

**UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA**

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MITCHELL W. KNOLL, on behalf of  
the Target Corporation 401(k) Plan,  
himself, and a class consisting of  
similarly situated participants of the  
Plan,

Plaintiff,

v.

TARGET CORPORATION, PLAN  
INVESTMENT COMMITTEE, JOHN  
J. MULLIGAN, JOHN DOES, and  
RICHARD ROES

Defendants.

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) Case No.

) **CLASS ACTION COMPLAINT**

) **JURY TRIAL DEMANDED**

**NATURE OF THE ACTION**

1. Plaintiff Mitchell W. Knoll (“Plaintiff”), individually and as representative of the class described herein, and on behalf of the Target Corporation 401(k) Plan (the “Plan”),<sup>1</sup> brings this action against the below-named defendants (collectively “Defendants”) pursuant to §§ 404, 405, 409 and 502 of the Employee Retirement Income Security Act of 1974 (“ERISA”), 29 U.S.C. §§ 1104, 1105, 1109 and 1132.<sup>2</sup>

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<sup>1</sup> The Plan is defined to include the Target Corporation Ventures 401(k) Plan, which was spun off from, and then reabsorbed into the Plan.

<sup>2</sup> All allegations contained herein are based upon personal information as to Plaintiff and the investigation of Plaintiff’s counsel. In particular, Plaintiff through his counsel has reviewed, among other things, documents filed with the U.S. Department of Labor (the “DOL”) and the United States Securities and Exchange Commission (the “SEC”); other lawsuits against Target Corporation (“Target”); public statements and media reports, and had discussions with participants and beneficiaries (the “Participants”) of the Plan.

2. This case is about the failure of the Defendants, fiduciaries of the Plan, to protect the interests of the Plan's Participants in violation of the Defendants' legal obligations under ERISA. Defendants breached the duties they owed to the Plan, to Plaintiff, and to the putative class members who are also Participants by, *inter alia*, retaining common stock of Target Corporation ("Target" or the "Company" and "Target Stock" or "Company Stock", respectively) as an investment option in the Plan when a reasonable fiduciary using the "care, skill, prudence, and diligence ... that a prudent man acting in a like capacity and familiar with such matters would use" would have done otherwise. *See* ERISA § 404(a)(1), 29 U.S.C. § 1104(a)(1).

3. The Defendants permitted the Plan to continue to offer Target Stock as an investment option to Participants even after the Defendants knew or should have known that Target Stock was artificially inflated during the Class Period (February 27, 2013 and May 19, 2014, inclusive), making it an imprudent retirement investment for the Plan given its purpose of helping their Participants save for retirement. As pled in greater detail below, Target Stock was artificially inflated during the Class Period. Defendants knew or should have known that material facts about Target's business had not been disclosed to the market, causing Target Stock to trade at a price above the value that Target Stock would have traded at had such facts been disclosed. Defendants were empowered as fiduciaries to remove Target Stock from the Plan's investment options, or to take other measures to help Participants, yet they failed to do that, or to act in any way to protect the interests of the Plan or their Participants, in violation of Defendants' legal obligations under ERISA.

4. In *Fifth Third Bancorp v. Dudenhoeffer*, 134 S. Ct. 2459 (2014), the Supreme Court confirmed that plan fiduciaries violate ERISA when they continue to offer an imprudent plan investment option. In *Fifth Third*, the Court considered a class action case similar to this one in which plan participants challenged the plan fiduciaries' failure to remove company stock as a plan investment option. The Supreme Court held that retirement plan fiduciaries are required by ERISA to independently determine whether company stock remains a prudent investment option. In that case, the defendant-fiduciaries argued that their decision to buy or hold company stock was entitled to a fiduciary-friendly "presumption of prudence" standard. *Fifth Third*, 134 S. Ct. at 2463. The Supreme Court rejected that argument, holding that "no such presumption applies," *id.* and further held "that the duty of prudence *trumps* the instructions of a plan document, such as an instruction to invest exclusively in employer stock even if financial goals demand the contrary." *Id.* at 2468 (citation omitted) (emphasis added). Accordingly, the Plan's "fiduciaries are subject to the same duty of prudence that applies to ERISA fiduciaries in general." *Id.* at 2463 (emphasis added). Thus, even if the Plan purportedly required Target Stock be offered, the Plan's fiduciaries were obligated to disregard that directive once Company Stock was no longer a prudent investment for the Plan.

5. The thrust of Plaintiff's allegations under Counts I (breach of the duty of prudence) and II (breach of the duty of loyalty) is that Defendants allowed the investment of the Plan's assets in Target Stock throughout the Class Period despite the fact that

Defendants knew or should have known that that investment was imprudent as a retirement vehicle for the Plan.

6. Target Stock was artificially inflated during the Class Period while the Plan spent hundreds of millions of dollars purchasing Target Stock. During the Class Period, the Company made a series of made a series of reassuring statements about Target's new Canadian stores and operations, which statements regarding were materially false and misleading and/or failed to disclose: (a) at the time of the opening of its first group of stores in Canada, Target had significant problems with its supply chain infrastructure, distribution centers, and technology systems, as well as inadequately trained employees; (b) these problems caused significant, pervasive issues, including excess inventory at distribution centers and inadequate inventory at retail locations; (c) this excess inventory at distribution centers and lack of inventory at retail locations forced Target to heavily discount products and incur heavy losses; and (d) these supply-chain and personnel problems were not typical of newly launched locations in Target's traditional U.S.-based market.

7. Given the totality of circumstances prevailing during the Class Period, no prudent fiduciary could have made the same decision as Defendants here to retain and/or continue purchasing the clearly imprudent Target Stock as a Plan investment. To remedy the breaches of fiduciary duties as described herein, Plaintiff seeks to recover the financial losses suffered by the Plan as a result of the diminution in value of Company Stock invested in the Plan during the Class Period, and to restore to the Plan what Participants would have received if the Plan's assets had been invested prudently.

8. As of the start of the Class Period on August 2, 2012, the Plan held over \$2 billion in Company Stock, and it further acquired hundreds of millions of dollars of Target Stock while Target Stock was artificially inflated. Had that money not been wasted on artificially inflated Target Stock, the Plan would have been significantly better off.

### **JURISDICTION AND VENUE**

9. ***Subject Matter Jurisdiction.*** This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1331 and ERISA § 502(e)(1), 29 U.S.C. § 1132(e)(1).

10. ***Personal Jurisdiction.*** This Court has personal jurisdiction over all Defendants because they are all residents of the United States and ERISA provides for nation-wide service of process pursuant to ERISA § 502(e)(2), 29 U.S.C. § 1132(e)(2).

11. ***Venue.*** Venue is proper in this District pursuant to ERISA § 502(e)(2), 29 U.S.C. § 1132(e)(2) because the Plan is administered in this District, some or all of the fiduciary breaches for which relief is sought occurred in this District, and one or more Defendants reside or may be found in this District.

### **PARTIES**

#### **Plaintiff**

12. Plaintiff Mitchell W. Knoll is a Target employee and Participant in the Plan, within the meaning of ERISA § 3(7), 29 U.S.C. § 1102(7). Plaintiff Knoll suffered losses in his individual Plan account as a result of investing in Target Stock during the Class Period.

**Defendants**

**(a) Company Defendant**

13. Defendant Target, a retailer, is a Minnesota corporation headquartered at 1000 Nicollet Mall, Minneapolis, Minnesota.

14. At all times relevant to this Complaint, the Company managed and administered the Plan and the assets of the Plan and acted as a fiduciary with respect to the Plan, or appointed a committee to do so. At all relevant times, Target was a fiduciary of the Plan within the meaning of ERISA § 3(21)(A), 29 U.S.C. § 1002(21)(A), in that it exercised discretionary authority or control over the administration and/or management of the Plan or disposition of the Plan's assets. Target is also the Plan's administrator according to the Forms 11-K filed on behalf of the Plan on June 13, 2014 (the "2014 11-K") on June 17, 2015 (the "2015 11-K").

**(b) The Committee Defendants**

15. Defendant Plan Investment Committee (the "Committee") had a fiduciary duty to select all of the Plan's investment options. In August 2014, Participants were advised in fiduciary correspondence that "[t]he [Plan's] flexible, comprehensive investment lineup is monitored by the Plan Investment Committee[.]" that "The financial aspects of the plan will be determined by the Plan Investment Committee[.]" and that "[t]he selection of appropriate investments for the plan requires skillful and careful decisions of investment professionals. The Plan Investment Committee has appointed professional investment managers who direct the buying and selling of plan assets held

by the trustee. These appointments may be terminated by either party at any time. The trustee also manages the investment of certain assets.”

16. Defendant John J. Mulligan (“Mulligan”) executed the 2014 11-K and the 2015 11-K in his capacity of “Chief Financial Officer and Chief Accounting Officer on behalf of Target Corporation as Plan’s Administrator. Plaintiff thus believes defendant Mulligan was a member of the Committee.

17. John Does 1-10, without limitation, were an investment committee and any other committee(s) which administered the Plan and all members thereof. The identity of the committee(s) and the members of the committee(s) which were responsible for carrying out the provisions of the Plan is currently not known. John Does 1-10 are fiduciaries of the Plan and are believed to be employees of the Company.

18. At all relevant times, the Committee and the John Doe defendants were fiduciaries of the Plan within the meaning of ERISA § 3(21)(A), 29 U.S.C. § 1002(21)(A), in that it exercised discretionary authority or control over the administration and/or management of the Plan or disposition of the Plan’s assets.

