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

WALTER W. WILSON, on behalf of
himself and all others similarly situated,

Plaintiff,

v.

VLASIC FOODS INTERNATIONAL INC.,
ROBERT F. BERNSTOCK and
MITCHELL P. GOLDSTEIN,

Defendants

CIVIL ACTION NO. 01 cv 0272 (TEL)

**CLASS ACTION COMPLAINT
FOR VIOLATION OF
FEDERAL SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiff, by and through his attorneys, alleges the following upon the investigation of counsel, which included: (a) review and analysis of the public filings made by Vlastic Foods International Inc. ("Vlastic" or the "Company"), with the Securities and Exchange Commission ("SEC"); (b) review and analysis of press releases and other publications disseminated by defendants; (c) other publicly available information about Vlastic including, but not limited to, information disseminated on the *Dow Jones News Wire*, *Business Wire*, and *Bloomberg News*

Service; and (d) discussions with an accounting consultant.

1. This action is brought as a class action on behalf of all persons who purchased the common stock of Vlasic on the open market from February 24, 1999 through February 10, 2000, inclusive (the "Class Period").

SUMMARY OF ALLEGATIONS

2. Vlasic was created by Campbell Soup Company ("Campbell") on March 30, 1998, by the tax-free spin off of various of its food businesses to its shareholders. On or prior to the spin off, Vlasic and Campbell entered into a Transition Services Agreement to provide each other with transitional and administrative support services, including information technology services.

3. On February 24, 1999 Vlasic stated, in a press release issued on PRNewswire, that, "As of February 1, 1999 we're operating with our new state-of-the-art IT [Information Technology] systems which includes our own Customer Service and Business Service Centers" and later reported that as of April 1999 it had substantially completed all of the operating and management systems and capabilities necessary to handle internally the services that had been previously provided by Campbell." (Underscoring added).

4. Almost a year later, on February 10, 2000, in a press release issued on PRNewswire, Vlasic disclosed for the first time the effects of previously undisclosed IT systems problems when it reported that "...[a]dditional charges from trade marketing and customer deductions, related primarily to fiscal 1999 and earlier, contributed approximately \$.20 per share to the expected second quarter loss." (Underscoring added).

5. As a result of the additional charges, the Company was in default on certain financial ratio covenants contained in its debt agreements with the result that a "going concern" qualification was included in a Form 10-K/A for the year ended August 1, 1999 filed on April 28,

2000.

JURISDICTION AND VENUE

6. The claims herein arise under Sections 10(b) and 20(a) of the Exchange Act, 15 U.S.C. Sections 78j(b) and 78t(a) and Rule 10b-5 promulgated thereunder by the Securities and Exchange Commission ("SEC") (17 C.F.R. Section 240.10b-5).

7. Venue is properly laid in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. Section 1391(b). Vlastic has offices located in this district and many violations of law complained of herein occurred in this district, including the preparation and dissemination of statements alleged herein to be materially false and misleading.

8. In connection with the conduct complained of herein, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including the mails and interstate telephone communications and the facilities of a national securities exchange.

PARTIES

9. Plaintiff Walter W. Wilson purchased shares of Vlastic common stock as set forth in the accompanying certification.

10. Defendant Vlastic is a New Jersey Corporation with its executive offices at Vlastic Plaza, Six Executive Campus, Cherry Hill, NJ 07100. Vlastic was a spinoff from the Campbell Soup Company, effective on or about March 30, 1998. The Company produced, marketed, and distributed branded frozen foods, grocery and agricultural products during the Class Period.

11. Defendant Robert F. Bernstock ("Bernstock") was at all relevant times President, Chief Executive Officer and a Director of Vlastic. For Fiscal Year 1999, Bernstock's potential bonus awards were subject to a plan pursuant to which the principal factors in awarding such bonuses were corporate earnings per share and divisional earnings before interest and taxes, targets set

at the beginning of the year and certain comparative rate of annual growth targets. On or about January 11, 2001, it was announced that Bernstock had resigned from his positions with the Company.

12. Defendant Mitchell P. Goldstein ("Goldstein") was at all relevant times Vice President and Chief Financial Officer of Vlastic. For Fiscal Year 1999, Goldstein's potential bonus awards were subject to a plan pursuant to which the principal factors in awarding such bonuses were corporate earnings per share and divisional earnings before interest and taxes, targets set at the beginning of the year and certain comparative rate of annual growth targets. Bernstock and Goldstein, are at times referred to as the "Individual Defendants".

