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13 **DISTRICT COURT**

14 **CLARK COUNTY, NEVADA**

15 STEVEN C. JACOBS,)
16)
17 Plaintiff,)

CASE NO. A-10-627691-C
DEPT. NO. XI

18 vs.)

FIRST AMENDED COMPLAINT

19 LAS VEGAS SANDS CORP., a Nevada)
20 corporation; SANDS CHINA LTD., a Cayman)
21 Islands corporation; SHELDON G. ADELSON,)
22 in his individual and representative capacity,)
23 DOES I through X; and ROE CORPORATIONS)
24 I through X,)
25 Defendants.)

Exempt from Arbitration
Amount in Excess of \$50,000

26 Plaintiff, for his causes of action against Defendants, alleges and avers as follows:

27 **PARTIES**

28 1. Plaintiff Steven C. Jacobs ("Jacobs") is a citizen of the State of Florida who also maintains a residence in the State of Georgia.

2. Defendant Las Vegas Sands Corp. ("LVSC") is a corporation organized and existing under the laws of the State of Nevada with its principal place of business in Clark County, Nevada.



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1 3. Defendant Sands China Ltd. ("Sands China") is a Cayman Islands corporation and
2 a majority-owned subsidiary of LVSC through which the latter engaged in certain of the acts and
3 omissions alleged below. LVSC is the controlling shareholder of Sands China and, thus, has the
4 ability to exercise control over Sands China's business policies and affairs. Sands China, through
5 its subsidiary Venetian Macau, S.A. (also known as Venetian Macau Limited ("VML")), is the
6 holder of a subconcession granted by the Macau government that allows Defendants to conduct
7 gaming operations in Macau.
8

9 4. Defendant Sheldon G. Adelson ("Adelson") is a citizen of Nevada. Adelson is the
10 Chairman of the Board and Chief Executive Officer of LVSC and also acts as the Chairman of the
11 Board of Sands China.
12

13 5. The true names and capacities, whether individual, corporate, partnership,
14 associate or otherwise of Defendants named herein as DOES I through X, inclusive, and ROE
15 CORPORATIONS I through X, inclusive, and each of them are unknown to Plaintiff at this time,
16 and he therefore sues said Defendants and each of them by such fictitious names. Plaintiff will
17 advise this Court and seek leave to amend this Complaint when the names and capacities of each
18 such Defendants have been ascertained. Plaintiff alleges that each said Defendant herein
19 designated as a DOE or ROE is responsible in some manner for the events and happenings herein
20 referred to as hereinafter alleged.
21

22 6. Each Defendant is the agent of the other Defendants such that each Defendant is
23 fully liable and responsible for all the acts and omissions of all of the other Defendants as set
24 forth herein.
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1 imposed visa restrictions limiting the number of permitted visits by Chinese nationals to Macau.
2 Because Chinese nationals make up more than half the patrons of Macau casinos, China's policy
3 significantly reduced the number of visitors to Macau from mainland China, which adversely
4 impacted tourism and the gaming industry in Macau.
5

6 13. As a result of the deteriorating economy, adverse visa developments in Macau,
7 and related issues, LVSC faced increased cash flow needs which, in turn, threatened to trigger a
8 breach of the company's maximum leverage ratio covenant in its U.S. credit facilities. The
9 management of LVSC (which was led at the time by the company's longtime and well-respected
10 President and Chief Operating Officer ("COO"), William Weidner) and the company's Board of
11 Directors (which is led by the company's notoriously bellicose Chief Executive Officer and
12 majority shareholder, Sheldon G. Adelson) engaged in serious disagreements regarding how and
13 when to obtain liquidity in order to avoid a covenant breach. The disagreements were significant
14 enough to force the company to form a special committee to address the serious conflicts between
15 management and Adelson.
16