**(c) The Monitoring Defendants**

19. Defendants Richard Roes 1-20 (the “Monitoring Defendants”) were persons who had the duty and responsibility to properly appoint, monitor and inform the Committee and John Doe defendants (as defined herein) and/or other persons who exercised day-to-day responsibility for the management and administration of the Plan and their assets. The Monitoring Defendants failed to properly appoint, monitor and inform such persons in that the Monitoring Defendants failed to adequately inform such

persons about the true financial and operating condition of the Company or, alternatively, the Monitoring Defendants did adequately inform such persons of the true financial and operating condition of the Company (including the financial and operating problems being experienced by Target in Canada during the Class Period identified herein) but nonetheless continued to allow such persons to offer Target Stock as an investment option under the Plan when the market prices of Target Stock was artificially inflated and Target Stock was an imprudent investments for Participants' retirement accounts under the Plan. Liability is only asserted against each of the Monitoring Defendants for such periods of time as the Monitoring Defendants acted as a fiduciary with respect to the Plan.

20. At all relevant times, the Richard Roe defendants were fiduciaries of the Plan within the meaning of ERISA § 3(21)(A), 29 U.S.C. § 1002(21)(A), in that it exercised discretionary authority or control over the administration and/or management of the Plan or disposition of the Plan's assets.

**(d) Additional "John Doe Defendants"**

21. To the extent that there are additional officers and employees of Target who were fiduciaries of the Plan during the Class Period, or any other committees or members of such committees that were fiduciaries of the Plan in connection with the allegations herein, the identities of whom are currently unknown to Plaintiff, Plaintiff reserves the right, once their identities are ascertained, to seek leave to join them to the instant action. Thus, without limitation, unknown "John Doe" Defendants 1-10 include, in addition to the above, other individuals, including, but not limited to, Target officers and employees,



who were fiduciaries of the Plan within the meaning of ERISA Section 3(21)(A), 29 U.S.C. § 1002(21)(A) during the Class Period.

### THE PLAN

22. The Plan's purpose is to help Participants save for retirement. Participants were informed, among other things, "The TGT 401(k) ("the Plan") is a great way to save for your future"; "You control your *retirement savings* elections"; and "the TGT 401(k) is intended to help you save for your future[.]"

23. The 2014 11-K includes the following "Description of the Plan":

Employees of Target Corporation (the Company and the Plan Administrator) who meet eligibility requirements of age and hours worked can participate in the Target Corporation 401(k) Plan (the Plan).

Participants can invest up to 80% of their current gross cash compensation in the Plan, within the limits of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Except for highly compensated participants, participants are allowed to make contributions to the Plan in any combination of before-tax and/or after-tax contributions. Highly compensated participants, as defined by the Internal Revenue Code (the Code), can only make before-tax contributions to the Plan. Participants can contribute up to the annual contribution limits established by the Internal Revenue Service (the IRS) of \$17,500 and \$17,000, for 2013 and 2012, respectively, plus a \$5,500 catch-up for participants age 50 and older.

Generally, the Company matches 100 percent of each participant's contribution up to 5 percent of total compensation. Participants are immediately vested in both participant contributions and the Company's matching contributions. All investments are participant directed, including the Company's matching contributions, which are invested in the Target Corporation Common Stock Fund [the "Fund"] unless otherwise directed by the participant.

Participants may receive benefits upon termination, death, disability or retirement in installments or as a lump-sum amount equal to the vested value of their account, subject to certain restrictions. Participants may also withdraw some or all of their account balances prior to termination, subject to certain restrictions.

The Plan allows for two types of loans: the purchase of a primary residence and a general-purpose loan. Participants may have one of each loan type outstanding at any given time. Principal and interest is paid through payroll deductions. Interest rates are set at 1% plus the prime rate as published by the Wall Street Journal on the first business day of the month the loan is issued. If a participant ceases to make loan repayments and the Plan Administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and terminate the Plan subject to the provisions of ERISA.

For more detailed information regarding the Plan, participants may refer to the Summary Plan Description available from the Company.

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In May 2014, the Ventures 401(k) Plan was created to accept contributions from a subset of Target team members. A master trust structure was established to include both the Target Corporation 401(k) Plan and the new Ventures 401(k) Plan.

24. The 2014 11-K states that as of December 31, 2012, the Plan held \$2,036,875,393 of Target Stock, representing 33,539,649 units of the Fund. The 2014 11-K also includes the following information about the Plan's Target Stock transactions:

(in thousands)	2013
Number of common shares purchased	6,002

Cost of common shares purchased	\$	<b>401,232</b>
Number of common shares sold		<b>7,368</b>
Market value of common shares sold	\$	<b>489,576</b>
Cost of common shares sold	\$	<b>335,159</b>
Number of common shares distributed to plan participants		<b>168</b>
Market value of common shares distributed to plan participants	\$	<b>11,126</b>
Cost of common shares distributed to plan participants	\$	<b>7,631</b>
Dividends received (net of pass-through dividends)	\$	<b>49,904</b>

25. The 2015 11-K includes the following “Description of the Plan”:

In January 2014, Target Corporation (the Company and the Plan’s Administrator) created the Target Corporation Ventures 401(k) Plan (Ventures 401(k) Plan), which began accepting contributions in May 2014 from a subset of Target team members. Prior to the creation of the Ventures 401(k) Plan, team members within that subset were contributing to the TCC Cooking Co. 401(k) Plan. Effective July 16, 2014, TCC Cooking Co. 401(k) Plan’s net assets were transferred to the Ventures 401(k) Plan.

Target Corporation 401(k) Plan (401(k) Plan) and Ventures 401(k) Plan (collectively, the Plan), are each defined contribution plans available to all employees who meet eligibility requirements of age and hours worked. Effective May 1, 2014, the Plan’s Administrator amended the agreement with State Street Bank and Trust Co. to create a Master Trust for the investments of both Plan.

Under the terms of the Plan, participants can invest up to 80% of their current gross cash compensation, within the limits of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Except for highly compensated participants, participants are allowed to make contributions to the Plan in any combination of before-tax and/or after-tax contributions. Highly compensated participants, as defined by the Internal Revenue Code (the Code), can only make before-tax contributions. Participants can contribute up to the annual contribution limits established by the Internal Revenue Service (the IRS) of \$17,500 for both 2014 and 2013, plus a \$5,500 catch-up for participants age 50 and older.

The Company matches 100 percent of each participant's contribution up to 5 percent and 1 percent of total compensation under the 401(k) Plan and the Ventures 401(k) Plan, respectively. Participants of the Plan are immediately vested in both participant contributions and the Company's matching contributions. All investments are participant-directed.

Each participant's account is credited with the participant's contributions and the Company's matching contributions. Master Trust earnings are allocated based on the participant's share of net earnings or losses of their respective elected investment options. Allocation of expenses are based on the participant's account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Participants may receive benefits upon termination, death, disability or retirement in installments or as a lump-sum amount equal to the vested value of their account, subject to certain restrictions. Participants may also withdraw some or all of their account balances prior to termination, subject to certain restrictions.

The Plan allow for two types of loans: the purchase of a primary residence and a general-purpose loan. Participants may have one of each loan type outstanding at any given time. Principal and interest is paid through payroll deductions. Interest rates are set at 1% plus the prime rate as published by the Wall Street Journal on the first business day of the month the loan is issued. If a participant ceases to make loan repayments and the Plan Administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and terminate the Plan subject to the provisions of ERISA.

For more detailed information regarding the Plan, participants may refer to the Plan Documents and Summary Plan Descriptions available from the Company.

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Effective January 1, 2015, Ventures 401(k) participants became participants of the 401(k) Plan. Existing Ventures 401(k) balances remained in the Ventures 401(k) Plan unless participants elected to rollover their balances to the 401(k) Plan.

26. The 2015 11-K includes the following information about the Plan's Target

Stock transactions:

During the period from January 1, 2014 to April 30, 2014, the 401(k) Plan purchased and sold the Company's common stock as indicated below. During this period, the Plan earned \$13,445 thousand in dividend income.

	Purchases	Sales
Number of shares	1,260,940	63,205
Amount	\$ 74,056,651	\$ 3,797,244

During the period from May 1, 2014 to December 31, 2014, the Master Trust purchased and sold the Company's common stock as indicated below. During this period, the Master Trust earned \$45,381 thousand in dividend income.

	Purchases	Sales
Number of shares	2,577,181	136,000
Amount	\$ 154,334,146	\$ 8,560,039

As of December 31, 2014, the Master Trust held 28,401,928 shares of the Company's common stock.

27. At the start of the Class Period, or at least as of November 20, 2013, Participants' earned matching contributions were put into the Fund unless that Participant affirmatively elected to have their matching contributions invested in the same way as

their own contributions. That default option was changed on October 9, 2014, at which time Target's matching contributions automatically mirrored Participants' contributions.

28. At the start of the Class Period, and throughout the Class Period, the amount Participants could invest in the Fund was uncapped. A purchase cap on the Fund within the Plan went into effect on June 25, 2015, and limited Participants such that they could only allocate 20% of their contributions or re-balancing of their Plan account balance to the Fund, and could only do so if the overall portion of their Plan account invested in the Fund would not exceed 20% of their account balance. By default, if Participants had been allocating more than 20% of their contributions to the Fund, such contributions were redirected to a target LifePath Fund based on that Participant's age.

29. While Defendants served as Plan fiduciaries during the Class Period, after the Class Period, in or around April 2015 Participants were advised that State Street had been appointed to serve as an independent fiduciary for the Fund. A notice advised Participants that:

State Street Global Advisors, a division of State Street Bank and Trust Company, recently began serving as the independent fiduciary for the Fund within the Target Corporation 401(k) Plan and the Target Corporation Ventures 401(k) Plan (the plan).

