

**THE ROSEN LAW FIRM, P.A.**

Laurence M. Rosen, Esq.  
One Gateway Center, Suite 2600  
Newark, NJ 07102  
Tel: (973) 313-1887  
Fax: (973) 833-0399  
Email: lrosen@rosenlegal.com

*Counsel for Plaintiff*

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

\_\_\_\_\_, Individually and on  
behalf of all others similarly situated,

Plaintiff,

v.

DESIGNER BRANDS INC.,  
DOUGLAS M. HOWE, and JARED A.  
POFF,

Defendants.

**Case No:**

**CLASS ACTION COMPLAINT  
FOR VIOLATIONS OF THE  
FEDERAL SECURITIES LAWS**

**JURY TRIAL DEMANDED**

Plaintiff \_\_\_\_ (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, among other things, the investigation conducted by and through his attorneys, which included, among other things, a review of the

Defendants’ public documents, public filings, wire and press releases published by and regarding Designer Brands Inc. (“Designer Brands” or the “Company”), and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.<sup>1</sup>

### **NATURE OF THE ACTION**

1. This is a class action on behalf of persons or entities who purchased or otherwise acquired publicly traded Designer Brands securities between March 20, 2025 and June 9, 2025, inclusive (the “Class Period”). Plaintiff seeks to recover compensable damages caused by Defendants’ violations of the federal securities laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

### **JURISDICTION AND VENUE**

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C. §78aa).

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<sup>1</sup> Unless otherwise stated, all emphasis is added.

4. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged misstatements entered and the subsequent damages took place in this judicial district.

5. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants (defined below), directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

### **PARTIES**

6. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased Designer Brands securities during the Class Period and was economically damaged thereby.

7. Defendant Designer Brands has stated the following about its business:

Designer Brands is one of the world's largest designers, producers, and retailers of the most recognizable footwear brands and accessories, transforming and defining the footwear industry through a mission of being shoe obsessed.

Defendant Designer Brands is incorporated in Ohio and its head office is located at 810 DSW Drive, Columbus, Ohio 43219. The Company's east coast logistics center is located in Westampton, New Jersey.

8. Designer Brands' common stock trades on the New York Stock Exchange (the "NYSE") under the ticker symbol "DBI".

9. Defendant Douglas M. Howe ("Howe") served as the Company's Chief Executive Officer ("CEO") at all relevant times.

10. Defendant Jared A. Poff ("Poff") has served as the Company's Chief Financial Officer at all relevant times.

11. Defendants Howe and Poff are collectively referred to herein as the "Individual Defendants."

12. Each of the Individual Defendants:

- (a) directly participated in the management of the Company;
- (b) was directly involved in the day-to-day operations of the Company at the highest levels;
- (c) was privy to confidential proprietary information concerning the Company and its business and operations;
- (d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;
- (e) was directly or indirectly involved in the oversight or implementation of the Company's internal controls;

- (f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or
- (g) approved or ratified these statements in violation of the federal securities laws.

13. Designer Brands is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

14. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to Designer Brands under *respondeat superior* and agency principles.

15. Defendant Designer Brands and the Individual Defendants are collectively referred to herein as “Defendants.”

### **SUBSTANTIVE ALLEGATIONS**

#### **Materially False and Misleading Statements Issued During the Class Period**

16. On March 20, 2025, before the market opened, Designer Brands issued a press release entitled “Designer Brands Inc. Reports Fourth Quarter and Fiscal Year 2024 Financial Results”.

17. In this press release, Designer Brands issued its 2025 guidance, which it stated “*reflects expectations for profitable growth.*”

18. The announcement quoted Defendant Howe as stating the following:

*Looking ahead to 2025, we are confident that our ongoing business transformation will drive continued stability and growth, with expectations to significantly increase EPS compared to our 2024 adjusted results.* We anticipate our reinvigorated efforts to be customer-first and product obsessed will help us better understand our customers and strengthen our product offerings through a data-driven approach. Although we do see pressure on the consumer in the short term as a result of ongoing inflation, rising prices and less discretionary income, we believe these initiatives will drive improved financial performance through 2025 and continue to position us well for long-term, sustainable growth

19. Specifically, Designer Brands gave guidance of “low-single digits” for Designer Brands Net Sales Growth and \$0.30 - \$0.50 for Diluted EPS (earnings per share).

