Rackspace Technology, Inc. Class Action Lawsuit

U.S. Securities Litigation

Rackspace Class Action Lawsuit Allegations

The Rackspace class action lawsuit asserts securities fraud claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of investors in Rackspace securities. The class action is pending in the U.S. District Court for the Southern District of New York. It is captioned *Morgan-Reed v. Rackspace Technology, Inc.*, No. 26-cv-6491.

If you lost money on your Rackspace investment, you are encouraged to submit your information using the form on this page. You may also email adam@bfalaw.com or call 212.789.3619.

Why is Rackspace Being Sued for Securities Fraud?

Rackspace has been sued for securities fraud following a significant stock drop resulting from potential violations of the federal securities laws. The decline in Rackspace's stock price caused significant losses to investors.

Rackspace is a hybrid cloud and AI solutions company that operates physical infrastructure to host cloud services and artificial intelligence. The company also provides Rackspace AI, a portfolio of AI services to help organizations scale AI adoption.

During the relevant period, the company announced it signed a memorandum of understanding with Advanced Micro Devices, Inc. ("AMD") to assist in building out its AI infrastructure and enhance its AI capabilities. That same day, the company reaffirmed its full year revenue guidance.

Rackspace told investors that the "AMD piece really fits into how" the company's technology stack operates. Rackspace also stated that the AMD partnership "give[s] [the Company] confidence in the full year Private Cloud growth profile."

As alleged, in truth, the company's AI efforts would require Rackspace to significantly re-prioritize its capacity and pull capacity away from revenue generating segments.

Why did Rackspace's Stock Drop?

On July 9, 2026, Rackspace revealed that its AI investments would require a significant re-prioritization of resources and a "transition away" from certain revenue generating segments. As a result, Rackspace revealed it was cutting its full year 2026 revenue guidance by $150 million and its full year Private Cloud revenue outlook by $25 million.

This news caused the price of Rackspace stock to decline $2.21 per share, or 33.6%, from a closing price of $6.58 per share on July 8, 2026, to $4.37 per share on July 9, 2026.

Rackspace ($RXT) Stock Chart

Image Caption: NASDAQ online chart showing the Rackspace (RXT) stock drop following the July 2026 announcement.

What is the Rackspace Lead Plaintiff Deadline?

You may ask the Court no later than September 28, 2026, to appoint you as Lead Plaintiff through counsel of your choice.

To be a member of the Class, you need not take any action at this time. The ability to share in any potential future recovery is not dependent on serving as Lead Plaintiff.

How Do I Submit My Information?

If you lost money when Rackspace securities dropped in price, you are encouraged to submit your information using the form on this page to speak with an attorney about your rights.

You can also contact:

Adam McCall
amccall@bfalaw.com
212.789.3619

All representation is on a contingency fee basis; there is no cost to you. Shareholders are not responsible for any court costs or expenses of any class action lawsuit. The firm will seek court approval for any potential fees and expenses.

Why Bleichmar Fonti & Auld LLP?

BFA is a leading international law firm representing plaintiffs in securities class actions and shareholder litigation. It has been named a top plaintiff law firm by *Chambers USA*, *The Legal 500*, and *ISS SCAS*.

BFA attorneys have been named “Elite Trial Lawyers” by the *National Law Journal*, “Litigation Stars” by *Benchmark Litigation*, among the top “500 Leading Plaintiff Financial Lawyers” by *Lawdragon*, “Titans of the Plaintiffs’ Bar” by *Law360*, and “SuperLawyers” by *Thomson Reuters*.

Most recently, *The Legal 500* awarded BFA the most client satisfaction accolades of any plaintiff’s securities litigation law firm, with clients noting: “[t]here is no better service provider in the practice area,” “[t]he interest of the client is always front and center,” and “[t]here isn’t a better firm in this space.” One testimonial described the firm as “nimble and entrepreneurial,” with a “relentless focus on adding value for clients.”

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BFA's notable successes include a recovery of over $900 million in value from Tesla, Inc.'s Board of Directors, as well as $420 million from Teva Pharmaceutical Ind. Ltd.

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