

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

|  |   |                              |
|--|---|------------------------------|
| DAVID RONGE, Individually and on Behalf<br>of All Others Similarly Situated, | ) | Case No.                     |
|  | ) |                              |
| Plaintiff,   | ) | <u>CLASS ACTION</u>          |
|  | ) |                              |
| vs.  | ) |                              |
|  | ) |                              |
| CAMPING WORLD HOLDINGS, INC.,  | ) |                              |
| MARCUS A. LEMONIS, THOMAS F.   | ) |                              |
| WOLFE, BRENT L. MOODY, STEPHEN   | ) |                              |
| ADAMS, CRESTVIEW PARTNERS II GP,   | ) |                              |
| L.P. and CRESTVIEW ADVISORS, L.L.C.,   | ) |                              |
|  | ) |                              |
| Defendants.  | ) |                              |
|  | ) |                              |
| _____  | ) | <u>DEMAND FOR JURY TRIAL</u> |

COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS

Plaintiff David Ronge (“plaintiff”) 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 Camping World Holdings, Inc. (“Camping World” or the “Company”), Company press releases and earning calls, and analyst and media reports about the Company. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

### **SUMMARY OF THE ACTION**

1. This is a federal securities class action on behalf of all purchasers of Camping World Class A common stock between March 8, 2017 and August 7, 2018, inclusive (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “1934 Act”).

2. Camping World has long been majority owned and controlled by its Chairman and Chief Executive Officer (“CEO”), Marcus Lemonis (“Lemonis”), and private equity firm Crestview Partners II GP, L.P. (“Crestview”) and its affiliates. Historically, the Company specialized in selling recreational vehicles (“RVs”) and related services such as travel assist programs, emergency roadside assistance, property and casualty insurance programs, extended vehicle service contracts, and vehicle financing and refinancing. In October 2016, defendants took Camping World public in a \$261 million initial public offering (the “IPO”). In the months that followed the IPO, defendants emphasized the Company’s earnings growth and profit potential as Camping World engaged in a number of strategic acquisitions. Most significantly, in May 2017, Camping World announced that it would be expanding its operations to include retail stores for outdoor sporting supplies and accessories by acquiring certain assets of Gander Mountain Co. (“Gander”) from bankruptcy.

3. This securities fraud class action arises from materially false and misleading statements made by defendants during the Class Period regarding Camping World’s financial

performance, including its historical financial results and its integration and operation of the newly acquired Gander stores. In addition, defendants fraudulently concealed material weaknesses in the Company's disclosure controls and internal controls over financial reporting, which contributed to the artificial inflation of Camping World's reported 2016 basic earnings per share ("EPS") by over 37%. These misrepresentations were used to further a massive insider selling scheme. At the same time that defendants were misleading investors, Company insiders, including certain of the defendants, sold over \$530 million worth of Camping World Class A shares at artificially inflated prices.

4. Then, in a series of startling corrective disclosures, Camping World revealed, *inter alia*: (i) that it needed to withdraw and restate its prior financial statements for 2016 and the first three quarters of 2017; (ii) that the integration and rollout of the Gander stores had suffered severe operational setbacks; (iii) that, rather than increasing profitability as represented, the Gander stores were negatively impacting margins; and (iv) that the Company had fallen far behind previously provided 2018 earnings figures. Camping World abruptly changed its auditor of 13 years soon after the Company admitted its prior financial statements were materially misstated and its internal controls suffered from material weaknesses. During a quarterly conference call, defendant Lemonis characterized the behind-the-scenes chaos in the rollout of the Gander stores as a "giant shit show," belying his earlier statements that initial store openings had demonstrated "very promising" trends and been "unbelievable[y]" well managed.

5. Ultimately, defendant Lemonis would admit that he had made "mistakes" in his communications with investors and that he was unprepared to make fulsome disclosures after taking Camping World public because, as he put it, he was "used to holding all my cards so I can sucker punch my competitor." As a result of the corrective disclosures, the Company's Class A common stock, which had traded above \$47 per share during the Class Period, fell to \$19.04 per share by the

end of the Class Period, causing investors to suffer hundreds of millions of dollars in losses. By contrast, defendants profited handsomely from their fraud by selling hundreds of millions of dollars' worth of Camping World Class A stock at artificially inflated prices.

### **JURISDICTION AND VENUE**

6. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the 1934 Act, 15 U.S.C. §§78j(b) and 78t(a), and Rule 10b-5, 17 C.F.R. §240.10b-5, promulgated thereunder by the SEC.

7. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and §27 of the 1934 Act.

8. Venue is proper in this District pursuant to §27 of the 1934 Act and 28 U.S.C. §1391(b). Many of the acts charged herein, including the dissemination of materially false and misleading information, occurred in substantial part in this District. In addition, the Company's corporate headquarters are located in this District.

9. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

### **THE PARTIES**

10. Plaintiff David Ronge purchased Camping World Class A common stock at prices artificially inflated by defendants' fraud, as detailed in the Certification attached hereto and incorporated herein.

11. Defendant Camping World is a major retailer of RVs and outdoor supplies and accessories headquartered in Lincolnshire, Illinois. The Company's Class A common stock trades on the NYSE under the ticker symbol "CWH."

12. Defendant Marcus A. Lemonis (“Lemonis”) served as Chairman of the Board and CEO of Camping World throughout the Class Period.

13. Defendant Thomas F. Wolfe (“Wolfe”) served as Chief Financial Officer (“CFO”) of Camping World throughout the Class Period.

14. Defendant Brent L. Moody (“Moody”) served as Chief Operating Officer (“COO”) of Camping World throughout the Class Period.

15. Defendant Stephen Adams (“Adams”) served as a director of Camping World throughout the Class Period.

16. The defendants referenced above in ¶¶12-15 are collectively referred to herein as the “Individual Defendants.”

17. Defendant Crestview Partners II GP, L.P. (“Crestview”) is a private equity firm headquartered in New York, New York. Throughout the Class Period, Crestview and its affiliates held a substantial ownership stake in the Company and, together with Lemonis, controlled its actions. Crestview also has significant agreements and financial arrangements with the Company, both directly and through various affiliates.

18. Defendant Crestview Advisors, L.L.C. (“Crestview Advisors”) is a registered investment adviser to private equity funds, including the funds affiliated with Crestview that invested in Camping World.

19. Defendants Crestview and Crestview Advisors, together with their affiliates, are collectively referred to herein as the “Crestview Defendants.” The Crestview Defendants, together with defendant Lemonis, controlled and exercised substantial influence over Camping World throughout the Class Period. Such access, in turn, provided the Crestview Defendants with inside information regarding Camping World’s business, financial performance and outlook. For example,

the Company's 2017 annual report on Form 10-K characterized Camping World as a "controlled company," stating in pertinent part:

Pursuant to the terms of the Voting Agreement, Marcus Lemonis, through his beneficial ownership of our shares directly or indirectly held by ML Acquisition and ML RV Group, and certain funds controlled by Crestview Partners II GP, L.P., in the aggregate, have more than 50% of the voting power for the election of directors, and, as a result, we are considered a "controlled company" for the purposes of the New York Stock Exchange (the "NYSE") listing requirements. As such, we qualify for, and rely on, exemptions from certain corporate governance requirements, including the requirements to have a majority of independent directors on our board of directors, an entirely independent nominating and corporate governance committee, an entirely independent compensation committee or to perform annual performance evaluation of the nominating and corporate governance and compensation committees.

### **BACKGROUND**

20. Founded in 1966, Camping World provides a portfolio of services for RV enthusiasts, including vehicles, protection plans, products and resources. In addition to the Camping World brand, the Company also owns Good Sam, which cross-sells products and services to RV owners and an RV membership service through its Good Sam Club. In 2011, the Company combined with FreedomRoads, an RV dealership helmed by defendant Lemonis.

21. In October 2016, Camping World conducted the IPO, raising \$261 million (less underwriter fees and discounts) and appointed defendant Lemonis as Chairman and CEO of the public company.