20. The guidance and forward-looking statements contained in ¶¶ 18-20 were materially false and misleading at the time they were made because Defendants knew or should have known that the Company was unlikely to be able to achieve such financial results, given the impact of tariffs and trade-related strife on the Company’s business.

21. Specifically, in 2024, 77% of the Company’s products were sourced from China (a nation previously targeted by President Trump in international trade disputes during his first term in office). As Defendants later noted, 70% of the Company’s products originated from China as of 2025. Further, as Defendants

noted in the 2024 Annual Report (defined below), the United States had begun placing higher tariffs on goods made in China in February of 2025.

22. On the same day, Designer Brands conducted its Q4 2024 Earnings Call (the “Q4 2024 Call”).

23. Defendant Howe made the following statement on the Q4 2024 Call:

Before I conclude, I want to share a few thoughts on our 2025 guidance. ***While we do not expect a material impact on our business from currently anticipated tariff policies***, we have seen our consumers being more cautious starting in the back half of January as a result of ongoing inflation, rising prices and less discretionary income. This was a marked change from the trends we were seeing exiting December and we recognize that uncertainty remains as they continue to be selective with their discretionary income. As such, we are leaning into initiatives to drive demand and value.

\* \* \*

But as we said, we have started out the year, a little slower than anticipated. We're focusing on controlling what we could control. ***I think there's certainly a lot of uncertainty out there in the macro environment just given rising prices, less discretionary income in the lots of tariff conversation on the overall kind of sentiment***. So that is incorporated into our guidance that we provided for '25. But I'll let Jared elaborate.

24. The statement in ¶ 24 was materially false and misleading at the time it was made because Defendant Howe materially understated the risks the Company faced as a result of changes in tariff policies, considering that most of its goods were sourced in China and that the Trump administration had already begun targeting China in trade-related disputes.

25. On March 24, 2025, the Company filed with the SEC its annual report on Form 10-K for the fiscal year ended February 1, 2025 (the “2024 Annual Report”). Attached to the 2024 Annual Report were certifications pursuant to the

Sarbanes-Oxley Act of 2002 (“SOX”) signed by defendants Howe and Poff attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting and the disclosure of all fraud.

26. The 2024 Annual Report contained the following risk disclosure:

***Our international operations and reliance on foreign-sourced merchandise exposes us to risks associated with international matters.***

***We have key international operations in various locations, including Canada and China,*** and we face risks inherent in sourcing our merchandise from third-party manufacturers and national brand suppliers with foreign operations. Our operations may be adversely affected by international political, economic, and social instability; local laws and customs; legal and regulatory constraints, including compliance with applicable anti-bribery, anti-corruption, labor, trade, and foreign tax laws; local business practices, including compliance with foreign laws and with domestic and international labor standards; and currency laws and regulations. Risks may also include, among others, public health threats, which has in the past materially adversely impacted our business; inclement weather and natural disasters; international hostilities, including the ongoing war in Ukraine and conflicts in the Middle East, militant attacks on cargo vessels in the Red Sea, which ultimately could adversely impact supplier deliveries or freight costs, or terrorism; increases in shipping costs; transportation delays and interruptions, including increased inspections of import shipments by domestic authorities or the occurrence of international trade disruptions; labor or supply shortages; work stoppages; expropriation or nationalization; changes in foreign government administration and governmental policies; ***changes in import duties or quotas; increases in tariffs,*** sanctions, and other trade barriers or restrictions; cost and difficulties associated with managing operations outside of the U.S.; possible adverse tax consequences from changes in tax laws or the unfavorable resolution of tax assessments or audits; and greater difficulty in enforcing intellectual property rights. Additionally, fluctuations in foreign currency exchange rates may negatively impact our financial results. With a substantial portion of our merchandise being imported from foreign countries, any of these events could result in our failure to obtain merchandise in a timely manner, which



ultimately could have a material adverse effect on our business, financial condition, or results of operations.

27. The statement in ¶ 27 was materially false and misleading at the time it was made because it glossed over challenges the Company might face as a result of heightened tariffs. In reality, Defendants knew or should have known that Designer Brands was particularly vulnerable to the impact of tariffs due to its reliance on sourcing from China, a country that President Trump has repeatedly targeted over trade and tariff related issues. As such, the Company was at a materially heightened risk of missing or cutting the guidance it had issued just a few days before.

