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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

_________, INDIVIDUALLY AND ON BEHALF OF ALL OTHERS SIMILARLY SITUATED, Plaintiff, vs. LOGITECH INTERNATIONAL, S.A., GERALD P. QUINDLEN, ERIK K. BARDMAN, GUERRINO DE LUCA, BRACKEN P. DARRELL, and MICHAEL A. DOKTORCZYK, Defendants.	Case No.: **CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS** **JURY TRIAL DEMANDED**

Plaintiff ______, individually and on behalf of all other persons similarly situated, by Plaintiff's undersigned attorneys, for Plaintiff's complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff's own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff's attorneys, which included, among other things, a review of the defendants' public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding Logitech International, S.A. ("Logitech" or the "Company"), analysts' reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons other than Defendants (defined below) who purchased or otherwise acquired Logitech securities between May 28, 2011 and May 21, 2014, both dates inclusive (the "Class Period"). Plaintiff seeks to recover compensable damages caused by Defendants' violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, against the Company and certain of its officers and/or directors.

JURISDICTION AND VENUE

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

3. This Court has jurisdiction over the subject matter of this action under 28 U.S.C. §1331 and §27 of the Exchange Act.

4. Venue is proper in this District pursuant to §27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as a significant portion of the Defendants' actions, and the subsequent damages, took place within this District. Additionally, the Company conducts business in this District.

5. In connection with the acts, conduct and other wrongs alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities

of interstate commerce, including but not limited to, the United States mail, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

6. Plaintiff _______, as set forth in the accompanying Certification, which is incorporated by reference herein, purchased Logitech securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

7. Defendant Logitech, through its subsidiaries, develops and markets hardware and software products that enable or enhance digital navigation, music and video entertainment, gaming, social networking, and audio and video communication over the Internet and home-entertainment control worldwide. The Company is incorporated in Canton of Vaud, Switzerland and its principal executive offices are located at 7700 Gateway Boulevard, Newark, California 94560. The Company also maintains an office in Irvine, California. Logitech's common stock trades on the NASDAQ under the ticker symbol "LOGI".

8. Defendant Gerald P. Quindlen ("Quindlen") was Logitech's President and Chief Executive Officer ("CEO") from January 2008, and a member of its Board of Directors, until resigning from his positions on July 27, 2011.

9. Defendant Erik K. Bardman ("Bardman") was Logitech's Senior Vice President of Finance and its Chief Financial Officer ("CFO) from October 2009 until April 26, 2013.

10. Defendant Guerrino De Luca ("De Luca") has been the Chairman of Logitech's Board of Directors since January 2008, and served as Logitech's CEO from July 2011 through December 2012.

11. Defendant Bracken P. Darrell ("Darrell") has been Logitech's President since April 2012 and its CEO since January 2013.

12. Defendant Michael A. Doktorczyk ("Doktorczyk") was Logitech's principal accounting officer and principal financial officer from May 23, 2013 until August 2014. Defendant Doktorczyk was also Logitech's Vice President of Finance and Corporate Controller from July 2011 until August 2014.

13. The Defendants Quindlen, Bardman, De Luca, Darrell, and Doktorczyk are sometimes referred to herein as the "Individual Defendants."

14. Defendant Logitech and the Individual Defendants are referred to herein, collectively, as the "Defendants."

SUBSTANTIVE ALLEGATIONS

MATERIALLY FALSE AND MISLEADING STATEMENTS

15. On May 27, 2011, the Company filed a Form 10-K for the fiscal year ended March 31, 2011 (the "2011 10-K") with the SEC during aftermarket hours, which provided the Company's year-end financial results and position and stated that the Company's internal control over financial reporting was effective as of March 31, 2011. The 2011 10-K was signed by Defendants Quindlen and Bardman. The 2011 10-K also contained signed certifications pursuant to Sarbanes-Oxley Act of 2002 ("SOX") by Defendants Quindlen and Bardman attesting to the accuracy of financial reporting, effectiveness of internal controls, and that all fraud was disclosed.