CONTROL PERSON LIABILITY

13. Defendants Bernstock and Goldstein, by reason of their executive positions with Vlastic and/or board membership were controlling persons of the Company and had the power and influence, and exercised the same, to cause Vlastic to engage in the conduct complained of herein. Thus, Bernstock and Goldstein controlled the public dissemination of the materially false and misleading information and were controlling persons of the Company as set forth in Section 20 of the Exchange Act.

CLASS ACTION ALLEGATIONS

14. Plaintiff brings this action on his behalf and as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure, on behalf of a class consisting of all persons and entities who purchased Vlastic common stock on the open market during the Class Period and were damaged thereby. Excluded from the Class are the Defendants named herein, members of the immediate family of each Individual Defendant, their heirs, successors and assigns, any subsidiary, affiliate, or division of Vlastic and the present and former officers of Vlastic and any subsidiary,

affiliate or division thereof.

15. Members of the Class are so numerous that joinder of all members is impracticable.

Specifically:

a. As of June 1, 2000 there were approximately 45,502,234 shares outstanding of Vlastic common stock;

b. Vlastic is listed and actively traded on the New York Stock Exchange, an efficient and developed securities market, and millions of shares of Vlastic common stock were traded during the Class Period; and

c. While the exact number of Class members is unknown to the Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of Class members who purchased Vlastic common stock in the open market at artificially inflated prices during the Class Period.

16. Plaintiff's claims are typical of the claims of the other members of the Class. Plaintiff and the other members of the Class have sustained damages because of Defendants' unlawful activities alleged herein. Plaintiff has retained counsel competent and experienced in class and securities litigation and intend to prosecute this action vigorously. The interests of the Class will be fairly and adequately protected by Plaintiff. Plaintiff has no interests which are contrary to or in conflict with those of the Class which Plaintiff seeks to represent.

17. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy. Plaintiff knows of no difficulty to be encountered in the management of this action that would preclude its maintenance as a class action.

18. 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:

- a. whether Defendants violated Sections 10(b) and 20(a) of the Exchange Act, and SEC Rule 10b-5 promulgated thereunder;
- b. whether, Defendants participated in and pursued the common course of conduct complained of herein;
- c. whether documents, filings, releases and statements disseminated to the investing public omitted and/or misrepresented material facts about Vlastic;
- d. whether, the market price of Vlastic common stock was artificially inflated throughout the Class Period due to non-disclosures and/or misrepresentations complained of herein;
- e. whether Defendants acted knowingly or recklessly in omitting to state and/or misrepresenting material facts; and
- f. whether the members of the Class have sustained damages as a result of Defendants' misconduct and, if so, the proper measure of such damages.

**APPLICABILITY OF PRESUMPTION OF RELIANCE:
FRAUD-ON-THE MARKET DOCTRINE**

19. At all relevant times, the market for Vlastic common stock was an efficient market for the following reasons, among others:
 - a. Vlastic common stock met the requirements for listing, and was listed and actively traded, on the New York Stock Exchange;
 - b. As a regulated issuer, Vlastic filed periodic public reports with the SEC; and
 - c. Vlastic stock was followed by securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers

of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

20. As a result, the market for Vlastic securities promptly digested current information with respect to Vlastic from all publicly-available sources and reflected such information in Vlastic's securities prices. Under these circumstances, all purchasers of Vlastic common stock during the Class Period suffered similar injury through their purchase of securities at artificially inflated prices and a presumption of reliance applies.

INAPPLICABILITY OF STATUTORY SAFE HARBOR

21. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the statements alleged to be false or misleading in this Complaint to the extent they were intended to be or could be construed as forward-looking in nature. None of the statements pleaded herein to be materially false and misleading were properly identified as forward-looking statements when made (either expressly or by implication). Nor was it stated that actual results could differ from those projected. Nor did meaningful cautionary statements identifying important factors that cause actual results to differ materially from any statements accompany the statements alleged to be materially false and misleading. Alternatively, to the extent that the statutory safe harbor does apply to any statements pleaded herein, Defendants are liable for those false forward-looking statements because, at the time each of those false forward-looking statements was made, the speaker knew the forward-looking statement was false and the forward-looking statement was authorized and/or approved by an executive officer at Vlastic who knew that those statements were false when made.

