

1 Laurence M. Rosen (SBN 219683)  
2 **THE ROSEN LAW FIRM, P.A.**  
3 355 South Grand Avenue, Suite 2450  
4 Los Angeles, CA 90071  
5 Telephone: (213) 785-2610  
6 Facsimile: (213) 226-4684  
7 Email: lrosen@rosenlegal.com

8 *Counsel for Plaintiff*

9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA

11 \_\_\_\_\_, individually and on  
12 behalf of all others similarly situated,

13 Plaintiff,

14 v.

15 COMMERCIAL VEHICLE GROUP,  
16 INC., PATRICK E. MILLER, and C.  
17 TIMOTHY TRENARY,

18 Defendants.

No.

**CLASS ACTION COMPLAINT  
FOR VIOLATIONS OF THE  
FEDERAL SECURITIES LAWS**

CLASS ACTION

JURY TRIAL DEMANDED

1 Plaintiff \_\_\_\_\_ (“Plaintiff”), by Plaintiff’s undersigned  
2 attorneys, individually and on behalf of all other persons similarly situated, allege  
3 the following based upon personal knowledge as to Plaintiff’s own acts, and  
4 information and belief as to all other matters, based upon, inter alia, the  
5 investigation conducted by and through Plaintiff’s attorneys, which included,  
6 among other things, a review of Defendants’ public documents, conference calls  
7 and announcements made by Defendants, United States Securities and Exchange  
8 Commission (“SEC”) filings, wire and press releases published by and regarding  
9 Commercial Vehicle Group, Inc. (“Commercial Vehicle” or the “Company”),  
10 analysts’ reports and advisories about the Company, and information readily  
11 obtainable on the Internet. Plaintiff believes that substantial evidentiary support  
12 will exist for the allegations set forth herein after a reasonable opportunity for  
13 discovery.

#### 14 **NATURE OF THE ACTION**

15 1. This is a federal securities class action brought on behalf of a class  
16 consisting of all persons and entities, other than Defendants and their affiliates,  
17 who purchased or otherwise acquired publicly traded securities of Commercial  
18 Vehicle from May 3, 2018 through March 16, 2020, inclusive (the “Class Period”),  
19 seeking to recover compensable damages caused by Defendants’ violations of  
20 federal securities laws (the “Class”).

#### 21 **JURISDICTION AND VENUE**

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

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



1           10. Defendant C. Timothy Trenary (“Trenary”) has served as the  
2 Company’s Chief Financial Officer (“CFO”) and Executive Vice President  
3 throughout the Class Period.

4           11. Defendants Miller and Trenary are sometimes referred to herein as the  
5 “Individual Defendants.”

6           12. Each of the Individual Defendants:

- 7           (a) directly participated in the management of the Company;  
8           (b) was directly involved in the day-to-day operations of the  
9 Company at the highest levels;  
10          (c) was privy to confidential proprietary information concerning the  
11 Company and its business and operations;  
12          (d) was directly or indirectly involved in drafting, producing,  
13 reviewing and/or disseminating the false and misleading  
14 statements and information alleged herein;  
15          (e) was directly or indirectly involved in the oversight or  
16 implementation of the Company’s internal controls;  
17          (f) was aware of or recklessly disregarded the fact that the false and  
18 misleading statements were being issued concerning the  
19 Company; and/or  
20          (g) approved or ratified these statements in violation of the federal  
21 securities laws.

22           13. The Company is liable for the acts of the Individual Defendants and  
23 its employees under the doctrine of *respondeat superior* and common law  
24 principles of agency because all of the wrongful acts complained of herein were  
25 carried out within the scope of their employment.  
26  
27  
28



1           19. The 2Q 2018 10-Q stated the following concerning the Company's  
2 internal control over financial reporting:

3           There were no changes in our internal control over financial reporting  
4 during the three months ended June 30, 2018 that have materially  
5 affected, or is reasonably likely to materially affect, our internal  
6 control over financial reporting.

7           20. On November 5, 2018, the Company filed a Form 10-Q for the quarter  
8 ended September 30, 2018 (the "3Q 2018 10-Q") with the SEC, which provided  
9 the Company's third quarter 2018 financial results and position. The 3Q 2018 10-  
10 Q contained signed SOX certifications by Defendants Miller and Trenary attesting  
11 to the accuracy of financial reporting, the disclosure of any material changes to the  
12 Company's internal controls over financial reporting, and the disclosure of all  
13 fraud.