22. At the time of the IPO, defendant Lemonis and the Crestview Defendants jointly owned and controlled Camping World. Through pre-IPO transactions entered into with Camping World and its subsidiaries, these defendants entrenched their majority ownership interests and ability to control the Company even after the IPO and even if their exposure to the economic risks of share ownership substantially declined.

23. Specifically, defendants instituted a multi-share class structure with Class A, B and C shares. Only the Class A shares were publicly traded, while the Class B and C shares had no

economic interest but provided voting rights. Through their ownership of Class A, B and C shares, defendant Lemonis and the Crestview Defendants held majority voting control over the Company. Outside investors, meanwhile, only held Class A shares and voting interest in the Company, but were subject to a majority of the economic risk.

24. In addition, defendant Lemonis and the Crestview Defendants had the right to appoint a majority of Camping World's nine-member board of directors (the "Board"). Pursuant to a Voting Agreement, the Crestview Defendants maintained the right to appoint up to four directors to Camping World's Board, defendants Lemonis and Adams had the right to appoint up to four directors through their indirect ownership of certain entities, and defendant Lemonis had the right to appoint one director through his ownership of the only Class C share.<sup>1</sup>

25. Defendants Crestview and Lemonis also maintained ownership interests in CWGS Enterprises, LLC ("CWGS"), a predecessor entity that continued to own Camping World's pre-IPO assets. Camping World maintained only a 22.1% economic interest in CWGS, with the remainder being owned by defendant Lemonis, the Crestview Defendants and their affiliates.

26. As stated in the IPO prospectus, the rights of the Crestview Defendants and Adams and Lemonis enabled these defendants to approve "transactions that may not be in the best interests of holders of our Class A common stock" or "prevent the consummation of transactions that may be in the best interests of holders of our Class A common stock."

#### **DEFENDANTS' MATERIALLY FALSE AND MISLEADING STATEMENTS DURING THE CLASS PERIOD**

27. The Class Period begins on March 8, 2017. On that date, Camping World issued a release announcing its results for the fourth quarter and year ended December 31, 2016 (the "FY 2016 Release"). The FY 2016 Release stated that during the fourth quarter the Company had

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<sup>1</sup> Under the Voting Agreement, the number of directors these parties were entitled to appoint decreased if they decreased their ownership of Camping World stock.

achieved basic EPS of ***\$0.11***.<sup>2</sup> For Camping World's full 2016 fiscal year, the FY 2016 Release stated that the Company had achieved basic EPS of ***\$0.11***.

28. On March 13, 2017, Camping World filed its 2016 financial results on Form 10-K with the SEC (the "2016 10-K"). The 2016 10-K repeated the financial information provided in the FY 2016 Release and specifically repeated the ***\$0.11*** basic EPS figure.

29. In addition, the 2016 10-K stated that defendants Lemonis and Wolfe had "***evaluated, as of the end of the period covered by this Annual Report on Form 10-K, the effectiveness of [Camping World's] disclosure controls and procedures***" and "***concluded that [the Company's] disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2016.***" The 2016 10-K also stated that "***significant resources and management attention***" had been devoted to ensuring Camping World complied with its obligations to maintain effective internal controls over financial reporting during a transitional grace period, but did not disclose any identification of material weaknesses in those controls. Instead, the 2016 10-K stated, "***There was no change in our internal control over financial reporting . . . identified in connection with the evaluation of our internal control performed during the fiscal quarter ended December 31, 2016, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.***" In addition, the 2016 10-K stated that the consolidated financial statements contained therein were "***prepared and presented in accordance with accounting principles generally accepted in the U.S. ('GAAP').***" Collectively, the actionable statements in this paragraph are referred to herein as the "Internal Controls and GAAP Compliance Statements."

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<sup>2</sup> Unless otherwise noted, emphasis has been added to the specific statements in this section alleged to be false and misleading.



30. Defendants Lemonis, Wolfe and Adams signed the 2016 10-K. Defendants Lemonis and Wolfe also certified that the 2016 10-K was accurate, not misleading and free from fraud, with both signing certifications that stated:

1. I have reviewed this Annual Report on Form 10-K of Camping World Holdings, Inc.;

2. *Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;*

3. *Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;*

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) *Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;*

(b) [Omitted]

(c) *Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;* and

(d) *Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;* and

5. *The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):*

(a) *All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information;* and

(b) *Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.*

31. On May 1, 2017, Camping World issued a release announcing that the Company had been chosen as the winning bidder at a bankruptcy auction for certain assets of Gander and its Overton's boating business (the "Gander Acquisition Release"). The Gander Acquisition Release also stated that Camping World would only operate profitable stores with an "*extreme*" focus on profit growth and cost control in the acquired assets, stating in pertinent part:

Marcus Lemonis, Chairman and CEO of Camping World, stated, "the Gander Mountain and Overton customer and their affinity to the outdoor lifestyle are the perfect complement to our Camping World business. The structure of our deal provides much flexibility and *will not only allow us to refine the inventory selection and select only those stores which are profitable or we believe have a clear path to profitability, but will also allow us to immediately offer our comprehensive portfolio of services, protection plans, products and resources to the existing Gander Mountain and Overton customer base and in stores in which we elect to operate.* While we are obligated to assume a minimum of seventeen leases, *our designation rights will allow us to operate stores and retain employees at a number to maximize profitability.*"

The structure of the transaction will allow Camping World to immediately operate the Overton's business as a going concern upon closing the transaction this month and the liquidators to immediately commence the sale of Gander Mountain inventory at Gander Mountain locations. Lemonis added, "the liquidation of the existing Gander Mountain inventory will allow us to start with a clean slate of what we consider the appropriate mix and level of inventory, including the addition of Camping World and Overton offerings where appropriate, and *our lease designation rights will allow us to select only those stores in appropriate locations with appropriate cost structures.*"

Brent Moody, Chief Operating Officer of Camping World, stated, "*Camping World's plan is to immediately right size the inventory and operate only in retail locations with occupancy costs that we believe support profitable operations, with an extreme focus on corporate overhead and expenses, consistent with our other operating segments.*"

32. On May 4, 2017, Camping World filed its quarterly report on Form 10-Q with the SEC for the quarter ended March 31, 2017 (the “1Q17 10-Q”). The 1Q17 10-Q contained essentially the same *Internal Controls and GAAP Compliance Statements* as in ¶29. The 1Q17 10-Q was also signed by defendant Wolfe and contained *signed certifications* by defendants Lemonis and Wolfe in substantially the same form as in ¶30 certifying that the 1Q17 10-Q was accurate, not misleading and free from fraud.

33. On May 8, 2017, Camping World issued a release providing an update regarding the Gander acquisition (“Gander Update Release”). The Gander Update Release again stated that Camping World would initially open only profitable stores, with a goal to open seventy or more such stores. The Gander Update Release stated in pertinent part:

On May 5, 2017, CWI, Inc., an indirect wholly-owned subsidiary of Camping World, entered into an asset purchase agreement (the “Agreement”) with Gander Mountain. As part of the Agreement, Camping World obtained the right to designate any real estate leases for assignment to Camping World or other third parties and *initially plans to operate stores that it believes have a clear path to profitability*. Marcus Lemonis, Chairman and CEO of Camping World, stated “after reviewing the stores in more detail since our successful [sic] bid in the bankruptcy process, our current goal is operate seventy or more, locations subject to, among other things, our ability to negotiate lease terms with landlords on terms acceptable to us and approval of the Bankruptcy Court. The current liquidation of the existing Gander Mountain inventory will allow us to start with a clean slate of what we consider the appropriate mix and level of inventory, including the addition of Camping World and Overton’s offerings where appropriate.”

34. On May 26, 2017, Camping World filed the prospectus for a secondary offering of Camping World Class A shares on Form 424B4, which incorporated a registration statement for the offering filed on Form S-1 on March 29, 2017, and amended May 9 and 22, 2017 (collectively, the “May Secondary Offering Registration Statement”). The May Secondary Offering Registration Statement included and incorporated the fiscal year 2016 financial information provided in the 2016 10-K and specifically repeated the *\$0.11* basic EPS figure. The May Secondary Offering Registration Statement was signed by defendants Lemonis, Wolfe and Adams.

