

Roofers' Pension Fund v. DXC Technology Company

COURT: United States District Court for the Eastern District of Virginia

CASE NUMBER: 24-cv-1351

CLASS PERIOD: 05/26/2021 - 05/16/2024

CASE LEADERS: Avi Josefson, Scott R. Foglietta

On August 2, 2024, Bernstein Litowitz Berger & Grossmann LLP ("BLB&G") filed a class action lawsuit in the U.S. District Court for the Eastern District of Virginia alleging violations of the federal securities laws by DXC Technology Company ("DXC" or the "Company") and certain of the Company's current and former executives (collectively, "Defendants"). The action is brought on behalf of all persons or entities that purchased shares of DXC common stock between May 26, 2021, and May 16, 2024, inclusive (the "Class Period").

BLB&G filed this action on behalf of its client, Roofers' Pension Fund, and the case is captioned *Roofers' Pension Fund v. DXC Technology Company*, No. 24-cv-1351 (E.D. Va.). The complaint is based on an extensive investigation and a careful evaluation of the merits of this case. 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.

DXC's Alleged Fraud

DXC is an information technology services and consulting company that offers a portfolio of services to help clients modernize their IT systems. Since 2017, DXC has acquired several other companies to help expand its capabilities and market reach. The Company has historically encountered challenges integrating these new companies and systems, which has led to multiple company-wide restructurings. In 2020, DXC announced that it had begun another "transformation journey" that would position DXC for the future.

The complaint alleges that, throughout the Class Period, Defendants made numerous materially false and misleading statements and omissions concerning DXC's ability to integrate previously acquired companies and business systems, as well as their efforts to reduce the Company's restructuring costs. Specifically, Defendants repeatedly touted the progress of DXC's "transformation journey," and assured investors that their efforts to reduce restructuring costs were successful and were "all sustainable and a result of the operational work we are doing." As a result of these misrepresentations, the price of DXC common stock traded at artificially inflated prices throughout the Class Period.

In truth, Defendants knew, or recklessly disregarded, that the Company had reduced restructuring costs during the Class Period by curbing the Company-wide "transformation" and had thereby simply deferred costs that DXC would ultimately need to spend to finally implement the restructuring that it claimed to be successfully addressing during the Class Period.

The truth began to emerge on August 3, 2022, when DXC reported disappointing first quarter results due to the fact that "cost optimization efforts have moved at a slower pace than anticipated." Then, on December 20, 2023, DXC announced the sudden departure of its Chief Executive Officer and Chairman of the Board of Directors, Michael J. Salvino, effective December 18, 2023. Despite each of these disclosures, Defendants continued to misrepresent the progress of Company's "transformation journey" and its successful reduction in restructuring costs.

The truth was further revealed on May 16, 2024, when DXC announced that the Company's "previous restructurings did not set a real, clean, solid, fully integrated baseline for profitable growth" and the Company would need to spend an additional \$250 million on increased restructuring. DXC explained that this "real reset" was "absolutely needed, otherwise we'd just continue to carry a really not fully functional organization." As a result of each of these disclosures, the price of DXC common stock declined significantly.

If you wish to serve as Lead Plaintiff for the Class, you must file a motion with the Court no later than October 1, 2024, which is the first business day on which the U.S. District Court for the Eastern District of Virginia is open that is 60 days after the publication date of August 2, 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

- August 2, 2024 - Initial Complaint
- August 2, 2024 - PSLRA Notice