

Cleveland Bakers and Teamsters Pension Fund v. Lamb Weston Holdings, Inc.

COURT: United States District Court for the District of Idaho
CASE NUMBER: 24-cv-282
CLASS PERIOD: 07/25/2023 - 04/03/2024
CASE LEADERS: Avi Josefson, Scott R. Foglietta, James A. Harrod
CASE TEAM: Alexander Noble, Mathews R. de Carvalho, Gabriel Cohen

On June 13, 2024, Bernstein Litowitz Berger & Grossmann LLP (“BLB&G”) filed a class action in the U.S. District Court for the District of Idaho alleging violations of the federal securities laws by Lamb Weston Holdings, Inc. (“Lamb Weston” or the “Company”) and certain of the Company’s senior executives (collectively, “Defendants”). The action is brought on behalf of all persons or entities that purchased shares of Lamb Weston common stock between July 25, 2023, and April 3, 2024, inclusive (the “Class Period”).

BLB&G filed this action on behalf of Cleveland Bakers and Teamsters Pension Fund, and the case is captioned *Cleveland Bakers and Teamsters Pension Fund v. Lamb Weston Holdings, Inc.*, No. 24-cv-282 (D. Idaho). The complaint is based on an extensive investigation and a careful evaluation of the merits of this case. To view the complaint, see the **Case Documents** section of this page.

Lamb Weston’s Alleged Fraud

Lamb Weston is the largest producer of frozen potato products in North America and the second largest worldwide. The Company sells its products to restaurants and retailers around the world. One of Lamb Weston’s largest customers is fast-food chain, McDonald’s.

On July 25, 2023, Lamb Weston announced that it had completed the design phase of a new Enterprise Resource Planning (“ERP”) software system that the Company would work to implement across its operations. According to the Company, that new software system would manage and integrate critically important aspects of the Company’s business, including, among other things, supplier payments, inventories, warehousing, customer invoicing, and order shipments. Investors were told that the new ERP system would replace Lamb Weston’s antiquated financial and operating systems, which the Company’s Chief Financial Officer acknowledged suffered from Lamb Weston’s “decades of under-spending in [information technology].” In late November 2023, Lamb Weston transitioned some of its central systems to the new ERP infrastructure.

The complaint alleges that, throughout the Class Period, Defendants made numerous material misrepresentations and omissions regarding the design and implementation of Lamb Weston’s new ERP system. Specifically, throughout the Class Period, Defendants represented that, through the design of the Company’s new ERP system, Lamb Weston had “strengthen[ed] [its] operational infrastructure.” The Company also downplayed any issues it experienced with the implementation of the system as merely “usual bumps,” and told investors that its financial guidance for fiscal 2024 appropriately accounted for any negative financial impact associated with the system’s deployment. As a result of these misrepresentations, Lamb Weston stock traded at artificially inflated prices during the Class Period.

The truth emerged on April 4, 2024, when Lamb Weston reported financial results for its fiscal third quarter 2024, and disclosed significant problems with its transition to the new ERP system. Those problems caused Lamb Weston to lose over \$130 million in sales during the third quarter and led the Company to significantly reduce its sales guidance for its full fiscal year. The unsuccessful ERP transition resulted in Lamb Weston's "reduced visibility into finished goods inventory at distribution centers," which negatively impacted the Company's ability to fulfill customer orders, resulting in shipment delays and cancelled orders. In total, Lamb Weston's disastrous ERP system roll-out negatively impacted the Company's net sales by \$135 million, net income by \$72 million, and adjusted earnings before interest, taxes, depreciation, and amortization by \$95 million. Lamb Weston also cut its sales guidance range for fiscal 2024 by \$330 million, at the midpoint. The Company disclosed that it expected sales volumes in its fiscal fourth quarter 2024 to be negatively impacted by some customers that were affected by Lamb Weston's botched ERP transition, as those customers turned to Lamb Weston's competitors to meet their needs. As a result of these disclosures, the price of Lamb Weston stock declined by \$19.59 per share, or over 19%.

If you wish to serve as Lead Plaintiff for the Class, you must file a motion with the court no later than August 12, 2024, which is the first business day on which the U.S. District Court for the District of Idaho is open that is 60 days after the publication date of June 13, 2024. 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.

Case Documents

- February 21, 2025 - Second Amended Complaint
- June 13, 2024 - Initial Complaint
- June 13, 2024 - PSLRA Notice