35. On August 10, 2017, Camping World issued a release announcing its results for the quarter ended June 30, 2017 (the “2Q17 Release”). The 2Q17 Release quoted defendant Lemonis, who stated that the Gander acquisition was successfully allowing Camping World to capture a broader market opportunity:

*“We delivered exceptional record-breaking results in the second quarter. . . . We believe these results clearly demonstrate the power and leverage of our unique operating model, which sells a comprehensive portfolio of products and services across a growing database of consumers being driven by our national network of retail locations that cater to RV, boating and outdoor enthusiasts. While our business model has traditionally been focused on the RV owner, we see a much broader opportunity to leverage our products and services across the larger base of outdoor lifestyle consumers.”*

36. That same day, Camping World filed its quarterly report on Form 10-Q with the SEC for the quarter ended June 30, 2017 (the “2Q17 10-Q”). The 2Q17 10-Q contained essentially the same *Internal Controls and GAAP Compliance Statements* as in ¶29. The 2Q17 10-Q was also signed by defendant Wolfe and contained *signed certifications* by defendants Lemonis and Wolfe in substantially the same form as in ¶30 certifying that the 2Q17 10-Q was accurate, not misleading and free from fraud.

37. Also on August 10, 2017, Camping World hosted an earnings conference call to discuss the 2Q17 results in which defendants Lemonis and Wolfe participated. During the call, defendant Lemonis stated that, with the Company’s acquisition of the Gander assets, it had laid “the foundation to be an outdoor juggernaut.” Defendant Lemonis continued: “But to be very clear, *we are still looking for things that have significant earnings behind them, that have significant principles in terms of EBITDA margin contribution consistent with our existing business. This is not a goal to just add revenue to add revenue.*” As a result, defendant Lemonis represented that Gander would be significantly accretive to the Company’s earnings.

38. On October 23, 2017, Camping World filed the prospectus for another secondary offering of Camping World Class A shares on Form S-1 with the SEC, which was amended on

October 25, 2017 and incorporated a prospectus for the offering filed on Form 424B4 on October 27, 2017 (collectively, the “October Secondary Offering Registration Statement”). The October Secondary Offering Registration Statement included and incorporated the fiscal year 2016 financial information provided in the 2016 10-K and specifically repeated the **\$0.11** basic EPS figure. The October Secondary Offering Registration Statement was signed by defendants Lemonis, Wolfe and Adams.

39. On November 9, 2017, Camping World issued a release announcing its results for the quarter ended September 30, 2017 (the “3Q17 Release”). Defendant Lemonis was quoted in the release as stating: “We are very pleased with our third quarter results and the continued strength in the underlying trends across our business. . . . *Looking ahead, we believe we are well positioned to continue gaining share in the RV market and broadening our reach across the outdoor lifestyle consumer market.*”

40. That same day, Camping World filed its quarterly report on Form 10-Q with the SEC for the quarter ended September 30, 2017 (the “3Q17 10-Q”). The 3Q17 10-Q contained essentially the same *Internal Controls and GAAP Compliance Statements* as in ¶29. The 3Q17 10-Q was also signed by defendant Wolfe and contained *signed certifications* by defendants Lemonis and Wolfe in substantially the same form as in ¶30 certifying that the 3Q17 10-Q was accurate, not misleading and free from fraud.

41. Also on November 9, 2017, Camping World hosted an earnings conference call to discuss the 3Q17 results in which defendants Lemonis and Wolfe participated. During the call, defendant Lemonis reiterated that the Company would only open Gander stores with a “*clear path to profitability*” and that he and the rest of management had to date carefully and successfully conducted the integration of Gander assets with a focus on favorable contributions to earnings and profitability, stating in pertinent part:

We feel – Brent Moody and I have really been at the forefront of negotiating those leases. And as we said from day one, we – ***the Company will not sign up for any leases that we believe don't give us more than a clear path to profitability; profitability, quite frankly, on a four-wall basis that's consistent with our EBITDA margin expectation, like we currently operate at.***

One of the things that we've done is we've elected to shrink the size of the boxes that the Company currently – historically had. When they were boxes that were 80,000, 90,000, 100,000, we elected to pass on those because we didn't – after analysis, did not like the turning of the inventory and the margins associated with that and the return on capital. And so, a lot of the stores that we elected to take have low rent factors but have slightly smaller footprints: 30,000, 40,000, 50,000, as opposed to 60,000, 70,000, 80,000. ***We believe that we're going to be able to generate solid sales, but more importantly, solid profitability out of those.***

But let me remind everybody that ***the reason that we did the Gander acquisition, the reason we did Overton's, in addition to wanting to have a profitable business segment***, was to touch more customers, to put them into our database, to sell more club memberships and credit cards. And we believe that the size of the box, consistent with the size of the market, will give us that yield that we were looking for.

And our goal is to really continue to grow that database. And we should see a nice uptick by maybe 2% for 3% in the growth of the file over the next 24 months, in addition to what our historical trend was.

***We could have probably opened the stores a little earlier.*** But for Brent and I and the management team, it was about getting the leases right, getting the merchandising right, getting the customer experience right. And what we want to do is sell experience. And what we won't do is do what some other outdoor retailers have done, which is just sell on price all the time. We believe we have to start with service after the sale as our lead, as opposed to selling solely and singularly on price. So we're very excited about next year.

I don't have a specific forecast of where we'll be in 2018 because the stores are going to stagger their opening. We're going to work to get 15 to 20 – I think it's going to be closer to 15 – in the first-quarter open. We want to open them profitability and intelligently, but they are going to layer in over the year.

One of the things that everybody on this call knows is ***I do not set any expectations that I do not think I can absolutely hit.*** And it is our expectation that in 2019 that business will do somewhere north of \$300 million of revenue. But more importantly, ***much more importantly, we think the contribution from those 60-some stores would be in the 8% EBITDA margin range. That is our focus; it's maximizing the EBITDA margin on the revenue.***

Is there a possibility that the revenue could be higher than that \$300 million? You bet. But right now what we're focused on is the terms, the return on capital, the

margins, the customer experience; and, most importantly, capturing names in the database and selling them products.

42. On January 4, 2018, Camping World issued a release providing an initial list of 69 Gander stores it planned to open in 2018 (the “Gander Initial Stores Release”). The Gander Initial Stores Release quoted defendant Lemonis as stating that Camping World had been “*working tirelessly over the past 6 months to get the locations prepared,*” with “top notch” employees, and that he and the rest of Camping World management were “*extremely excited to begin the rapid opening process and hope to open all locations this spring.*” The Gander Initial Stores Release again reiterated defendant Lemonis’s claim that the stores would be operated with a “*clear path to profitability.*”

43. The statements referenced in ¶¶27-42 above were materially false and/or misleading when made because they failed to disclose the following adverse facts pertaining to the Company’s business, operations and financial condition, which were known to or recklessly disregarded by defendants:

(a) that the Company lacked effective disclosure controls and internal controls over financial reporting throughout its business and operations, which had subjected the Company’s historical financial information to numerous errors and misstatements in every quarterly reporting period since the IPO, including failures to properly: (i) defer a portion of roadside assistance policies; (ii) apply vendor rebates against related inventory balances; (iii) allocate intercompany revenue from new and used vehicles to consumer services and plans; and (iv) allocate intercompany markup costs applicable to new and used vehicles;

(b) that the Company’s internal controls suffered from numerous material weaknesses, including: (i) deficient tax controls; (ii) inadequate accounting policies and procedures in its FreedomRoads reporting segment; and (iii) ineffective transaction-level and management-review controls over the valuation of trade-in unit inventory;



(c) that the Company's historical financial results had not been prepared and reported in accordance with GAAP;

(d) that, as a result of the numerous errors, misstatements and material weaknesses listed in (a)-(c) above, the Company's basic EPS for the period ended December 31, 2016 was actually only \$0.08 per share, rather than the \$0.11 represented, an overstatement of more than 37%;

(e) that the Company's integration and rollout of new Gander locations suffered from rampant and costly dysfunctions and inefficiencies, including, *inter alia*, setbacks related to IT infrastructure, inventory management, logistics management and distribution systems;

(f) that, rather than being rolled out in a disciplined manner to maintain EBITDA margins and ensure profitability, the Gander stores had been rushed to open, despite encountering integration setbacks related to Camping World's IT infrastructure, inventory, logistics and distribution systems, which had resulted in significantly higher than anticipated pre-opening costs being incurred to generate new store revenues, which thereby adversely impacted the Company's earnings growth and profit margins;

(g) that, as a result of (a)-(f), the Company's ability to maintain its historical EBITDA margin and grow adjusted EBITDA and profits had been materially impaired, even as the Company's debt load had ballooned as a result of the Gander acquisition and rollout.