16. The 2011 10-K disclosed the Company's warranty accrual liabilities, stating in pertinent part:

> The following provides the components of certain balance sheet liability amounts as of March 31, 2012 and 2011 (in thousands):

	March 31, 2012	2011
Accrued liabilities:		
Accrued personnel expenses	$ 42,809	$ 50,552
Accrued marketing expenses	33,209	32,599
Deferred revenue	19,358	15,859
Accrued freight and duty	11,376	12,497
VAT payable	7,140	5,614
Accrued royalties	6,243	5,144

Warranty accrual	5,184	4,970
Non-retirement post-employment benefit obligations	4,129	3,563
Income taxes payable—current	6,047	2,569
Other accrued liabilities	51,185	39,193
	$186,680	$172,560
Other liabilities:		
Income taxes payable—non-current	$137,319	$131,968
Obligation for deferred compensation	14,393	13,076
Defined benefit pension plan liability	39,337	26,645
Deferred rent	16,042	1,181
Other long-term liabilities	11,371	12,965
	$218,462	$185,835

* * *

Product Warranties

Certain of the Company's products are covered by warranty to be free from defects in material and workmanship for periods ranging from one year to five years. At the time of sale, the Company accrues a warranty liability for estimated costs to provide products, parts or services to repair or replace products in satisfaction of the warranty obligation. The Company's estimate of costs to fulfill its warranty obligations is based on historical experience and expectations of future conditions. When the Company experiences changes in warranty claim activity or costs associated with fulfilling those claims, the warranty liability is adjusted accordingly. Changes in the Company's warranty liability for the years ended March 31, 2012 and 2011 were as follows (in thousands):

	March 31,	
	2012	2011
Warranty liability, beginning of year	$ 4,970	$ 3,002
Provision for warranties issued during the year	19,280	18,666
Settlements made during the year, net of adjustments	(19,066)	(16,698)
Warranty liability, end of year	$ 5,184	$ 4,970

17. On May 30, 2012, the Company filed a Form 10-K for the fiscal year ended March 31, 2012 (the “2012 10-K”) with the SEC, which provided the Company’s year-end financial results and position and stated that the Company’s

internal control over financial reporting was effective as of March 31, 2012. The 2012 10-K was signed by Defendants De Luca and Bardman. The 2012 10-K also contained signed SOX certifications by Defendants De Luca and Bardman attesting to the accuracy of financial reporting, effectiveness of internal controls, and that all fraud was disclosed.

18. The 2012 10-K disclosed the Company's warranty accrual liabilities, stating in pertinent part:

> The following provides the components of certain balance sheet liability amounts as of March 31, 2012 and 2011 (in thousands):

	March 31, 2012	March 31, 2011
Accrued liabilities:		
Accrued personnel expenses	$ 42,809	$ 50,552
Accrued marketing expenses	33,209	32,599
Deferred revenue	19,358	15,859
Accrued freight and duty	11,376	12,497
VAT payable	7,140	5,614
Accrued royalties	6,243	5,144
Warranty accrual	5,184	4,970
Non-retirement post-employment benefit obligations	4,129	3,563
Income taxes payable—current	6,047	2,569
Other accrued liabilities	51,185	39,193
	$186,680	$172,560
Other liabilities:		
Income taxes payable—non-current	$137,319	$131,968
Obligation for deferred compensation	14,393	13,076
Defined benefit pension plan liability	39,337	26,645
Deferred rent	16,042	1,181
Other long-term liabilities	11,371	12,965
	$218,462	$185,835

* * *

Product Warranties

Certain of the Company's products are covered by warranty to be free from defects in material and workmanship for periods ranging from one year to five years. At the time of sale, the Company accrues a warranty liability for estimated costs to provide products, parts or services to repair or replace products in satisfaction of the warranty obligation. The Company's estimate of costs to fulfill its warranty obligations is based on historical experience and expectations of future conditions. When the Company experiences changes in warranty claim activity or costs associated with fulfilling those claims, the warranty liability is adjusted accordingly. Changes in the Company's warranty liability for the years ended March 31, 2012 and 2011 were as follows (in thousands):

	March 31,	
	2012	2011
Warranty liability, beginning of year	$ 4,970	$ 3,002
Provision for warranties issued during the year	19,280	18,666
Settlements made during the year, net of adjustments	(19,066)	(16,698)
Warranty liability, end of year	$ 5,184	$ 4,970

19. On August 6, 2012, Logitech filed a quarterly report on Form 10-Q with the SEC announcing the Company’s financial and operating results for the quarter ended June 30, 2012 (the “Q1 2013 10-Q”). The Q1 2013 10-Q also contained signed SOX certifications by Defendants De Luca and Bardman attesting to the accuracy of financial reporting, effectiveness of internal controls, and that all fraud was disclosed.

