

Retail Wholesale Department Store Union Local 338 Retirement Fund v. Beyond Meat, Inc.

COURT: United States District Court for the Central District of California
CASE NUMBER: 23-cv-3602
CLASS PERIOD: 05/05/2020 - 10/13/2022
CASE LEADERS: Hannah Ross, Avi Josefson, Scott R. Foglietta

On May 11, 2023, Bernstein Litowitz Berger & Grossmann LLP (“BLB&G”) filed a class action lawsuit for violations of the federal securities laws in the U.S. District Court for the Central District of California against Beyond Meat, Inc. (“Beyond Meat” or the “Company”) and certain of the Company’s current and former senior executives (collectively, “Defendants”), on behalf of investors that purchased Beyond Meat common stock between May 5, 2020 and October 13, 2022, inclusive (the “Class Period”).

BLB&G filed this action on behalf of its client, Retail Wholesale Department Store Union Local 338 Retirement Fund, and the case is captioned *Retail Wholesale Department Store Union Local 338 Retirement Fund v. Beyond Meat, Inc.*, No. 23-cv-3602 (C.D. Cal.). 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.

Beyond Meat’s Alleged Fraud

Beyond Meat is a global producer of plant-based meat substitutes such as Beyond Burgers, Beyond Sausages, Beyond Meatballs, and Beyond Pepperoni. The Company sought to build “meat directly from plants” by faithfully replicating the look, taste, and texture of animal meat using only vegan, non-genetically modified ingredients. Beyond Meat found success creating small, sample-sized prototypes of its product offerings and, subsequently, became the best-performing IPO in nearly two decades when it went public in 2019. After going public, Beyond Meat launched a series of high-profile partnerships with foodservice providers such as Starbucks, McDonalds, KFC, Pizza Hut, and Taco Bell.

The complaint alleges that, throughout the Class Period, Defendants made numerous materially false and misleading statements and omissions concerning the Company’s ability to produce plant-based meats at scale. Specifically, Defendants repeatedly assured investors that Beyond Meat conducted “extensive testing” to “ensure manufacturability” of its plant-based meat products at commercial scale, and touted the success of the Company’s product tests with its large-scale partnerships as “very positive.” Further, Defendants blamed any delays in launching these large-scale partnerships on Covid-19.

In reality, Beyond Meat struggled to manufacture its meat substitutes at scale to the specifications of its partners. According to current and former employees of the Company, Beyond Meat suffered from widespread scaling issues, misaligned and delayed decision-making, and severe production delays. These problems led some partners to balk at the high price of Beyond Meat’s products and express doubts about the Company’s ability to produce them at commercial scale. As a result of Defendants’ misrepresentations and omissions, Beyond Meat common stock traded at artificially inflated prices during the Class Period.

The truth began to emerge on October 22, 2021, when Beyond Meat announced that the Company was reducing its third quarter net revenues outlook by up to \$34 million, or 25%. As part of the announcement, Beyond Meat also

revealed that the Company's expenses and inventories were continuing to rise. As a result of these disclosures, the price of Beyond Meat stock declined by \$12.82 per share, or nearly 12%. Then, on November 10, 2021, after the markets closed, Beyond Meat announced a \$1.8 million inventory write-off, blaming Covid-19 and product repackaging costs. As a result of this disclosure, the price of Beyond Meat stock declined by \$12.55 per share, or nearly 13%. However, Defendants continued to assure investors of the success of Beyond Meat's partnerships.

One week later, on November 17, 2021, *Bloomberg* published an article highlighting the delays in product roll out and execution challenges Beyond Meat was facing. That article, citing five former Beyond Meat employees, laid bare the Company's ongoing scaling problems and how those problems were tarnishing the Company's relationships with potential partners. In response to this news, the price of Beyond Meat stock declined by \$3.01 per share, or over 3.5%. Then, on December 9, 2021, multiple media sources reported that Taco Bell had cancelled a planned test of Beyond Carne Asada due to ongoing quality concerns. On this news, the price of Beyond Meat stock declined by \$5.88 per share, or nearly 8%. Following these disclosures, Beyond Meat continued to assure investors that its product testing was going well.

Finally, on October 14, 2022, Beyond Meat announced the departure of several of its top executives, including its Chief Operating Officer, Chief Growth Officer, and Chief Financial Officer. This news caused the price of Beyond Meat stock to decline by \$1.43 per share, or over 9.6%.

If you wish to serve as Lead Plaintiff for the Class, you must file a motion with the Court no later than July 10, 2023, which is the first business day on which the U.S. District Court for the Central District of California is open that is 60 days after the publication date of May 11, 2023. 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

- May 11, 2023 - Initial Complaint
- May 11, 2023 - PSLRA Notice