14           21. The 3Q 2018 10-Q stated the following concerning the Company's  
15 internal control over financial reporting:

16           There were no changes in our internal control over financial reporting  
17 during the three months ended September 30, 2018 that have  
18 materially affected, or are reasonably likely to materially affect, our  
19 internal control over financial reporting.

20           22. 21. On March 11, 2019, the Company filed a Form 10-K for the year  
21 ended December 31, 2018 (the "2018 10-K") with the SEC, which provided the  
22 Company's 2018 financial results and position. The 2018 10-K contained signed  
23 SOX certifications by Defendants Miller and Trenary attesting to the accuracy of  
24 financial reporting, the disclosure of any material changes to the Company's  
25 internal controls over financial reporting, and the disclosure of all fraud.

26           23. 22. The 2018 10-K stated the following concerning the Company's  
27 internal control over financial reporting:  
28

1 Management assessed the effectiveness of our internal control over  
2 financial reporting as of December 31, 2018. In making this  
3 assessment, management used the criteria established in the Internal  
4 Control-Integrated Framework issued by the Committee of Sponsoring  
5 Organizations of the Treadway Commission (2013 framework) (the  
6 “COSO criteria”). Based on management’s assessment and the COSO  
7 criteria, management believes that our internal control over financial  
8 reporting was effective as of December 31, 2018.

9 24. The 2018 10-K stated that the following regarding the Company’s  
10 accounting policy concerning property, plant and equipment:

11 Property, Plant and Equipment - Property, plant and equipment are  
12 stated at cost, net of accumulated depreciation. For financial  
13 reporting purposes, depreciation is computed using the straight-line  
14 method over the following estimated useful lives:

15 Buildings and improvements	15 to 40 years
16 Machinery and equipment	3 to 20 years
17 Tools and dies	3 to 7 years
18 Computer hardware and 19 software	3 to 5 years

20 Expenditures for maintenance and repairs are charged to expense as  
21 incurred. Expenditures for major betterments and renewals that extend  
22 the useful lives of property, plant and equipment are capitalized and  
23 depreciated over the remaining useful lives of the asset. When assets  
24 are retired or sold, the cost and related accumulated depreciation are  
25 removed from the accounts and any resulting gain or loss is recognized  
26 in the results of operations. Leasehold improvements are amortized  
27 using the straight-line method over the estimated useful lives of the  
28 improvements or the term of the lease, whichever is shorter.  
Accelerated depreciation methods are used for tax reporting purposes.  
Depreciation expense for each of the years ended December 31, 2018,  
2017 and 2016 was \$14.1 million, \$14.0 million and \$15.1 million,  
respectively.

We review long-lived assets for recoverability whenever events or  
changes in circumstances indicate that carrying amounts of an asset  
group may not be recoverable. Our asset groups are established by

1 determining the lowest level of cash flows available. If the estimated  
2 undiscounted cash flows are less than the carrying amounts of such  
3 assets, we recognize an impairment loss in an amount necessary to  
4 write down the assets to fair value as estimated from expected future  
5 discounted cash flows. Estimating the fair value of these assets is  
6 judgmental in nature and involves the use of significant estimates and  
7 assumptions. We base our fair value estimates on assumptions we  
8 believe to be reasonable, but that are inherently uncertain.

9 25. On May 6, 2019, the Company filed a Form 10-Q for the quarter  
10 ended March 31, 2019 (the “1Q 2019 10-Q”) with the SEC, which provided the  
11 Company’s first quarter 2019 financial results and position. The 1Q 2019 10-Q  
12 contained signed SOX certifications by Defendants Miller and Trenary attesting to  
13 the accuracy of financial reporting, the disclosure of any material changes to the  
14 Company’s internal controls over financial reporting, and the disclosure of all  
15 fraud.

16 26. The 1Q 2019 10-Q stated the following concerning the Company’s  
17 internal control over financial reporting:

18 There were no changes in our internal control over financial reporting  
19 during the three months ended March 31, 2019 that have materially  
20 affected, or are reasonably likely to materially affect, our internal  
21 control over financial reporting.