17 14. Because Adelson delayed accessing the capital markets, against Weidner's
18 repeated advice and the advice of LVSC's investment bank, the company was forced to engage in
19 a number of emergency transactions to raise funds in late 2008 and early 2009. These
20 transactions included large investments in the company by Adelson through the purchase of
21 convertible senior notes, preferred shares, and warrants. Additionally, LVSC, which was already
22 publicly traded on the New York Stock Exchange, conducted a further public offering of the
23 company's common stock. Finally, LVSC also took measures to preserve company funds, which
24 included the shelving of various development projects in Las Vegas, Macau, and Pennsylvania.
25
26

27 15. Despite the efforts of LVSC to stop its financial hemorrhaging, the company's
28 stock plummeted to an all-time low closing price of \$1.41 per share on March 9, 2009. Less than



1 one year earlier, in April 2008, the stock had traded at more than \$80 per share. The all-time low
2 share price coincided with LVSC's public announcement that William Weidner had left the
3 company due to his ongoing disagreements with the mercurial Adelson about the management of
4 the company. Weidner was replaced as President and COO by Michael Leven, a member of
5 LVSC's Board of Directors.
6

7 **LVSC Hires Steven Jacobs To Run Its Macau Operations**

8 16. Prior to his elevation to the post of LVSC's President and COO, Mr. Leven had
9 reached out to Plaintiff Steven Jacobs to discuss with him the identification and evaluation of
10 various candidates then being considered for the position by LVSC's Board of Directors. Messrs.
11 Leven and Jacobs had known each other for many years having worked together as executives at
12 U.S. Franchise Systems in the 1990's and in subsequent business ventures thereafter. After
13 several outside candidates were interviewed without reaching an agreement, Leven received an
14 offer from LVSC's board to become the company's President and COO. Leven again reached out
15 to Jacobs to discuss the opportunity and the conditions under which he should accept the position.
16 The conditions included but were not limited to Leven's compensation package and a
17 commitment from Jacobs to join Leven for a period of 90-120 days to "ensure my [Leven's]
18 success."
19

20
21 17. Jacobs travelled to Las Vegas in March 2009 where he met with Leven and
22 Adelson for several days to review the company's Nevada operations. While in Las Vegas, the
23 parties agreed to consulting contract between LVSC and Jacobs' company, Vagus Group, Inc.
24 Jacobs then began working for LVSC restructuring its Las Vegas operations.
25

26 18. Jacobs, Leven, and Adelson subsequently travelled to Macau to conduct a review
27 of LVSC's operations in that location. While in Macau, Leven told Jacobs that he wanted to hire
28 him to run LVSC's Macau operations. Jacobs and Leven returned to Las Vegas after spending



1 approximately a week in Macau. Jacobs then spent the bulk of the next 2-3 weeks working on the
2 Las Vegas restructuring program and also negotiating with Leven regarding the latter's desire to
3 hire him as a full-time executive with the company and the terms upon which Jacobs would agree
4 to do so.
5

6 19. On May 6, 2009, LVSC, through Leven, announced that Jacobs would become the
7 interim President of Macau Operations. Jacobs was charged with restructuring the financial and
8 operational aspects of the Macau assets. This included, among other things, lowering operating
9 costs, developing and implementing new strategies, building new ties with local and national
10 government officials, and eventually spinning off the Macau assets into a new company to be
11 taken public on the Hong Kong Stock Exchange.
12

13 20. Notwithstanding that Jacobs would be spending the majority of his time in Macau
14 focusing on LVSC's operations in that location, he was also required to perform duties in Las
15 Vegas including, but not limited to, working with LVSC's Las Vegas staff on reducing costs
16 within the company's Las Vegas operations, consulting on staffing and delayed opening issues
17 related to the company's Marina Bay Sands project in Singapore, and participating in meetings of
18 LVSC's Board of Directors.
19

20 21. On June 24, 2009, LVSC awarded Jacobs 75,000 stock options in the company to
21 reward him for his past performance as a LVSC team member and to incentivize him to improve
22 his future performance as well as that of the company. LVSC and Jacobs executed a written
23 Nonqualified Stock Option Agreement memorializing the award, which is governed by Nevada
24 law.
25