44. Moreover, Item 303 of SEC Regulation S-K, 17 C.F.R. §229.303(a)(3)(ii) ("Item 303"), requires defendants to "[d]escribe any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on the sales or revenues or income from continuing operations." The failure of Camping World's quarterly SEC filings on Form 10-Q to disclose that the acquisition and integration of the Gander stores had materially impaired the Company's ability to grow and maintain historical earnings and profit



margins violated 17 C.F.R. §229.303(a)(3)(ii), because these undisclosed facts were known to defendants and would (and did) have an unfavorable impact on the Company's sales, revenues and income from continuing operations.

45. In addition, the Company's periodic financial reports filed with the SEC acknowledged the material importance to investors of maintaining adequate internal disclosure controls and controls over financial reporting and of successfully opening and integrating the Company's recently acquired Gander and Overton's stores, and the adverse consequences to the Company that "*may*" occur "*if*" it failed to do so. However, the Company's SEC filings failed to disclose that material weaknesses *already* existed in its disclosure controls and controls over financial reporting and that it had *already* experienced substantial problems in its integration and rollout of the Gander and Overton's stores, which had adversely impacted the Company's ability to maintain and grow adjusted EBITDA and profits, rendering those conditional statements themselves materially misleading.

46. Then, from February 27 to March 1, 2018, Camping World revealed a host of accounting errors, material internal control weaknesses and the need to delay the filing of its 2017 annual financial report. On February 27, 2018, the Company issued a release announcing its financial results for the fourth quarter and full year ended December 31, 2017 (the "FY 2017 Release"). The FY 2017 Release revealed that the Company had "recently identified material weaknesses in [its] internal control over financial reporting." The FY 2017 Release also revealed that Camping World would need to revise prior reporting periods due to various "errors," including: (i) the lack of deferral of a portion of roadside assistance policies sold with the sale of vehicles; (ii) the application of a portion of certain vendor rebates against the related inventory balances; (iii) the elimination of the intercompany allocation of certain revenue from new and used vehicles to consumer services and plans; and (iv) the allocation of the intercompany markup between costs

applicable to new and used vehicles. The cumulative impact of these misstatements required the Company to restate and reduce its 2016 basic EPS from \$0.11 per share to \$0.08 per share, as the prior reported basic EPS had been overstated by more than 37%. Thereafter, on March 1, 2018, Camping World announced that it would be unable to timely file its 2017 Form 10-K due to expected “material weaknesses in its internal control over financial reporting relating to the insufficient documentation of certain accounting policies and procedures within the Company’s retail segment, and ineffective transactional level and management review controls over the valuation of used trade-in inventory.”

47. On this news, the price of Camping World stock declined. Between February 26, 2018 and March 2, 2018, the price of Camping World Class A common stock dropped \$4.63 per share, or more than 10%, on abnormally high trading volume.

48. At the same time, however, defendants concealed adverse sales and earnings trends and severe operational setbacks and cost inefficiencies from the Gander rollout in order to mitigate further stock price declines. For example, the FY 2017 Release stated that during the quarter, Camping World’s adjusted EBITDA had increased 76% to \$65.3 million and its same-store sales (“SSS”) had increased 11.9% to \$655.3 million, including an 18.6% increase in new vehicle SSS, but failed to disclose deceleration in the Company’s core RV sales or the threat to the Company’s earnings and profit growth posed by the Gander acquisition that had occurred in early 2018. To the contrary, defendant Lemonis was quoted in the release as stating that positive sales and earnings trends had continued into the new year and that the Company was successfully implementing its Gander strategy. The FY 2017 Release stated in pertinent part:

Marcus Lemonis, Chairman and Chief Executive Officer, stated, “***We had a very strong fourth quarter and fiscal year and are pleased with the continued performance of our business and underlying trends in the RV market.*** Demand for towable and smaller recreational vehicles remained strong throughout 2017, and we made the strategic decision to carry a little more inventory in order to drive volumes and gain market share in the final months of the year. This decision paid off and we

generated record fourth quarter revenue and Adjusted EBITDA. In the fourth quarter, revenue increased 33% to \$889 million, Adjusted Pro Forma Net Income increased 113% to \$22 million, and Adjusted EBITDA increased 76% to \$65 million.”

Mr. Lemonis continued, “*The trends that we have been talking about for the past year remain strong and continue to drive our business.* Our focus on towables and the lower priced segment of the RV market allows us to sell to a much wider and more diverse group of consumers than ever before. We see a lot of similarities between the outdoor consumer and the RV consumer, and we believe there is a significant opportunity to continue diversifying our business as these lifestyles converge. Over the past year, we have acquired a number of outdoor and active sports businesses that give us access to a more diverse base of outdoor lifestyle customers. Overton’s, Gander Outdoors, TheHouse.com, Uncle Dan’s, W82 and Erewhon all come with great talent, great products and a loyal customer following that we believe we can leverage over time through cross-selling and cross-promotions. *We began opening our first Gander Outdoors stores in December 2017 and are pleased with the early trends, including Good Sam Club conversion rates at these stores.*”

49. Also on February 27, 2018, Camping World hosted an earnings conference call to discuss the fourth quarter and full year 2017 results in which defendants Lemonis and Wolfe participated. In his prepared remarks, defendant Lemonis provided an update on the Company’s Gander acquisition. Defendant Lemonis stated that Camping World was raising the number of expected store openings to 72 stores, that it was “*being very calculated and disciplined*” and only opening stores with “*a clear path to profitability*,” and that the trends he had witnessed to date were “*very promising*,” stating in pertinent part:

We opened our first Gander Outdoors store in December and currently have 11 stores up and running. *Early trends in these stores have been very promising and we’re seeing healthy early conversion rates of Gander customers to our Good Sam Club and our Good Sam credit card.* Our plan is to open nearly 72 Gander Outdoor stores by mid-June.

*As I’ve said many times, we’re being very calculated and disciplined in how we open stores and how we manage this business. We are only interested in operating stores that we believe have a clear path to profitability.* We’ve aggressively negotiated rents, diversified the mix of merchandise, added a service department and layered out – on a number of new benefits and savings to our Good Sam Club for the Gander Outdoors and Overton’s customers. Our goal is not just to sell the products that we carry in stores and online, but to grow our customer file, expand our base of Good Sam Club members and then cross-sell the broad array of

products and services into a growing and increasing base of customers and Good Sam Club members. That has always been our business model and it will continue to be as we continue to diversify.

In closing, I want to congratulate our existing team members for their hard work and their dedication in the last year. A lot of growth and a lot of change. And we welcome our new team members to what is sure to be a very exciting 2018.

50. During the call, defendant Lemonis also provided the Company's expected financial results for 2018, including adjusted EBITDA in the range of ***\$431 million to \$441 million***, which represented an 8% to 10% increase over 2017 adjusted EBITDA. He stated that there would only be ***\$30 million*** in preopening expenses related to Gander store openings and that Gander would not ***"have much impact on the company's adjusted EBITDA in 2018."*** He stated in pertinent part:

Our initial outlook for 2018 calls for revenue in the \$4.8 billion to \$5 billion range and an ***adjusted EBITDA in the range of \$431 million to \$441 million***. These estimates include approximately \$400 million in revenue for the outdoor and active sports business and ***\$30 million in preopening expenses for the Gander Outdoors stores***.

