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11 **Attorneys For Plaintiffs**

12 **DISTRICT COURT**
13 **CLARK COUNTY, NEVADA**

14 **CALEB HARTMANN,**

15 **Plaintiffs,**

16 **v.**

17 **SHELDON G. ADELSON, IRWIN CHAFETZ,**
18 **CHARLES D. FORMAN, GEORGE P. KOO,**
19 **MICHAEL A. LEVEN, JAMES L. PURCELL**
20 **IRWIN A. SIEGEL, and WILLIAM P. WEIDNER,**

21 **Defendants,**

22 **and**

23 **LAS VEGAS SANDS CORP.,**

24 **Nominal Defendant.**

Case No. **A580258**

Dept. No. **XIII**

**VERIFIED SHAREHOLDER
DERIVATIVE COMPLAINT**

JURY TRIAL DEMANDED

25 Plaintiff Caleb Hartmann, by and through his attorneys, derivatively on behalf of Las
26 Vegas Sands Corp. ("LVS" or the "Company"), alleges upon personal knowledge as to himself
27 and his own acts, and upon information and belief as to all other matters, based upon, *inter alia*,
28 the investigation conducted by and through his attorneys, which included, among other things, a

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review of Securities and Exchange Commission ("SEC") filings, news reports, press releases, and other publicly available documents regarding LVS as follows:

NATURE OF THE DERIVATIVE ACTION

1. This is a shareholder derivative action brought on behalf of Nominal Defendant LVS against members of its Board: Sheldon G. Adelson, Irwin Chafetz, Charles D. Forman, George P. Koo, Michael A. Leven, James L. Purcell Irwin A. Siegel, and William P. Weidner (collectively, "Director Defendants"), by Plaintiff Caleb Hartmann, who is now, and at relevant has been, shareholders of LVS.

2. LVS and its subsidiaries develop multi-use integrated resorts worldwide. The Company owns, among other properties, the Venetian Resort Hotel Casino, The Palazzo Resort Hotel Casino, The Sands Expo and Convention Center, The Congress Center in Las Vegas, Nevada, and the Sands Macau and The Venetian Macau Resort Hotel in Macau, China.

3. LVS is a company controlled and run by its majority shareholder, Chairman and Chief Executive Officer ("CEO"), Director Defendant Sheldon G. Adelson.

4. On November 13, 2008, LVS announced that it was laying off as many as 11,000 construction workers after a "cash crunch" forced the Company to halt construction on multi-billion dollar resort projects, including two sites in the Chinese gambling city of Macau. The Company also disclosed that it was in talks with a syndicate of banks to raise approximately \$2.1 billion to finance these ailing projects in Macau.

5. Three days prior, on November 10, 2008, the Company filed its Third Quarter 2008 results on Form 10-Q with the SEC, indicating disagreements among its Board of Directors upon disclosing that the LVS Board had formed an executive committee (the "Executive Committee") to "address a number of outstanding differences between" its Chairman and CEO, Director Defendant Sheldon G. Adelson, and other senior management members.

6. These announcements, amid worse-than-expected results for Third Quarter 2008, also came only one week after LVS revealed it was in danger of breaching lending conditions and defaulting on \$5.2 billion in credit facilities secured by its Las Vegas operations. Indeed, on November 6, 2008, LVS shares fell as much as 44 percent after its auditor, PricewaterhouseCoopers LLP ("PwC"), issued a "going concern" warning about the Company's financial viability. Recently, on November 17, 2008, PwC removed the Company as a "going concern," but only after LVS was able to raise significant capital to support its operations -- approximately \$2.1 billion.

7. In a November 17, 2008 article by the *Associated Press*, "Las Vegas Sands says it's ready for future," when asked why LVS didn't raise the much needed capital sooner, Director Defendant Weidner said: "*It was a matter of robust debate within the organization. There are several of us who have very strong opinions.... It was pretty much a monumental screw-up*" (emphasis added).

8. This was only some of the more recent negative news for the Company in year where its market capitalization fell by more than 90 percent -- shares of LVS have plummeted from over \$125.00 per share back on November 1, 2007, to trade at less than \$7.00 per share in November 2008.

9. In fact, by the end of trading on November 21, 2008, shares of LVS sank to an all-time low, to close at \$3.23, after news emerged that BMO Capital Markets analyst Jeffrey Logsdon slashed 2009 and 2010 adjusted earnings estimates following the Company's capital infusion, which led to an increased number of outstanding shares.