20. The Q1 2013 10-Q disclosed the Company’s warranty accrual liabilities, stating in pertinent part:

The following table presents the components of certain balance sheet liability amounts as of June 30 and March 31, 2012 (in thousands):

	June 30, 2012	March 31, 2012
Accrued liabilities:		
Accrued personnel expenses	$ 50,229	$ 42,809
Accrued marketing expenses	7,664	7,097
Customer incentive program accruals	25,007	26,112
Accrued restructuring	26,095	—
Deferred revenue	20,339	19,358
Accrued freight and duty	10,168	11,376
Value-added tax payable	4,698	7,140
Accrued royalties	6,114	6,243

Warranty accrual	4,821	5,184
Non-retirement post-employment benefit obligations	4,325	4,129
Income taxes payable - current	4,501	6,047
Other accrued liabilities	49,591	51,185
	$ 213,552	$ 186,680
Non-current liabilities:		
Income taxes payable - non-current	$ 134,988	$ 137,319
Obligation for deferred compensation	14,235	14,393
Defined benefit pension plan liability	37,730	39,337
Deferred rent	20,638	16,042
Other long-term liabilities	12,343	11,371
	$ 219,934	$ 218,462

* * *

Product Warranties

Certain of the Company's products are covered by warranty to be free from defects in material and workmanship for periods ranging from one year to five years. At the time of sale, the Company accrues a warranty liability for estimated costs to provide products, parts or services to repair or replace products in satisfaction of the warranty obligation. The Company's estimate of costs to fulfill its warranty obligations is based on historical experience and expectations of future conditions. When the Company experiences changes in warranty claim activity or costs associated with fulfilling those claims, the warranty liability is adjusted accordingly. Changes in the Company's warranty liability for the three months ended June 30, 2012 and 2011 were as follows (in thousands):

	Three months ended June 30,	
	2012	**2011**
Warranty liability, beginning of period	$ 5,184	$ 4,970
Provision for warranties issued during the period	1,632	4,421
Settlements made during the period	(1,995)	(4,758)
Warranty liability, end of period	$ 4,821	$ 4,633

21. On November 6, 2012, Logitech filed a quarterly report on Form 10-Q with the SEC announcing the Company's financial and operating results for the quarter ended September 30, 2012 (the "Q2 2013 10-Q"). The Q2 2013 10-Q also contained signed SOX certifications by Defendants De Luca and Bardman

attesting to the accuracy of financial reporting, effectiveness of internal controls, and that all fraud was disclosed.

22. The Q2 2013 10-Q disclosed the Company's warranty accrual liabilities, stating in pertinent part:

> The following table presents the components of certain balance sheet liability amounts as of September 30 and March 31, 2012 (in thousands):

	September 30, 2012	March 31, 2012
Accrued liabilities:		
Accrued personnel expenses	$ 44,787	$ 42,809
Accrued marketing expenses	9,531	7,097
Indirect customer incentive programs	25,340	26,112
Accrued restructuring	5,786	—
Deferred revenue	21,200	19,358
Accrued freight and duty	13,116	11,376
Value-added tax payable	6,213	7,140
Accrued royalties	4,161	6,243
Warranty accrual	4,243	5,184
Non-retirement post-employment benefit obligations	4,244	4,129
Income taxes payable - current	4,510	6,047
Other accrued liabilities	47,103	51,185
	$ 190,234	$ 186,680
Non-current liabilities:		
Income taxes payable - non-current	$ 105,128	$ 137,319
Obligation for deferred compensation	14,950	14,393
Defined benefit pension plan liability	33,930	39,337
Deferred rent	20,853	16,042
Other long-term liabilities	12,511	11,371
	$ 187,372	$ 218,462

* * *

> ***Product Warranties***
>
> Certain of the Company's products are covered by warranty to be free from defects in material and workmanship for periods ranging from one year to five years. At the time of sale, the Company accrues a warranty liability for estimated costs to provide products, parts or

services to repair or replace products in satisfaction of the warranty obligation. The Company's estimate of costs to fulfill its warranty obligations is based on historical experience and expectations of future conditions. When the Company experiences changes in warranty claim activity or costs associated with fulfilling those claims, the warranty liability is adjusted accordingly. Changes in the Company's warranty liability for the three and six months ended September 30, 2012 and 2011 were as follows (in thousands):