***We do not anticipate that Gander Outdoors stores will have much impact on the company's adjusted EBITDA in 2018.*** With the Gander Outdoors stores opening in the first half of the year and their peak selling season being the third and fourth quarters, we would expect the Gander Outdoors stores to be a drag on the adjusted EBITDA in the first half of the year and accretive in the second half of the year.

We are not looking to provide quarterly guidance on a go-forward basis. But with the seasonality of this business changing from the outdoor space – from the outdoor and RV space over the course of the year, I want to give you a little flavor of what it will look like quarter-by-quarter from an EBITDA perspective.

\$70 million to \$72 million is our expectation for the first quarter. \$154 million to \$161 million for the second quarter; \$129 million to \$133 million for the third quarter; and \$72 million to \$75 million in the fourth quarter.

51. When asked by an analyst "how conservative that guidance really is," defendant Lemonis stated that he would not provide guidance that the Company was not on track to meet and that the most important metric for investors was adjusted EBITDA and profitability. He responded in pertinent part:

I – you guys have been with me in this environment for a year now. *I’m a “put up what you can absolutely do and you better darn well deliver” kind of guy.* I know that we have to report it in the segments and everybody does the math the way you just did it. But we wanted to pick a revenue number that we knew we can hit. *But more importantly, that does not steer us away from our focus on profitability.* We’re not going to make acquisitions just to hit top line. We’re not going to open stores just to hit top line. We’re not going to do anything just to hit top line. And everybody laughed at me on the roadshow, I don’t care about revenue. It was our goal over 1 year ago to get to \$400 million. We fell like \$300,000 to \$400,000 short. *It is our goal to continue to focus on profitability and to continue to return on – get a return on capital that is, what we think, what maybe we define it as world class.* So top line may come. *But what I’m really focused on is how do I beat \$435 million to \$440 million?* How do I do that in a way that doesn’t compromise our inventory, doesn’t compromise our customer or our staff? And I know that’s probably not what the marketplace wants to hear, but if I make an acquisition that does \$5 million in revenue and makes \$1 million, that’s more important to me than \$10 billion that makes \$1 billion. So Tom was very good at getting me harnessed to give him a revenue number with the team. *But my number that I want you to focus on is how’s Marcus and the team going to get to \$440 million.* That’s our goal. And that may not be, Dave, that may not be the answer you want, but that’s – ultimately, that’s how – everybody that you represent, everybody that I work for, the shareholders, that’s how they get paid.

52. Later on in the call, defendant Lemonis stated: “*As these stores open, our management team at Overton’s and Gander have been unbelievable.*”

53. Thereafter, on March 13, 2018, Camping World belatedly filed its 2017 annual financial report on Form 10-K with the SEC (the “2017 10-K”). In the 2017 10-K, Camping World stated that its “previously issued consolidated financial statements as of and for the year ended December 31 2016, and as of and for the three months ended March 31, 2017, three and six months ended June 30, 2017 and three and nine months ended September 30, 2017 . . . should no longer be relied upon.” Camping World also revealed in a Form 8-K filed that day that it had identified the following material weaknesses in its internal controls over financial reporting: “i) the Company’s tax control related to the realization of deferred tax assets was ineffective . . . , ii) certain accounting policies and procedures related to corporate accounting functions within FreedomRoads, which operates the Company’s RV dealerships, were not sufficiently documented and/or executed to be considered effective, and iii) certain of the Company’s transaction level and management review

controls over the valuation of trade-in unit inventory were not effective.” As a result, Camping World stated that its disclosure controls and procedures were not effective as of December 31, 2016, March 31, 2017, June 30, 2017, September 30, 2017 and December 31, 2017, and that its internal controls over financial reporting were not effective as of December 31, 2017.

54. In addition, the 2017 10-K made positive representations about Camping World’s growth strategy and outlook, and in particular about the Company’s purported growth through its Gander operations. The 2017 10-K stated in pertinent part:

Growth Strategies and Outlook

\* \* \*

As discussed above, while we have traditionally focused on the RV-centric outdoor enthusiasts, *we believe there is significant opportunity for us to offer our comprehensive portfolio of services, protection plans, products and resources beyond the traditional RV enthusiasts to a broader group of outdoor and active sports enthusiasts who enjoy hunting, fishing, boating, non-RV camping, biking, snow skiing, snowboarding, sailboarding, skateboarding and other outdoor active sports and activities.* By expanding our array of products and services to include outdoor products, apparel and gear, and active sportswear and gear to target this broader group of outdoor and active sports enthusiasts, and by enhancing the benefits of membership in our Good Sam Club to provide additional benefits and savings to this broader group of outdoor and active sports enthusiasts, we believe we have the opportunity to expand our base of Active Customers and enhance the long-term value of the Good Sam consumer services and plans. *Consistent with this new strategy, we made several strategic acquisitions in the retail space in 2017 and early 2018, including Gander Mountain, and Overton’s, Active Sports, Inc., W82, Uncle Dan’s Outfitters and Erewhon Mountain Outfitter. As of December 31, 2017, we were operating two Gander Outdoors stores, two Overton’s retail stores, two Active Sports locations, two W82 locations, and five Uncle Dan’s locations. We plan to operate a total of 74 Gander Outdoors stores by May 2018.*

55. The 2017 10-K was signed by defendants Lemonis, Wolfe and Adams and contained *signed certifications* by defendants Lemonis and Wolfe in substantially the same form as in ¶30 certifying that the 2017 10-K was accurate, not misleading and free from fraud.

56. The statements referenced in ¶¶48-52, 54-55 above were materially false and/or misleading when made because they failed to disclose the following adverse facts pertaining to the

Company's business, operations and financial condition, which were known to or recklessly disregarded by defendants:

(a) that the Company's integration and rollout of new Gander locations suffered from rampant and costly dysfunctions and inefficiencies, including, *inter alia*, setbacks related to IT infrastructure, inventory management, logistics management and distribution systems;

(b) that, rather than being rolled out in a disciplined manner to maintain EBITDA margins and ensure profitability, the Gander stores had been rushed to open, despite encountering integration setbacks related to Camping World's IT infrastructure, inventory, logistics and distribution systems, which had resulted in significantly higher than anticipated pre-opening costs being incurred to generate new store revenues, which thereby adversely impacted the Company's earnings growth and profit margins;

(c) that the Company's core RV business was experiencing decelerating growth as the Company lagged industry trends and was losing market share to competitors;

(d) that, as a result of (a)-(c), the Company's ability to maintain its historical EBITDA margin and grow adjusted EBITDA and profits had been materially impaired, even as the Company's debt load had ballooned as a result of the Gander acquisition and rollout; and

(e) that, as a result of (a)-(d), the Company was not on track to achieve 2018 adjusted EBITDA of \$431 million to \$441 million and defendants had no reasonable basis to believe and did not believe that Camping World would achieve these estimates.

57. Moreover, the failure of Camping World's 2017 10-K to disclose the facts listed in ¶56 violated Item 303 because these undisclosed facts were known to defendants and would (and did) have an unfavorable impact on the Company's sales, revenues and income from continuing operations.



58. In addition, the 2017 10-K acknowledged the material importance to investors of successfully integrating Camping World's recently acquired Gander and Overton's stores, and the adverse consequences to the Company that "*may*" occur "*if*" it failed to do so. However, the 2017 10-K failed to disclose that Camping World had *already* experienced substantial problems in its integration and rollout of Gander and Overton's stores which had adversely impacted the Company's ability to maintain and grow its adjusted EBITDA and profitability, rendering those conditional statements themselves materially misleading.

