

City of Miami Fire Fighters' & Police Officers' Ret. Trust v. MGP Ingredients, Inc.

COURT: United States District Court for the District of Kansas
CASE NUMBER: 2:20-cv-02180
CLASS PERIOD: 08/02/2018 - 02/25/2020
CASE CONTACTS: James A. Harrod, Hannah Ross, Kate Aufses

On April 6, 2020, Bernstein Litowitz Berger & Grossmann filed a class action lawsuit for violations of the federal securities laws against MGP Ingredients, Inc. (“MGP” or the “Company”) and certain of the Company’s former and current senior executives (collectively, “Defendants”), on behalf of investors in MGP common stock between August 2, 2018 and February 25, 2020, inclusive (the “Class Period”). The case was filed in the U.S. District Court for the District of Kansas.

On July 22, 2020, Plaintiffs filed their amended complaint. Defendants filed their motion to dismiss on September 8, 2020. Plaintiffs' response is due October 23, 2020.

Based in Atchison, Kansas, MGP is a producer and supplier of distilled spirits and food ingredient products. The majority of its business is the production of distilled spirits including aged-whiskey, un-aged rye whiskey, distilled gin, bourbon, and industrial alcohol. The claims against MGP arise from misstatements regarding the demand for MGP’s aged-whiskey and its ability to sell off its large inventory. After spending approximately \$70 million to embark on a four-year process to produce and sell aged whiskey, MGP assured investors that, thanks to its “far superior sales force,” and its clear “visibility” into its customers’ demands, MGP would have no trouble selling its entire inventory of aged whiskey for three to four times its cost. Moreover, by the beginning of 2019, MGP claimed that the Company had already begun securing orders for its whiskey amidst this strong demand. In reality, however, MGP was struggling to find customers to buy its aged whiskey, and at no point had any meaningful visibility into the demand for this product.

The Company shocked investors on January 17, 2020, when MGP drastically reduced its 2019 sales and earnings per share guidance. Significantly, MGP CEO Augustus Griffin admitted that MGP did not in fact have as strong of a “line of sight we believed we had to these aged sales” and that MGP is “currently conducting additional analysis to better understand the aged whiskey market.” Then, approximately three weeks later, MGP’s CEO unexpectedly “stepped down” from his position. As a result of these disclosures, MGP shares plummeted in value, causing MGP investors to suffer significant losses and damages.

The complaint is based on an extensive investigation and a careful evaluation of the merits of this case. To view the complaint, click on the Case Documents tab on the left-hand side of the page. BLB&G filed this action on behalf of the City of Miami Fire Fighters’ and Police Officers’ Retirement Trust, and the case is captioned *City of Miami Fire Fighters’ & Police Officers’ Ret. Trust v. MGP Ingredients, Inc.*, No. 20-cv-2180 (D. Kan.). This case is related to a previously filed securities class action pending against MGP: *Corbezzolo v. MGP Ingredients, Inc.*, No. 2:20-cv-02090 (D. Kan.).