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22 EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
23 IN AND FOR THE COUNTY OF CLARK

24 FRANK J. FOSBRE, JR., derivatively on behalf of)
25 Nominal Defendant Las Vegas Sands Corporation,)

26 Plaintiff,)

27 v.)

28 SHELDON G. ADELSON, IRWIN CHAFETZ,)
29 CHARLES D. FORMAN, GEORGE P. KOO,)
30 MICHAEL A. LEVEN, JAMES L. PURCELL,)
31 IRWIN A. SIEGEL, WILLIAM P. WEIDNER,)
32 and ANDREW R. HEYER,)

33 Defendants,)

34 and)

35 LAS VEGAS SANDS CORPORATION,)

36 Nominal Defendant.)

FILED

FEB 6 '2 16 PM '09

Ed [Signature]
CLERK OF THE COURT

Case No.

Dept No.

A582074
III

VERIFIED SHAREHOLDER
DERIVATIVE COMPLAINT

JURY TRIAL DEMANDED

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1 For his Shareholder Derivative Complaint, plaintiff alleges the following upon personal
2 knowledge as to his stock purchases, and upon information and belief as to all other allegations:

3 **NATURE OF THE ACTION**

4 1. This shareholder derivative action seeks relief on behalf of Las Vegas Sands
5 Corporation ("Las Vegas Sands" or the "Company"), arising from violations of the fiduciary
6 duties of certain former and current members of its board of directors (the "Board" or the
7 "Individual Defendants"), including Sheldon G. Adelson ("Adelson"), the Company's current
8 Chairman, Chief Executive Officer ("CEO") and Treasurer.

9 2. Las Vegas Sands develops and manages multi-use integrated resorts worldwide,
10 including some of the most recognizable properties in Las Vegas and other resort areas. The
11 problems described herein arose in connection with, among other projects, the Company's
12 development of properties in Macau and the St. Regis Residences in Las Vegas.

13 3. As forth in detail herein, Adelson has capitalized upon the economic downturn
14 and faltering financial condition of the Company by making additional substantial investments
15 in Las Vegas Sands that have continued to dilute the common shareholders' interests, without
16 their input or consent, while cementing his majority stake in the Company. Moreover, Adelson,
17 together with the other members of the Board who are beholden to him, have mismanaged the
18 Company and damaged its prospects by spreading the Company too thin over numerous projects
19 that, for one reason or another, were impossible to complete under the conditions then-existing.
20 These problems resulted in the issuance of a "going concern" qualification by the Company's
21 auditor, which was only later withdrawn when the Company completed yet another highly
22 dilutive, multibillion dollar capital raise transaction. At the same time, Adelson and the other
23 members of the Board have detrimentally delayed the Company's access to much needed capital
24 to fund its projects – a gaffe that one Board member bluntly characterized as a "monumental
25 screw-up."

26 4. Significantly, shareholders, financial analysts and members of the mainstream
27 media are not the only ones who have criticized the Board's decisions, and the Company's
28 performance, under Adelson's direction: senior management has also made its dissatisfaction

1 known. In fact, in response to a "loss of confidence" by senior executives in Adelson's
2 management of the Company, the Board created a committee whose purpose is to resolve
3 disagreements between Adelson and those executives (the "Executive Committee"). This
4 unprecedented move underscores the damage that Adelson and the Board have caused to the
5 Company and the shareholders' interests.

6 5. Accordingly, this derivative action seeks to recover damages for Las Vegas
7 Sands based on the Individual Defendants' breaches of fiduciary duty in, among other things,
8 grossly mismanaging the Company's operations, which has resulted in the substantial loss of
9 shareholder value and the dilution of shareholders' interests; failing to implement adequate
10 internal controls to ensure that Adelson properly discharges his fiduciary duties to the
11 Company, as its highest-level executive officer and Board member; and abdicating their duty to
12 ensure that their conflicts of interest do not adversely affect the management or operations of
13 the Company.

14 JURISDICTION AND VENUE

15 6. This Court has jurisdiction over all causes of action asserted herein. This Court
16 also has jurisdiction over the Individual Defendants named herein because they have sufficient
17 minimum contacts with Nevada to render the exercise of jurisdiction by the Nevada courts
18 permissible under traditional notions of fair play and substantial justice. Defendants conduct
19 business and/or maintain offices in Nevada, and Las Vegas Sands' headquarters and its
20 principal place of business are located in Las Vegas, Nevada. Plaintiff's actions are hostile and
21 antagonistic to the Individual Defendants who, through their positions and ownership interests
22 in the Company (particularly Adelson's), control Las Vegas Sands.