59. On May 8, 2018, Camping World reported disappointing financial results for the quarter ended March 31, 2018. During the quarter, Camping World's adjusted EBITDA had decreased 0.1% to \$71.8 million and its adjusted EBITDA margin had decreased 139 basis points to 6.8%. In addition, the Company revealed adverse trends in its core RV business, as SSS increased only 3.9% and new vehicle SSS increased only 1.6%, far below the industry average of over 8% during the quarter – an indication that the Company had lost significant market share to its competitors.

60. During the conference call to discuss the quarterly results, defendant Lemonis essentially admitted that new Gander store openings had been rushed due to his desire to open the stores as quickly as possible to boost revenues, despite encountering increased costs at the expense of profits. Defendant Lemonis revealed that the Company needed to slow down the Gander store openings amidst "challenges on several fronts," stating in pertinent part:

We've opened up 42 new Gander locations, which admittedly have opened a little later than I anticipated. Given the number of stores we're opening in a relatively short period of time and the fact that we are completely rebuilding the business, the inventory and the staff from scratch, there are challenges on several fronts, including our IT infrastructure, inventory management and distribution systems. This ultimately led me to the decision to slow down the operating process to ensure that we're opening the stores right the first time. You only get one chance to make a first impression with the customer, and this was way too important to me to rush it.



61. Later in the call, in response to analyst questions, defendant Lemonis was more blunt in his assessment, calling the behind-the-scenes rollout of Gander stores a “giant shit show.” He stated in pertinent part:

We pushed out the cadence because we wanted to get it right the first time. And we also encountered – I tell you, Tim, I think what happened that I underestimated. And when I visited the distribution center in Lebanon, I probably have never experienced anything like it. When you take 600,000 square feet of an empty distribution center and you try to add hundreds of thousands of new SKUs and hundreds – and thousands of new vendors and you literally move all that product in on a brand-new operating system that you’ve never used before and then you have to move all that product out, it was kind of a giant shit show. And we had – luckily, we had store staff from around the country get on school buses in Greyhounds and drive to the distribution center and stay in hotels and RVs and work 14, 15 hours trying to get the product out for their store. I mean, what an unbelievable team effort. But nobody wants to hear that. What they want to know is that it was a perfect process. And it wasn’t. And rather than continuing to flex that and lose people and break the system, I made the decision that my people were more important than my profits in that moment. And that yes, if we go backwards \$7 million or \$8 million or \$9 million over the course of my lifetime, it’s a blip, but it was more important to me that the people not be broken, the process not be broken, the customer experience not be broken and that’s on me, not them for slowing it down. And I would stand behind it with my 35 million shares, very comfortably.

62. On this news, the price of Camping World Class A stock fell \$4.60 per share, or 17%, on abnormally high trading volume to close at \$23.02 per share on May 8, 2018.

63. However, defendants continued to misrepresent and conceal adverse sales and earnings trends in order to mitigate further stock price declines. For example, defendants reaffirmed the false and misleading 2018 adjusted EBITDA guidance of ***\$431 million to \$441 million***. During the year-end 2017 earnings conference call, defendant Lemonis stated: “***We’re still feeling very confident about our full year . . . we feel confident with our annual number.***”

64. On May 22, 2018, Camping World filed a notice with the SEC on Form 8-K revealing that the Company had replaced its auditor of 13 years, Ernst & Young LLP.

65. On this news, the price of Camping World Class A stock fell \$2.14 per share, or 10%, on abnormally high trading volume to close at \$19.27 per share on May 23, 2018.

66. Then, on August 7, 2018, Camping World reported disappointing financial results for the quarter ended June 30, 2018. The Company revealed that it had achieved adjusted EBITDA of only \$140.2 million for the quarter, 9% below its guidance of \$154 million. In addition, Camping World revealed that its adjusted EBITDA margin had continued to deteriorate and had fallen 250 basis points year-over-year to 5.7%, while its same-store revenues had experienced a “modest decline,” again underperforming the broader market.

67. In addition, the Company revealed that problems in its Gander operations were more extensive than previously disclosed. On a conference call to discuss the results, defendant Lemonis revealed that Camping World was actually on track to achieve 2018 adjusted EBITDA of only \$370 million to \$380 million, a decline of 14% from prior guidance. Rather than being adjusted EBITDA neutral, the Company’s Gander operations were responsible for the \$60 million reduction in adjusted EBITDA for the year. At the same time, Camping World’s long-term debt had ballooned to over \$1.1 billion by June 30, 2018, compared to only \$620 million as of December 31, 2016, before the Gander acquisition.

68. On this news, the price of Camping World Class A stock fell \$3.17 per share, or 14%, on abnormally high trading volume to close at \$19.04 per share on August 8, 2018.

69. As a result of defendants’ fraudulent scheme, which artificially inflated the price of Camping World’s Class A common stock during the Class Period, plaintiff and the Class (as defined below) suffered millions of dollars in economic losses and damages under the federal securities laws.

#### **ADDITIONAL SCIENTER ALLEGATIONS**

70. As alleged herein, defendants acted with scienter in that they knew or recklessly disregarded that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; they knew or recklessly disregarded that such statements or documents would be issued or disseminated to the investing public; and they

substantially participated in actions or acquiesced in the issuance or dissemination of such statements or documents intended to manipulate the price of Camping World Class A common stock as primary violations of the federal securities laws. Defendants, by virtue of their receipt of information reflecting the true facts regarding Camping World, their control over, and/or receipt or modification of Camping World's allegedly materially misleading misstatements and/or their associations with the Company that made them privy to confidential proprietary information concerning Camping World, participated in the fraudulent scheme alleged herein.

71. Moreover, the Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Camping World's quarterly reports, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. They were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions with the Company and their access to material non-public information available to them but not to the public, the Individual Defendants knew or were reckless in not knowing that the adverse facts specified herein had not been disclosed to and were being concealed from the public and that the positive representations being made were then materially false and misleading.

72. In addition, given the centrality of the concealed information to Camping World's business and operations, the adverse facts specified herein would have been known to defendants or recklessly disregarded by them. The adverse developments at issue related to the Company's critical acquisition and integration of Gander stores, which Camping World repeatedly highlighted as a key strategic initiative, and the Company's earnings, profitability and adjusted EBITDA, which defendant Lemonis stated throughout the Class Period should be viewed as the Company's most important metrics. The Individual Defendants, in particular, held themselves out to the market as the

representatives of the Company most knowledgeable on these topics. For example, defendant Lemonis stated that he and defendant Moody had “really been at the forefront of negotiating those leases” for new Gander stores. Similarly, defendant Lemonis stated that the number one “focus” of the Company’s management was on profitability and earnings and ensuring that the Company always made its earnings estimates. Defendants Lemonis and Wolfe also signed certifications throughout the Class Period assuring investors that they had evaluated the Company’s internal controls and procedures and that these controls and procedures were effective and that Camping World’s financial reporting was accurate and free from fraud.

73. In addition to their access to information through their roles as senior managers and directors of the Company, defendants were uniquely situated due to their private ownership of the Company prior to taking it public and stood to gain enormous financial rewards by going public and portraying the Company in a positive light during the periods following the IPO when they could sell their personal Camping World stock. All of the Individual Defendants had served as senior managers and/or directors of the Company prior to the IPO and had intimate familiarity with the Company’s accounting policies, procedures and controls and further developed this familiarity and knowledge in preparation for the IPO and in the first year thereafter. As stated in SEC filings, Camping World had dedicated “significant resources and management attention” to the Company’s internal controls and procedures.

74. The suspicious timing and nature of the sales of Camping World stock during the Class Period by Company insiders further adds to the indicia of scienter. The more than \$530 million in insider selling by virtually the entirety of the Company’s upper management and its private equity sponsor provides additional compelling indicia of defendants’ culpable state of mind.

75. From May 31 to June 9, 2017, the Crestview Defendants sold over 6.3 million shares of Class A common stock at \$27.75 per share for over \$175.5 million in gross proceeds in a

secondary stock offering. A few months later, on October 31 and November 1, 2017, the Crestview Defendants sold more than 6.8 million shares of Camping World Class A shares at \$40.50 per share for nearly \$278 million in gross proceeds. In total, the Crestview Defendants sold nearly 13.2 million shares of Camping World Class A stock during the Class Period for more than \$453.4 million in gross proceeds.