10. Plaintiff, derivatively on behalf of LVS, therefore brings this action seeking redress for the damages sustained, and to be sustained by LVS, against Director Defendants, for unlawful actions and/or inactions that violated state law, including breaches of fiduciary duties, abuse of control, gross mismanagement, and waste of corporate assets. This action is brought to recover

1 for the Company its potential losses from its exposure to, and grossly imprudent risk-taking in,
2 spreading the Company too thin with numerous and simultaneous casino construction projects in
3 Macau, Singapore, Pennsylvania and Las Vegas -- an exposure to which Director Defendants (in
4 particular, Director Defendant Adelson) improvidently subjected the Company.

5 11. Director Defendants' individual and collective wrongdoing resulted from, *inter*
6 *alia*: (i) their failure to prevent the Company's "cash crunch" and resulting need to suspend
7 unfinished casino construction projects and lay off thousands of workers; (ii) their failure to
8 properly implement, oversee and maintain appropriate and adequate internal controls, practices
9 and procedures for LVS, including the failure to sufficiently control a company so clearly
10 dominated by its majority shareholder, Director Defendant Adelson; and (iii) their failure to ensure
11 that LVS not engage in any unsafe, unsound, or illegal business practices, including the
12 overextended construction project list that was approved and permitted during a financial
13 downturn in the Company.

14 12. Director Defendants' wrongdoing has jeopardized numerous current and future
15 construction projects, caused the firing of thousands of its construction workers, called into
16 question the financial solvency of a once successful and sound company, and massively diluted
17 the value of LVS shares for its current shareholders by having to raise significant amounts of new
18 capital.

19 VENUE

20 13. Venue is proper in this Judicial District because Nominal Defendant LVS is
21 incorporated in the State of Nevada and has its principal place of business in this Judicial District.
22 Many of the acts and transactions constituting the violations of law alleged herein occurred in
23 substantial part in this Judicial District.

THE PARTIES

The Derivative Plaintiff

14. Plaintiff Caleb Hartmann is, and at times relevant to this action, an owner and holder of LVS securities. Accordingly, Plaintiff Caleb Hartmann has standing to assert these claims on behalf of LVS and will fairly and adequately protect the interests of LVS and its other stockholders.

The Nominal Defendant

15. Nominal Defendant LVS is both incorporated and headquartered in Las Vegas, Nevada. Founded in 1988, LVS and its subsidiaries develop multi-use integrated resorts worldwide, owning the Venetian resort-hotel-casino and the Sands Expo and Convention Center in Las Vegas, Nevada; and The Sands Macau Casino in Macau, China. The Company's casino resorts include hotels, exhibition and conference facilities, casinos, showrooms, shopping malls, spas, restaurants and entertainment facilities, expo and convention centers, and other attractions and amenities, as well as public common areas. The Company's common stock trades on the New York Stock Exchange ("NYSE") under the symbol "LVS."

The Director Defendants

16. The following parties, referred to herein as the "Director Defendants," served as members of the LVS Board of Directors as follows:

Sheldon G. Adelson

17. Director Defendant Sheldon G. Adelson has been Chairman of the LVS Board, CEO, Treasurer and a director of the Company since August 2004. He has been Chairman of the Board, CEO and a director of Las Vegas Sands, LLC (or its predecessor, Las Vegas Sands, Inc.) since April 1988, when it was formed to own and operate the former Sands Hotel and Casino. Mr. Adelson has extensive experience in the convention, trade show, and tour and travel businesses, and also has investments in other business enterprises. He has been President and Chairman of

1 Interface Group Holding Company, Inc. since the mid-1970s, and Chairman of an LVS affiliate,
2 Interface Group-Massachusetts, LLC and its predecessors, since 1990.

3 18. Mr. Adelson's ownership of more than 50 percent of the voting power and the
4 common stock (specifically, 52% as of April 29, 2008), and his ability to elect the entire Board,
5 makes LVS a "controlled company." Also, Mr. Adelson has longstanding personal and
6 professional entanglements and relationships with other Board Members, including Messrs.
7 Chafetz and Forman, which have prevented them from acting independently to fulfill the fiduciary
8 duties owed to LVS and its shareholders. Mr. Adelson dominates and controls LVS by virtue of
9 these positions and relationships with the Company. As such, all other Director Defendants are
10 beholden to Mr. Adelson and cannot be considered to be independent directors, as detailed below.