	Three months ende d September 30,		Six months ended September 30,	
	2012	2011	2012	2011
Warranty liability, beginning of period	$4,821	$ 4,633	$ 5,184	$ 4,970
Provision for warranties issued during the period	(215)	4,991	1,417	9,412
Settlements made during the period	(363)	(4,792)	(2,358)	(9,550)
Warranty liability, end of period	$4,243	$ 4,832	$ 4,243	$ 4,832

23. On May 30, 2013, the Company filed a Form 10-K for the fiscal year ended March 31, 2013 (the "2013 10-K") with the SEC, which provided the Company's year-end financial results and position. The 2013 10-K was signed by Defendants Darrell and Doktorczyk. The 2013 10-K also contained signed SOX certifications by Defendants Darrell and Doktorczyk attesting to the accuracy of financial reporting and that all fraud was disclosed.

24. The 2013 10-K disclosed the Company's warranty accrual liabilities, stating in pertinent part:

The following table presents the components of certain balance sheet liability amounts as of March 31, 2013 and 2012 (in thousands):

	March 31, 2013	2012
Accrued and other current liabilities:		
Accrued personnel expenses	$ 40,502	$ 42,809
Accrued marketing expenses	11,005	7,097
Indirect customer incentive programs	29,464	26,112
Accrued restructuring	13,458	—
Deferred revenue	22,698	19,358
Accrued freight and duty	5,882	11,376
Value-added tax payable	8,544	7,140
Accrued royalties	3,358	6,243

Warranty accrual	5,156	5,184
Employment benefit plan obligations	4,351	4,129
Income taxes payable—current	2,259	6,047
Other accrued liabilities	39,171	51,185
	$ 185,848	$186,680
Non-current liabilities:		
Income taxes payable—non-current	$ 98,827	$137,319
Obligation for deferred compensation	15,631	14,393
Employment benefit plan obligations	35,963	39,337
Deferred rent	24,136	16,042
Deferred taxes	1,989	2,513
Other long-term liabilities	10,676	8,858
	$ 187,222	$218,462

* * *

Product Warranties

Certain of the Company's products are covered by warranty to be free from defects in material and workmanship for periods ranging from one year to five years. At the time of sale, the Company accrues a warranty liability for estimated costs to provide products, parts or services to repair or replace products in satisfaction of the warranty obligation. The Company's estimate of costs to fulfill its warranty obligations is based on historical experience and expectations of future conditions. When the Company experiences changes in warranty claim activity or costs associated with fulfilling those claims, the warranty liability is adjusted accordingly. Changes in the Company's warranty liability for the years ended March 31, 2013 and 2012 were as follows (in thousands):

	Year Ended March 31, 2013	2012
Warranty liability, beginning of year	$ 5,184	$ 4,970
Provision for warranties issued during the year	20,158	19,280
Settlements made during the year, net of adjustments	(19,719)	(19,066)
Less: Amount classified as liabilities held for sale	(467)	—
Warranty liability, end of year	$ 5,156	$ 5,184

25. The statements referenced in ¶¶ 15 - 24 above were materially false

and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company's business, products, and directors' backgrounds, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) Logitech did not properly value its Logitech Revue ("Revue") finished goods inventory or component parts during fiscal year 2011; (2) Logitech inflated its fiscal year 2011 financial results to meet earnings guidance; (3) Logitech overstated its operating income by $30.7 million, or over 27%, in its 2011 10-K; (4) Logitech's Americas ("AMR") warranty accrual model contained deficiencies during fiscal years 2011 through 2013; (5) Logitech's AMR warranty accrual model was not compliant with Generally Accepted Accounting Principles ("GAAP") during fiscal years 2012 and 2013; (6) Logitech failed to amortize certain intangibles from a fiscal year 2010 acquisition; (7) Logitech had not updated its warranty accrual calculation in the EMEA region for the quarter ended June 30, 2012, and for the quarter ended September 30, 2012, and thus the reserves Logitech recorded for those quarters lacked an adequate basis; and (8) Logitech lacked adequate internal and financial controls for fiscal years 2011 and 2012. As a result of the foregoing, the Company's public statements were materially false and misleading at all relevant times.