SUBSTANTIVE ALLEGATIONS

22. On February 24, 1999, Vlastic issued a press release, over the PR Newswire,

referring to the start up of its information technology systems which stated, "As of February 1, 1999, we're operating with our new, state-of-the-art IT (Information Technology) systems which include our own Customer Service and Business Service Centers." (Underscoring added). No mention was made of any problems with the information technology system. On that day, Vlastic's shares closed at \$14.44 per share on the New York Stock Exchange.

23. The above statement was materially false and misleading since the IT system was not operating in a manner which was sufficient to provide Defendants with the information concerning trade marketing costs and customer deductions necessary to prepare correct financial statements for Vlastic and in fact the system was still in an inadequate state to provide such information until some time after February 10, 2000, if ever.

24. On March 16, 1999, Vlastic filed its Form 10-Q for the quarter ended January 31, 1999 ("Second Quarter 1999 Form 10-Q"). The Second Quarter 1999 Form 10-Q was signed on March 16, 1999 by Defendant Goldstein.

25. The Second Quarter 1999 Form 10-Q contained a section entitled "Notes to Consolidated Financial Statements". A subsection entitled "Interim Financial Information" contained the following statement:

The accompanying unaudited consolidated financial statements for the three and six month periods ended January 31, 1999 and February 1, 1998 have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In our opinion, all adjustments (consisting solely of normal recurring adjustments) necessary for a fair presentation of the consolidated financial statements have been included. (Emphasis added).

26. The Second Quarter 1999 Form 10-Q also set forth Vlastic's Consolidated Statement of Earnings and balance sheet for the quarter ended January 31 1999, which reported, among

other things, that Vlastic reported sales of \$356,625,000, net earnings of \$11,805,000, total costs and expenses of \$329,025,000. Pro Forma Statement of Earnings for that quarter reported pro forma net sales of \$356,625,000, pro forma earnings of \$11,805,000 and expenses of \$329,025,000. The Second Quarter Form 10-Q stated that:

the Pro Forma Statements of Earnings presented below produce more meaningful comparisons as the three and six month periods ended February 1, 1998 include interest expense on a pro forma basis. Our historical Statements of Earnings for the three and six month periods ended January 31, 1999 include interest expense on the incremental debt incurred as of the spin-off. The pro forma information assumes the spin-off occurred at the beginning of fiscal 1998.

27. The Second Quarter 1999 Form 10-Q did not disclose any problems with Vlastic's IT system and more particularly, did not disclose that its IT system did not correctly capture marketing costs and customer deductions as a result of which Vlastic's financial statements in the Form 10-Q were materially false and misleading.

28. On June 8, 1999, Vlastic filed its Form 10-Q for the quarter ended May 2, 1999 ("Third Quarter 1999 Form 10-Q"). The Third Quarter 1999 Form 10-Q was signed on June 8, 1999 by Defendant Goldstein.

29. The Third Quarter 1999 Form 10-Q contained a section entitled "Notes to Consolidated Financial Statements". A subsection, entitled "Interim Financial Information", contained the following statement:

The accompanying unaudited consolidated financial statements for the three and nine month periods ended May 2, 1999 and May 3, 1998 have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In our opinion, all adjustments (consisting solely of normal recurring adjustments) necessary for a fair presentation of the consolidated financial statements have been included. (Underscoring added).

30. The Third Quarter 1999 Form 10-Q also set forth Vlastic's Consolidated Statements

of Earnings for the quarter ended May 2, 1999, which reported, among other things, that Vlastic reported net (loss) earnings of \$(140,128,000), total costs and expenses of \$437,869,000, pro forma earnings for that quarter of \$(140,128,000) and expenses of \$437,869,000. The Third Quarter 1999 results reported were materially impacted by special items, one time charges and tax impact of repatriated dividends. Excluding such items, Vlastic would have reported income for the quarter of \$6.7 million or \$.15 per diluted share. The Third Quarter Form 10-Q stated that:

the Pro Forma Statements of Earnings presented below produce more meaningful comparisons as the three and nine month periods ended May 3, 1998 include interest expense on a pro forma basis. Our historical Statements of earnings for the three and nine month periods ended May 2, 1999 include interest expense on the incremental debt incurred as of the spin-off. The pro forma information assumes the spin-off occurred at the beginning of fiscal 1998.