As independent fiduciary, State Street monitors the Fund within the plan to determine whether offering the fund as an investment option is in the best interests of plan participants. Plan participants still have the right to purchase and sell Target stock within their plan accounts, subject to plan rules and limits, and Target's Securities Trading Policy. However in the unlikely event State Street determines that continued investment in Target stock is not in participants' best interests, State Street could suspend trading in Target stock in

the plan or sell Target stock held in the plan. This independent fiduciary arrangement helps avoid conflicts of interest and ensure Target is satisfying its legal obligations.

Target selected State Street in part because State Street is an industry leader in providing independent fiduciary and investment management services to retirement plans. It has more than \$28.2 trillion in assets under custody and over \$2.45 trillion in assets under management. State Street is also the largest fiduciary for company stock assets, with over \$63 billion of employer securities managed for qualified retirement plans.

30. Before State Street was entrusted with certain responsibilities as an independent fiduciary, Defendants retained all of those responsibilities. Moreover, even in appointing State Street as an independent fiduciary, Defendants could not completely absolve themselves of all of their fiduciary duties.

### **CLASS ACTION ALLEGATIONS**

31. Plaintiff brings this action derivatively on the Plan's behalf pursuant to ERISA §§ 409 and 502, 29 U.S.C. §§ 1109 and 1132, and as a class action pursuant to Rules 23(a), (b)(1), and/or (b)(2) of the Federal Rules of Civil Procedure on behalf of the Plan, Plaintiff, and the following class of similarly situated persons (the "Class"):

All persons, except Defendants and their immediate family members, who were participants in or beneficiaries of the Target Corporation 401(k) Plan and/or Target Corporation Ventures 401(k) Plan at any time between February 27, 2013 and May 19, 2014, inclusive,<sup>3</sup> and whose Plan accounts included investments in Target Stock.

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<sup>3</sup> Plaintiff reserves their right to modify the Class Period definition in the event that further investigation/discovery reveals a more appropriate and/or broader time period during which Target Stock constituted an imprudent investment option for the Plan.

32. Given ERISA's distinctive representative capacity and remedial provisions, courts have observed that ERISA litigation of this nature present a paradigmatic example of a FED. R. CIV. P. 23(b)(1) class action.

33. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time, and can only be ascertained through appropriate discovery, Plaintiff believes there are at least tens of thousands of employees of Target who participated in, or were beneficiaries of, the Plan during the Class Period whose Plan accounts included Target Stock. For example, a 2012 Annual Report Summary sent to Participants stated that "292,340 persons were participants in or beneficiaries of the plan at the end of the plan year, although not all of these persons had yet earned the right to receive benefits."

34. At least one common question of law or fact exists as to Plaintiff and all members of the Class, which common question will resolve an issue that is central to the validity of each Class member's claims in one stroke. Multiple such questions of law and fact common to the Class exist, including, but not limited to:

- (a) whether Defendants each owed a fiduciary duty to the Plan, Plaintiff, and members of the Class;
- (b) whether Defendants breached their fiduciary duties to the Plan, Plaintiff, and members of the Class by failing to act prudently and solely in the interests of the Plan and the Plan's participants and beneficiaries;
- (c) whether Defendants violated ERISA; and



(d) whether the Plan, Plaintiff, and members of the Class have sustained damages and, if so, what is the proper measure of damages.

35. Plaintiff's claims are typical of the claims of the members of the Class because the Plan, Plaintiff, and the other members of the Class each sustained damages arising out of Defendants' wrongful conduct in violation of ERISA as complained of herein.

36. Plaintiff will fairly and adequately protect the interests of the Plan and members of the Class because he has no interests antagonistic to or in conflict with those of the Plan or the Class. In addition, Plaintiff has retained counsel competent and experienced in class action litigation, complex litigation, and ERISA litigation.

37. Class action status in this ERISA action is warranted under Rule 23(b)(1)(B) because prosecution of separate actions by the members of the Class would create a risk of adjudications with respect to individual members of the Class which would, as a practical matter, be dispositive of the interests of the other members not parties to the actions, or substantially impair or impede their ability to protect their interests.

38. Class action status is also warranted under the other subsections of Rule 23(b)(1)(A) and (b)(2) because: (i) prosecution of separate actions by the members of the Class would create a risk of establishing incompatible standards of conduct for Defendants; and (ii) Defendants have acted or refused to act on grounds generally applicable to the Class, thereby making appropriate final injunctive, declaratory, or other appropriate equitable relief with respect to the Class as a whole.

## **FACTS BEARING UPON DEFENDANTS' FIDUCIARY BREACHES**

39. On January 13, 2011, Target announced that the Company would embark upon its first international expansion. A press release which was Exhibit 99 to a Form 8-K filed with the SEC on that date stated, in part,

**Target Corporation to Acquire Interest in Canadian Real Estate from Zellers Inc., a Subsidiary of Hudson's Bay Company, for C\$1.825 Billion**

***Canadian Target Stores to Open Beginning in 2013***

**MINNEAPOLIS (Jan. 13, 2010)**—Target Corporation (NYSE: TGT) announced today that it has agreed to pay C\$1.825 billion to purchase from Zellers Inc., a subsidiary of the Hudson's Bay Company (HBC), the leasehold interests in up to 220 sites currently operated by Zellers Inc. This transaction will allow Target to open its first Target stores in Canada beginning in 2013.

"This transaction provides an outstanding opportunity for us to extend our Target brand, Target stores and superior shopping experience beyond the United States for the first time in our company's history," said Gregg Steinhafel, chairman, president and chief executive officer of Target Corporation. "We are very excited to bring our broad assortment of unique, high-quality merchandise at exceptional values and our convenient shopping environment to Canadian guests coast-to-coast. We believe our investment in these leases will strengthen the surrounding communities as well as create strategic and financial value for Target stakeholders."

### **Transaction Details**

Target has agreed to pay Zellers Inc. C\$1.825 billion, in two equal payments of C\$912.5 million, to acquire the leasehold interests in up to 220 sites currently operated by Zellers Inc. These payments are expected to be made in May and September of 2011. Zellers Inc. will sublease these sites from Target and continue to operate them under the Zellers banner for a period of time.

Target expects to open 100 to 150 Target stores throughout Canada in 2013 and 2014. The financial returns on these stores are expected to be in line with returns on new Target stores in the United States, resulting in dilution to earnings prior to store openings followed by accretion to earnings in the first full year of store operations. These stores will provide a strong, initial foundation for a more robust Target presence in Canada over time.

**Target Stock Was Artificially Inflated During the Class Period**

40. Before the markets opened for trading on February 27, 2013, Target reported its fourth quarter and full-year 2012 earnings in a press release which was Exhibit 99 to a Form 8-K filed with the SEC on that date. The press release reported “reported fourth quarter net earnings of \$961 million, or \$1.47 per share, and full-year net earnings of \$2,999 million, or \$4.52 per share[,]” and stated that “[f]or fiscal 2013, the Company expects adjusted EPS of \$4.85 to \$5.05 and GAAP EPS of \$4.70 to \$4.90.”

The second paragraph of the release stated:

“We’re pleased with Target’s fourth quarter performance, particularly in the face of a highly promotional retail environment and continued consumer uncertainty,” said Gregg Steinhafel, chairman, president, and chief executive officer of Target Corporation. “Outstanding discipline and execution by our team allowed us to achieve our full-year financial and strategic goals in 2012. We believe these results position us well to deliver on significant plans in 2013, including completion of the largest store opening program in our company’s history with 124 stores in Canada and additional Target and CityTarget locations in the U.S., investing in new processes and technology that will improve our guests’ multichannel experience and closing the sale of our credit card receivables.”

41. As for Canadian Segment Results, the release stated:

Fourth quarter and full-year 2012 EBIT was \$(148) million and \$(369) million, respectively, due to start-up expenses, depreciation and amortization related to the Company's expected market entry in 2013. Total expenses related to investments in Target's Canadian market entry reduced Target's earnings per share by approximately 18 cents in fourth quarter 2012 and 48 cents in fiscal 2012(3).

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(3)This amount includes interest expense and tax expense that are not included in the segment measure of profit. A reconciliation of non-GAAP measures is included in the tables attached to this release.

42. On February 27, 2013, Target also held its Q4 2012 Earnings Conference Call. In his prepared remarks Gregg Steinhafel, President and Chief Executive Officer ("CEO") of Target, stated in part that:

Beyond these financial goals, a year ago we had an ambitious list of priorities for 2012, including improving the performance of Target.com following our platform relaunch in 2011; an unprecedented effort required in Canada to finish three distribution centers, begin renovating stores, build an IT solution, and hire thousands of Canadian team members; launching a completely new urban format with our first five City Targets; finding the right partner to purchase our credit card receivables assets on appropriate financial terms; and transitioning two key positions on our executive management team. While this was a bold agenda, our team embraced it and emerged from the year with more energy than ever. As I mentioned we made meaningful progress on the website, City Target is an operational and financial success, Canada is on track, and we're on the verge of closing the sale of our credit card receivables.

43. Target's March 20, 2013 Annual Report for the year ending December 31, 2012, filed on Form 10-K with the SEC, set forth information substantially similar to

that included in the Company's February 27, 2013 press release, and included Sarbanes Oxley certifications from Mr. Steinhafel and Target's Chief Financial Officer Michael J. Mulligan.

44. On March 28, 2013, Target, by and through its representatives, participated in the CIBC Retail & Consumer Conference. During the conference, and with respect to the Company's Canadian expansion, CFO Mulligan stated the following in part:

How about Canada? Going into the year last year, we talked about four key items we needed to achieve. We needed to build out of the supply chain; build the technology; build the team; and then begin to remodel stores, primarily the ones that we're opening right now. We achieved all four of those objectives, and did so with a great deal of financial discipline. And the team did a fantastic job. We were right where we want to be right now, and did so with \$0.48 of dilution versus our goal of \$0.50.