76. Also in the October secondary offering, defendants Lemonis and Adams sold over 800,000 Camping World Class A shares at \$40.50 per share through an entity they indirectly owned for more than \$32.4 million in gross insider sale proceeds. In addition, defendant Lemonis sold 130,000 Camping World Class A shares on March 15, 2018 at \$35.51 per share for more than \$4.6 million in additional gross proceeds.

77. The rest of Camping World's senior management likewise sold a significant amount of their personally held Camping World shares during the Class Period. For example, Camping World's CFO, defendant Wolfe, sold over \$9 million worth of Camping World Class A shares from April 26, 2017 to September 27, 2017 at prices as high as \$40.34 per share. Camping World's COO, defendant Moody, sold over \$16.8 million worth of Camping World Class A shares from April 26, 2017 to December 28, 2017 at prices as high as \$46.17 per share. And the President of Camping World, Roger Nuttall, sold over \$13.8 million worth of Camping World Class A shares from June 26, 2017 to December 27, 2017 at prices as high as \$45.92 per share.

78. A majority of the defendants' insider sales occurred at prices above \$40, near the Class Period high and more than double the \$19.04 per share price the shares had fallen to at the end of the Class Period. Many of the sales also occurred shortly before the revelation of adverse news. For example, defendant Lemonis sold \$4.6 million worth of Camping World stock on March 15, 2018 – only two weeks before the end of Camping World's disappointing first quarter of 2018. Similarly, defendant Moody sold over \$4.5 million worth of Camping World stock in the last week

of December 2017, despite the fact that the Company was set to reveal a host of material weaknesses in its internal disclosure and financial reporting controls and errors in its historical financial results going back to the IPO.

79. Defendants' end-of-Class-Period admissions also support scienter. For example, defendant Lemonis described the Gander rollout as a "giant shit show" after previously claiming that he had been "pleased" with initial store openings conducted in a "very calculated and disciplined" manner and that "[e]arly trends in these stores have been very promising" with "unbelievable" management oversight.

80. Similarly, during a June 6, 2018 investor conference, defendant Lemonis essentially admitted that he had caused investor "confusion" over the Company's operation and performance and that he had not provided fulsome disclosures to investors regarding Camping World's Gander strategy because he was "used to holding all my cards so I can sucker punch my competitors," stating in pertinent part:

[M]e and not the rest of the team have to do a better job of understanding the transition from private company to public company and understanding how to share that strategy. Because I am used to holding all my cards so I can sucker punch my competitors.

I realize now that I need to give you enough information so you understand why capital is being deployed, why things are being done, so that it doesn't create or it doesn't create confusion. So I think that really falls to on me to do a better job in that regard.

81. Later in June 2018, defendant Lemonis conducted an interview with Jim Cramer, host of the "Mad Money" investment show on CNBC. Defendant Lemonis also hosts a television show on CNBC called "The Profit." During the segment, defendant Lemonis admitted that he and Camping World had made "mistakes" in communicating the Company's "real strategy."

82. Viewed holistically and in their totality, the facts alleged herein provide a compelling inference that defendants knew, or were reckless in not knowing, the adverse facts specified herein that is at least as compelling as any non-culpable inference.

### **LOSS CAUSATION AND ECONOMIC LOSS**

83. As detailed herein, defendants engaged in a scheme to deceive the market and a course of conduct that artificially inflated the price of Camping World Class A common stock and operated as a fraud or deceit on purchasers of Camping World Class A common stock. As detailed above, when the truth about Camping World's misconduct was revealed, the value of the Company's Class A stock declined precipitously as the prior artificial inflation no longer propped up the stock's price. The declines in Camping World's Class A stock price were the direct result of the nature and extent of defendants' fraud finally being revealed to investors and the market over time. The timing and magnitude of the declines negate any inference that the losses suffered by plaintiff were caused by changed market conditions, macroeconomic or industry factors or Company specific facts unrelated to defendants' fraudulent conduct. The economic loss, *i.e.*, damages, suffered by plaintiff, was a direct result of defendants' fraudulent scheme to artificially inflate the price of the Company's Class A stock and the subsequent significant decline in the value of the stock when defendants' prior misrepresentations and other fraudulent conduct were revealed.

84. At all relevant times, defendants' materially false and misleading statements or omissions alleged herein directly or proximately caused the damages suffered by plaintiff. Those statements were materially false and misleading through their failure to disclose a true and accurate picture of Camping World's business, operations and financial condition, as alleged herein. Before the time of plaintiff's purchases of Camping World Class A common stock, defendants issued materially false and misleading statements and/or omitted material facts necessary to make defendants' statements not false or misleading, causing the price of Camping World's Class A stock

to be artificially inflated. Plaintiff and other Class members purchased Camping World Class A stock at those artificially inflated prices, causing them to suffer damages as complained of herein.

**APPLICABILITY OF PRESUMPTION OF RELIANCE:  
FRAUD-ON-THE-MARKET DOCTRINE**

85. At all relevant times, the market for Camping World Class A common stock was an efficient market for the following reasons, among others:

(a) Camping World Class A common stock met the requirements for listing and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) according to the Company's 2017 Form 10-K, filed on March 13, 2018, the Company had more than 36.7 million shares of Class A stock outstanding as of March 12, 2018, demonstrating a very active and broad market for Camping World Class A common stock;

(c) as a regulated issuer, Camping World filed periodic public reports with the SEC;

(d) Camping World regularly communicated with public investors via established market communication mechanisms, including the regular dissemination of press releases on national circuits of major newswire services, the Internet and other wide-ranging public disclosures; and

(e) unexpected material news about Camping World was rapidly reflected in and incorporated into the Company's stock price.

86. As a result of the foregoing, the market for Camping World Class A common stock promptly digested current information regarding Camping World from publicly available sources and reflected such information in Camping World's Class A stock price. Under these circumstances, a presumption of reliance applies to plaintiff's purchases of Camping World Class A common stock.

87. A presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens v. United States*, 406 U.S. 128 (1972), because plaintiff's claims



are based, in significant part, on defendants' material omissions. Because this action involves defendants' failure to disclose material adverse information regarding Camping World's business and operations, positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of defendants' material misstatements and omissions set forth above, that requirement is satisfied here.

### **NO SAFE HARBOR**

88. Defendants' false or misleading statements alleged to be actionable herein were not forward-looking statements ("FLS"), or were not identified as such by defendants, but rather statements of historical and present fact, and thus did not fall within any "Safe Harbor."

89. Defendants' verbal "Safe Harbor" warnings accompanying any of their oral FLS failed to provide meaningful cautionary statements regarding the specific facts and circumstances facing the Company, and thus were ineffective to shield those statements from liability.

90. Defendants are also liable for any false or misleading FLS pleaded because, at the time each FLS was made, the speaker knew the FLS was false or misleading and the FLS was authorized and/or approved by an executive officer of Camping World who knew that the FLS was false. Further, none of the historic or present tense statements made by defendants were assumptions underlying or relating to any plan, projection or statement of future economic performance, as they were not stated to be such assumptions underlying or relating to any projection or statement of future economic performance when made.

### **CLASS ACTION ALLEGATIONS**

91. 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 purchasers of Camping World Class A common stock during the Class Period and who were damaged thereby (the "Class"). Excluded

from the Class are defendants and their immediate families, the officers and directors of the Company, at all relevant times, members of their immediate families, and defendants' legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

92. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Camping World Class A common stock was actively traded on the NYSE. There are likely hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Camping World or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

93. 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 complained of herein.

94. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class action and securities litigation.

95. 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 federal securities laws were violated by defendants' acts as alleged herein;

(b) whether defendants made false and misleading statements about the business and operations of Camping World to the investing public during the Class Period;

(c) whether the price of Camping World Class A common stock was artificially inflated during the Class Period; and

(d) to what extent the members of the Class have sustained damages and the proper measure of damages.