26 22. On or about August 4, 2009, Jacobs received a document from LVSC styled
27 "Offer Terms and Conditions" (the "Term Sheet") for the position of "President and CEO
28 Macau[.]" The Term Sheet reflected the terms and conditions of employment that had been



1 negotiated by Leven and Jacobs while Jacobs was in Las Vegas working under the original
2 consulting agreement with LVSC and during his subsequent trips back to Las Vegas. The Term
3 Sheet was signed by Leven on behalf of LVSC on or about August 3, 2009 and faxed to Jacobs in
4 Macau by Pattie Murray, an LVSC executive assistant located in the company's Las Vegas
5 offices. Jacobs signed the Term Sheet accepting the offer contained therein and returned a copy
6 to LVSC. LVSC's Compensation Committee approved Jacobs' contract on or about August 6,
7 2009.
8

9 **Jacobs Saves the Titanic**

10 23. The accomplishments for the four quarters over which Jacobs presided created
11 significant value to the shareholders of LVSC. From an operational perspective, Jacobs and his
12 team removed over \$365 million of costs from LVSC's Macau operations, repaired strained
13 relationships with local and national government officials in Macau who would no longer meet
14 with Adelson due to his rude and obstreperous behavior, and refocused operations on core
15 businesses to drive operating margins and profits, thereby achieving the highest EBITDA figures
16 in the history of the company's Macau operations.
17

18 24. During Jacobs' tenure, LVSC launched major new initiatives to expand its reach
19 into the mainland frequent and independent traveler marketplace and became the Macau market
20 share leader in mass and direct VIP table game play. Due in large part to the success of its Macau
21 operations under Jacobs' direction, LVSC was able to raise over \$4 billion dollars from the
22 capital markets, spin off its Macau operations into a new company—Sands China—which
23 became publicly traded on the Hong Kong Stock Exchange in late November 2009, and restart
24 construction on a previously stalled expansion project on the Cotai Strip known as "Parcels 5 and
25 6." Indeed, for the second quarter ending June 2010, net revenue from Macau operations
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1 accounted for approximately 65% of LVSC's total net revenue (*i.e.*, \$1.04 billion USD of a total
2 \$1.59 billion USD).

3
4 25. To put matters in perspective, when Jacobs began performing work for the
5 company in March 2009, LVSC shares were trading at just over \$1.70 per share and its market
6 cap was approximately \$1.1 billion USD. At the time Jacobs left the company in July 2010,
7 LVSC shares were over \$28 per share and the market cap was in excess of \$19 billion USD.

8
9 26. Simply put, Jacobs' performance as the President and Chief Executive Officer of
10 LVSC's Macau operations was nothing short of remarkable. When members of the company's
11 Board of Directors asked Leven in February 2010 to assess Jacobs' 2009 job performance, Leven
12 advised as follows: "*there is no question as to Steve's performance[;] the Titanic hit the*
13 *iceberg[,] he arrived and not only saved the passengers[,] he saved the ship.*" The board
14 awarded Jacobs his full bonus for 2009. Not more than three months later, in May 2010, in
15 recognition of his ongoing contributions and outstanding performance, the board awarded Jacobs
16 an additional 2.5 million stock options in Sands China. The options had an accelerated vesting
17 period of less than two years. Jacobs, however, would be wrongfully terminated in just two
18 months.