45. Before the markets opened for trading on May 22, 2013, Target reported its first quarter 2013 earnings in a press release which was Exhibit 99 to a Form 8-K filed with the SEC on that date. For the quarter, Target "reported first quarter net earnings of \$498 million, or \$0.77 per share," and the Company announced that "[f]or full-year 2013, [it] now expects adjusted EPS of \$4.70 to \$4.90, compared with prior guidance of \$4.85 to \$5.05. GAAP EPS is expected to be \$4.12 to \$4.32, approximately 58 cents lower than adjusted EPS due to" reasons that did not include its Canadian operations. As for Canadian Segment Results, the release stated:

Target opened its first 24 Canadian stores in March 2013, which generated sales of \$86 million in the first quarter with a gross margin rate of 38.4 percent. EBIT for the first quarter

was \$(205) million, as gross margin of \$33 million was offset by \$238 million in start-up expenses, operating expenses, depreciation and amortization related to the Company's market entry. Canadian operations reduced Target's GAAP earnings per share by 24 cents in first quarter 2013(2).

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(2)This amount includes interest expense and tax expense that are not included in the segment measure of profit. A reconciliation of non-GAAP measures is included in the tables attached to this release.

46. Target's May 22, 2013 press release included the following:

"Target's first quarter earnings were below expectations as a result of softer-than-expected sales, particularly in apparel and other seasonal and weather-sensitive categories," said Gregg Steinhafel, chairman, president, and chief executive officer of Target Corporation. "While we are disappointed in our first quarter performance, we remain confident in our strategy, and we continue to invest in initiatives, including Canada, our digital channels and CityTarget, that will drive Target's long-term growth."

47. On May 22, 2013, Target also held its Q1 2013 Earnings Conference Call.

In their prepared remarks Mr. Steinhafel and Mr. Mulligan stated in part that:

[Mr. Steinhafel:] After two years of preparation, in March we opened our first 24 Canadian stores in the greater Toronto area and we're very pleased with the reception we received from our new Canadian guests. . . .

Two weeks ago we opened our second wave of 24 Canadian stores in British Columbia, Alberta and Manitoba and we're very pleased with the initial guest response in these markets and the ability of our teams and systems to accommodate the increasing volume of traffic and sales.

\* \* \*

[Mr. Mulligan:] In Canada, second-quarter sales will ramp up meaningfully from the first-quarter pace, yet startup expenses

will continue to dominate the P&L. As a result, for the quarter we anticipate expenses from our Canadian operations, including interest expense measured outside the segment, will create \$0.16 of dilution to our earnings per share. We continue to expect Canadian dilution will come down further in the third quarter and by the fourth quarter we expect our Canadian operations will be slightly accretive to our consolidated earnings.

48. Before the markets opened for trading on August 21, 2013, Target reported its second quarter 2013 earnings in a press release which was Exhibit 99 to a Form 8-K filed with the SEC on that date. Target reported second quarter net earnings of \$611 million, or \$0.95 per share, and noted that for full-year 2013 it “expects adjusted EPS will be near the low end of its previous guidance of \$4.70 to \$4.90.” As for Canadian Segment Results, the release stated:

The Canadian Segment generated sales of \$275 million at a gross margin rate of 31.6 percent in second quarter 2013. Canadian Segment EBIT for the second quarter was \$(169) million, as gross margin of \$87 million was offset by \$207 million of start-up and operating expenses and \$49 million of depreciation and amortization. Canadian operations reduced Target’s GAAP earnings per share by (21) cents in second quarter 2013.(3)

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(3)This amount includes interest expense and tax expense that are not included in the segment measure of profit. A reconciliation of non-GAAP measures is included in the tables attached to this release.

49. Target’s August 21, 2013 press release also included the following as its second paragraph:

“Target’s second quarter financial results benefited from disciplined execution of our strategy and strong expense control, offsetting softer-than-expected sales,” said Gregg

Steinhafel, chairman, president, and chief executive officer of Target Corporation. “For the balance of this year, our U.S. outlook envisions continued cautious spending by consumers in the face of ongoing household budget pressures. In Canada, where we are only five months into our market launch, we continue to learn, adjust and refine operations in our existing stores as we prepare to open another 56 stores by year-end.”

50. On August 21, 2013, Target also held its Q2 2013 Earnings Conference Call. In their prepared remarks Mr. Steinhafel and Mr. Mulligan stated in part that:

[Mr. Steinhafel:] In our Canadian segment, we’ve reached the halfway point in our 2013 market launch. We opened another 44 Canadian Target stores in the second quarter, putting our total at 68 today, on the way to our goal of operating 124 Canadian stores by year end. Launching our Canadian segment has required a massive effort from teams throughout the Company, including building a completely new supply chain infrastructure and integrated technology solution, completely reconstructing former Zellers locations transforming them into brand new Target stores, hiring and training more than 15,000 Canadian team members, and creating unique merchandise strategies and assortments to fit the preferences of our Canadian guests, including a very strong presence in our home and apparel categories.

The teams execution on these efforts has been excellent. As a result, our Canadian stores have seen strong initial traffic and the mix of our sales in home and apparel has been even higher than expected. . . .

\* \* \*

Our expectations are informed by our experience in launching the PFresh remodel program and City Target format, as well as our historical experience entering new markets in the US. In many of these markets we saw similar pattern in which sales momentum was slower than expected at the launch, but grew rapidly in the first several years after opening, resulting in achievement of our fifth year sales goals. . . .

\* \* \*



[Mr. Mulligan:] In our Canadian segment, sales accelerated from the first quarter as we continued to open stores at a robust pace. However, we've seen a slower than expected ramp up in sales following the grand opening rush, particularly in our frequency categories. . . .

\* \* \*

In Canada, the team continues to refine operations in the stores already opened, ensuring that inventory and expenses match the current pace of sales in each individual store. . . . This has raised our dilution expectations for this segment through the end of the year.

\* \* \*

Even with our more tempered sales expectation we believe full-year adjusted EPS will remain in the \$4.70 to \$4.90 range we provided previously, although our expectation has moved to the low end of that range. We expect full-year GAAP EPS will be approximately \$0.95 lower than adjusted EPS reflecting \$0.82 of dilution from the Canadian segment combined with a net \$0.13 of dilution from the credit card portfolio sale and associated debt repurchase.

51. The following analyst colloquy also took place on Target's Q2 2013

Earnings Conference Call:

MATT NEMER, ANALYST, WELLS FARGO SECURITIES, LLC: A quick follow up on Canada and then a couple on the US business, as well. Could you talk to the inventory overhang in Canada, the clearance that you spoke to, is that primarily also on frequency items, or is that more a discretionary product?

GREGG STEINHAFEL: The inventory overhang is a function of the shortfall primarily in some of the seasonal categories. . . .

But it's the same kind of fine tuning that we go through every time we open a new store here in the United States, and they have experienced for years and years. . . . But it's no different than what we've experienced here.

52. In response to its results and guidance, Target's stock price declined by \$2.45 per share, or over 3.6%, to close at \$65.50 on August 21, 2013.

53. Before the markets opened for trading on November 21, 2013, Target reported its third quarter 2013 earnings in a press release which was Exhibit 99 to a Form 8-K filed with the SEC on that date. Target third quarter net earnings of \$341 million, or \$0.54 per share and noted that for full-year 2013 it "expects adjusted EPS of \$4.59 to \$4.69." As for Canadian Segment Results, the release stated:

In third quarter 2013 the Canadian Segment generated sales of \$333 million at a gross margin rate of 14.8 percent, driven by efforts to clear excess inventory. Canadian Segment EBIT for the third quarter was \$(238) million, as gross margin of \$49 million was offset by \$221 million of start-up and operating expenses and \$66 million of depreciation and amortization. Canadian operations reduced Target's GAAP earnings per share by (29) cents in third quarter 2013<sup>3</sup>.

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<sup>3</sup> This amount includes interest expense and tax expense that are not included in the segment measure of profit. A reconciliation of non-GAAP measures is included in the tables attached to this release.

54. Target's November 21, 2013 press release also included the following as its second paragraph:

"Target's third quarter financial results reflect continued strong execution in our U.S. Segment in an environment where consumer spending remains constrained," said Gregg Steinhafel, chairman, president, and chief executive officer of Target Corporation. "As our focus shifts to the fourth quarter, we are intently focused on delivering outstanding merchandise, an easy, fun shopping experience and an unbeatable combination of everyday low prices, weekly ad discounts, 5% REDcard Rewards and price match policies

throughout the U.S. and Canada. And, in our Canadian Segment, we are also focused on improving performance as we transition from opening to operating our 124 stores.”

55. On November 21, 2013, Target also held its Q2 2013 Earnings Conference Call. In their prepared remarks Mr. Steinhafel and Mr. Mulligan stated in part that:

[Mr. Steinhafel:] The Target Canada team is energized and prepared for the holiday season, and preparing to enter 2014 with improved in-stocks and a much better inventory position. We continue to see a very strong mix of our higher margin home and apparel categories in Canada. However, third quarter gross margin rate in Canada was unusually low as the team worked diligently to eliminate excess inventory and enhance flow throughout the supply chain. This activity led to heavier third quarter mark-downs and higher than expected dilution of \$0.29 in our Canadian segment. Process improvement efforts and inventory clean-up will continue in the fourth quarter as well.

\* \* \*

[Mr. Mulligan:] In our Canadian segment, we opened another 23 stores in the third quarter, even as we continue to work to refine operations and improve performance. In the quarter, the team made a lot of progress in their efforts to begin to rationalize our inventory position, update item counts in stores and distribution centers, and improve network flow. . . .