31. The Third Quarter 1999 Form 10-Q did not disclose any problems with the IT system or that Vlastic's financial statements were materially false and misleading or more particularly, that the IT system and the financial statements did not correctly capture marketing costs and customer deductions.

32. On October 15, 1999, Vlastic filed its 1999 Form 10-K for the year ended August 1, 1999 (the "1999 Form 10-K"). It was signed on October 5, 1999 by, among other persons, Defendants Goldstein and Bernstock.

33. The 1999 Form 10-K also set forth Vlastic's Consolidated Balance Sheet and Consolidated Statement of Earnings for the year ended August 1, 1999 which reported, among other things, that Vlastic reported earnings (loss) of (\$126,331,000), which included the special charges incurred in the Third Quarter of 1999, and total costs and expenses of \$1,374,735,000.

34. The 1999 Form 10-K also makes reference to the commencement of Vlastic's information technology systems in Management's Discussion and Analysis, which stated: "... as of

April 1999 we have substantially completed all of the operating and management systems and capabilities necessary to handle internally the services that had previously been provided by Campbell." (Underscoring added). No mention was made of any problems with the information technology systems.

35. The 1999 Form 10-K contained a "Report of Management", dated September 15, 1999 and signed by Defendant Bernstock, among others, which states in part:

The accompanying financial statements have been prepared by our management in conformity with generally accepted accounting principles to reflect the financial position of Vlastic and our operating results. Financial information appearing throughout this Annual Report is consistent with that in the financial statements. Management is responsible for the information and representations in such financial statements. In order to meet its responsibility, management maintains a system of internal controls designed to assure that assets are safeguarded and that financial records properly reflect all transactions. We also maintain a worldwide auditing function to periodically evaluate the adequacy and effectiveness of such internal controls, as well as our administrative procedures and reporting practices. (Underscoring added).

36. On December 10, 1999, Vlastic filed its Form 10-Q for the quarter ended October 31, 1999 ("First Quarter 2000 Form 10-Q"). The First Quarter 2000 Form 10-Q also set forth Vlastic's Consolidated Statement of Earnings and Consolidated Balance Sheets for the quarter ended October 31, 1999, which reported, among other things, that Vlastic reported net sales of \$264,404,000, net earnings of \$4,109,000, total costs and expenses of \$246,121,000.

37. The First Quarter 2000 Form 10-Q did not disclose any problems with the IT system or that Vlastic's financial statements were materially false and misleading in that, as note above, they did not correctly capture marketing costs and customer deductions.

38. The First Quarter 2000 Form 10-Q contained a section entitled "Notes to Consolidated Financial Statements". A subsection entitled "Interim Financial Information" contained the following statement:

The accompanying unaudited consolidated financial statements for the three months ended October 31, 1999 and November 1, 1998 have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In our opinion, all adjustments (consisting solely of normal recurring adjustments) necessary for a fair presentation of the consolidated financial statements have been included.

39. On February 10, 2000, the defendants issued a press release on PR Newswire stating that for the second quarter fiscal year 2000, ending January 30, 2000, Vlastic would report a loss from continuing operations \$ 0.32-\$ 0.36 per share and that "...Additional charges from trade marketing and customer deductions, related primarily to fiscal 1999 and earlier, contributed approximately \$ 0.20 per share to the expected second quarter loss. These charges resulted primarily from revised estimates based on new information that provided better estimates and insight to the Company following the conversion to new billing and trade marketing systems and processes after the conclusion of Vlastic's transition service agreement with Campbell Soup. The company is conducting a review of these systems and is continuing to implement processes and procedures to properly capture and analyze trade marketing spending and customer deductions...." (Underscoring added).

40. The closing price of Vlastic's common shares on the New York Stock Exchange on February 11, 2000, the following day, was \$3.438, a decline of 15% from the day preceding the announcement.

41. On March 15, 2000 Vlastic filed its Form 10-Q for the Quarter ended January 30, 2000 ("Second Quarter 2000 Form 10-Q"). The Second Quarter 2000 Form 10-Q disclosed a three-month loss of \$ 21.7 million compared to earnings of \$ 11.8 million for the comparable year earlier period. The Second Quarter 2000 Form 10-Q further states "Charges of approximately

\$14.5 million incurred in the second quarter of fiscal 2000 for trade marketing and customer deductions resulting from revised estimates, principally for 1999 and earlier, based on new information following our conversion to new billing and trade marketing systems and processes." (Underscoring added).