19 20 **Jacobs' Conflicts with Adelson**

21 27. Jacobs' performance was all the more remarkable given the repeated and
22 outrageous demands made upon him by Adelson which included, but were not limited to, the
23 following:

- 24
25 a. demands that Jacobs use improper "leverage" against senior
26 government officials of Macau in order to obtain Strata-Title for
27 the Four Seasons Apartments in Macau;
28 b. demands that Jacobs threaten to withhold Sands China business
from prominent Chinese banks unless they agreed to use influence
with newly-elected senior government officials of Macau in order



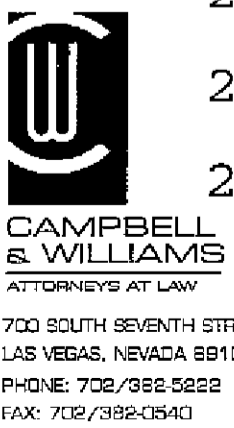
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to obtain Strata-Title for the Four Seasons Apartments and favorable treatment with regards to labor quotas and table limits;

- c. demands that secret investigations be performed regarding the business and financial affairs of various high-ranking members of the Macau government so that any negative information obtained could be used to exert "leverage" in order to thwart government regulations/initiatives viewed as adverse to LVSC's interests;
- d. demands that Sands China continue to use the legal services of Macau attorney Leonel Alves despite concerns that Mr. Alves' retention posed serious risks under the criminal provisions of the United States code commonly known as the Foreign Corrupt Practices Act ("FCPA"); and
- e. demands that Jacobs refrain from disclosing truthful and material information to the Board of Directors of Sands China so that it could decide if such information relating to material financial events, corporate governance, and corporate independence should be disclosed pursuant to regulations of the Hong Kong Stock Exchange. These issues included, but were not limited to, junkets and triads, government investigations, Leonel Alves and FCPA concerns, development issues concerning Parcels 3, 7 and 8, and the design, delays and cost overruns associated with the development of Parcels 5 and 6.

28. When Jacobs objected to and/or refused to carry out Adelson's illegal demands, Adelson repeatedly threatened to terminate Jacobs' employment. This is particularly true in reference to: (i) Jacobs' refusal to comply with Adelson's edict to terminate Sands China's General Counsel, Luis Melo, and his entire legal department and replace him/it with Leonel Alves and his team; and (ii) Adelson's refusal to allow Jacobs to present to the Sands China board information that the company's development of Parcels 5 and 6 was at least 6 months delayed and more than \$300 million USD over-budget due to Adelson-mandated designs and accoutrements the Sands China management team did not believe would be successful in the local marketplace.

29. Jacobs' ongoing disagreements with Adelson came to a head when they were in Singapore to attend the grand opening of LVSC's Marina Bay Sands in late June 2010. While in Singapore, Jacobs attended several meetings of LVSC executives including Adelson, Leven, Ken



1 Kay (LVSC's Chief Financial Officer), and others. During these meetings, Jacobs disagreed with
2 Adelson's and Leven's desire to expand the ballrooms at Parcels 5 and 6, which would add an
3 incremental cost of approximately \$30 million to a project already significantly over budget when
4 Sands China's existing facilities were already underutilized. In a separate meeting, Jacobs
5 disagreed with Adelson's desire to aggressively grow the junket business within Macau as the
6 margins were low, the decision carried credit risks, and Jacobs was concerned given recent
7 investigations by Reuters and others alleging LVSC involvement with Chinese organized crime
8 groups, known as Triads, connected to the junket business. Following these meetings, Jacobs re-
9 raised the issue about the need to advise the Sands China board of the delays and cost overruns
10 associated with the development of Parcels 5 and 6 in Macau so that a determination could be
11 made of whether the information must be disclosed in compliance with Hong Kong Stock
12 Exchange regulations. Adelson informed Jacobs that he was Chairman of the Board and the
13 controlling shareholder of Sands China and would "do as I please."

16 30. Recognizing that he owed a fiduciary duty to all of the company's shareholders,
17 not just Adelson, Jacobs placed the matter relating to the delays and cost overruns associated with
18 Parcels 5 and 6 on the agenda for the upcoming meeting of the Sands China board. Jacobs
19 exchanged multiple e-mails with Adelson's longtime personal assistant, Betty Yurcich, in
20 attempts to obtain Adelson's concurrence with the agenda. Adelson finally relented and allowed
21 the matter to remain on the agenda, but it would come at a price for Jacobs.