23 7. Venue is proper in this Court because Las Vegas Sands and one or more of the
24 defendants either resides in or maintains executive offices in this County, a substantial portion
25 of the transactions and wrongs complained of herein, including the defendants' participation in
26 the wrongful acts detailed herein in violation of their fiduciary and other duties, occurred in this
27 County, and defendants have received substantial compensation in this County by doing
28 business here and engaging in numerous activities which had an effect in this County.

1 and Charles Forman ("Forman"), which have prevented them from acting independently and in
2 accordance with their fiduciary obligations to the Company and its shareholders. As a result,
3 Adelson dominates the Board and controls the Company, and, as such, all of the other
4 defendants are beholden to Adelson and cannot be considered independent.

5 13. Defendant Chafetz is and has been a Las Vegas Sands director since 2005.
6 Chafetz is a member of the Company's Compensation Committee and, on October 29, 2008, he
7 was appointed to the newly-formed Executive Committee. According to the Company's Form
8 10-Q filed with the SEC on November 10, 2008, "[t]he role of the Executive Committee is to
9 exercise the powers of the board of directors in between scheduled board meetings, including
10 the power to resolve disagreements among management." In addition, according to the 2008
11 Proxy, he was a director of Las Vegas Sands, Inc. from March until July 2005 and from 1989 to
12 1995. He also served as Vice President and a director of Las Vegas Sands, Inc. Moreover,
13 Chafetz is a director of The Interface Group, LLC, a Massachusetts limited liability company
14 that controls Interface Group-Massachusetts, LLC. He has been associated with Interface
15 Group-Massachusetts, LLC and its predecessors since 1972.

16 14. The 2008 Proxy also reveals that Chafetz is a trustee of various Adelson trusts,
17 including the 2002 Remainder Trust, the Sheldon G. Adelson 2004 Remainder Trust, the
18 Sheldon G. Adelson July 2007 Two Year LVS Annuity Trust, the Sheldon G. Adelson July
19 2007 Three Year LVS Annuity Trust, the Sheldon G. Adelson 2007 Two Year LVS Annuity
20 Trust, the Sheldon G. Adelson 2007 Three Year LVS Annuity Trust, the Sheldon G. Adelson
21 April 2008 Two Year LVS Annuity Trust, and the Sheldon G. Adelson April 2008 Three Year
22 LVS Annuity Trust. Additionally, Chafetz was a stockholder, Vice President and director of the
23 entity that owned and operated the COMDEX trade show and The Sands Expo and Convention
24 Center, which were created and developed by Adelson. Chafetz is also a director and a 14.7%
25 shareholder of entities that Adelson controls and which manage Interface Travel and Sunburst
26 Vacations.

27 15. Defendant Forman is and has been a Las Vegas Sands director since 2004.
28 According to the 2008 Proxy, Forman is Chairman of the Company's Compensation

1 Committee. In addition, he has been a director of Las Vegas Sands, LLC since March 2004 and
2 served as Chairman and CEO of Centric Events Group, LLC, a trade show and conference
3 business from April, 2002 until his retirement upon the sale of the business in 2007.
4 Additionally, from 1998 to 2000, he was Chief Legal Officer of ZD Events Inc., a tradeshow
5 business that included COMDEX. From 1989 to 1995, he was Vice President and General
6 Counsel of The Interface Group and an officer of Interface Group-Massachusetts, LLC and
7 Interface Group-Nevada, Inc. (all Adelson entities).

8 16. Defendant Michael A. Leven ("Leven") is and has been a Las Vegas Sands
9 director since 2004. Leven is also Chairman of the Company's Nominating and Governance
10 Committee and the new Executive Committee, and is a member of the Compensation and Audit
11 Committees. According to the 2008 Proxy, Leven was a director of Las Vegas Sands, Inc. from
12 May 2004 until July 2005.

13 17. Defendant James L. Purcell ("Purcell") is and has been a Las Vegas Sands
14 director since 2004. In addition, he is a member of the Company's Compensation Committee
15 and the Nominating and Governance Committee. According to the 2008 Proxy, Purcell was a
16 director of Las Vegas Sands, Inc. from June 2004 until July 2005.

17 18. Defendant Irwin A. Siegel ("Siegel") is and has been a Las Vegas Sands director
18 since 2005. He serves as Chairman of the Company's Audit Committee and is qualified as an
19 "audit committee financial expert" as defined by the New York Stock Exchange listing
20 standards and federal securities rules and regulations. Siegel is also a member of the new
21 Executive Committee. According to the 2008 Proxy, Siegel was a director of Las Vegas Sands,
22 Inc. from February 2005 until July 2005.