22 27. On August 8, 2019, the Company filed a Form 10-Q for the quarter  
23 ended June 30, 2019 (the “2Q 2019 10-Q”) with the SEC, which provided the  
24 Company’s second quarter 2019 financial results and position. The 2Q 2019 10-Q  
25 contained signed SOX certifications by Defendants Miller and Trenary attesting to  
26 the accuracy of financial reporting, the disclosure of any material changes to the  
27 Company’s internal controls over financial reporting, and the disclosure of all  
28 fraud.

1           28. The 2Q 2019 10-Q stated the following concerning the Company's  
2 internal control over financial reporting:

3           There were no changes in our internal control over financial reporting  
4 during the three months ended June 30, 2019 that have materially  
5 affected, or are reasonably likely to materially affect, our internal  
6 control over financial reporting.

7           29. On November 6, 2019, the Company filed a Form 10-Q for the quarter  
8 ended September 30, 2019 (the "3Q 2019 10-Q") with the SEC, which provided  
9 the Company's third quarter 2019 financial results and position. The 3Q 2019 10-  
10 Q contained signed SOX certifications by Defendants Miller and Trenary attesting  
11 to the accuracy of financial reporting, the disclosure of any material changes to the  
12 Company's internal controls over financial reporting, and the disclosure of all  
13 fraud.

14           30. The 3Q 2019 10-Q stated the following concerning the Company's  
15 internal control over financial reporting:

16           There were no changes in our internal control over financial reporting  
17 during the three months ended September 30, 2019 that have  
18 materially affected, or are reasonably likely to materially affect, our  
19 internal control over financial reporting.

20           31. The statements referenced in ¶¶16-30 above were materially false  
21 and/or misleading because they misrepresented and failed to disclose the following  
22 adverse facts pertaining to the Company's business, operational and financial  
23 results, which were known to Defendants or recklessly disregarded by them.  
24 Specifically, Defendants made false and/or misleading statements and/or failed to  
25 disclose that: (1) Commercial Vehicle's internal controls over financial reporting  
26 were not effective; (2) the Company's risk management process was ineffective;  
27 (3) Commercial Vehicle's financial statements for the fiscal year 2018 and the first  
28 nine months of fiscal year 2019 were false and could not be relied upon; and (4) as

1 a result, Commercial Vehicle’s public statements were materially false and  
2 misleading at all relevant times.

### 3 THE TRUTH EMERGES

4 32. On March 16, 2020, after the market closed, Commercial Vehicle  
5 disclosed that it would restate its financial statements for fiscal year 2018 and the  
6 first nine months of fiscal year 2019. The Company stated, in relevant part:  
7

8 On March 12, 2020, the Audit Committee of the Board of Directors  
9 (the “Audit Committee”) of the Company, after discussion with  
10 management, outside SEC counsel and KPMG, LLP, the Company's  
11 independent registered public accounting firm, concluded that our  
12 audited consolidated financial statements as of and for the year ended  
13 December 31, 2018 (the “2018 Financial Statements”), included in our  
14 Annual Report on Form 10-K for the fiscal year ended December 31,  
15 2018 (the “2018 Annual Report”), and our unaudited consolidated  
16 financial statements as of and for the quarterly periods ended March  
17 31, 2019 and 2018, June 30, 2019 and 2018, and September 30, 2019  
18 and 2018, included in our Quarterly Reports on Form 10-Q for the  
19 quarterly periods ended March 31, 2019, June 30, 2019 and September  
20 30, 2019 (the “2019 Quarterly Reports”), should no longer be relied  
21 upon due to misstatements and that we will restate such financial  
22 statements to make the necessary accounting corrections.

23 During the preparation of the Company’s Annual Report on Form 10-  
24 K for the year ended December 31, 2019 (the “2019 Annual Report”),  
25 we noted a potential overstatement of the prepaid production tooling  
26 account (presented in other current assets in the consolidated balance  
27 sheets) in our vehicle cab structures manufacturing facility. *An  
28 investigation was conducted, under the direction of the Audit  
Committee, by external counsel with the assistance of a forensic  
accounting firm. As a result of the investigation, the Company  
concluded that the misstatements in our consolidated financial  
statements for the period identified below were due to a former  
employee preparing manual journal entries to understate cost of  
revenues by improperly capitalizing certain manufacturing  
expenses, primarily in the prepaid production tooling account. The*

1 *former employee made intentional misrepresentations during the*  
2 *investigation.* During the course of, and as a result of, the  
3 investigation, the Company terminated the former employee and has  
4 taken additional personnel actions.