However, we do expect pressure on Canadian segment gross margin to persist in the fourth quarter as we continue to do whatever it takes to enter 2014 with improved operations and a notably better inventory position. . . .

56. The following analyst colloquy also took place on Target’s Q3 2013 Earnings Conference Call:

[SEAN NAUGHTON, ANALYST, PIPER JAFFRAY:] Great, thanks. I have a couple-part question here on Canada. I think most of them are related.

John, I think you talked about the gross margin being impacted by some inventory issues in Canada late in the quarter. Can you just give us a little bit more color there on what happened there?

And then maybe also outline where are some of the pockets of excess inventory that you are looking to move through? And then, secondly, are there any signs of hope in the business, or glimmers of hope that you can point to, whether it's by region or category, that are going better than expected at this point in that market?

[MULLIGAN:] There is always hope, Sean. We are highly confident (laughter) it is going to be successful.

Your inventory question -- we talked a lot last time about, given the sales shortfall and the fact that we planned inventories to protect on the upside; given all the excitement, there's a pretty large inventory overhang. . . .

And then we are also assessing what of the inventory do we think we're going to sell ultimately below cost or end up salvaging because there's just flat out too much of it. . . .

57. In response to its results and guidance, Target's stock price declined by \$2.30 per share, or over 3.45%, to close at \$64.19 on November 21, 2013.

58. Before the markets opened for trading on February 26, 2014, Target reported its fourth quarter and full-year 2012 earnings in a press release which was Exhibit 99 to a Form 8-K filed with the SEC on that date. Target reported fourth quarter net earnings of \$520 million, or \$0.81 per share, and full-year net earnings of \$1,971 million, or \$3.07 per share. As for Canadian Segment Results, the release stated:

In fourth quarter 2013, the Canadian Segment generated sales of \$623 million and EBIT of \$(329) million. The fourth quarter gross margin rate of 4.4 percent reflects continued efforts to clear excess inventory. Canadian operations reduced fourth quarter GAAP EPS by (40) cents<sup>6</sup>.

During fiscal 2013, Target's Canadian Segment generated sales of \$1.3 billion at a gross margin rate of 14.9 percent and EBIT of \$(941) million. Canadian operations reduced Target's full-year 2013 GAAP EPS by \$(1.13)<sup>6</sup>.

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<sup>6</sup>This amount includes interest expense and tax expense that are not included in the segment measure of profit. A reconciliation of non-GAAP financial measures is included in the tables attached to this release.

59. Target's November 21, 2013 press release also included the following as its second paragraph:

"For more than 50 years Target has succeeded by focusing on our guests," said Gregg Steinhafel, chairman, president and chief executive officer of Target Corporation. "During the first half of the fourth quarter, our guest-focused holiday merchandising and marketing plans drove better-than-expected sales. However, results softened meaningfully following our December announcement of a data breach. As we plan for the new fiscal year, we will continue to work tirelessly to win back the confidence of our guests and deliver irresistible merchandise and offers, and we are encouraged that sales trends have improved in recent weeks."

60. On February 26, 2014, Target also held its Q4 2013 Earnings Conference Call. In their prepared remarks Mr. Steinhafel and Mr. Mulligan stated in part that:

[Mr. Steinhafel:] In Canada, we worked diligently to leverage holiday traffic in an effort to clear excess inventory. Markdowns resulting from this effort drove a very low gross margin rate, but allowed us to reduce average inventory per store in Canada by approximately 30% between the beginning and end of the fourth quarter.

\* \* \*

In Canada, the team has moved from a year focused on opening a record number of stores to optimizing the business in run state. As we enter 2014 with a much cleaner inventory

position, the team's number 1 operational focus is on in stocks, ensuring we have the right quantity of each item in the right place at the right time. In addition, we continue to invest in technology and training to enhance both the tools our team uses and their ability to deploy them most effectively.

\* \* \*

[Mr. Mulligan:] In Canada in 2013, we generated just over \$1.3 billion in sales on 124 stores which were open on average for a little more than half the year. These sales were well below our plan going into the year, leading to greater than expected markdowns on a meaningful amount of excess inventory . . .

\* \* \*

And having dramatically reduced the congestion in our Canadian supply chain, we will increase the intensity of our marketing message in 2014 regarding value and assortment in our frequency categories. Over time, we expect this will lead our Canadian guests to choose Target more often in these categories, driving meaningful increases in traffic and sales.

61. The following analyst colloquy also took place on Target's Q4 2013

Earnings Conference Call:

MATTHEW FASSLER, ANALYST, GOLDMAN SACHS: Thanks a lot and good morning. I've got two questions, and the first relates to inventory. I know you cleared a lot of inventory in Canada.

Your year-on-year numbers still across the corporation or across the enterprise is still up quite substantially relative to sales. If you could comment on sort of the composition of that inventory and your thought process for its impact on margin going forward?

GREGG STEINHAFEL: Sure, inventory up about 10% year-over-year, and you could roughly think about that split about equally between Canada and the US. Canada obviously, we're just in a different place than we were a year ago. We built inventories all year as we opened stores.

I would tell you in Canada we feel much, much better. We feel very good about the progress we made in the fourth quarter clearing excess inventory. The average inventory per store in Canada from the beginning of the quarter to the end of the quarter went down about 30%, so we still have some lingering issues in Q1 with some long receipts but feel very good about the inventory there.

62. On May 5, 2014, Target issued a Form 8-K which stated that:

On May 5, 2014, Target Corporation's Board of Directors announced that, after extensive discussions, the Board and Gregg W. Steinhafel have decided that a leadership change is in Target's best interests. Accordingly, Mr. Steinhafel has stepped down as President and Chief Executive Officer, and he has resigned as a Director, effective immediately. The Board has appointed John J. Mulligan, Target's Chief Financial Officer, to serve in the additional capacities of Interim President and Chief Executive Officer and has elected Roxanne S. Austin to serve as Interim Chair of the Board, each effective immediately. Mr. Steinhafel has agreed to remain employed by Target in an advisory capacity to assist with the transition.

63. In response this news, Target's stock price declined by \$2.14 per share, or over 3.45%, to close at \$59.87 on May 5, 2014.

64. Analysts offered commentary regarding Steinhafel's departure, noting that Target's Canadian segment's difficulties were a key factor therein. For example, Retail analyst Wayne Hood of BMO Capital Markets Corp. stated "Mr. Steinhafel's departure comes on the heels of several challenges the company had recently faced, namely 1) stumbling out of the blocks in Canada . . . ." Steinhafel's departure letter also cited "a slow start in Canada" as one of the low-points in his career with the Company, according to news reports. *The Wall Street Journal* published an article reporting that

“Target’s foray into Canada has stumbled badly and been dogged by losses and cost overruns.”

65. Soon after Mr. Steinhafel’s departure, on May 20, 2014, Target announced the termination of Tom Fisher as president of Target Canada. In connection with the change, interim CEO Mulligan stated in part:

One of our key priorities is improving performance in Canada more rapidly and we believe it is important to be aggressive. We have a committed team who is focused on delivering an outstanding shopping experience to our Canadian guests and getting our performance on track.

66. Contrary to Target’s earlier assertions that the Company’s weak performance in Canada was the result of expansion and growth difficulties that were within the normal range of experience with the Company’s U.S. stores, analysts noted that many of Target’s problems were avoidable, including retail analyst Doug Stephen that “*These aren’t problems you run into two days before your launch.*” In a separate report published by *The New York Times*, Luke Sklar, the founder of Sklar Wilton and Associates, a marketing and retail consulting firm in Toronto, called the result “a shocking, shocking level of misstep.” As the *Winnipeg Free Press* further reported:

So, where did Target go wrong in less than two years in Canada?

Let us count the ways.

[image]

[image caption: Hundreds lined up for the grand opening of the Kildonan Place Target, an enthusiasm that wouldn’t last.]



Hundreds lined up for the grand opening of the Kildonan Place Target, an enthusiasm that wouldn't last. Purchase Photo Print

Buying second- and third-rate locations from Zellers? Check.

Having significantly different prices at stores on either side of the border? Check.

Biting off more than it could chew with more than 130 stores? Double check.

Since the Minneapolis-based retailer arrived in Canada 22 months ago -- it came to Winnipeg in May, 2013 -- there has been a never-ending stream of bad news.

Missed sales projections and distribution problems led to empty shelves and a growing ocean of red ink. So, while the timing of Target's demise surprised some, its demise didn't.

Brian Yarbrough, St. Louis-based senior consumer analyst at Edward Jones Investments, said Target opened too many stores and had too many distribution centres, which led to supply chain issues, empty store shelves and angry shoppers.

"When you make a big splash like this, frustrate the consumer and drive them away, it's an uphill battle to bring them back. They decided it wasn't a battle they wanted to fight because they thought they'd never generate acceptable returns," he said.

Toronto retail analyst John Winter agreed. He said customer complaints about price discrepancies between U.S. and Canadian stores dealt Target's stores on this side of the 49th parallel a serious blow.

"In the U.S., they had an advertising slogan, Expect More, Pay Less. In Canada, it was 'expect more, pay more.' That's not a winning slogan and not a winning strategy when you're going up against Walmart and their everyday low prices," he said.

Sandy Shindleman, president of Shindico Realty, which is co-developing the land formerly occupied by Canad Inns

Stadium with Cadillac Fairview, which includes Target's newest store, said Canadians never warmed to Target.

***“If Target would have given Canadians the experience, price, quality and selection that they gave them in the U.S., they would be flourishing. The Target that failed isn't the Target that Canadians know and love,”*** he said.

The fact that Target's arrival was anything but a surprise -- it bought the Zellers leaseholds in 2011 and didn't arrive until 2013 -- gave competitors such as Costco and Walmart plenty of time to prepare, said Michael Benarroch, dean of the I.H. Asper School of Business at the University of Manitoba.