23 19. Defendant William P. Weidner ("Weidner") is and has been a Las Vegas Sands
24 director since 2004 and has served as the Company's President and Chief Operating Officer
25 ("COO") since that time. According to the 2008 Proxy, Weidner has been the President and
26 COO of the Company's wholly owned operating subsidiary, Las Vegas Sands, LLC (or its
27 predecessor, Las Vegas Sands, Inc.), since December 1995 and a director of Las Vegas Sands,
28 LLC since August 2004.

1 stock through his family, altogether representing nearly 69% of Las Vegas Sands' common
2 stock. In fact, according to the 2007 Annual Report, the Company is a "controlled company"
3 under the NYSE listing standards, which means that Adelson can unilaterally nominate directors
4 and otherwise control discrete aspects of the Company's management. Thus, Adelson and his
5 family have significant influence over the Company, including the make-up of the Board,
6 material aspects of the Company's daily operations, and acts requiring shareholder approval.

7 26. Compounding the degree to which Adelson controls the Company and its Board
8 is a tangled and extensive web of longstanding personal and business relationships that he has
9 with the other members of the Board, particularly Forman and Chafetz. These relationships, set
10 forth herein in detail, enabled Adelson to exercise the utmost control of the Company and, on
11 the Board's watch, drive its prospects, financial results and stock price into the ground.

12 ***The Company's Deteriorating Financial Condition***

13 27. On April 30, 2008, *TheStreet.com* published an article entitled "Macau Drags
14 Las Vegas Sands to Profit Miss," which reported that the Company had "widely missed first-
15 quarter earnings estimates . . . because of disappointing Macau casino results[.]" The article
16 quoted a buy-side analyst who follows the casino sector as saying: "Macau looks awful. Vegas
17 does look better than I would have thought, but they still missed on every property metric."
18 Specifically, in announcing its first quarter 2008 financial results, the Company disclosed that
19 operating income had decreased by \$34.4 million and defendant Weidner admitted that "our
20 first quarter operating results reflect both an intensely competitive operating environment in
21 Macau as well as a weaker economic environment here in the United States." Nevertheless,
22 Weidner assured investors that the Company would continue its Asian development plans and
23 "transform Macau into Asia's premier business and leisure destination."

24 28. Subsequently, on July 30, 2008, Las Vegas Sands announced its second quarter
25 2008 financial results, disclosing that operating income had declined by \$13 million as a result
26 of an increase in operating expenses associated with the opening of The Venetian in Macau and
27 The Palazzo in Las Vegas. The Company also indicated that it experienced a \$51 million
28 decrease in adjusted net income, and that it had suffered a net loss (on a GAAP basis) of \$8.8

1 million from net income of \$34.4 million a year earlier. A *Marketwatch.com* article published
2 on the same day commented that if Las Vegas Sands' losses relating to operational and
3 developmental expenses, among others, were excluded from the Company's earnings figures,
4 then it "would have earned 9 cents a share."

5 29. In fact, *Marketwatch.com* was not the only member of the news media to
6 comment on concerns with the Company's bottom line. On August 4, 2008, Glenn Curtis
7 published an article on *Investopedia.com* entitled "Las Vegas Sands is a Bad Bet," in which he
8 opined that "Las Vegas Sands' second-quarter results were a bit of a turnoff. The miss comes at
9 a bad time, and I'm concerned about the company's exposure to Vegas. Long story short, the
10 stock looks like a bad bet right now, and I plan to avoid these shares."

11 30. Over the next few weeks, news began to emerge that the Chinese government
12 would consider limiting the number of visits allowed to Macau from mainland China beginning
13 in October 2008. According to an *Associated Press* report, visitors were then permitted to visit
14 Macau once every two months, but could be restricted to once every six months. In response to
15 this news, Las Vegas Sands' stock price fell 11%.

16 31. On August 22, 2008, Las Vegas Sands held a conference call with analysts in
17 which Adelson strongly implied that he would ensure that the Company would not face liquidity
18 problems. Nevertheless, analysts were skeptical of his promise. That same day, Shaun Kelley,
19 a Bank of America analyst, downgraded Las Vegas Sands to a "sell," reasoning that "the casino
20 operator has greater funding needs than investors may recognize." A *Forbes.com* article
21 published that day, entitled "Chips are Down for Las Vegas Sands," quoted Mr. Kelley as
22 saying, in relevant part, that Las Vegas Sands "has 'significant funding needs' across the
23 company over the next 12 months. 'In addition to the well-known capital raising process in
24 Macau [seeking \$5.25 billion], we believe the U.S. and Singapore also face funding needs that
25 are larger than most investors currently realize[.]'" Mr. Kelley attributed his funding concerns
26 to a leverage covenant in the U.S. that begins in the third quarter and a requirement for 20%
27 equity in Singapore that had been funded from the U.S. until that time.

