

West Palm Beach Firefighters' Pension Fund v. Hasbro, Inc.

COURT: United States District Court for the Southern District of New York
CASE NUMBER: 24-cv-8633
CLASS PERIOD: 02/07/2022 - 10/25/2023
CASE LEADERS: Hannah Ross, Scott R. Foglietta, Avi Josefson
CASE TEAM: Prue Brady

On November 13, 2024, Bernstein Litowitz Berger & Grossmann LLP ("BLB&G") filed a class action lawsuit in the U.S. District Court for the Southern District of New York alleging violations of the federal securities laws by Hasbro, Inc. ("Hasbro" or the "Company") and certain of the Company's current and former executives (collectively, "Defendants"). The action is brought on behalf of all investors who purchased or otherwise acquired Hasbro common stock between February 7, 2022, and October 25, 2023, inclusive (the "Class Period").

BLB&G filed this action on behalf of its client, West Palm Beach Firefighters' Pension Fund, and the case is captioned *West Palm Beach Firefighters' Pension Fund v. Hasbro, Inc.*, No. 24-cv-8633 (S.D.N.Y.). 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.

Hasbro's Alleged Fraud

Hasbro is a leading toy, game and entertainment company with global reach. During the early stages of the COVID pandemic, prior to the start of the Class Period, Hasbro faced an increase in demand as families locked down in their homes, and global supply chain disruptions impacted numerous industries. In response, Hasbro overpurchased inventory to ensure that it could meet demand.

The complaint alleges that, throughout the Class Period, Defendants made numerous materially false and misleading statements and omissions statements about the quality inventory that Hasbro held, and represented that its rising inventory levels reflected outstanding and anticipated demand, rather than excess supply that outpaced waning demand. As a result of these misrepresentations, Hasbro common stock traded at artificially inflated prices throughout the Class Period.

In truth, Defendants knew that Hasbro had overpurchased inventory to an extent that significantly outpaced customer demand. The truth began to emerge on January 26, 2023, when the Company previewed its fourth quarter results for fiscal year 2022. Hasbro, having repeatedly touted the apparent strength of the 2022 holiday season, now admitted that revenue would contract by 17% year-over-year. To combat weakening sales, Hasbro announced it would be laying off 15% of its global work force, and at the same time disclosed the immediate departure of its Chief Operating Officer. These disclosures caused the price of Hasbro stock to decline by \$5.17 per share, or over 8%. However, Defendants continued to make false, reassuring statements to investors concerning the extent of the inventory buildup.

The truth was further revealed on October 26, 2023, when Hasbro announced its financial results for its fiscal year 2023 third quarter and shocked investors by disclosing an 18% decline in Consumer Product revenues year-over-year, along with a significant reduction in guidance for the remainder of the year. Hasbro also revealed that it was

forecasting “\$50-ish million of onetime cost” that was to be spent on “mov[ing] through inventory at the retailer level, extra marketing to move through the inventory, [and] extra obsolescence cost” in its Consumer Products segment. These disclosures caused the price of Hasbro stock to decline by another \$6.38 per share, or over 11%.

If you wish to serve as Lead Plaintiff for the Class, you must file a motion with the Court no later than January 13, 2025, which is the first business day on which the U.S. District Court for the Southern District of New York is open that is 60 days after the publication date of November 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

- November 13, 2024 - Initial Complaint
- November 13, 2024 - PSLRA Notice