42. The Second Quarter 2000 Form 10-Q reported marketing and selling expenses for the second quarter ended January 30, 2000 of 31.1 % on sales of \$238,648,000 compared to 18.8 % for the January 1999 quarter on sales of \$324,393,000.

43. On April 28, 2000, the Company filed a Form 10-K/A for the year ending August 1, 1999 ("1999 Form 10-K/A"), amending the original 1999 Form 10-K with a disclosure of a subsequent event relevant to Vlastic's status as a going concern. A "Subsequent Events" footnote was added to the audited report concerning this subsequent event.. The footnote states:

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As discussed in Note 22, we have significant borrowings which require, among other things, compliance with certain financial ratios, specifically a debt/EBITDA ratio and a fixed charge coverage ratio, on a quarterly basis. As a result of operating losses incurred during the quarter ended January 30, 2000, we were not in compliance with the financial ratio covenants under our senior credit facility; however, we requested and received a waiver through February 29, 2000. We have received a further waiver of these financial ratio covenants from our lenders through June 20, 2000 in consideration for the payment of a fee and an increase in interest rates. The waiver required delivery of and compliance with a cash budget and established a minimum EBITDA test to be met as of April 30, 2000. If the minimum EBITDA test is not met, the waiver will expire on May 31, 2000. Additionally, if the cash budget is not met, we will be unable to borrow under the senior credit facility. The waiver also required that the senior credit facility be secured by liens on substantially all of our real property in the United States on or before April 30, 2000.

We fully expect to be in compliance with the minimum EBITDA test and the other terms and conditions of the waiver and we do not anticipate needing any additional borrowings through June 20, 2000.

We are exploring strategic opportunities including, but not limited to, potential

divestitures, joint manufacturing or marketing ventures, acquisitions, a merger, a recapitalization or other actions. The investment banking firm of Lazard Freres & Co. has been hired to assist with this strategic review and to formulate proposed plans and actions for the consideration of our Board of Directors. Because Lazard Freres & Co. is currently conducting its review and formulation of proposed plans and actions, no assessment can be made of the likelihood that such plans and actions can be effectively implemented. Moreover, regardless of the outcome of the strategic review, an extension of the existing waiver, a new waiver covering certain terms and conditions of the senior credit facility, an amendment of the senior credit facility, a de novo senior credit facility or some combination of the above will be required. Without such an action, we will be in default on June 20, 2000. Although no assurances can be given, we expect that the plans and actions proposed by the strategic review and to be acted upon by our Board of Directors will enable us to successfully fulfill such requirement and that we will be able to effectively implement them. In particular, we anticipate being able to negotiate with our present senior credit bank syndicate, as is necessary, for an extension of the existing waiver or for a new waiver, before the current waiver expires on June 20, 2000, so as to preclude any acceleration of our indebtedness. Our continuation as a going concern is dependent upon our ability to successfully establish the necessary financing arrangements and to comply with the terms thereof.

A breach of any of the terms and conditions of the waiver, or subsequent breaches of the financial covenants under the senior credit facility could result in acceleration of our indebtedness, in which case the debt would become immediately due and payable. Based upon our current projections, we do not believe we will comply with the existing financial covenants, we may not be able to repay our debt or borrow sufficient funds to refinance it. Even if new financing is available, it may not be on terms that are acceptable to us. We have, however, received such modifications in the past in the form of waivers and an amendment to our senior credit facility.

Our ability to operate as a going concern is dependent on our ability to successfully negotiate with our senior credit bank syndicate to preclude acceleration after June 20, 2000. However, although no assurances can be given, we remain confident that we will be able to continue operating as a going concern.

44. Although the footnote stated that a waiver had been obtained until June 20, 2000, the waiver was subsequently extended to February 28, 2001.

45. Vlastic's 1999 Form 10-K for the year ending August 1, 1999 dated October 15, 1999 and its 1999 Form 10-K/A (amending the 10-K) filed April 28, 2000 refers to its marketing program as consisting of trade promotions and consumer based marketing such as advertising and coupons.

Trade promotions focus on obtaining retail display support, achieving temporary price reductions and securing shelf space.