96. 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 impracticable for members of the Class to individually redress the wrongs done to them. Plaintiff is not aware of any difficulty in the management of this action as a class action.

### COUNT I

#### **For Violation of §10(b) of the 1934 Act and Rule 10b-5 Against Camping World and the Individual Defendants**

97. Plaintiff incorporates the foregoing paragraphs by reference.

98. Camping World and the Individual Defendants disseminated or approved the false or misleading statements specified above, which they knew or recklessly 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.

99. These defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

- (a) Employed devices, schemes and artifices to defraud;
- (b) Made untrue statements of material fact 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
- (c) Engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and other members of the Class in connection with their purchases of Camping World Class A common stock.

100. Plaintiff has suffered damages in that, in reliance on the integrity of the market, plaintiff paid artificially inflated prices for Camping World Class A common stock. Plaintiff would not have purchased Camping World Class A common stock at the prices paid, or at all, if plaintiff had been aware that the market price had been artificially and falsely inflated by defendants' misleading statements.

101. As a direct and proximate result of defendants' wrongful conduct, plaintiff and other members of the Class suffered damages in connection with their purchases of Camping World Class A common stock.

## **COUNT II**

### **For Violation of §20(a) of the 1934 Act Against the Individual Defendants and the Crestview Defendants**

102. Plaintiff incorporates the foregoing paragraphs by reference.

103. The Individual Defendants and the Crestview Defendants acted as controlling persons of Camping World within the meaning of §20(a) of the 1934 Act.

104. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false and misleading statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements that plaintiff contends are false and misleading. The Individual Defendants were provided with, or had, unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by plaintiff to be misleading before and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

105. The Crestview Defendants controlled Camping World by virtue of their majority share ownership, power to appoint directors, agreements with the Company and historical and professional relationships with Camping World and the Individual Defendants as specified herein.

**PRAYER FOR RELIEF**

WHEREFORE, plaintiff prays for judgment as follows:

- A. Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- B. Awarding plaintiff damages in an amount to be determined at trial and interest thereon;
- C. Awarding plaintiff's reasonable costs, including attorneys' fees; and
- D. Awarding such equitable/injunctive or other relief as the Court may deem just and proper.

**JURY DEMAND**

Plaintiff demands a trial by jury.

DATED: October 19, 2018

ROBBINS GELLER RUDMAN  
& DOWD LLP  
JAMES E. BARZ (IL Bar # 6255605)  
FRANK A. RICHTER (IL Bar # 6310011)  
BRIAN E. COCHRAN (IL Bar # 6329016)

*s/ James E. Barz*

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Attorneys for Plaintiff

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**CERTIFICATION OF NAMED PLAINTIFF  
PURSUANT TO FEDERAL SECURITIES LAWS**

DAVID M. RONGE (“Plaintiff”) declares:

1. Plaintiff has reviewed a complaint and authorized its filing.
2. Plaintiff did not acquire the security that is the subject of this action at the direction of plaintiff’s counsel or in order to participate in this private action or any other litigation under the federal securities laws.
3. Plaintiff is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary.
4. Plaintiff has made the following transaction(s) during the Class Period in the securities that are the subject of this action:

| <u>Security</u>                 | <u>Transaction</u> | <u>Date</u> | <u>Price Per Share</u> |
|---------------------------------|--------------------|-------------|------------------------|
| <i>See attached Schedule A.</i> |                    |             |                        |

5. Plaintiff has not sought to serve or served as a representative party in a class action that was filed under the federal securities laws within the three-year period prior to the date of this Certification except as detailed below:

None.

6. Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff’s pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct.  
Executed this 18 day of October, 2018.

DocuSigned by:  
*David Ronge*

\_\_\_\_\_  
DAVID M. RONGE

**SCHEDULE A****SECURITIES TRANSACTIONS****Stock**

| <u>Date<br/>Acquired</u> | <u>Amount of<br/>Shares Acquired</u> | <u>Price*</u> |
|--------------------------|--------------------------------------|---------------|
| 03/09/2017               | 270                                  | \$31.90       |
| 03/30/2017               | 50                                   | \$30.73       |
| 04/04/2017               | 350                                  | \$28.48       |
| 04/28/2017               | 180                                  | \$30.46       |
| 01/08/2018               | 425                                  | \$43.26       |
| 01/08/2018               | 45                                   | \$43.12       |
| 01/08/2018               | 55                                   | \$42.70       |
| 01/17/2018               | 260                                  | \$42.95       |
| 03/01/2018               | 59                                   | \$38.59       |
| 03/21/2018               | 85                                   | \$33.77       |
| 04/06/2018               | 144                                  | \$30.64       |

\*Adjustment factors applied to all prices to reflect the special cash dividends.

The adjustments used are as follow:

0.996147 adjustment on 09/13/2018

0.996928 adjustment on 06/14/2018

0.998183 adjustment on 03/15/2018

0.99841 adjustment on 12/14/2017

0.997171 adjustment on 12/14/2017

0.998134 adjustment on 09/14/2017

0.997529 adjustment on 06/14/2017

0.997789 adjustment on 03/15/2017



CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

DAVID RONGE, Individually and on Behalf of All Others Similarly Situated,

(b) County of Residence of First Listed Plaintiff Yardley, Pennsylvania (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)

James E. Barz (IL Bar # 6255605) Robbins Geller Rudman & Dowd LLP 200 South Wacker Drive, 31st Floor, Chicago, IL 60606 312/674-4674

DEFENDANTS

CAMPING WORLD HOLDINGS, INC., MARCUS A. LEMONIS, THOMAS F. WOLFE, BRENT L. MOODY, STEPHEN ADAMS, CRESTVIEW PARTNERS II GP, L.P. and CRESTVIEW ADVISORS, L.L.C.,

County of Residence of First Listed Defendant (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff
3 Federal Question (U.S. Government Not a Party)
2 U.S. Government Defendant
4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

Table with columns for Plaintiff (PTF) and Defendant (DEF) citizenship: Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country.

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Large table with categories: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding
2 Removed from State Court
3 Remanded from Appellate Court
4 Reinstated or Reopened
5 Transferred from Another District (specify)
6 Multidistrict Litigation

VI. CAUSE OF ACTION (Enter U.S. Civil Statute under which you are filing and write a brief statement of cause.)

15 U.S.C. §§78j(b) and 78t(a), COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS

VII. Previous Bankruptcy Matters (For nature of suit 422 and 423, enter the case number and judge for any associated bankruptcy matter previously adjudicated by a judge of this Court. Use a separate attachment if necessary.)

VIII. REQUESTED IN COMPLAINT: CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND \$

CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

IX. RELATED CASE(S) IF ANY

(See instructions):

JUDGE

DOCKET NUMBER

X. This case (check one box) Is not a refiling of a previously dismissed action is a refiling of case number previously dismissed by Judge

DATE October 19, 2018

SIGNATURE OF ATTORNEY OF RECORD

s/ James E. Barz

## Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

**I. (a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.

(b) County of Residence. For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)

(c) Attorneys. Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".

**II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.

United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.

United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.

Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.

Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; NOTE: federal question actions take precedence over diversity cases.)

**III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.

**IV. Nature of Suit.** Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerk(s) in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.

**V. Origin.** Place an "X" in one of the six boxes.

Original Proceedings. (1) Cases which originate in the United States district courts.

Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.

Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.

Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.

Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.

Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.

**VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. Do not cite jurisdictional statutes unless diversity. Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service

**VII. Previous Bankruptcy Matters** For nature of suit 422 and 423 enter the case number and judge for any associated bankruptcy matter previously adjudicated by a judge of this court. Use a separate attachment if necessary.

**VIII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P. Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.

**IX. Related Cases.** This section of the JS 44 is used to reference related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

**X. Refiling Information.** Place an "X" in one of the two boxes indicating if the case is or is not a refiling of a previously dismissed action. If it is a refiling of a previously dismissed action, insert the case number and judge.

**Date and Attorney Signature.** Date and sign the civil cover sheet.