THE TRUTH EMERGES

26. On July 27, 2011, Logitech issued a press release announcing its first quarter financial results for fiscal year 2012, and announced that it was taking a $34 million loss for its planned price reduction on its product Revue. In this announcement, Logitech stated that it was reducing the price of Revue from $249 to $99 for the second quarter of fiscal 2012. This $34 million loss also included the $10.8 million write-downs of finished goods and component inventory for Revue.

27. On this news, shares of Logitech fell $0.70 per share or approximately

7% from its previous closing price to close at $9.61 per share on July 28, 2011, damaging investors.

28. On September 3, 2014, Logitech issued a press release after the market closed announcing the restatement of its prior financial statements, stating in part:

> **Logitech to Restate Prior Financial Statements**
>
> **No Material Impact on Fiscal Year 2013 or 2014 Results, No Change to Cash Balance**
>
> September 03, 2014 10:00 PM Eastern Daylight Time
>
> NEWARK, Calif. & LAUSANNE, Switzerland--(BUSINESS WIRE)--Logitech International (SIX:LOGN) (Nasdaq:LOGI) today announced that based on findings of the previously disclosed investigation and related work, the Audit Committee of its Board of Directors has determined that Logitech previously issued financial statements for Fiscal Years 2011 and 2012 and the first quarter of Fiscal Year 2012 can no longer be relied on. This is due to an accounting misstatement for inventory valuation reserves for Logitech's discontinued Revue product. Accordingly, the Company will restate these financial statements as part of its Fiscal Year 2014 10-K filing. The company has discussed the matter relating to the restatement with its independent registered public accounting firm, PricewaterhouseCoopers LLP.
>
> The restatement will reflect an increase in the provision for inventory reserves during the fourth quarter of Fiscal Year 2011 related to the Revue product, and a corresponding decrease in the provision for inventory reserves for the same amount in the first quarter of Fiscal Year 2012. This shift will cause a decrease in operating income in Fiscal Year 2011 and a corresponding increase in operating income for the same amount in Fiscal Year 2012. In connection with the restatement, there will be other corrections to the financial statements, none of which are material to the respective years. Logitech is finalizing the total amount of these adjustments. The restatement is not expected to materially impact Fiscal Years 2013 or 2014. There is

> no impact on the Company's cash and cash equivalent balances reported in any of these years.
>
> The Audit Committee is continuing its investigation with respect to the specific subject matter of the restatement, which is expected to be completed over the next several weeks. In addition, the Company is working to evaluate the impact of the restatement and final results of the investigation on its internal controls over financial reporting. The Company is working to complete and file its 10-K and annual report for Fiscal Year 2014 and 10- Q for the first quarter of Fiscal Year 2015 as soon as possible.

29. On this news, shares of Logitech fell $0.12 per share from its previous closing price to close at $13.78 per share on September 4, 2014, further damaging investors.

30. On May 21, 2014 during aftermarket hours Logitech issued a press release announcing that it is delaying the filing of its annual report on Form 10-K for the fiscal year ended March 31, 2014, stating in pertinent part:

> **LOGITECH ANNOUNCES DELAY IN FORM 10-K FILING**
>
> Wednesday, May 21, 2014 3:30 pm PDT
>
> NEWARK, Calif. & LAUSANNE, Switzerland--(BUSINESS WIRE)--Logitech International (SIX: LOGN) (Nasdaq: LOGI) today announced that the filing of its Annual Report on Form 10-K for the year ended March 31, 2014 will be delayed beyond the required filing date of May 30, 2014.
>
> The Audit Committee, with the assistance of independent advisors, is conducting an independent investigation of certain accounting matters related to the Company's previously issued financial statements. **Some of the issues being reviewed by the Audit Committee are also the subject of an ongoing formal investigation by the SEC, including the revision to the Company's financial statements**

concerning warranty accruals and amortization of intangible assets presented in its Form 10-K/A, filed on August 7, 2013, and the Company's transactions with a distributor for Fiscal Year 2007 through Fiscal Year 2009. The Company is cooperating with the SEC in its ongoing investigation. Logitech recently entered into an agreement with the SEC to extend the statute of limitations and cannot predict the outcome of the investigation at this time.