46. The 1999 Form 10-K/A also contained an amended certificate from Vlastic's outside auditors, PricewaterhouseCoopers, which expressed "substantial doubt about [Vlastic's] ability to continue as a going concern" due to Vlastic's inability to maintain compliance with certain financial ratios under its bank agreements.

VIOLATIONS OF GAAP

47. Vlastic violated Generally Accepted Accounting Principles ("GAAP") in that its internal controls were inadequate to address the weaknesses in the information technology systems which produced inaccurate financial information until, at the earliest, the second quarter of fiscal 2000 when the revisions resulting in additional charges of \$14.5 million were met. This contradicted management's representations referred to above in the Form 10-K for the year ended August 2, 1998 and 1999 Form 10-K and 1999 Form 10-K/A for the year ended August 1, 1999 pertaining to Vlastic's internal controls. The weaknesses in Vlastic's internal controls relating to its information technology systems were not disclosed until February 10, 2000.

48. Vlastic's financial statements issued during the class period failed to:

a. Comply with the accounting principle of reliability, which requires that reported information be reliable to the extent that users can depend on it to represent economic conditions or events that it purports to represent and the such information is reasonably free from error or bias. FASB Statement of Concepts No 2.

b. Comply with the accounting principle of completeness, which requires financial information to be complete and that it validly, represents the underlying events and conditions. FASB Statement of Concepts No 2.

c. Comply with the accounting principle of relevance which requires that the reported information have the capacity to make a difference in a decision by helping users form predictions about the outcome of past, present and future events. FASB Concepts No. 2.

d. Failed to provide for contingencies for trade marketing and customer deductions arising from sales of its products. FASB No 5.

49. The Forms 10-Q released during the class period stated:

The accompanying unaudited consolidated financial statements for [*the relevant time period*] have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly they do not include all of the financial information and footnotes required by generally accepted accounting principles for complete financial statements. In our opinion all adjustments (consisting solely of normal recurring adjustments) necessary for a fair presentation of the consolidated financial statements have been included..."

50. All adjustments had not been made to provide a fair presentation of the financials, since adjustments in the amount of \$ 14.5 million primarily relating to fiscal 1999 and prior were required to be made in the second quarter of fiscal 2000.

51. As a result of Vlastic's failure to implement proper internal control procedures, its financial statements contained in Forms 10-Q for the quarters May 2, 1999, October 31, 1999 and the Form 10-K for the year ended August 1, 1999 were materially false and misleading and materially overstated its assets and stockholders' equity and earnings and understated its expenses and losses.

COUNT I

Violation of Section 10(b) Of the Exchange Act and Rule 10b-5 By All Defendants

52. Plaintiff incorporates ¶¶ 1-51 by reference as if fully set forth herein.

53. At all relevant times, the Defendants named herein had actual knowledge that the

statements complained of herein were materially false and misleading or with reckless disregard for the truth failed or refused to ascertain and disclose such facts as would have revealed the materially false and misleading nature of the statements complained of herein, although such facts were readily available to such Defendants. Defendants knew, or with recklessness disregarded, that material facts were being concealed from the public as alleged herein.

54. Each of the Defendants: (a) knew or with recklessness disregarded the material adverse non-public information about Vlastic's reported financial results and expenses which was not disclosed; and (b) participated in drafting, reviewing, and/or approving the materially misleading statements, releases, reports, and other public representations of and about Vlastic's internal controls, information technology systems, reported income, expenses and financial condition.

55. Information showing that Defendants acted knowingly or with deliberate or conscious reckless disregard for the truth regarding Vlastic's reported income expenses and financial condition is peculiarly within their knowledge and control, because among other things:

a. since Defendants had reported as early as February, 1999 that Vlastic's new state of the art computer system was in operation, the system provided or should have provided the information to management substantially earlier than the Second Quarter of 2000.

b. Defendant Bernstock knew or with recklessness disregarded that Vlastic's accounting practices and trade marketing with customer deductibles, as alleged herein, artificially inflated reported income (or reduced reported losses) because he was involved in the day-to-day operations of Vlastic and signed the Form 10-K for fiscal 1999. He knew that the state of the trade market costs system and processes was one of the foundation of Vlastic's business.

c. Defendant Goldstein was the Vice President of Finance and Chief Financial

Officer and, as such, was responsible for the reporting of Vlastic's financial results. He knew or was reckless in not knowing of Vlastic's accounting practices which caused Vlastic's financial statements to be presented in violation of GAAP, as alleged herein.

d. Defendants had the potential to benefit from their conduct which inflated the price of Vlastic securities because their compensation was directly tied to the reported financial performance of Vlastic.