28

1 32. Less than a week later, on the one-year anniversary of The Venetian Macau,
2 Adelson informed reporters that the Company would prosper despite the weaker economic
3 environment and insisted that its “entire strategy avoids the possibility of an economic
4 slowdown, a recession.”

5 33. Despite deepening concern about the Company’s economic outlook and financial
6 stability, on September 4, 2008, Las Vegas Sands announced that it had reached an agreement
7 with Starwood Hotels & Resorts to open The St. Regis Residences at the Venetian Palazzo, Las
8 Vegas, a collection of 398 private luxury residences that would “introduce[e] the renowned St.
9 Regis brand to Las Vegas, Nevada.” According to the Company’s press release, Adelson
10 attempted to allay concerns that the extensive (and expensive) endeavor would not survive in
11 the challenging economic environment: “Addressing would-be skeptics, Adelson said quality
12 and luxury sell in any type of financial environment and, when combined with the premium
13 location of these residences, he believes the company has a surefire winner.”

14 34. On September 10, 2008, the Nevada Gaming Control Board released a report in
15 which it disclosed that Las Vegas Strip revenue had declined by approximately 14.7% in July
16 2008, and slot win (the amount casinos keep from their slot machines) was off by 9%. In
17 reaction to this news, Las Vegas Sands stock fell 10.8%. Furthermore, Jake Fuller, a Thomas
18 Weisel Partners analyst, expressed concern about the Company because of financing concerns,
19 high stock prices, and supply-side risk.

20 35. Less than a month later, on September 30, 2008, the Company announced that
21 Adelson and his family had completed a \$475 million private transaction investment in
22 convertible senior notes due October 2013, which purportedly prevented the Company from
23 violating lender covenants. According to the terms of the transaction, the debt pays an interest
24 rate of 6.5% and converts into common stock at a price of \$49.65 per share.

25 36. Despite this cash infusion, the very next day, Standard & Poor’s Rating Services
26 announced that it was keeping the Company’s ratings under “review for a potential downgrade.”
27 Though Adelson’s \$475 million investment addressed near-term liquidity concerns, it did little
28 to allay Standard & Poor’s concern over Las Vegas Sands’ “overall liquidity position,

1 continued weak performance on the Las Vegas Strip and a possible 'significant' slowdown in
2 the Chinese gambling enclave of Macau." Standard & Poor's also noted that the Company
3 was still borrowing significant sums of money for development purposes.

4 37. As warned, on October 2, 2008, Las Vegas Sands' stock was downgraded due
5 to concerns about the slowing growth in Las Vegas and new travel restrictions in Macau. On
6 this news, Las Vegas Sands stock fell 15.4%

7 38. On October 3, 2008, Mr. Fuller again expressed concern and cut the Company's
8 price target, commenting that Adelson's cash infusion did not cancel ongoing concerns
9 regarding funding, the Las Vegas market and the Macau market. Mr. Fuller said that although
10 Adelson's investment afforded the Company "some time," the Company still needed to raise
11 money for its Cotai Strip development plans.

12 39. In fact, an October 20, 2008 *Marketwatch.com* article reported that Las Vegas
13 Sands was still attempting to secure \$2 billion in financing for expansion in Macau, even
14 though, according to the *South China Morning Post*, the Company had completely scrapped
15 plans to raise money for the Macau expansion. Nevertheless, Adelson contested reports that
16 Las Vegas Sands had abandoned efforts to expand in Macau. Indeed, on October 22, 2008,
17 Adelson announced he was seeking to raise \$2 billion in debt financing from Asian banks to
18 complete work on expansion projects in Macau that the Company had already planned.

19 40. Only two days later, Adelson and his family announced plans to participate in a
20 capital raising program with an unnamed investment banking company. In reaction to this
21 news, investors sent Las Vegas Sands shares down 15.1% in midday trading. Adelson's
22 participation in the program raised concerns, according to Stifel Nicolaus & Co. analyst Steven
23 Wieczynski, who believed "that the company's faltering financial position has been the biggest
24 overhang on the stock." In an October 24, 2008 article entitled "Adelson to partake in capital
25 program," the *Las Vegas Sun* reported that Mr. Wieczynski "believes investors are selling
26 shares because the current credit crisis has raised fears that 'Las Vegas Sands is in jeopardy of
27 running out of cash and going bankrupt.'"

