrook interviewed.
>
> The problems can seem small on the surface. Loose bolts. Creaky floors. Maybe a different feel to the way the RV is towed. ***But the symptoms often indicate a major structural failure, such as broken steel frames***, a compromised hitch, and the detachment of the RV living spaces from the frame. ***Without being fixed, frame failure could lead to the RV being deemed unroadworthy, or totaled***.
>
> (Emphasis added).

48. The Report further stated:

> Travel and lodging fees during these repairs — which can be a significant burden, especially for people who live in RVs full-time — are not covered

> by the warranty, although sometimes Winnebago covers the expenses out of "goodwill," according to owners on social media and Hunterbrook's review of the warranty.
>
> Owners also frequently grouse about a significant wait time, with authorized dealers and the Grand Design service center often requiring them to wait months on end before they can take in the RV — and additional months to diagnose and fix the problems. Serious frame failure is often beyond the capacity of even authorized dealerships to handle, owners say, requiring the RV to go to Winnebago's service center for Grand Design in Indiana. ***And repairs sometimes have to be repeated because the initial attempts turn out to be faulty, leaving full-time RVers homeless for extended periods***.
>
> Patricia Gigliotti-Kline hasn't been able to repair her Grand Design RV because it would mean forgoing a home. "Trying to take it to a dealership and leaving it there is not an option for us," she told Hunterbrook.
>
> (Emphasis added).

49. The Report stated the following about how inadequate the Grand Design service centers are, and how quickly issues emerge in Grand Design RVs:

> AJ Elliott, owner of a ***2021 Grand Design Momentum that began showing multiple signs of frame failure in 2023, told Hunterbrook he had to send his RV back to the Grand Design service center because the initial repairs were "absolutely unacceptable."*** The company took the repairs more seriously the second time, because ***"I took the front end apart and I embarrassed them on YouTube,"*** said Elliott, who said he has several years of experience in welding and manufacturing.
>
> "It all panned out. But at the same time, too, is that what it takes?"
>
> Handy owners are taking the matter into their own hands. ***Marc Smelser, an experienced welder who said he has owned 15 RVs, found frame issues in his 2022 Grand Design Momentum nine months after purchasing it***. He told Hunterbrook, "This Grand Design RV that I bought — the most expensive one I ever bought — I have done more stuff on it, had to fix more stuff than all the others combined."

> "***And that's not including the frame failure I'm in the middle of fixing right now***."

(Emphasis added).

50. The Report noted that in a June 2024 earnings call, Defendant Happe said that the frame flex issue affected "less than 1% of all RVs" ever produced by Grand Design, but then said the following:

> Independent RV specialists told Hunterbrook that frame failure issues are likely far more prevalent than Winnebago acknowledges. Dustin Simpson, who owns a large RV repair shop in northern California, said there are many more people who have a frame problem than realize it.
>
> He said that "out of every 10 Grand Design RVs" that come into the shop, seven have an I-beam crack. Regarding the company's "1%" claim, he said, "If they were to make this a recall," and ask owners to take their RVs to the dealership to see if they have this problem, "that number's going to just shoot right up."
>
> ***R Royce Henry, who owns numerous RV repair shops in California, similarly said the number one issue they see with Grand Design RVs in his shops is frame failure***.
>
> ***Alan Bergkamp, a certified welder and retired structural stress analysis engineer with 50 years of experience in the industry, said he once decided to do his own survey on some of the Grand Design RVs*** he encountered at campsites while on a road trip.
>
> ***Of the 10 or so he inspected, every single one had a broken frame***.
>
> ***None of the owners knew about the problem, he said. One of the RVs had only traveled "from the Panhandle of Texas to Rock Springs, Wyoming" — a distance that would have put about 660 miles on the new trailer***.

(Emphasis added).

51. The Report contained the following section under the heading "owners and experts say grand design's largest RVs advertised as intended for full-time use the most likely to experience failure":

> ***By many accounts, the most-affected RVs appear to be the super-large fifth wheels preferred by full-time RVers*** — encouraged by Grand Design's own marketing that advertised them as having the space and amenities for full-time RVing. Experts Hunterbrook spoke with say these RVs are just not built for that kind of use.
>
> Elliott said he and his wife Kayla chose to pay significantly more for Grand Design than another model they were considering because "they were advertised as full-time built, they were full-time appropriate, full-time warrantied."
>
> [Alan Bergkamp, a certified welder and retired structural stress analysis engineer with decades of RV industry experience], who made the point several times that frame failure is an industry-wide problem, told Hunterbrook that RVs like the Momentum had grown "longer" and "heavier," ***and Winnebago — like other manufacturers — "never spent the money on engineering" to handle the increased load. "They didn't grow the frame design because it would have dug into margin and to profit," Bergkamp opined. "Takes a lot more money to redesign and … they just didn't plan on people like these full-timers to pull the amount of miles."***
>
> "Every single 310 GKR will fail, if you pull it down the road enough … I promise you," he said, referring to the Grand Design Solitude model he owns. That series, at a little over 34 feet, is the smallest of all Solitude models, with the biggest ones at over 44 feet — longer than a standard shipping container on a semitruck.
>
> (Emphasis added).