“They knew that Zellers was going out of business. I think Target absolutely and completely missed the mark and didn't provide its customers with what they wanted,” he said.

(emphasis added).

67. In reaction to Target's disclosures on May 20, 2014, Target's stock price fell \$1.68 per share, or 2.88 percent, to close at \$56.61 per share that day.

68. The poor performance of Target's Canadian segment and that of the Company overall as set forth above, were caused by problems at Target, including with its management, related to persistent problems with the Company's Canadian supply chain, information technology, and related systems which presented undisclosed risks and operational hurdles, and which artificially inflated expectations and the price of Target Stock.. Target's false and misleading statements and omissions during the Class Period caused Target's common stock to trade at artificially inflated prices. However, as the nature of Target's business, including its Canadian operations described above, were revealed to the market, the market price for Target common stock fell from its Class Period-high closing price of \$73.32 per share on July 24, 2013, causing significant loss of

Plan assets, including the wasting of assets by purchasing Target Stock during the Class Period.

### POST-CLASS PERIOD DEVELOPMENTS

69. On July 31, 2014, Target announced that its Board of Directors (“Board”) had named seasoned retail and consumer products veteran Brian Cornell as the Company’s next chairman of the Board and CEO, effective August 12, 2014.

70. On January 15, 2015, the Company issued a press release entitled “Target Corporation Announces Plan to Discontinue Canadian Operations” further announcing that Target Canada Co. had filed for insolvency protection under the laws of Canada. The press release stated in part:

Today Target Corporation (NYSE:TGT) (the “Company”) announces that it plans to discontinue operating stores in Canada through its indirect wholly-owned subsidiary, Target Canada Co. (“Target Canada”). As a part of that process, this morning Target Canada filed an application for protection under the Companies’ Creditors Arrangement Act (the “CCAA”) with the Ontario Superior Court of Justice (Commercial List) in Toronto (the “Court”).

“When I joined Target, I promised our team and shareholders that I would take a hard look at our business and operations in an effort to improve our performance and transform our company. *After a thorough review of our Canadian performance and careful consideration of the implications of all options, we were unable to find a realistic scenario that would get Target Canada to profitability until at least 2021.* Personally, this was a very difficult decision, but it was the right decision for our company. With the full support of Target Corporation’s Board of Directors, we have determined that it is in the best interest of our business and our shareholders to exit the Canadian market and focus on driving growth and building further momentum in our U.S. business,” said Brian Cornell, Target Corporation Chairman and CEO.

\* \* \*

As a result of the [Companies' Creditors Arrangement Act (the "CCAA") filing with the Ontario Superior Court of Justice], Target Corporation has determined that Target Canada and its subsidiaries will be deconsolidated from Target Corporation's financial statements as of the date of the filing. Target Corporation expects to report approximately \$5.4 billion of pre-tax losses on discontinued operations in the fourth quarter of 2014, driven primarily by the write-down of the Corporation's investment in Target Canada, along with costs associated with exit or disposal activities and quarter-to-date Canadian Segment operating losses prior to today's filing. Target Corporation expects to report approximately \$275 million of pre-tax losses on discontinued operations in fiscal 2015.

#### **WHAT DEFENDANTS SHOULD HAVE DONE DURING THE CLASS PERIOD**

71. By February 27, 2013, over two years after Target's January 13, 2011 announcement that it would begin a massive undertaking to open up to 220 sites in Canada, Defendants, as Target insiders, knew or should have known that the Company was ill-prepared to do so effectively. Rather than extend Target's "superior shopping experience beyond the United States for the first time in our company's history", the Company's Canadian foray was plagued with missteps from the outset.

72. As at least one analyst noted, as quoted above, "***These aren't problems you run into two days before your launch.***" As Target was opening stores in Canada, woefully unprepared and facing tremendous expectations as the *Winnipeg Free Press* article quoted above notes, Defendants continued to allow the Plan to hold and invest tens of millions of dollars in Targets' artificially inflated securities.

73. Disclosure might not have prevented the Plan from taking a loss on Company Stock it already held; but it would have prevented the Plan from acquiring (through Participants' uninformed investment decisions and continued investment of matching contributions) additional shares of artificially inflated Company Stock: the longer the concealment continued, the more of the Plan's good money went into a bad investment; and full disclosure would have cut short the period in which the Plan bought Company Stock at inflated prices.

74. Rather than do nothing (as they did), Defendants could have taken numerous steps to fulfill their fiduciary duties to the Plan under ERISA. As set forth more fully below, none of these steps (a) would have violated securities laws or any other laws, or (b) would not have been more likely to harm the Plan's Target Stock holdings than to help it, and which could have avoided or mitigated harm to the Plan.

75. Defendants could have (and should have) directed that all Company and Plan Participant contributions to the Company Stock fund be held in cash or some other short-term investment rather than be used to purchase Target Stock. A refusal to purchase Company Stock is not a "transaction" within the meaning of insider trading prohibitions and would not have required any independent disclosures that could have had a materially adverse effect on the price of Target Stock.

76. Defendants also should have closed the Company Stock itself to further contributions and directed that contributions be diverted from Company Stock into prudent investment options based upon the Participants' instructions or, if there were no such instructions, the Plan's default investment option.

77. Neither of these actions would have implicated, let alone been in violation of, federal securities laws or any other laws. Nor would the Plan ceasing to purchase additional Company Stock likely send a negative signal to the market.

78. Alternatively, Defendants could have disclosed (or caused others to disclose) Target's true problems with its Canadian Segment so that Target Stock would trade at a fair value.

79. Given the relatively small number of shares of Target Stock purchased by the Plan when compared to the market float of Target Stock, it is extremely unlikely that this decrease in the number of shares that would have been purchased, considered alone, would have had an appreciable impact on the price of Target Stock.

80. Further, Defendants also could have:

- sought guidance from the DOL or SEC as to what they should have done;
- resigned as Plan fiduciaries to the extent they could not act loyally and prudently; and/or
- retained outside experts to serve either as advisors or as independent fiduciaries specifically for the Fund.

81. Indeed, as discussed above, soon after the Class Period Defendants both retained an independent fiduciary to monitor the Fund and changed the Plan's default option so that Participants' earned matching contributions were not invested in the Fund by default.

**Defendants Allowed Target's Stock to be Hyped Instead of Protecting the Plan**

82. During the Class Period, Target and the other Defendants continued to issue misstatements about the outlook for Target's Canadian Segment, keeping Target Stock

artificially inflated while failing to take any of the above actions. The truth would only be revealed months later, as discussed above, that Target's Canadian Segment was and could not be profitable for almost a decade under any realistic scenario.

**THE RELEVANT LAW: CLAIMS FOR RELIEF UNDER ERISA**

83. ERISA requires that every plan name one or more fiduciaries who have “authority to control and manage the operation and administration of the plan.” ERISA § 1102(a)(1). Additionally, under ERISA, any person or entity, other than the named fiduciary that in fact performs fiduciary functions for the Plan is also considered a fiduciary of the Plan. A person or entity is considered a plan fiduciary to the extent:

(i) he exercises any discretionary authority or discretionary control respecting management of such plan or exercises any authority or control respecting management or disposition of its assets, (ii) he renders investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of such plan, or has any authority or responsibility to do so, or (iii) he has any discretionary authority or discretionary responsibility in the administration of such plan.

ERISA § 3(21)(A)(i), 29 U.S.C. § 1002(21)(A)(i).

84. At all relevant times, Defendants are/were and acted as fiduciaries within the meaning of ERISA § 3(21)(A)(i), 29 U.S.C. § 1002(21)(A)(i).

85. ERISA § 502(a)(2), 29 U.S.C. § 1132(a)(2), provides, in pertinent part, that a civil action may be brought by a participant for relief under ERISA § 409, 29 U.S.C. § 1109.

86. ERISA § 409(a), 29 U.S.C. § 1109(a), “Liability for Breach of Fiduciary Duty,” provides, in pertinent part, that:

any person who is a fiduciary with respect to a plan who breaches any of the responsibilities, obligations, or duties imposed upon fiduciaries by this title shall be personally liable to make good to such plan any losses to the plan resulting from each such breach, and to restore to such plan any profits of such fiduciary which have been made through use of assets of the plan by the fiduciary, and shall be subject to such other equitable or remedial relief as the court may deem appropriate, including removal of such fiduciary.

87. ERISA §§ 404(a)(1)(A) and (B), 29 U.S.C. §§ 1104(a)(1)(A) and (B), provide, in pertinent part, that a fiduciary shall discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries, for the exclusive purpose of providing benefits to participants and their beneficiaries, and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

88. These fiduciary duties under ERISA § 404(a)(1)(A) and (B) are referred to as the duties of loyalty, exclusive purpose and prudence and are the highest known to the law and entail, among other things:

(a) the duty to conduct an independent and thorough investigation into, and continually to monitor, the merits of all the investment alternatives of a plan;

(b) the duty to avoid conflicts of interest and to resolve them promptly when they occur. A fiduciary must always administer a plan with an “eye single” to the interests of the participants and beneficiaries, regardless of the interests of the fiduciaries themselves or the plan sponsor;



(c) the duty to disclose and inform, which encompasses: (1) a negative duty not to misinform; (2) an affirmative duty to inform when the fiduciary knows or should know that silence might be harmful; and (3) a duty to convey complete and accurate information material to the circumstances of participants and beneficiaries.

89. Accordingly, if the fiduciaries of a plan know, or if an adequate investigation would reveal, that an investment option is no longer a prudent investment for that plan, then the fiduciaries must disregard any plan direction to maintain investments in such stock and protect the plan by investing the plan assets in other, suitable, prudent investments.