28

1 41. On October 29, 2008, *Reuters* reported that the opening of the Company's
2 Marina Sands Casino in Singapore could be delayed due to construction issues. However, on
3 October 30, 2008, the Company reaffirmed that it was on track to meet the previous target date
4 for the opening.

5 42. Las Vegas Sands' shares had now fallen from over \$122 in December 2007 to
6 \$7.88 per share. As Sterne Agee analyst Nicholas Danna noted, the Company was still in need
7 of further financing, "but at the same time [was] in danger of violating leverage ratios."
8 Moreover, on November 6, 2008, the Company's auditor, PricewaterhouseCoopers LLP
9 ("PwC"), expressed doubts about the Company's ability to continue as a going concern,
10 prompting PwC to issue a going concern qualification. In reaction to this news, Las Vegas
11 Sands stock plummeted an astonishing 44% further.

12 43. A November 6, 2006 *Reuters* article confirmed the marketplace's concern
13 regarding the Company's financial condition. Specifically, the article noted that "[b]ased on
14 current estimates, [the Company] expects it will not be in compliance with its maximum
15 leverage ratio covenant for the fourth quarter and subsequent quarters." The article pointed out
16 that "[n]oncompliance would result in defaults, which raises substantial doubt about the
17 [C]ompany's ability to continue as a going concern."

18 44. In an attempt to detract attention from the negative press, on November 7, 2008,
19 Las Vegas Sands announced that Adelson had met with government officials in Singapore to
20 discuss financing and completion of Singapore's first casino, The Marina Sands, amid concern
21 regarding the credit markets. The Company also sought to reassure investors by announcing the
22 hiring of a new CFO and Senior Vice President, Kenneth J. Kay, as of December 1, 2008.
23 Despite the its attempts to deflect the negative press and alleviate investors' concerns, Las
24 Vegas Sands was forced to announce that it was likely to violate debt covenants if it could not
25 obtain more financing. This concern raised the very real possibility that the Company would
26 not survive the economic crisis and revealed that its cash flow was not enough to cover the
27 Company's fixed charges. In reaction to this news, Las Vegas Sands' share price fell 11%.

28

1 45. Compounding shareholders' fears were additional statements that the Company
2 issued which suggested that it would not weather the economic environment, a predicament that
3 Adelson and the Board created. On November 10, 2008, Las Vegas Sands announced its third
4 quarter 2008 financial results, in which the Company disclosed that it was significantly cutting
5 back development and reducing capital expenditures by \$1.8 billion. The Company also
6 revealed that it would delay plans to build as many as eight more hotels in Macau because of a
7 lack of financing options. Weidner was quoted as saying that the Company was slowing its
8 development pace in Macau as it concentrated on "current efforts on maximizing our cash flow
9 and our returns on invested capital from our existing properties in Macau." The Company also
10 announced that it would suspend work on the St. Regis project in Las Vegas and would instead
11 focus on building a scaled-down version of a new casino on the site of the old Bethlehem Steel
12 plant in Pennsylvania, as well as finishing the \$5 billion Marina Sands resort in Singapore.

13 46. In addition, on November 10, 2008, Las Vegas Sands disclosed that it had
14 formed an Executive Committee whose role is "to exercise the powers of the board of directors
15 in between scheduled board meetings, including the power to resolve disagreements among
16 management." The Company detailed the formation of the Executive Committee in its Form
17 10-Q, filed with the SEC on November 10, 2008, noting that the Executive Committee's
18 purpose is "to address governance concerns raised by the Senior Management Members,
19 address a number of outstanding differences between our Chief Executive Officer [Adelson]
20 and other Senior Management Members and in response to a loss of confidence by certain
21 Senior Management Members in the management of the Company and our governance
22 process." The Executive Committee is "comprised of Irwin Chafetz, Michael A. Leven and
23 Irwin A. Siegel, with Mr. Leven being the Chairman of the Executive Committee."

24 47. That same day, the Company also revealed that Goldman Sachs had successfully
25 arranged \$2.14 billion in new capital, including a multimillion dollar investment from Adelson
26 – his second personal investment in the Company in as many months. Although the investment
27 reduced his stake in the Company, he still controlled approximately 52% of the Company.
28

1 48. By the end of the day on November 11, 2008, shares of Las Vegas Sands
2 plummeted more than 34% after it announced that it would suspend construction activity in
3 Macau to help preserve cash and try to raise money for projects underway in Singapore and
4 Pennsylvania. The Company also announced that it would make a public offering of 182
5 million shares of stock, along with nearly 92 million shares of preferred stock. Even though the
6 offering would more than double the number of outstanding shares, massively diluting the
7 common shareholders' interests, the Company announced that it would not seek shareholder
8 approval. The Company attempted to justify its refusal to obtain shareholder approval on the
9 basis that "any delay caused by securing shareholder approval . . . would seriously jeopardize
10 the ability to complete the offerings as well as the financial viability of the company."