Related to the Audit Committee's investigation, the Company is performing additional work related to its Fiscal Year 2014 Form 10-K, which might result in adjustments to the financial statements. Logitech will continue to devote the resources necessary to complete its Fiscal Year 2014 Form 10-K and file as soon as possible.

[Emphasis added].

31. On this news, shares of Logitech fell $0.48 per share or approximately 4% from its previous closing price to close at $12.34 per share on May 22, 2014, further damaging investors.

32. On April 19, 2016, the SEC announced that it filed a complaint in federal court against Defendant Bardman and Jennifer F. Wolf ("Wolf"), for violations of the federal securities laws, and that Logitech agreed to pay a $7.5 million penalty for fraudulently inflating its fiscal year 2011 financial results to meet earnings guidance and committing other accounting-related violations during a five-year period, stating in pertinent part:

<u>SEC Announces Financial Fraud Cases</u>

FOR IMMEDIATE RELEASE
2016-74

Washington D.C., April 19, 2016 —
The Securities and Exchange Commission today announced a pair of financial fraud cases against companies and then-executives accused of various accounting failures that left investors without accurate depictions of company finances.

> In one case, technology manufacturer **Logitech International agreed to pay a $7.5 million penalty for fraudulently inflating its fiscal year 2011 financial results to meet earnings guidance and committing other accounting-related violations during a five-year period**. Logitech's then-controller **Michael Doktorczyk and then-director of accounting Sherralyn Bolles agreed to pay penalties of $50,000 and $25,000, respectively, for violations related to Logitech's warranty accrual accounting and failure to amortize intangibles from an earlier acquisition**. The SEC filed a complaint in federal court yesterday against Logitech's then-chief financial officer Erik Bardman and then-acting controller Jennifer Wolf **alleging that they deliberately minimized the write-down of millions of dollars of excess component parts for a product for which Logitech had excess inventory in FY11**. **For Logitech's financial statements, the two executives falsely assumed the company would build all of the components into finished products despite their knowledge of contrary facts and events**.

[Emphasis added].

33. The action styled as *Securities and Exchange Commission v. Erik K. Bardman et al*, Docket No. 3:16-cv-02023 (N.D. Cal. Apr 18, 2016) was brought by the SEC against Defendant Bardman and Wolf asserting violations of the federal securities laws, and alleging, among other things, that:

> 50**. On April 27, 2011, Logitech issued a press release concerning its financial results for the fiscal year that ended March 31, 2011**. **Bardman's and Wolf's actions, as described above, resulted in Logitech's making material misrepresentations in that press release about the Company's operating income and net income. Specifically, those amounts were materially overstated because the Company did not properly value its Revue finished goods inventory or component parts inventory.** On April 28, 2011, Logitech filed a Form 8-K concerning the press release, which was furnished to the Commission.
>
> 51. **Bardman's and Wolf's actions, as described above, resulted in Logitech's making material misrepresentations in its May 27,**

2011 Form 10-K for fiscal 2011 about the Company's operating income and net income. Specifically, Logitech overstated operating income by $30.7 million, or over 27%. If Logitech had properly accounted for its Revue-related inventory, it would have reported operating income of approximately $112 million, far below the lowered guidance of $140 million – $150 million.

*   *   *

54. **Bardman personally profited from his misstatements and omissions by, among other things, receiving a bonus that was based, in part, on Logitech's overstated operating income for fiscal 2011.**

55. **During relevant times, Logitech's stock price was artificially inflated as a result of Bardman's and Wolf's misstatements and omissions concerning Revue. Had Logitech taken the Revue write-down at an earlier point, as appropriate, Logitech's operating income that it announced on April 27, 2011 ($142.7 million), would have been substantially lower than the revised guidance the company issued on March 31, 2011 ($140-150 million). The market would have reacted unfavorably to the news that Logitech had missed its lowered guidance.**

[Emphasis added].