52. The Report included the following section under the heading "Grand Design accused of shirking responsibility, while calls for a recall intensify":

> With the frame controversy blowing up on social media, Grand Design has been taking steps to appease customers since earlier this year.
>
> In March 2024, the company issued a technical service bulletin regarding excessive frame flex. TSBs are notices issued by manufacturers for safety issues they don't consider serious enough to warrant a recall. They are sometimes nicknamed "secret warranties" because they are distributed only to service technicians and dealers.
>
> Unlike recalls, TSBs do not obligate the company to notify consumers or pay for the repairs outside of the warranty. Grand Design's TSB also only covers just two of its towable lines — Solitude and Momentum — leaving owners of Reflection models with frame issues angry over the exclusion.
>
> Winnebago also posted on Grand Design's FAQ section some information on excessive frame flex with a disclaimer saying, "This communication is for informational purposes only." It describes the problem as affecting a "small number" of certain Grand Design RVs and lists several issues that could cause it, many of which — road impacts, collisions, load distribution, etc. — shift blame to the customer. Buried at the bottom is another potential contributor to the problem: "manufacturing variations."
>
> The most significant step the company has taken so far was the extension in May 2024 of its three-year limited structural warranty to five years just for the frame. In July, following complaints over a warranty policy that only covered the first owners of the RV, the company also announced that the warranty can be transferred to subsequent owners. "We heard you, and we acted," said Don Clark, a cofounder of Grand Design who now serves as president of the division at Winnebago.
>
> ***But the warranty only helps those who find out about their frame defects in time — and report them within 20 days***.

(Emphasis added).

53. The Report stated that "[w]hat Winnebago has not done — and what many believe the company should do — is recall all the RVs that may be affected by frame failure." Additionally, it included the following section:

"Because of the serious nature, the significant risk that exists, the wise thing to do would be to do a recall," Burdge told Hunterbrook. "Or at the very least, send a letter to all owners … alerting the owners that they are aware of the problem, they are concerned about it, and they are going to deal with it."

Both Simpson and R Royce Henry, independent RV inspectors and repair shop owners, also said they believed a recall is overdue.

"This is a really major issue," Henry said. "If you looked at the percentage of failures on these [RVs] versus, say, an automotive. I've got a Jeep where they just had a recall on the fuel pump. ***And it's a nationwide recall. And it's a smaller percentage of the amount of RVs that are breaking***."

Simpson sees the warranty extension as the company's effort to avoid a much costlier recall. "That way they can just quietly address the people that are, you know, having an issue," he told Hunterbrook. "Imagine how many millions of dollars that's gonna cost just to make a recall. To contact everybody." He also said Winnebago would have to train the dealers, who are currently not equipped to inspect and repair frame flex issues.

(Emphasis added).

54. The Report stated the following about the National Highway Traffic Safety Administration (the "NHTSA"):

Vehicle and RV manufacturers are obligated to report safety issues to the NHTSA. Recalls are usually conducted voluntarily by manufacturers, but the NHTSA can also initiate recalls based on consumer complaints and its own investigation. (Winnebago, like most other vehicle manufacturers, has been subject to multiple recalls in recent years – but no recall focused on frame failure.) Manufacturers often conduct a recall "because of the economic consequences of NHTSA doing its own investigation and concluding that they should have done so," Burdge told Hunterbrook.

"NHTSA, it's basically an open book on what they want to do if they find out the manufacturer should have issued a recall and has not. They can do quite literally almost anything they choose to do."

> ***Hunterbrook is not aware of any official investigation on frame flex by the NHTSA. But Pete West told Hunterbrook that NHTSA officials have been actively reaching out to Grand Design owners, including himself, for information on the frame issue***. West encourages members of his Facebook group to file complaints with the NHTSA, telling them that's the only way they can force the company to do a recall, but he's also expressed frustration with the agency's slow response.
>
> (Emphasis added).

55. The Report stated the following about the number of Grand Design complaints that have been filed with the NHTSA:

> There are currently 125 complaints filed with the NHTSA on Grand Design models from 2020 to 2023, including 91 that specifically mention the word "frame." ***That's significantly higher than key competitors like Thor, which has nearly five times the market share of Grand Design, but only 20 frame-related complaints for its comparable towable RV Jayco and 29 for its Keystone brand***. Several of the Grand Design complaints mention that frame flex has caused their RV doors to fling open, launching their possessions onto the highway and endangering other drivers — a key safety concern for the NHTSA.
>
> ***Even those who find frame problems before the warranty runs out are being met with a litany of excuses why their repairs won't be covered, including some of the most commonly cited ones: that their frame flex is "within specs" or that their problems were caused by too much weight or a lack of maintenance*** — even when independent inspectors have indicated otherwise.
>
> (Emphasis added).