23 31. On July 23, 2010, Jacobs attended a meeting with Leven and LVSC/Sands China
24 board member, Irwin Siegel, for the ostensible purpose of discussing the upcoming Sands China
25 board meeting. During the meeting, Leven unceremoniously advised Jacobs that he was being
26 terminated effective immediately. When Jacobs asked whether the termination was purportedly
27 "for cause" or not, Leven responded that he was "not sure" but that the severance provisions of
28



1 the Term Sheet would not be honored. Leven then handed Jacobs a terse letter from Adelson
2 advising him of the termination. The letter was silent on the issue of “cause.”

3
4 32. After the meeting with Leven and Siegel, Jacobs was escorted off the property by
5 two members of security in public view of many company employees, resort guests, and casino
6 patrons. Jacobs was not permitted to return to his office to collect his belongings, but was instead
7 escorted to the border to leave Macau.

8
9 33. Nearly two weeks later and after an unsuccessful effort to dig up any real “dirt” on
10 Jacobs, LVSC sent a second letter to Jacobs on VML letterhead which identified 12 pretextual
11 items that allegedly support a “for cause” termination of his employment. In short, the letter
12 contends that Jacobs exceeded his authority and—in the height of hypocrisy—failed to keep the
13 companies’ Boards of Directors informed of important business decisions. The reality is that
14 none of the 12 items, even assuming *arguendo* that some of them are accurate, constitute “cause”
15 as they simply reflect routine and appropriate actions of a senior executive functioning in the
16 president and chief executive role of a publicly traded company.

17
18 34. Within approximately four weeks of Jacobs’ termination, Sands China went
19 forward with Adelson’s desire to terminate its General Counsel, Luis Melo, and replace him with
20 Leonel Alves despite acknowledged disputes within Sands China regarding Alves’ employment
21 with the company. In or about the same time frame, Sands China publicly announced a material
22 delay in the construction of Parcels 5 and 6 and a cost increase of \$100 million to the project,
23 thereby acknowledging the correctness of Jacobs’ position that such matters must be disclosed.

24 **FIRST CAUSE OF ACTION**

25 **(Breach of Contract - LVSC)**

26
27 35. Plaintiff restates all preceding and subsequent allegations as though fully set forth
28 herein.



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1 36. Jacobs and LVSC are parties to various contracts, including the Term Sheet and
2 Nonqualified Stock Option Agreement identified herein.

3 37. The Term Sheet provides, in part, that Jacobs would have a 3-year employment
4 term, that he would earn an annual salary of \$1.3 million plus a 50% bonus upon attainment of
5 certain goals, and that he would receive 500,000 LVSC stock options (in addition to the
6 previously awarded 75,000 LVSC options) to vest in stages over three years.

7 38. The Term Sheet further provides that in the event Jacobs was terminated "Not For
8 Cause," he would be entitled to one year of severance plus accelerated vesting of all his stock
9 options with a one-year right to exercise the options post-termination.

10 39. Jacobs has performed all of his obligations under the contracts except where
11 excused.

12 40. LVSC has breached the Term Sheet agreement by purportedly terminating Jacobs
13 for "cause" when, in reality, the purported bases for Jacobs' termination, as identified in the
14 belatedly-manufactured August 5, 2010 letter, are pretextual and in no way constitute "cause."

15 41. On September 24, 2010, Jacobs made proper demand upon LVSC to honor his
16 right to exercise the remaining stock options he had been awarded in the company. The closing
17 price of LVSC's stock on September 24, 2010 was \$33.63 per share. At the time of filing the
18 instant action, LVSC's stock was trading at approximately \$38.50 per share. LVSC rejected
19 Jacobs' demand and, thus, further breached the Term Sheet and the stock option agreement by
20 failing to honor the vesting and related provisions contained therein based on the pretext that
21 Jacobs was terminated for "cause."