5 The Company intends to include restated consolidated financial  
6 statements as of and for the fiscal year ended December 31, 2018, and  
7 unaudited consolidated financial statements as of and for the quarterly  
8 periods ended March 31, 2019 and 2018, June 30, 2019 and 2018, and  
9 September 30, 2019 and 2018, included in our Quarterly Reports on  
10 Form 10-Q for the quarterly periods ended March 31, 2019, June 30,  
11 2019 and September 30, 2019 in its Annual Report on Form 10-K for  
12 the fiscal year ended December 31, 2019 (the “2019 Annual Report”),  
13 which it expects to file contemporaneously herewith.

14 In connection with the restatement, management has determined that  
15 certain material weaknesses existed in the Company’s internal control  
16 over financial reporting. These material weakness were due to an  
17 ineffective risk management process, which itself gave rise to two  
18 separate material weaknesses related to ineffectively designed controls  
19 over balance sheet account reconciliations and over review of manual  
20 journal entries. As a result, the Company’s management has concluded  
21 that its internal control over financial reporting was not effective as of  
22 December 31, 2019. A discussion of the Company’s plan to remediate  
23 these material weaknesses is contained in the Company’s 2019 Annual  
24 Report.

25 .  
26 (Emphasis added.)

27 33. The Company’s Audit Committee determined that for the nine months  
28 ended September 30, 2019, cost of revenues were understated by \$4.6 million, net  
income was overstated by \$3.5 million, and diluted earnings per share was  
overstated by \$0.11.

34. On this news, Commercial Vehicle’s shares fell \$0.22 per share or  
8.73% to close at \$2.30 per share on March 17, 2020, damaging investors.

35. As a result of Defendants’ wrongful acts and omissions, and the  
precipitous decline in the market value of the Company’s securities, Plaintiff and

1 other Class members have suffered significant losses and damages.

2 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

3 36. Plaintiff brings this action as a class action pursuant to Federal Rule  
4 of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons  
5 other than defendants who acquired Commercial Vehicle securities publicly traded  
6 on the NASDAQ during the Class Period, and who were damaged thereby (the  
7 “Class”). Excluded from the Class are Defendants, the officers and directors of  
8 Commercial Vehicle, members of the Individual Defendants’ immediate families  
9 and their legal representatives, heirs, successors or assigns and any entity in which  
10 Defendants have or had a controlling interest.

11 37. The members of the Class are so numerous that joinder of all members  
12 is impracticable. Throughout the Class Period, Commercial Vehicle securities were  
13 actively traded on the NASDAQ. While the exact number of Class members is  
14 unknown to Plaintiff at this time and can be ascertained only through appropriate  
15 discovery, Plaintiff believes that there are hundreds, if not thousands of members  
16 in the proposed Class.

17 38. Plaintiff’s claims are typical of the claims of the members of the Class  
18 as all members of the Class are similarly affected by defendants’ wrongful conduct  
19 in violation of federal law that is complained of herein.

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

24 40. Common questions of law and fact exist as to all members of the Class  
25 and predominate over any questions solely affecting individual members of the  
26 Class. Among the questions of law and fact common to the Class are:  
27

28

- 1 • whether the Exchange Act was violated by Defendants' acts as alleged
- 2 herein;
- 3 • whether statements made by Defendants to the investing public during
- 4 the Class Period misrepresented material facts about the financial
- 5 condition and business of Commercial Vehicle;
- 6 • whether Defendants' public statements to the investing public during
- 7 the Class Period omitted material facts necessary to make the
- 8 statements made, in light of the circumstances under which they were
- 9 made, not misleading;
- 10 • whether the Defendants caused Commercial Vehicle to issue false and
- 11 misleading filings during the Class Period;
- 12 • whether Defendants acted knowingly or recklessly in issuing false
- 13 filings;
- 14 • whether the prices of Commercial Vehicle securities during the Class
- 15 Period were artificially inflated because of the Defendants' conduct
- 16 complained of herein; and
- 17 • whether the members of the Class have sustained damages and, if so,
- 18 what is the proper measure of damages.
- 19