34. On April 19, 2016, the SEC issued an order instituting cease-and-desist proceedings pursuant to Section 21C of the Securities Exchange Act of 1934, making findings, and imposing cease-and-desist orders and penalties, stating, among other things, that:

27. On November 14, 2014, LOGI restated its financial results for FY11 and FY12 because of errors in the timing of the Revue-related inventory write-downs. **At the time it initially filed its FY11 financial statements, LOGI overstated its operating income by $30.7M, i.e., over 27%. If LOGI had properly accounted for Revue related inventory in May 2011, it would have reported operating income of approximately $112M, far below the lowered guidance of $140M-$150M.**

*   *   *

28. Historically, LOGI divided its operations into three geographical regions: Americas (AMR); Europe, Middle East and Africa (EMEA); and Asia-Pacific/Japan (APJ). LOGI offered warranties on its products sold throughout the world.

30. **From FY08 through FY11, the deficiencies of LOGI's AMR model—and the need for a more robust method—were known within LOGI's finance and accounting groups.**

31. During LOGI's FY12, a senior accountant was assigned to provide operational input on LOGI's warranty in the AMR region. The senior accountant reviewed the model and could not understand the reason or basis for various discretionary inputs or the underlying assumptions. She also discovered that the model did not take into account the length of the product warranty term. Specifically, the senior accountant determined that, if LOGI were to change its warranty term (e.g., increase the length of the warranty from one-year to three-years), the model's calculated exposure (i.e., the required accrual) would not change. In other words, the model calculated the same warranty accrual regardless of whether products carried a three-month warranty or a 10-year warranty.

32. The senior accountant inquired but could not get an explanation or basis for the inputs or why changing the warranty term would not impact the calculated accrual. The senior accountant also realized that the model did not use "sell-through data" (data on product sales to consumers). Although she lacked expertise in warranty accounting, **she concluded that the Company's warranty accrual model did not comply with GAAP.**

*   *   *

35. On or around December 21, 2011 (the end of Q312), the senior accountant presented her conclusions to Doktorczyk, the Former Acting Controller, and others. In the presentation, **the senior accountant set forth the deficiencies with the existing model and indicated a likely under-accrual of $3.4M. Doktorczyk did not ensure that deficiencies in the model were corrected.**

36. Five months later, in May 2012, as part of the Company's internal accounting controls, the senior accountant was asked to confirm the accuracy of certain statements, one of which included language about the Company's warranty provisions. Because she believed the warranty accrual did not comply with GAAP, the senior accountant refused to confirm or certify the statement. The senior accountant's refusal to confirm or certify the statement about the warranty provisions was not raised with, and accordingly was not acted upon by, Doktorczyk.

* * *

42. On or about February 14, 2013, LOGI's top finance and accounting officers— LOGI's Former CFO, Doktorczyk, Bolles, and the VP of FP&A, as well as the senior accountant and FP&A accountant, attended a meeting at which the senior accountant presented her findings regarding the warranty model issues and concerns, much like the presentation she had made 14 months earlier. **The senior accountant told LOGI's Former CFO that the existing warranty accrual model was not GAAP compliant.**

43. The February 2013 presentation was explicit about the deficiencies in the current model and the estimated amount of additional exposure: $4.2M. The presentation also set forth two options for transitioning to a new model: a one-time switch in methodology or a "gradual change to existing approach." The first option would result in an immediate charge or "catch up adjustment" to LOGI's financial results. The second option would "change the current model gradually to increase reserves until [the] catch up entry is not material before switching the model." **The second option was not GAAP-compliant.**

44. At the direction of LOGI's Former CFO, **the Company implemented the second option—the plan to gradually increase the reserve.**

* * *

46. Toward the end of Q413, the senior accountant also discovered

that **LOGI apparently had not amortized certain intangibles from a FY10 acquisition.**

47. No later than April 2013, Bolles was aware that her staff, which included the senior accountant, had researched the intangibles issue and concluded that **the Company had failed to amortize certain intangibles.**

48. On May 30, 2013, LOGI filed its Form 10-K for FY13, which contained material misstatements and omissions about the Company's product warranty accruals. In particular, LOGI misstated the amount of its product warranty liability by over $17.2M.