22 42. LVSC has wrongfully characterized Jacobs' termination as one for "cause" in an
23 effort to deprive him of contractual benefits to which he is otherwise entitled. As a direct and
24 proximate result of LVSC's wrongful termination of Jacobs' employment and failure to honor the
25



1 “Not For Cause” severance provisions contained in the Term Sheet, Jacobs has suffered damages
2 in an amount to be proven at trial but in excess of \$10,000.

3 4 **SECOND CAUSE OF ACTION**

5 **(Breach of Contract – LVSC and Sands China Ltd.)**

6 43. Plaintiff incorporates all preceding and subsequent allegations as though fully set
7 forth herein.

8 44. On or about May 11, 2010, LVSC caused Sands China to grant 2.5 million Sands
9 China share options to Jacobs. Fifty percent of the options were to vest on January 1, 2011, and
10 the other fifty percent was to vest on January 1, 2012. The grant is memorialized by a written
11 agreement between Jacobs and Sands China.
12

13 45. Pursuant to the Term Sheet agreement between Jacobs and LVSC, Jacobs’ stock
14 options are subject to an accelerated vest in the event he is terminated “Not for Cause.” The Term
15 Sheet further provides Jacobs with a one-year right to exercise the options post-termination.

16 46. Jacobs has performed all his obligations under the contracts except where excused.

17 47. On September 24, 2010, Jacobs made proper demand upon LVSC and Sands
18 China to honor his right to exercise the remaining 2.5 million stock options he had been awarded
19 in Sands China. The closing price of Sands China’s stock on September 24, 2010 was \$12.86
20 HKD per share. At the time of filing the instant action, Sands China’s stock was trading at
21 approximately \$15.00 per share. LVSC and Sands China rejected Jacobs’ demand and, thus,
22 further breached the Term Sheet and the Sands China share grant agreement by characterizing
23 Jacobs’ termination as being for “cause” when, in reality, the purported bases for Jacobs’
24 termination, as identified in the belatedly-manufactured August 5, 2010 letter, are pretextual and
25 in no way constitute “cause.”
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1 61. Following the 90-minute hearing, the Court denied each of the Defendants'
2 motions to dismiss the action. The hearing received widespread attention by members of the
3 media, and particularly by journalists who report on affairs in the business community. Included
4 among those reporters was Ms. Alexandra Berzon, a Pulitzer Prize winning journalist who
5 attended the hearing on behalf of her employer, the Wall Street Journal®. The Wall Street
6 Journal® is generally recognized as one of the most respected and widely read publications in the
7 world, particularly as to matters pertaining to the economy and associated commercial activities
8 and endeavors.
9

10 62. Following the hearing, the Wall Street Journal® published an article in its online
11 edition styled "Setback for Sands in Macau Suit." That article, which was authored by Ms.
12 Berzon, reported that Adelson had, via e-mail, made the following statements:
13

14 *"While I have largely stayed silent on the matter to this point, the recycling of his*
15 *allegations must be addressed," he said. "We have a substantial list of reasons*
16 *why Steve Jacobs was fired for cause and interestingly he has not refuted a single*
17 *one of them. Instead, he has attempted to explain his termination by using outright*
18 *lies and fabrications which seem to have their origins in delusion."*

19 Adelson's comments to the effect that 1) Jacobs was justifiably fired for "for cause" and
20 2) Jacobs had resorted to "outright lies and fabrications" in seeking legal redress constituted
21 defamation per se.

22 63. All of the offending statements made by Adelson concerning Jacobs and identified
23 in Paragraph 62, *supra*, were 1) false and defamatory; 2) published to a third person or party for
24 the express intent of republication to a worldwide audience; 3) maliciously published by Adelson
25 knowing their falsity and/or in reckless disregard of the truth thereof; 4) intended to and did in
26 fact harm Jacobs' reputation and good name in his trade, business, profession, and customary
27 corporate office; and 5) were of such a nature that significant economic damages must be
28 presumed.



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5. For such other and further relief as the Court may deem just and proper.

DATED this 16th day of March, 2011.

CAMPBELL & WILLIAMS

By /s/ Donald J. Campbell

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