11 49. The Company's high debt load and general negative trends in Las Vegas caused
12 Moody's Investors Service to cut the Company's credit ratings on November 12, 2008 into junk
13 territory. In addition, at the corporate level, Moody's Investors Service cut several other
14 ratings, including the probability of default, from "Ba3" to "B2."

15 50. On the heels of the Company's worse-than-expected third quarter results, Las
16 Vegas Sands announced that it would lay-off as many as 11,000 construction workers after a
17 "cash crunch" forced it to halt construction on a number of projects, including two sites in
18 Macau.

19 51. On November 17, 2008, PwC revised its outlook concerning its doubt of Las
20 Vegas Sands' ability to continue as a going concern when it was confirmed that the \$2.14
21 billion in capital raised would support the Company's operations. In an *Associated Press* article
22 entitled "Las Vegas Sands Says It's Ready for Future," defendant Weidner was asked why the
23 Company did not raise the sorely needed capital earlier, to which he responded: "It was a matter
24 of robust debate within the organization. There are several of us who have very strong opinions
25 It was pretty much a monumental screw-up."

26 52. Subsequently, the price of Las Vegas Sands stock, as well as its prospects,
27 continued to decline. In fact, as of November 21, 2008, Las Vegas Sands sunk to an all-time
28 low of \$3.23 after it was revealed that BMO Capital analyst Jeffrey Logsdon slashed the

1 Company's 2009 and 2010 adjusted earnings estimates following the latest capital infusion.
2 Specifically, Mr. Logsdon dropped his 2008 adjusted profit forecast to 6 cents per share from 9
3 cents per share, cut his 2009 estimate to 6 cents per share from 43 cents per share, and reduced
4 his 2010 prediction to 21 cents per share from 66 cents per share.

5 53. On November 24, 2008, the Company issued a press release in which it
6 announced that defendant and Board member Heyer had resigned and that the Company was
7 now deficient in meeting the NYSE's minimum listing requirements because Heyer had also
8 resigned from the Board's Audit Committee.

9 54. Then, on December 12, 2008, Las Vegas Sands announced that it was cutting
10 \$6.5 million in management bonuses for 2008 and was planning to also cut 216 full-time
11 employees from its Las Vegas properties.

12 55. For its fiscal year 2008, Las Vegas Sands has seen its market capitalization fall
13 by more than 90%. The Company's shares were trading at over \$125 per share in November
14 2007, but have plummeted ever since – to as low as \$3.23 per share on November 21, 2008 –
15 and are currently trading in the range of \$4 per share.

16 **DEMAND IS EXCUSED**

17 56. Plaintiff did not make a demand on the Board to bring this action because
18 demand would be futile and/or excused given the facts alleged herein, which establish that the
19 Individual Defendants have failed to discharge their legal responsibilities of oversight and
20 supervision.

21 57. The Board consists of Individual Defendants Forman, Koo, Siegel, Adelson,
22 Weidner, Chafetz, Leven, and Purcell. However, individuals are subject to a substantial
23 likelihood of non-exculpated liability in this derivative action and are therefore in no position to
24 render a disinterested judgment on whether the Company should assert the derivative claims
25 alleged herein, and/or lacks sufficient independence with which to render a disinterested
26 decision on whether to pursue the claims.

27 58. As directors and/or officers of a publicly traded company that is registered with
28 the SEC and are fiduciaries of the Company, each of the Individual Defendants had obligations

1 of supervision and oversight that he ignored or actively violated, including by failing to assure
2 that a reliable system of financial and other requisite controls was in place and functioning
3 effectively, thereby resulting in a (realized) risk of civil and regulatory liabilities and millions of
4 dollars in past and yet to be fully realized losses for the Company.

5 59. Consequently, Las Vegas Sands' problems are not primarily the result of a poor
6 economic environment or unsuccessful business decisions, but rather devolve from a Board that
7 has been dominated by, and has provided no resistance to, Adelson. As such, the Individual
8 Defendants' conduct could not have been the product of legitimate or sound business judgment.
9 The creation of the Executive Committee is itself evidence of a significant breakdown in the
10 Board's effectiveness and oversight of the Company, and, in particular, Adelson.

