

Securities Regulation Daily Wrap Up, ESG NEWS—M.D. Fla.: Target caught in crossfire of investor lawsuit over LGBT Pride versus consumer boycotts over DEI reversal, (Feb 4, 2025)

By [Lene Powell, J.D.](#)

An investor lawsuit puts Target in the crosshairs over pro-DEI marketing, while calls for consumer boycotts over the company's DEI reversal create financial risk in the other direction.

A new proposed class action alleges that Target Corporation and certain executives misled investors by concealing risks relating to Environmental, Social and Governance (ESG) and Diversity, Equity, and Inclusion (DEI) initiatives, including a pro-LGBT 2023 marketing campaign. The complaint alleges that Target and executives made misleading statements that caused investors to lose money when Target's stock price fell after consumer backlash ([City of Riviera Beach Police Pension Fund v. Target Corp.](#), No. 2:25-cv-00085-JLB-KCD (M.D. Fla. Jan. 31, 2025)).



The claims largely track the complaint in [Craig v. Target Corp.](#), another lawsuit alleging misrepresentations about risks related to the retailer's Pride marketing campaigns. The *Craig* action survived a motion to dismiss last December.

The pension fund's complaint was filed a week after Target [announced](#) it was concluding diversity, equity, and inclusion (DEI) goals and programs.

Some activists have [called for a Target boycott](#) over the DEI reversal.

Parties. The City of Riviera Beach Police Pension Fund brought the suit against Target Corporation and certain senior executives, including CEO Brian Cornell.

Jurisdiction. The suit is filed in U.S. district court in the Middle District of Florida, Fort Myers Division.

Facts. The complaint alleges that Target misled investors by making false and misleading statements about Target's ESG and DEI mandates that led to widespread customer boycotts following Target's 2023 LGBT-Pride campaign.

According to the complaint, negative effects of the 2023 Pride campaign along with a 2024 campaign on Target's business led to a massive decline in Target's stock price. Specifically, the complaint alleges that the 2023 LGBT-Pride Campaign offended certain Target customers, provoking consumer backlash and boycotts that caused Target's sales to fall for the first time in six years.

The complaint alleges that Cornell and Target's board of directors did not oversee or disclose the known risks of Target's 2023 LGBT-Pride Campaign and the 2024 Campaign. Through alleged misleading statements in public filings, this deceit caused Target's investors to buy stock at artificially inflated prices and unknowingly support Target's Board and management in their misuse of investor funds to serve political and social goals.

The complaint asserts that Target suffered tens of billions of losses in its market capitalization from May 2023 through present as the truth of the negative effect of these campaigns came to light. For example, Target's stock price allegedly suffered a decline of 22 percent in one day on November 20, 2024, wiping out \$16 billion in market cap.

Claims. The complaint alleges violations of Sections 10(b), 14(a), and 20(a) of the Exchange Act and Rules 10b-5 and 14a-9.

Relief requested. The complaint seeks declaratory relief, damages, expenses and cost.

DEI reversal. Facing a wave of fierce anti-DEI backlash, Target has joined other companies in announcing it is cancelling its DEI initiatives.

In its January 24 announcement, Target said it is:

- Concluding three-year diversity, equity and inclusion goals.
- Concluding Racial Equity Action and Change (REACH) initiatives in 2025 as planned.
- Ensuring employee resource groups are communities fully focused on development and mentorship. These communities will continue to be open to all.
- Further evaluating corporate partnerships to ensure they are directly connected to a roadmap for growth.
- Stopping all external diversity-focused surveys, including HRC's Corporate Equality Index.
- Evolving "Supplier Diversity" team to "Supplier Engagement" to better reflect inclusive global procurement process across a broad range of suppliers, including increasing focus on small businesses.

Boycott threats. Following the DEI reversal, Target has received boycott threats—making DEI decisions in either direction financially risky.

"Target didn't understand that its decision was not only offensive, but it's bad for business," said civil rights attorney Nekima Levy Armstrong in a [video](#) posted by Newsweek.

"We are asking people to go to their websites and buy directly from those Black companies, because Target will not see a single one of our Black dollars," Armstrong added.

Jaylani Hussein, Council on Islamic-American Relations, noted that Target's headquarters are in Minneapolis, where George Floyd's murder in 2020 triggered protests nationwide. Floyd's death and subsequent criminal conviction of a white police officer have been seen as a catalyst for the DEI movement.

"And we here in Minneapolis today, the good people of this state, are saying to our friends all over the country: If you were moved to do something good after the murder of George Floyd, it is time for you to stand up and boycott Target now," said Hussein.

The case is [No. 2:25-cv-00085-JLB-KCD](#).

Attorneys: Caitlin M. Moyna (Grant & Eisenhofer P.A.) for City of Riviera Beach Police Pension Fund.

Companies: City of Riviera Beach Police Pension Fund; Target Corp.

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