56. During the Class Period, Defendants disseminated or approved the false statements specified above, which they knew or were reckless in not knowing 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.

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

a. Employed devices, schemes, and artifices to defraud;

b. Made untrue statements of material facts or omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; or

c. Engaged in acts, practices, and a course of business that operated as a fraud or deceit upon plaintiffs and others similarly situated in connection with their purchases of Vlastic securities during the Class Period.

58. The undisclosed adverse information concealed by Defendants during the Class Period is the type of information which, because of SEC and national stock exchange regulations, as well as customary business practice, is expected by investors and securities analysts to be disclosed and is known by corporate officials and their legal and financial advisors to be the type of information which is expected to be and must be disclosed. For example: Under Item 303 of

Regulation S-K, promulgated by the SEC under the Exchange Act, there is a duty to disclose in periodic reports filed with the SEC "known trends or any known demands, commitments, events or uncertainties" that are reasonably likely to have a material impact on a company's sales revenues, income or liquidity, or cause previously reported financial information not be indicative of future operating results. 17 C.F.R. § 229.303 (a)(1)-(3) and Instruction 3. In addition to the periodic reports required under the Exchange Act, management of a public company has a duty "to make full and prompt announcements of material facts regarding the company's financial condition." SEC Release No. 34-8995, 3 Fed. Sec. L. Rep. (CCH) ¶23,120A, at 17,095, 17 C.F.R. ¶241.8995 (10/15/70).

59. Plaintiff and the other members of the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Vlastic securities. Plaintiff and the other members of the Class would not have purchased Vlastic securities at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by Defendants' misleading statements.

COUNT II

For Violation of § 20(a) Of The Exchange Act Against The Individual Defendants

60. Plaintiff incorporates ¶¶1-59 by reference as if fully set forth herein.

61. The Individual Defendants acted as controlling persons of Vlastic withing the meaning of §20(a) of the Exchange Act. By reason of the Individual Defendants' positions as directors and/or officers of Vlastic, they had the power and authority to cause Vlastic to engage in the wrongful conduct complained of herein.

62. By reason of such wrongful conduct, the Individual Defendants are liable pursuant to §20(a) of the Exchange Act. As a direct and proximate result of these Defendants' wrongful

conduct, Plaintiff and the other member of the Class suffered damages in connection with their purchases of Vlasic securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment as follows:

- a. Declaring this action to be a proper class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of the Class defined herein;
- b. Against Defendants, jointly and severally, and in favor of Plaintiff and the other members of the Class awarding compensatory damages;
- c. Awarding Plaintiff and the other members of the Class pre-judgment and post-judgment interest, as well as reasonable attorneys' fees, expert witness fees, and other costs; and
- d. Awarding such other relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

Date: January 16, 2001

KANTROWITZ, GOLDHAMER & GRAIFMAN

By: _____


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**CERTIFICATION FOR CLASS ACTION COMPLAINT
FOR VIOLATION OF THE FEDERAL SECURITIES LAWS**

Walter W. Wilson, under the penalties of perjury, hereby certifies as follows:

1. I am the plaintiff in the within complaint.
2. I have read the foregoing securities class action complaint (the "Complaint"), to be filed on my behalf and on behalf of all others similarly situated, and I authorize its filing.
3. I did not purchase the security that is the subject of the Complaint at the direction of plaintiff's counsel or in order to participate in any private action arising under the federal securities laws.
4. I am willing to serve as a representative on behalf of the class, including providing testimony at depositions and trial, if necessary.
5. Following are all of my transactions in Vlasic Foods International, Inc. securities during the class period specified in the Complaint:

On July 23, 1999, I purchased 300 shares of Vlasic Foods International, Inc. common stock at \$7.25 per share.
6. During the three year period preceding the date on which this certification was signed, I have not filed any complaint in which I either sought to serve or have served as a representative party on behalf of a class in actions under federal securities laws.
7. I agree not to accept any payment for serving as a representative party on behalf of the class, beyond my pro rata share of any recovery, except as ordered or approved by the Court.

