

## **Shareholder Alert: Bernstein Litowitz Berger & Grossmann LLP Announces the Filing of Securities Class Action Lawsuit Against Generac Holdings Inc.**

New York, NY – (Business Wire) – December 1, 2022 – Today, prominent investor rights law firm Bernstein Litowitz Berger & Grossmann LLP (“BLB&G”) filed a class action lawsuit in the U.S. District Court for the Eastern District of Wisconsin alleging violations of the federal securities laws by Generac Holdings Inc. (“Generac” or the “Company”) and certain of its senior executives (collectively, “Defendants”), on behalf of investors that purchased or otherwise acquired Generac common stock during the period from April 29, 2021, to November 1, 2022, inclusive (the “Class Period”).

BLB&G filed this action on behalf of its clients, Oakland County Voluntary Employees’ Beneficiary Association and Oakland County Employees’ Retirement System, and the case is captioned *Oakland County Voluntary Employees’ Beneficiary Association and Oakland County Employees’ Retirement System v. Generac Holdings Inc.*, No. 22-cv-1436 (E.D. Wis.). The complaint is based on an extensive investigation and a careful evaluation of the merits of this case. A copy of the complaint is available on BLB&G’s website by clicking [here](#). BLB&G is currently advising institutional investors that incurred losses in excess of \$10 million on their Class Period investments in Generac common stock.

### **Generac’s Alleged Fraud**

Generac is a Wisconsin-based producer of residential generators and backup power systems. In recent years, Generac expanded its business to include solar-based clean energy systems. Generac’s solar offering, called the PWRcell, is a battery-based system that stores and manages electricity generated from solar panels. A critical part of the PWRcell system is the SnapRS rapid shutdown – a device meant to shut off the flow of electricity from solar panels to the rest of the system. Generac sells its PWRcell systems, including the SnapRS component, primarily through independent residential dealers, known as channel partners. Those channel partners, in turn, sell or rent the product to the end consumer, providing installation and continued maintenance services for the PWRcell systems.

The complaint alleges that, throughout the Class Period, Defendants made numerous materially false and misleading statements and omissions concerning the safety and success of the Company’s clean power products, and the number of channel partners Generac relies on to sell, install, and service those products. Specifically, Defendants repeatedly touted to investors that “safety is paramount” and that the Company’s solar products went through “multiple rounds of design review” to “ensure that [they] meet all applicable internal engineering designs and safety standards . . . .” Defendants also falsely represented to investors that Generac had a broad and diverse network of channel partners, and claimed that no single such partner provided more than 6% of the Company’s sales. In addition, the complaint alleges that Defendants overstated the Company’s earnings throughout the Class Period. Specifically, Defendants misrepresented or concealed the Company’s warranty liability, and falsely assured investors that the Company’s financial statements were prepared in accordance with Generally Accepted Accounting Principles.

In truth, Defendants knew that, rather than ensuring the safety of its solar energy systems, Generac's SnapRS product was defective and dangerous, reducing the capacity of the solar energy systems in which it was installed, rendering costly equipment ineffective, requiring expensive maintenance, and would overheat, melt and, in some cases, start fires. Throughout the Class Period, numerous consumers filed complaints with regulators, and Generac's channel partners informed the Company of the SnapRS defect. Also, contrary to Defendants' assertions, Generac's clean energy sales were heavily dependent on a single channel partner, Power Home Solar, LLC d/b/a Pink Energy ("Pink Energy"). Indeed, Generac faced significant undisclosed warranty liability as a result of the issues created by the SnapRS defect and resulting fallout with its largest channel partner, Pink Energy. As a result of Defendants' misrepresentations and omissions, Generac common stock traded at artificially inflated prices during the Class Period.

The truth began to emerge on August 1, 2022, when Pink Energy sued Generac, alleging, among other things, that Generac had provided "defective" components. The Pink Energy Complaint criticized Generac's failure to recall the dangerous SnapRS unit in light of Pink Energy's urging that they do so—both for the sake of their business, and for the safety of their customers. Pink Energy also alleged that Generac did not disclose to Pink Energy that a firmware update, held out as a fix for the SnapRS issues, had known adverse effects and was shutting down entire PWRcell systems. In response to the serious allegations in the Pink Energy Complaint, the price of Generac shares declined by \$3.31 per share.

Then, on October 19, 2022, Generac published preliminary earnings showing dismal financial results for the third quarter of 2022, and announced a \$55 million pre-tax charge relating to its clean energy product warranties and expenses, citing a distributor that had filed for bankruptcy. On this news, the price of Generac shares declined by \$37.44 per share, or 25%.

Finally, on November 2, 2022, Generac released third quarter earnings and lowered guidance on sales by its solar energy business for the remainder of the year by approximately 40%. The lowered guidance was attributed to "the loss of a major customer during the quarter, along with the specific warranty-related issue"—*i.e.*, the defective SnapRS component, which led to Pink Energy's bankruptcy. In response to the November 2 disclosures, Generac common stock fell an additional \$8.99 per share, or 8%.

If you wish to serve as Lead Plaintiff for the Class, you must file a motion with the Court no later than January 30, 2023, which is the first business day on which the U.S. District Court for the Eastern District of Wisconsin is open that is 60 days after the publication date of December 1, 2022. Any member of the proposed Class may seek to serve as Lead Plaintiff through counsel of their choice, or may choose to do nothing and remain a member of the proposed Class.

If you wish to discuss this action or have any questions concerning this notice or your rights or interests, please contact Scott R. Foglietta of BLB&G at 212-554-1903, or via e-mail at [scott.foglietta@blbglaw.com](mailto:scott.foglietta@blbglaw.com).

## **About BLB&G**

BLB&G is widely recognized worldwide as a leading law firm advising institutional investors on issues related to corporate governance, shareholder rights, and securities litigation. Since its founding in 1983, BLB&G has built an international reputation for excellence and integrity and pioneered the use of the litigation process to achieve precedent-setting governance reforms. Unique among its peers, BLB&G has obtained several of the largest and most significant securities recoveries in history, recovering over \$37 billion on behalf of defrauded investors. More information about the firm can be found online at [www.blbglaw.com](http://www.blbglaw.com).

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