

Target's in Trouble for Allegedly Hiding the Downsides of DEI

Target is facing a shareholder lawsuit accusing the retailer of misleading investors about the risks of its diversity and social programs. The lawsuit claims these policies led to consumer boycotts, plummeting stock prices and significant financial losses.

The proposed class action lawsuit was filed Jan. 31, in a Florida federal court by the City of Riviera Beach Police Pension Fund. It claims Target failed to disclose potential backlash from its ESG and DEI initiatives. Investors allege they were defrauded into paying inflated stock prices while management pursued political and social agendas.

Target has been sued for allegedly concealing the risks of its diversity and social initiatives, leading to a backlash that caused customers to flee and the stock price of the retailer to plummet.

– NEWSMAX (@NEWSMAX) February 4, 2025

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Allegations of Concealment and Financial Losses

The lawsuit points to Target's 2023 Pride Month campaign as a key example of the retailer's failure to inform shareholders about the risks associated with its progressive policies. The campaign triggered boycotts, forcing Target to pull LGBTQ-themed items after in-store confrontations raised safety

concerns.

On November 20, 2024, Target's stock dropped 22%, wiping out \$15.7 billion after weak holiday sales and profit forecasts. Shareholders argue that this decline was a direct result of Target's failure to acknowledge the financial risks tied to its social initiatives. The lawsuit notes that Target's underperformance sharply contrasted with that of its competitor, Walmart, which avoided similar controversies.

The lawsuit seeks damages for Target shareholders who held stock between Aug. 26, 2022, and Nov. 19, 2024.

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Target Ends DEI Initiatives Amid Growing Opposition

Days after Target's Jan. 24, 2025, announcement to end DEI programs, including support for Black-owned businesses, the lawsuit was filed. Target adopted these initiatives in 2020 after George Floyd's death but is now scaling them back amid growing criticism.

Retail giants like Walmart and Amazon also have scaled back DEI efforts. Conservatives and President Donald Trump have strongly criticized these policies, vowing to end corporate activism over business performance.

Target has not yet responded to requests for comment regarding the lawsuit. The case highlights the growing tension between corporate social initiatives and shareholder concerns about financial consequences.

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