90. ERISA § 405(a), 29 U.S.C. § 1105 (a), “Liability for breach by co-fiduciary,” provides, in pertinent part, that:

[I]n addition to any liability which he may have under any other provision of this part, a fiduciary with respect to a plan shall be liable for a breach of fiduciary responsibility of another fiduciary with respect to the same plan in the following circumstances: (A) if he participates knowingly in, or knowingly undertakes to conceal, an act or omission of such other fiduciary, knowing such act or omission is a breach; (B) if, by his failure to comply with section 404(a)(1), 29 U.S.C. § 1104(a)(1), in the administration of his specific responsibilities which give rise to his status as a fiduciary, he has enabled such other fiduciary to commit a breach; or (C) if he has knowledge of a breach by such other fiduciary, unless he makes reasonable efforts under the circumstances to remedy the breach.

91. Plaintiff therefore brings this action under the authority of ERISA § 502(a) for Plan-wide relief under ERISA § 409(a) to recover losses sustained by the Plan arising

out of the breaches of fiduciary duties by Defendants for violations under ERISA § 404(a)(1) and ERISA § 405(a).

## **COUNT I**

### **FAILURE TO PRUDENTLY MANAGE THE PLAN'S ASSETS IN VIOLATION OF ERISA §§ 404(a)(1)(B) AND 405**

#### **(BY THE COMPANY DEFENDANT AND COMMITTEE DEFENDANTS)**

92. Plaintiff incorporates the allegations contained in the previous paragraphs of this Complaint as if fully set forth herein.

93. This Count alleges fiduciary breaches against the Company Defendant and Committee Defendants (the “Prudence Defendants”) for continuing to allow the investment of the Plan’s assets in Target Stock throughout the Class Period despite the fact that they knew or should have known that such investment was imprudent as a retirement vehicle because Target Stock was artificially inflated during the Class Period.

94. At all relevant times, as alleged above, the Prudence Defendants were fiduciaries of the Plan within the meaning of ERISA § 3(21)(A), 29 U.S.C. § 1002(21)(A), in that they exercised discretionary authority or control over the administration and/or management of the Plan and/or disposition of the Plan’s assets.

95. Under ERISA, fiduciaries who exercise discretionary authority or control over management of a plan or disposition of a plan’s assets are responsible for ensuring that all investment options made available to participants under a plan are prudent. Furthermore, such fiduciaries are responsible for ensuring that assets within the plan are prudently invested. The Prudence Defendants were responsible for ensuring that all

investments in Company Stock in the Plan were prudent. The Prudence Defendants are liable for losses incurred as a result of such investments being imprudent.

96. Upon information and belief, Defendants failed to engage in a reasoned decision-making process regarding the prudence of Target Stock. An adequate investigation by Defendants would have revealed the risks of investing in artificially inflated Target Stock and caused a reasonable fiduciary to conclude that the Fund was over-valued and likely to fall in price during the Class Period. A prudent fiduciary would have acted to prevent or mitigate the losses that the Plan experienced during the Class Period but the Defendants failed to do so.

97. The Prudence Defendants breached their duties to prudently manage the Plan's assets. During the Class Period, the Prudence Defendants knew or should have known that, as described herein, Company Stock was not a suitable and appropriate investment for the Plan. Yet, during the Class Period, despite their knowledge of the imprudence of the investment, the Prudence Defendants failed to take any meaningful steps to protect Plan's Participants.

98. The Prudence Defendants also breached their duty of prudence by failing to provide complete and accurate information regarding Target's true financial condition and, generally, by conveying inaccurate information regarding the Company's Canadian Segment. During the Class Period, upon information and belief, Defendants fostered a positive attitude toward Company Stock, and/or allowed Participants to follow their natural bias towards investment in the equities of their employer by not disclosing negative material information concerning the imprudence of investment in Company

Stock. As such, Participants could not appreciate the true risks presented by investments in Company Stock and therefore could not make informed decisions regarding their investments in the Fund.

99. As a result of Defendants' knowledge of and, at times, implication in, creating and maintaining public misconceptions concerning Target's Canadian Segment, any generalized warnings of market and diversification risks that Defendants made to Participants regarding the Plan's investment in the Fund did not effectively inform the Participants of the past, immediate, and future dangers of investing in Company Stock.

100. The Prudence Defendants also breached their co-fiduciary obligations by, among their other failures, knowingly participating in each other's failure to protect the Plan from inevitable losses. The Prudence Defendants had or should have had knowledge of such breaches by other fiduciaries of the Plan, yet made no effort to remedy them.

101. As a direct and proximate result of the breaches of fiduciary duties during the Class Period alleged herein, the Plan and, indirectly, the Plan's Participants lost a significant portion of their retirement investments. Had the Prudence Defendants taken appropriate steps to comply with their fiduciary obligations during the Class Period, Participants could have liquidated some or all of their holdings in Company Stock, and refrained from spending hundreds of millions of dollars on artificially inflated Target Stock, and thereby eliminated, or at least reduced, losses to the Plan and themselves.

102. Pursuant to ERISA § 502(a), 29 U.S.C. § 1132(a) and ERISA § 409, 29 U.S.C. § 1109(a), Defendants in this Count are liable to restore the losses to the Plan caused by their breaches of fiduciary duties alleged in this Count.

**COUNT II**

**BREACH OF DUTY OF LOYALTY IN  
VIOLATION OF ERISA §§ 404(a)(1)(A) AND 405**

**(BY ALL DEFENDANTS)**

103. Plaintiff incorporates the allegations contained in the previous paragraphs of this Complaint as if fully set forth herein.

104. This Count alleges fiduciary breaches against the Company, Monitoring Defendants and Committee Defendants (the “Loyalty Defendants”) for continuing to allow the investment of the Plan’s assets in Target Stock throughout the Class Period despite the fact that they knew or should have known that such investment was imprudent as a retirement vehicle because Target Stock was artificially inflated during the Class Period.

105. At all relevant times, as alleged above, the Loyalty Defendants were fiduciaries of the Plan within meaning of ERISA § 3(21)(A), 29 U.S.C. § 1002(21)(A). Consequently, they were bound by the duties of loyalty, exclusive purpose and prudence.

106. ERISA § 404(a)(1)(A), 29 U.S.C. § 1104(a)(1)(A), imposes on plan fiduciaries a duty of loyalty; that is, a duty to discharge their duties with respect to a plan solely in the interest of the participants and beneficiaries and for the exclusive purpose of providing benefits to participants and beneficiaries.

107. The duty of loyalty includes the duty to speak truthfully to the Plan and its participants when communicating with them. A fiduciary's duty of loyalty to plan participants under ERISA includes an obligation not to materially mislead, or knowingly allow others to materially mislead, plan participants and beneficiaries. As the Supreme Court "succinctly explained" in *Varity Corp. v. Howe*, 516 U.S. 489, 506 (1996), "[l]ying is inconsistent with the duty of loyalty owed by all fiduciaries."

108. During the Class Period, the Loyalty Defendants breached their duty to avoid conflicts of interest and to promptly resolve them by, *inter alia*: failing to timely engage independent fiduciaries who could make independent judgments concerning the Plan's investments in Company Stock (even though an independent fiduciary was appointed soon after Target Stock ceased being artificially inflated); and by otherwise placing their own and/or the Company's interests above the interests of the participants with respect to the Plan's investment in the Company's securities.

109. During the Class Period, upon information and belief, certain Defendants, including the Monitoring Defendants, made direct and indirect communications with the Plan's participants in which they omitted or misrepresented information regarding or materially related to investments in Company Stock. These communications included, but were not limited to, conference calls with analysts, SEC filings, annual reports, press releases, and Plan documents (including Summary Plan Descriptions). Defendants, including the Monitoring Defendants, also acted as fiduciaries to the extent of this communication activity.

110. Further, Defendants, as the Plan's fiduciaries, knew or should have known certain basic facts about the characteristics and behavior of the Plan's participants, well-recognized in the 401(k) literature and the trade press concerning employees' natural bias toward investing in company stock, including that:

- (a) Out of loyalty, employees tend to invest in company stock;
- (b) Employees tend to over-extrapolate from recent returns, expecting high returns to continue or increase going forward;
- (c) Employees tend not to change their investment option allocations in the plan once made; and
- (d) Lower income employees tend to invest more heavily in company stock than more affluent workers, though they are at greater risk.

111. Knowing of these natural biases toward investment of Company Stock, Defendants should have been on high alert to protect the interests of the Plan participants. Defendants, however, disregarded their duties of loyalty to the benefit of the Company as demonstrated by the Plan's massive holding and purchase of Company Stock with of Plan assets.

112. Further, to the extent that Target satisfied its Plan matching obligations using artificially inflated employer securities which it already held, Defendants, who knew or should have known Target Stock was artificially inflated, participated knowingly and significantly in deceiving a Participants in order to save the employer money at the Participants' expense, which violates ERISA's duty of loyalty.

113. The Loyalty Defendants also breached their co-fiduciary obligations by, among their other failures, knowingly participating in each other's failure to protect the Plan from inevitable losses. The Loyalty Defendants had or should have had knowledge of such breaches by other fiduciaries of the Plan, yet made no effort to remedy them.

114. As a consequence of the Loyalty Defendants' breaches of fiduciary duty during the Class Period by putting the interests of themselves and the Company ahead of the Plan and its participants, the Plan suffered tens of millions of dollars in losses, as its holdings of Company Stock were devastated. If the Loyalty Defendants had discharged their fiduciary duties to loyally manage and invest the Plan's assets, the losses suffered by the Plan would have been minimized or avoided. Therefore, as a direct and proximate result of the breaches of fiduciary duties alleged herein, the Plan and, indirectly, Plaintiff and the other Participants, lost a significant portion of their retirement investments.