56. The Report noted that "[s]ince 2021, there has been an exodus of talent and leadership from Grand Design to Brinkley RV[.]" The Report described Brinkley RV as "a new RV company founded in 2022 by Grand Design's founder Ron Fenech, as well as two former Grand Design general managers Nate

Goldenberg and Micah Staley, whom Ron Fenech called "two of the best product guys in our industry."

57. The Report also noted that Don Clark, a cofounder of Grand Design who now serves as president of the Grand Design division at Winnebago, had not defected to Brinkley RV and signed a five-year contract with Winnebago in September 2023.

58. The Report noted that just two months before he signed the contract with Winnebago, "***in July 2023, Clark sold 40% of his Winnebago stock***, cashing out about $21 million." The Report noted that "[***i]nsider selling is sometimes viewed by investors as a sign of the leadership's weakened confidence in is company***." (Emphasis added).

59. Winnebago's stock fell $1.35 per share, or 2.28%, to close at $57.76 per share on September 23, 2024.

60. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

1. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons other than Defendants who purchased publicly traded Winnebago securities during the

Class Period, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company and its subsidiaries, members of the Individual Defendants' immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

2. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Winnebago securities were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds, if not thousands of members in the proposed Class.

3. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

4. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

5. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

a) whether the Exchange Act was violated by Defendants' acts as alleged herein;

b) whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the financial condition and business of the Company;

c) whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;

d) whether the Defendants caused the Company to issue false and misleading filings during the Class Period;

e) whether Defendants acted knowingly or recklessly in issuing false filings;

f) whether the prices of Winnebago securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and

g) whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

6. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

7. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

a) Winnebago shares met the requirements for listing, and were listed and actively traded on the NYSE, an efficient market;

b) As a public issuer, the Company filed periodic public reports;

c) Winnebago regularly communicated with public investors via established market communication mechanisms, including through the regular dissemination of press releases via major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;

d) Winnebago's securities were liquid and traded with moderate to heavy volume during the Class Period; and

e) The Company was followed by a number of securities analysts employed by major brokerage firms who wrote reports that were widely distributed and publicly available.

8. Based on the foregoing, the market for Winnebago securities promptly digested current information regarding the Company from all publicly available sources and reflected such information in the prices of the securities, and Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

9. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information as detailed above.

COUNT I
Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder Against All Defendants

10. Plaintiff incorporates all the foregoing by reference.

11. This Count is asserted against Defendants is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

12. During the Class Period, Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

13. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

- employed devices, schemes and artifices to defraud;
- made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of Winnebago securities during the Class Period.

14. Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These

Defendants by virtue of their receipt of information reflecting the true facts of the Company, their control over, and/or receipt and/or modification of Winnebago's allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning the Company, participated in the fraudulent scheme alleged herein.

15. Individual Defendants, who are or were the senior officers and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or other Winnebago personnel to members of the investing public, including Plaintiff and the Class.

16. As a result of the foregoing, the market price of Winnebago securities was artificially inflated during the Class Period. In ignorance of the falsity of Defendants' statements, Plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of Winnebago securities during the Class Period in purchasing Winnebago securities at prices that were artificially inflated as a result of Defendants' false and misleading statements.

17. Had Plaintiff and the other members of the Class been aware that the market price of Winnebago's securities had been artificially and falsely inflated by

Defendants' misleading statements and by the material adverse information which Defendants did not disclose, they would not have purchased Winnebago's securities at the artificially inflated prices that they did, or at all.

18. As a result of the wrongful conduct alleged herein, Plaintiff and other members of the Class have suffered damages in an amount to be established at trial.

19. By reason of the foregoing, Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the plaintiff and the other members of the Class for substantial damages which they suffered in connection with their purchase of Winnebago's securities during the Class Period.

COUNT II
Violations of Section 20(a) of the Exchange Act
Against the Individual Defendants

20. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

21. During the Class Period, the Individual Defendants participated in the operation and management of the Company, and conducted and participated, directly and indirectly, in the conduct of Winnebago's business affairs. Because of their senior positions, they knew the adverse non-public information regarding the Company's business practices.

22. As officers of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Winnebago's financial condition and results of operations, and to correct promptly any public statements issued by the Company which had become materially false or misleading.

23. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which the Company disseminated in the marketplace during the Class Period concerning the Company's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause the Company to engage in the wrongful acts complained of herein. The Individual Defendants, therefore, were "controlling persons" of the Company within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Winnebago securities.

24. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by the Company.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, on behalf of herself and the Class, prays for judgment and relief as follows:

a) declaring this action to be a proper class action, designating Plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and designating plaintiff's counsel as Lead Counsel;

b) awarding damages in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, together with interest thereon;

c) awarding Plaintiff and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

d) awarding Plaintiff and other members of the Class such other and further relief as the Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Respectfully submitted,

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