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

26 42. Plaintiff will rely, in part, upon the presumption of reliance  
27 established by the fraud-on-the-market doctrine in that:  
28

- 1 • Commercial Vehicle shares met the requirements for listing, and were
- 2 listed and actively traded on the NASDAQ, an efficient market;
- 3 • As a public issuer, Commercial Vehicle filed periodic public reports;
- 4 • Commercial Vehicle regularly communicated with public investors
- 5 via established market communication mechanisms, including
- 6 through the regular dissemination of press releases via major
- 7 newswire services and through other wide-ranging public disclosures,
- 8 such as communications with the financial press and other similar
- 9 reporting services;
- 10 • Commercial Vehicle’s securities were liquid and traded with
- 11 sufficient volume during the Class Period; and
- 12 • Commercial Vehicle was followed by a number of securities analysts
- 13 employed by major brokerage firms who wrote reports that were
- 14 widely distributed and publicly available.

15 43. Based on the foregoing, the market for Commercial Vehicle securities  
16 promptly digested current information regarding Commercial Vehicle from all  
17 publicly available sources and reflected such information in the prices of the  
18 securities, and Plaintiff and the members of the Class are entitled to a presumption  
19 of reliance upon the integrity of the market.

20  
21 44. Alternatively, Plaintiff and the members of the Class are entitled to  
22 the presumption of reliance established by the Supreme Court in *Affiliated Ute*  
23 *Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants  
24 omitted material information in their Class Period statements in violation of a duty  
25 to disclose such information as detailed above.

26 **COUNT I**

27

28



1 Vehicle were materially false and misleading; knew that such statements or  
2 documents would be issued or disseminated to the investing public; and knowingly  
3 and substantially participated, or acquiesced in the issuance or dissemination of  
4 such statements or documents as primary violations of the securities laws. These  
5 defendants by virtue of their receipt of information reflecting the true facts of  
6 Commercial Vehicle, their control over, and/or receipt and/or modification of  
7 Commercial Vehicle's allegedly materially misleading statements, and/or their  
8 associations with the Company which made them privy to confidential proprietary  
9 information concerning Commercial Vehicle, participated in the fraudulent scheme  
10 alleged herein.

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

18 51. As a result of the foregoing, the market price of Commercial Vehicle  
19 securities was artificially inflated during the Class Period. In ignorance of the  
20 falsity of Defendants' statements, Plaintiff and the other members of the Class  
21 relied on the statements described above and/or the integrity of the market price of  
22 Commercial Vehicle securities during the Class Period in purchasing Commercial  
23 Vehicle securities at prices that were artificially inflated as a result of Defendants'  
24 false and misleading statements.

25 52. Had Plaintiff and the other members of the Class been aware that the  
26 market price of Commercial Vehicle securities had been artificially and falsely  
27 inflated by Defendants' misleading statements and by the material adverse  
28

1 information which Defendants did not disclose, they would not have purchased  
2 Commercial Vehicle securities at the artificially inflated prices that they did, or at  
3 all.

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

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

## 11 **COUNT II**

### 12 **Violations of Section 20(a) of the Exchange Act**

#### 13 **Against the Individual Defendants**

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

16 56. During the Class Period, the Individual Defendants participated in the  
17 operation and management of Commercial Vehicle, and conducted and  
18 participated, directly and indirectly, in the conduct of Commercial Vehicle's  
19 business affairs. Because of their senior positions, they knew the adverse non-  
20 public information about Commercial Vehicle's misstatement of revenue and profit  
21 and false financial statements.

22 57. As officers and/or directors of a publicly owned company, the  
23 Individual Defendants had a duty to disseminate accurate and truthful information  
24 with respect to Commercial Vehicle's financial condition and results of operations,  
25 and to correct promptly any public statements issued by Commercial Vehicle  
26 which had become materially false or misleading.  
27  
28



**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Dated: March \_\_, 2020

**THE ROSEN LAW FIRM, P.A.**

By: \_\_\_\_\_  
Laurence M. Rosen (SBN 219683)  
355 South Grand Avenue, Suite 2450  
Los Angeles, CA 90071  
Telephone: (213) 785-2610  
Facsimile: (213) 226-4684  
Email: lrosen@rosenlegal.com

*Counsel for Plaintiff*