115. Pursuant to ERISA § 502(a), 29 U.S.C. § 1132(a), and ERISA § 409, 29 U.S.C. § 1109(a), Defendants in this Count are liable to restore the losses to the Plan caused by their breaches of fiduciary duties alleged in this Count.

### **COUNT III**

#### **FAILURE TO ADEQUATELY MONITOR OTHER FIDUCIARIES AND PROVIDE THEM WITH ACCURATE INFORMATION IN VIOLATION OF ERISA § 404**

#### **(BY THE COMPANY AND MONITORING DEFENDANTS)**

116. Plaintiff incorporates the allegations contained in the previous paragraphs of this Complaint as if fully set forth herein.



117. This Count alleges fiduciary breaches against the Company and Monitoring Defendants (the “Monitoring Defendants”).

118. At all relevant times, as alleged above, the Monitoring Defendants were fiduciaries of the Plan, within the meaning of ERISA § 3(21)(A), 29 U.S.C. § 1002(21)(A). Thus, they were bound by the duties of loyalty, exclusive purpose, and prudence.

119. As alleged above, the scope of the fiduciary responsibilities of the Monitoring Defendants included the responsibility to appoint, remove, and, thus, monitor the performance of other Plan fiduciaries, namely the Prudence Defendants.

120. Under ERISA, a monitoring fiduciary must ensure that monitored fiduciaries are performing their fiduciary obligations, including those with respect to the investment and holding of a plan’s assets, and must take prompt and effective action to protect the plan and participants when they are not.

121. The monitoring duty further requires that appointing fiduciaries have procedures in place so that on an ongoing basis they may review and evaluate whether the “hands-on” fiduciaries are doing an adequate job (for example, by requiring periodic reports on their work and the plan’s performance, and by ensuring that they have a prudent process for obtaining the information and resources they need). In the absence of a sensible process for monitoring their appointees, the appointing fiduciaries would have no basis for prudently concluding that their appointees were faithfully and effectively performing their obligations to the plan’s participants or for deciding whether to retain or remove them.

122. Furthermore, a monitoring fiduciary must provide the monitored fiduciaries with complete and accurate information in their possession that they know or reasonably should know that the monitored fiduciaries must have in order to prudently manage the plan and the plan's assets, or that may have an extreme impact on the plan and the fiduciaries' investment decisions regarding the plan.

123. During the Class Period, the Monitoring Defendants breached their fiduciary monitoring duties by, among other things:

(a) failing, at least with respect to the Plan's investment in Company Stock, to properly monitor their appointee(s), to properly evaluate their performance, or to have any proper system in place for doing so, and standing idly by as the Plan suffered enormous losses as a result of the appointees' imprudent actions and inaction with respect to Company Stock;

(b) failing to ensure that the monitored fiduciaries appreciated the true extent of the Company's precarious financial situation and the likely impact that financial failure would have on the value of the Plan's investment in Company Stock;

(c) to the extent any appointee lacked such information, failing to provide complete and accurate information to all of their appointees such that they could make sufficiently informed fiduciary decisions with respect to the Plan's assets and, in particular, the Plan's investment in Company Stock; and

(d) failing to remove appointees whose performance was inadequate in that they continued to permit the Plan to make and maintain investments in the Company

Stock despite the practices that rendered it an imprudent investment during the Class Period.

124. As a consequence of the Monitoring Defendants' breaches of fiduciary duty, the Plan suffered tremendous losses. If the Monitoring Defendants had discharged their fiduciary monitoring duties as described above, the losses suffered by the Plan would have been minimized or avoided.

125. The Monitoring Defendants are liable as co-fiduciaries because they knowingly participated in each other's fiduciary breaches as well as those by the monitored fiduciaries, they enabled the breaches by those Defendants, and they failed to make any effort to remedy these breaches despite having knowledge of them.

126. Therefore, as a direct and proximate result of the breaches of fiduciary duty by the Monitoring Defendants during the Class Period alleged herein, the Plan and, indirectly, the Plan's Participants and beneficiaries, lost tens of millions of dollars of retirement savings.

127. Pursuant to ERISA §§ 409, 502(a)(2) and (a)(3), 29 U.S.C. §§ 1109, 1132(a)(2) and (a)(3), the Monitoring Defendants are liable to restore the losses to the Plan caused by their breaches of fiduciary duties alleged in this Count and to provide other equitable relief as appropriate.

### **CAUSATION**

128. The wasting of Participants' retirement savings in artificially inflated Target Stock could have and would have been avoided, in whole or in part, by Defendants complying with their ERISA-mandated fiduciary duties.

129. Defendants – who knew or should have known that Target Stock was an imprudent retirement investment – chose to, as fiduciaries, continue allowing the Plan to acquire further Target Stock, while taking no action to protect their wards as Target’s condition worsened and the Participants’ retirement savings were lost tens of millions of dollars. Prudent fiduciaries would have acted otherwise and taken appropriate actions to protect the Plan and the Participants.

130. To the extent Defendants were required to take action based on non-publicly disclosed information that they were privy to, at least the following alternative options – which are pled as alternative statements under FED. R. CIV. P. 8(d)(2) to the extent they are inconsistent – were available to Defendants and (a) could have been done without violating securities laws or any other laws, (b) should have been done to fulfill Defendants’ fiduciary obligations under ERISA, and (c) would not have been more likely to harm the Plan than to help it.

131. First, Defendants could have and should have directed that all Company and Participant contributions to the Company Stock fund be held in cash rather than be used to purchase Target Stock. The refusal to purchase Company Stock is not a “transaction” within the meaning of insider trading prohibitions. This action would not have required any independent disclosures that could have had a materially adverse effect on the price of Target Stock.

132. Second, Defendants should have closed the Fund itself to further contributions and directed that contributions be diverted from Company Stock into other

(prudent) investment options based upon Participants' instructions or, if there were no such instructions, the Plan's default investment option.

133. Third, Defendants could have disclosed Target's problems, discussed above, so that Target Stock ceased being artificially inflated.

134. Alternatively, Defendants could have

- sought guidance from the DOL or SEC as to what they should have done;
- resigned as Plan fiduciaries to the extent they could not act loyally and prudently; and/or
- retained outside experts to serve either as advisors or as independent fiduciaries specifically for the Fund.

135. Instead, Defendants waited until the Plan had suffered tens of millions of dollars in losses during the Class Period because of artificial inflation in Target Stock to take any of the protective actions discussed above.

### **REMEDIES FOR BREACHES OF FIDUCIARY DUTY**

136. As noted above, as a consequence of Defendants' breaches, the Plan suffered significant losses.

137. ERISA § 502(a), 29 U.S.C. § 1132(a) authorizes a plan participant to bring a civil action for appropriate relief under ERISA § 409, 29 U.S.C. § 1109. Section 409 requires "any person who is a fiduciary . . . who breaches any of the . . . duties imposed upon fiduciaries . . . to make good to such plan any losses to the plan...." Section 409 also authorizes "such other equitable or remedial relief as the court may deem appropriate...."

138. As noted above, the Plan and its Participants have suffered tens of millions of dollars in damages as a result of Defendants' breaches of fiduciary duty. Plaintiff, the Plan, and the Class are therefore entitled to relief from Defendants in the form of: (1) a monetary payment to the Plan to make good to the Plan the losses to the Plan resulting from the breaches of fiduciary duties alleged above in an amount to be proven at trial based on the principles described above, as provided by ERISA § 409(a), 29 U.S.C. § 1109(a); (2) injunctive and other appropriate equitable relief to remedy the breaches alleged above, as provided by ERISA §§ 409(a) and 502(a), 29 U.S.C. §§ 1109(a) and 1132(a); (3) reasonable attorney fees and expenses, as provided by ERISA § 502(g), 29 U.S.C. § 1132(g), the common fund doctrine, and other applicable law; (4) taxable costs; (5) interests on these amounts, as provided by law; and (6) such other legal or equitable relief as may be just and proper.

139. Each Defendant is jointly and severally liable for the acts of the other Defendants as a co-fiduciary.

### **JURY DEMAND**

Plaintiff demands a jury.

### **REQUEST FOR RELIEF**

WHEREFORE, Plaintiff requests the following relief:

A. A Judgment that the Defendants, and each of them, breached their ERISA fiduciary duties to the Plan and the Participants during the Class Period;

B. A Judgment compelling the Defendants to make good to the Plan all losses to the Plan resulting from Defendants' breaches of their fiduciary duties, including losses

to the Plan resulting from imprudent investment of the Plan's assets, and to restore to the Plan all profits the Defendants made through use of the Plan's assets, and to restore to the Plan all profits which the Participants would have made if the Defendants had fulfilled their fiduciary obligations;

C. A Judgment imposing a Constructive Trust on any amounts by which any Defendant was unjustly enriched at the expense of the Plan as the result of breaches of fiduciary duty;

D. A Judgment awarding actual damages in the amount of any losses the Plan suffered, to be allocated among the Plan participants' individual accounts in proportion to the accounts' losses;

E. A Judgment requiring that Defendants allocate the Plan's recoveries to the accounts of all Participants who had any portion of their account balances invested in Target Stock maintained by the Plan in proportion to the accounts' losses attributable to the decline in the price of Target Stock;

F. A Judgment awarding costs pursuant to 29 U.S.C. § 1132(g);

G. A Judgment awarding attorneys' fees pursuant to 29 U.S.C. § 1132(g) and the common fund doctrine; and

H. A Judgment awarding equitable restitution and other appropriate equitable monetary relief against the Defendants.

Dated: July 12, 2016

s/David E. Krause

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