11 60. Moreover, under the NYSE listing standards, Las Vegas Sands is considered a
12 "controlled company" by virtue of Adelson's ownership of more than a majority of the voting
13 power of the Company's common stock and his ability to elect the entire Board. Accordingly,
14 the Company is not required to have a majority of independent directors on the Board pursuant
15 to the rules of the NYSE. However, upon defendant Heyer's resignation on November 19,
16 2008, only *four of the Company's remaining eight directors* satisfied the criteria to be
17 independent, not five of the nine members of the Board as the Company had disclosed in the
18 2008 Proxy. Regardless, Adelson's majority ownership of the Company's outstanding common
19 stock gives Adelson the ability to unilaterally replace the entire Board. Therefore, all seven of
20 the eight remaining directors are completely beholden to Adelson and are incapable of acting
21 independently and disinterestedly considering a demand to commence and vigorously pursue
22 and prosecute the instant action. As a result, demand is futile.

23 61. Furthermore, demand is excused because of the tangled web of interrelated
24 business and personal relationships among the Individual Defendants and therefore cannot be
25 considered independent.

26 a. *Weidner*, whose primary employment is as President and COO of Las
27 Vegas Sands. He reports directly to Adelson and receives millions of dollars as compensation
28

1 from the Company. Weidner was excluded from the list of independent directors in the 2008
2 Proxy and therefore is not independent.

3 b. **Forman and Chafetz**, as described above, have longstanding close
4 personal and professional relationships with Adelson. Specifically, the 2008 Proxy provides:

5 Two of our directors, Messrs. Chafetz and Forman, have business and personal
6 relationships with our controlling stockholder, Mr. Adelson. Mr. Chafetz was a
7 stockholder, vice president and director of the entity that owned and operated the
8 COMDEX trade show and The Sands Expo and Convention Center, which were
9 created and developed by Mr. Adelson. Mr. Forman was Vice President and
10 General Counsel of this entity. Mr. Chafetz is also a director and a 14.7%
11 shareholder of entities that control Interface Travel and Sunburst Vacations, and
12 that are controlled by Mr. Adelson. Mr. Chafetz also is a trustee of several trusts
13 for the benefit of Mr. Adelson and his family that beneficially own shares of our
14 Common Stock. For additional information, see "Proxy and Voting
Information — How You Can Vote" and "Principal Stockholders" above. These
relationships with Mr. Adelson also include making joint investments and other
significant financial dealings. As a result, Messrs. Adelson, Chafetz and Forman
may have their financial interests aligned and therefore, the Board does not
consider Messrs. Chafetz and Forman to be independent directors. [Emphasis
added.]

15 62. These three defendants are entangled by their personal, business and professional
16 relationships with Adelson, are beholden to him, and would not take any active steps to question
17 him or his authority or attempt to implement any governance change(s) that would negatively
18 impact Adelson.

19 63. In addition, the Board's Audit Committee imposes heightened responsibilities
20 and duties on its members. Specifically, the Audit Committee's Charter provides that members
21 are charged with, among other things, the following "oversight" responsibilities:

22 a. "the accounting and financial reporting processes of the Company,
23 including the integrity of the financial statements and other financial information provided by
24 the Company to its stockholders, the public, any stock exchange and others";

25 b. "the Company's compliance with legal and regulatory requirements";

26 c. the Company's independent auditor's qualifications and independence;

27 d. "the audit of the Company's financial statements";

28

1 e. "the performance of the Company's internal audit function and
2 independent registered public accounting firm"; and

3 f. "such other matters as shall be mandated under applicable laws, rules and
4 regulations as well as [NYSE] listing standards"

5 64. Individual Defendants Purcell, Siegel, Leven, and Heyer served on the Audit
6 Committee during all relevant time periods and thus had the heightened duties and
7 responsibilities described above. In addition, according to the 2008 Proxy, Siegel serves as
8 Chairman of the Audit Committee and is qualified as an "audit committee financial expert" as
9 defined by the NYSE listing standards and federal securities rules and regulations, and each
10 member of the Audit Committee is "financially literate." However, these defendants are
11 beholden to Adelson in very much the same way as the other defendants (and Board members)
12 are. Indeed, as detailed above, all of the Individual Defendants have deeply rooted personal and
13 business relationships with Adelson that render them unable to act independently or in the
14 Company's best interests.

15 65. Finally, plaintiff has not made any demand on shareholders of Las Vegas Sands
16 to institute this action since such demand would be a futile and useless act for the following
17 reasons:

18 a. Las Vegas Sands is a publicly held company with approximately
19 355,476,161 shares outstanding as of October 31, 2008, and thousands of shareholders;

20 b. Making demand on such a number of shareholders would be impossible
21 for plaintiff who has no way of finding out the names, addresses or phone numbers of
22 shareholders; and

23 c. Making demand on all shareholders would force plaintiff to incur huge
24 expenses, assuming all shareholders could be individually identified.