* * *

50. On May 30, 2013, Doktorczyk and Bolles signed a letter to the Company's audit firm representing that "there were no material transactions, agreements or accounts that have not been properly recorded in the accounting records underlying the consolidated financial statements." The materiality threshold in the letter was $500K. At the time they signed the letter, **Doktorczyk and Bolles knew, or should have known, about two issues—additional warranty accrual exposure (estimated to be $4.2M at the time) and failure to amortize intangibles (approx. $1.87M) —that exceeded the letter's materiality threshold and had not been properly recorded in the Company's books and records.**

51. On May 30, 2013, Doktorczyk certified that the Form 10-K did 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 the Form 10-K. Doktorczyk also certified that the financial statements, and other financial information in the Form 10-K, fairly presented in all material respects the financial condition, results of operations and cash flows of LOGI for the period reported. **At the time he signed the certification, Doktorczyk knew, or should have known, of the errors/exposures concerning the warranty accrual and failure to amortize intangibles, and the effect of those errors/exposures on**

the financial statements and results of operations.

52. Prior to the filing of the Company's Form 10-K in May 2013, Bolles knew, or should have known, that LOGI's internal accounting controls with respect to its warranty accrual were insufficient. Bolles was not only aware of deficiencies with the AMR warranty model, but also knew, or should have known, that **LOGI had inadequate accounting controls over its warranty reserve in the EMEA region**. No later than January 2013, she had been informed that **LOGI had not updated its warranty accrual calculation for two consecutive quarters in the EMEA region and, thus, she knew, or should have known, the Company did not have an adequate basis for the reserves it had recorded in those quarters**.

53. **The misstatements and omissions with respect to the warranty accrual were material**. At the end of FY12, LOGI reserved $5.2M for its warranty obligations and reported net income of $71.5M. Using an appropriate methodology (i.e., the model that LOGI subsequently proposed and adopted), **the Company should have reserved $25.5M -- an under-accrual of over $21M. Similarly, in FY13, LOGI's accrual was over $17M lower than the GAAP-compliant model required.**

54. On August 7, 2013, LOGI filed an amended Form 10-K for FY13, disclosing and correcting the warranty accrual and amortization expense errors, revising its financial statements for FY09 through FY13, and correcting its reporting on internal control.

[Emphasis added].

PLAINTIFF'S CLASS ACTION ALLEGATIONS

35. 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 those who purchased or otherwise acquired Logitech securities traded on NASDAQ during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their

immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

36. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Logitech securities were actively traded on NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Logitech 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.

37. 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 the federal law that is complained of herein.

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

39. 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:

- whether the federal securities laws were violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Logitech;

- whether the Individual Defendants caused Logitech to issue false and misleading public statements during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false and misleading public statements;
- whether the prices of Logitech securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and,
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

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

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

- Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- Logitech securities are traded in efficient markets;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on NASDAQ, and was covered by multiple analysts;

- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased and/or sold Logitech securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

42. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

43. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

COUNT I

Violation of Section 10(b) of The Exchange Act and Rule 10b-5

Against All Defendants

44. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

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

46. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various

untrue statements of material facts and 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; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Logitech securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Logitech securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

47. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for Logitech securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Logitech's finances and business prospects.

48. By virtue of their positions at Logitech, Defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to Defendants. Said acts and omissions of Defendants were committed willfully or with reckless disregard for

the truth. In addition, each defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

49. Information showing that Defendants acted knowingly or with reckless disregard for the truth is peculiarly within Defendants' knowledge and control. As the senior managers and/or directors of Logitech, the Individual Defendants had knowledge of the details of Logitech's internal affairs.

50. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of Logitech. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to Logitech's businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price for Logitech's securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Logitech's business and financial condition which were concealed by Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired Logitech securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by Defendants, and were damaged upon the revelation of the alleged corrective disclosures.

51. During the Class Period, Logitech's securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the Defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of Logitech

securities at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of Logitech securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of Logitech's securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

52. By reason of the conduct alleged herein, Defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

53. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases, acquisitions and sales of the Company's securities during the Class Period, upon the disclosure that the Company had been disseminating materially false and misleading statements to the investing public.

COUNT II

Violation of Section 20(a) of The Exchange Act

Against The Individual Defendants

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

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

Logitech's business practices.

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

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

58. Each of the Individual Defendants, therefore, acted as a controlling person of Logitech. By reason of their senior management positions and/or being directors of Logitech, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, Logitech to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of Logitech and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

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

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against Defendants as follows:

A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;

C. Awarding Plaintiff and the other members of the Class prejudgment and post- judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: Respectfully submitted,

THE ROSEN LAW FIRM, P.A.

By:________________________

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