28. The 2024 Annual Report contained the following statement:

***In February and March 2025, the U.S. administration announced new tariffs on all imports from China. All of the products manufactured through the Brand Portfolio segment come from third-party facilities outside of the U.S., with 77% of units sourced from China during 2024. In addition to the merchandise sourced through our Brand Portfolio segment, our U.S. Retail and Canada Retail segments also source merchandise from domestic third-party suppliers with many of these suppliers importing a large portion of their merchandise from China. We are closely monitoring this situation and evaluating the actions we plan to take, which may include cost-mitigation measures, sourcing strategies, and price adjustments. However, there can be no assurance that we will be able to fully mitigate the impact of such tariffs or new tariffs in China or elsewhere. Future impacts are unknown at this time and could have a material adverse effect on our business, operations, and results of operations.***

29. The statement in ¶ 29 was materially false and misleading at the time it was made because it omitted that the Company was at a materially heightened

risk of withdrawing guidance for the 2025 fiscal year (which had been issued just a few weeks prior) because of tariff related issues and, in particular, tariffs targeting China.

30. The statements contained in ¶¶ 18-20, 24, 27, and 29 were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company's business, operations and prospects, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) Designer Brands was particularly vulnerable to changes in tariff policies as a result of its products being mostly sourced from China; (2) as such, it was unlikely to achieve its 2025 guidance, which was issued after the Trump administration began to place higher tariffs on Chinese-made goods; (3) because of the foregoing, the guidance for 2025 that was issued by Defendants was reckless; and (4) as a result, Defendants' statements about Designer Brands' business, operations, and prospects were materially false and misleading and/or lacked a reasonable basis at all relevant times.

### **THE TRUTH BEGINS TO EMERGE**

31. On June 10, 2025, before the market opened, Designer Brands issued a press release announcing its financial results for the first quarter of the 2026 fiscal year. In pertinent part, the Company reported the following operating results

(at times as compared to the first quarter of 2024):

- Net sales decreased 8.0% to \$686.9 million.
- Total comparable sales decreased by 7.8%.
- Gross profit decreased to \$295.1 million versus \$330.0 million last year, and gross margin was 43.0% compared to 44.2% last year.
- Reported net loss attributable to Designer Brands Inc. was \$17.4 million, or diluted loss per share of \$0.36.
- Adjusted net loss was \$12.5 million, or adjusted diluted loss per share of \$0.26.

32. The same press release quoted Defendant Howe as stating the following:

*We experienced a soft start to 2025 amid an unpredictable macro environment and deteriorating consumer sentiment[.]* We have shifted our near-term focus to amplifying value in our retail channels, preserving margins, controlling costs, *and mitigating the impact of tariffs as part of our response to this volatility.* Thanks to our team's focus and discipline, we expect to deliver between \$20 million to \$30 million in cost savings over the course of 2025.

*Given the persistent instability and pressure on consumer discretionary spend, we've made the decision to withdraw our 2025 guidance for the time being.* Moving forward, our efforts remain focused on disciplined execution of the initiatives within our control to build a business rooted in the strength of our brand, centered on the customer, and positioned for long-term value creation."

33. On the accompanying earnings call, conducted before market open on June 10, 2025, Defendant Howe stated the following:

*[. . .] While we previously expected tariffs to be a headwind, they have emerged as a significantly more substantial cost than anticipated across the industry,* and we are actively managing the potential impact on our business.

We've accelerated our sourcing diversification efforts, rebalancing and optimizing production to mitigate risk, maximize flexibility and decrease cost as we work to ensure we are not overly dependent on any one country. ***Recognizing that the trade and tariff negotiations are fluid, we have built in optionality and have activated plans to minimize cost exposure and supply chain disruptions.***

The environment remains unpredictable with our exposure fluctuating significantly within the quarter and continuing to shift into the second quarter, ***while the potential for significant cost headwinds, supply chain disruption and demand volatility remains.*** We will continue to monitor the environment and our supply chain closely and adapt as needed.

***Regardless, we currently expect less than half of our sourcing will come from China by the end of the year, down from 70% at the start of the year.*** We continue to view private label as a long-term margin driver and truly a unique differentiator for DBI given our design and sourcing capabilities and our commanding retail distribution and market share at DSW and The Shoe Co.

34. On this news, the price of Designer Brands stock fell \$0.68 per share, or 18%, to close at \$3.05 on June 10, 2025. Over the next three trading days, Designer Brands stock fell a further 27.2% to close at \$2.22 per share on June 13, 2025.

35. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's common shares, Plaintiff and other Class members have suffered significant losses and damages.

### **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

36. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons

other than defendants who acquired Designer Brands securities publicly traded on the NYSE during the Class Period, and who were damaged thereby (the “Class”). Excluded from the Class are Defendants, the officers and directors of Designer Brands, members of the Individual Defendants’ immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

37. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Designer Brands securities were actively traded on NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds, if not thousands of members in the proposed Class.

38. Plaintiff’s claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants’ wrongful conduct in violation of federal law that is complained of herein.

39. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

40. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the Exchange Act was violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business and financial condition of Designer Brands;
- whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- whether the Defendants caused Designer Brands to issue false and misleading filings during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false filings;
- whether the prices of Designer Brands securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and

- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

41. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

42. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- Designer Brands shares met the requirements for listing, and were listed and actively traded on NYSE, an efficient market;
- As a public issuer, Designer Brands filed periodic public reports;
- Designer Brands regularly communicated with public investors via established market communication mechanisms, including through the regular dissemination of press releases via major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;

- Designer Brands' securities were liquid and traded with moderate to heavy volume during the Class Period; and
- Designer Brands was followed by a number of securities analysts employed by major brokerage firms who wrote reports that were widely distributed and publicly available.

43. Based on the foregoing, the market for Designer Brands securities promptly digested current information regarding Designer Brands from all publicly available sources and reflected such information in the prices of the shares, and Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

44. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information as detailed above.

**COUNT I**  
**For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder**  
**Against All Defendants**

45. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.



46. This Count is asserted against Defendants is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

47. During the Class Period, Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

48. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

- employed devices, schemes and artifices to defraud;
- made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of Designer Brands securities during the Class Period.

49. Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of Designer Brands were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These defendants by virtue of their receipt of information reflecting the true facts of Designer Brands, their control over, and/or receipt and/or modification of Designer Brands' allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning Designer Brands, participated in the fraudulent scheme alleged herein.

50. Individual Defendants, who are the senior officers and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or other Designer Brands personnel to members of the investing public, including Plaintiff and the Class.

51. As a result of the foregoing, the market price of Designer Brands securities was artificially inflated during the Class Period. In ignorance of the falsity of Defendants' statements, Plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of Designer Brands securities during the Class Period in purchasing Designer Brands securities at prices that were artificially inflated as a result of Defendants' false and misleading statements.

52. Had Plaintiff and the other members of the Class been aware that the market price of Designer Brands securities had been artificially and falsely inflated by Defendants' misleading statements and by the material adverse information which Defendants did not disclose, they would not have purchased Designer Brands securities at the artificially inflated prices that they did, or at all.

53. As a result of the wrongful conduct alleged herein, Plaintiff and other members of the Class have suffered damages in an amount to be established at trial.

54. By reason of the foregoing, Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the plaintiff and the other members of the Class for substantial damages which they suffered in connection with their purchase of Designer Brands securities during the Class Period.

**COUNT II**  
**Violations of Section 20(a) of the Exchange Act**  
**Against the Individual Defendants**

55. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

56. During the Class Period, the Individual Defendants participated in the operation and management of Designer Brands, and conducted and participated, directly and indirectly, in the conduct of Designer Brands' business affairs. Because of their senior positions, they knew the adverse non-public information about Designer Brands's business practices.

57. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Designer Brands' financial condition and results of operations, and to correct promptly any public statements issued by Designer Brands which had become materially false or misleading.

58. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Designer Brands disseminated in the marketplace during the Class Period concerning Designer Brands' results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Designer Brands to engage in the wrongful acts

complained of herein. The Individual Defendants therefore, were “controlling persons” of Designer Brands within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Designer Brands securities.

59. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Designer Brands.

### **PRAYER FOR RELIEF**

**WHEREFORE**, plaintiff, on behalf of himself and the Class, prays for judgment and relief as follows:

(a) declaring this action to be a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and designating plaintiff’s counsel as Lead Counsel;

(b) awarding damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, together with interest thereon;

awarding plaintiff and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) awarding plaintiff and other members of the Class such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

Dated:

**THE ROSEN LAW FIRM, P.A.**

Laurence M. Rosen, Esq.

One Gateway Center, Suite 2600

Newark, New Jersey 07102

Telephone: (973) 313-1887

Fax: (973) 833-0399

Email: lrosen@rosenlegal.com

*Counsel for Plaintiff*