25 66. Accordingly, under the circumstances, demand upon the Board is futile and/or
26 excused, because the members of the Board cannot act independently and face a substantial
27 likelihood of non-exculpated liability as result of the myriad breaches of fiduciary duty
28 described herein.

1 COUNT I

2 **Derivative Claim for Breach of Fiduciary Duty against the Individual Defendants**

3 67. Plaintiff incorporates by reference and realleges each and every allegation set
4 forth above as if set forth fully herein.

5 68. The Individual Defendants owe Las Vegas Sands and its shareholders the highest
6 obligation of good faith, fair dealing, loyalty and due care.

7 69. The Individual Defendants breached their fiduciary duties of care, loyalty,
8 reasonable inquiry, oversight, good faith, and supervision by failing to, among other things, (i)
9 prevent the Company's "cash crunch" and resulting need to suspend unfinished casino
10 construction projects and lay-off thousands of workers; (ii) properly implement, oversee and
11 maintain appropriate and adequate internal controls, practices and procedures for Las Vegas
12 Sands, including those necessary to keep Adelson "in check" and protect the Company's and the
13 shareholders' interests; and (iii) ensure that Las Vegas Sands did not engage in any unsafe,
14 unsound, or illegal business practices, including the numerous unfocused construction projects
15 the Company pursued in the challenging economic environment. These transgressions are not,
16 and could not have been, good faith exercises of prudent business judgment.

17 70. As a direct and proximate result of the Individual Defendants' failure to perform
18 their fiduciary obligations, Las Vegas Sands has sustained significant damages for which the
19 Individual Defendants, and those in concert with them, are liable.

20 71. Plaintiff, on behalf of Las Vegas Sands, has no adequate remedy at law.

21 COUNT II

22 **Derivative Claim for Waste of Corporate Assets against the Individual Defendants**

23 72. Plaintiff incorporates by reference and realleges each and every allegation set
24 forth above as if set forth fully herein.

25 73. As a result of the improprieties described herein, the Individual Defendants have
26 caused Las Vegas Sands to expend hundreds of millions of dollars on failed or stalled
27 development projects that leveraged the Company's assets and endangered its ability to
28 continue as a going concern.

1 83. As a direct and proximate result of such assistance, the Individual Defendants
2 aided and abetted the breaches of fiduciary duty described herein, which caused Las Vegas
3 Sands to sustain significant damages for which the Individual Defendants, and those in concert
4 with them, are liable.

5 84. Plaintiff, on behalf of Las Vegas Sands, has no adequate remedy at law.

6 **PRAYER FOR RELIEF**

7 **WHEREFORE**, Plaintiff prays for judgment against the defendants as follows:

8 A. Declaring that the Individual Defendants have breached their fiduciary duties as
9 alleged herein;

10 B. Finding that the defendants have violated their fiduciary duties to Las Vegas
11 Sands and its shareholders;

12 C. Requiring the Company to comply with applicable rules and regulators regarding
13 management oversight procedures and/or controls, and directing the Board to develop and
14 implement adequate procedures and controls;

15 D. Ordering that the Individual Defendants and those under their supervision and
16 control refrain from the commission of such further unlawful activities as are alleged herein and
17 implement comprehensive corrective measures including a system of internal controls and
18 procedures sufficient to prevent the repetition of the acts complained of herein which will rectify
19 all such wrongs as have been committed and prevent their recurrence;

20 E. Entering an award of damages sustained by Las Vegas Sands against defendants
21 in an amount to be determined at trial, together with prejudgment interest;

22 F. Awarding Plaintiff reasonable attorneys' fees, expert fees and other reasonable
23 costs and expenses; and

24 D. Granting such other and further relief as this Court may deem just and proper.

25 **JURY TRIAL DEMAND**

26 Plaintiffs demand a trial by jury on all claims and issues so triable.
27
28

1 DATED: February 5, 2009

Respectfully submitted,

2 WRIGHT STANISH & WINCKLER

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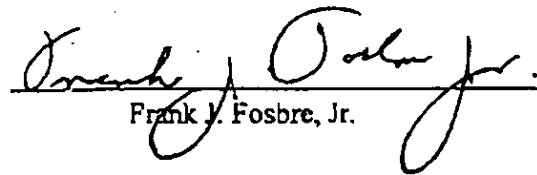
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VERIFICATION
OF
FRANK J. FOSBRE, JR.

I, Frank J. Fosbre, Jr., hereby verify that I am familiar with the allegations in the Complaint, and that I have authorized the filing of the Complaint, and that the foregoing is true and correct to the best of my knowledge, information and belief.

Date: January 30, 2009


Frank J. Fosbre, Jr.