11 Irwin Chafetz

12 19. Director Defendant Irwin Chafetz has been a director of the Company since March
13 2005. He was a director of Las Vegas Sands, Inc. from March until July 2005. Mr. Chafetz is also
14 a director of The Interface Group, LLC, a Massachusetts limited liability company that controls
15 Interface Group-Massachusetts, LLC. Like Mr. Adelson, Mr. Chafetz has been associated with
16 Interface Group-Massachusetts, LLC and its predecessors since 1972. From 1989 to 1995. From
17 1989 to 1995, Mr. Chafetz was also Vice President and a director of Las Vegas Sands, Inc.

18 20. On October 29, 2008, Mr. Chafetz was appointed to LVS's newly-formed
19 Executive Committee, with two other Director Defendants, Michael A. Leven and Irwin A. Siegel,
20 to exercise the powers of the Board of Directors in between scheduled Board meetings, including
21 the power to resolve disagreements among management -- in particular, a number of outstanding
22 differences between Mr. Adelson and certain Senior Management Members regarding the
23 management of the Company and its governance process.

24 21. As disclosed in the Company's most recent Proxy Statement filed on Form DEF-
25 14a, Mr. Chafetz has "business and personal relationships" with LVS's controlling stockholder,
26
27
28

1 Mr. Adelson, which has prevented him from acting independently to fulfill the fiduciary duties
2 owed to LVS and its shareholders. Specifically, Mr. Chafetz was a stockholder, vice president and
3 director of the entity that owned and operated the COMDEXtrade show and The Sands Expo and
4 Convention Center, which were created and developed by Mr. Adelson. Mr. Chafetz is also a
5 director and a 14.7% shareholder of entities that control Interface Travel and Sunburst Vacations,
6 and that are controlled by Mr. Adelson. Mr. Chafetz also is a trustee of several trusts for the
7 benefit of Mr. Adelson and his family that beneficially own shares of our Common Stock.

8
9 Charles D. Forman

10 22. Director Defendant Charles D. Forman has been a director of the Company since
11 August 2004. He has been a director of Las Vegas Sands, LLC since March 2004. Mr. Forman
12 served as Chairman and CEO of Centric Events Group, LLC, a trade show and conference
13 business from April, 2002, until his retirement upon the sale of the business in 2007. From 1989 to
14 1995, Mr. Forman was Vice President and General Counsel of The Interface Group, a tradeshow
15 and convention business that owned and operated COMDEX.

16 23. As disclosed in the Company's most recent Proxy Statement filed on Form DEF-
17 14a, Mr. Forman has "business and personal relationships" with LVS's controlling stockholder,
18 Mr. Adelson, which has prevented him from acting independently to fulfill the fiduciary duties
19 owed to LVS and its shareholders. Specifically, Mr. Forman was Vice President and General
20 Counsel of the COMDEXtrade show and The Sands Expo and Convention Center, which were
21 created and developed by Mr. Adelson.

22
23 George P. Koo

24 24. Director Defendant George P. Koo has been a director of the Company since April
25 2008. Dr. Koo is a special advisor to the Chinese Services Group of Deloitte & Touche LLP. From
26 April 1999 until April 2008, Dr. Koo was the Director of the Chinese Services Group of Deloitte
27 & Touche LLP. He is a member of Committee of 100, a national organization of prominent
28

Chinese Americans, the Pacific Council for International Policy and the Beijing-based Overseas Friendship Association and a director of New America Media, a non-profit organization.

Michael A. Leven

25. Director Defendant Michael A. Leven has been a director of the Company since August 2004. He was a director of Las Vegas Sands, Inc. from May 2004 until July 2005. Mr. Leven is the Vice Chairman of the Marcus Foundation, Inc., a non-profit foundation. Until December 2006, Mr. Leven was the Chairman, Chief Executive Officer and President of U.S. Franchise Systems, Inc., which franchises the Microtel Inns & Suites and Hawthorn Suites brands. Mr. Leven formed U.S. Franchise Systems, Inc. in 1995. Mr. Leven serves on many other nonprofit boards.

26. On October 29, 2008, Mr. Leven was appointed the Chairman of LVS's newly-formed Executive Committee, with two other Director Defendants, Messrs. Chafetz and Siegel, to exercise the powers of the Board of Directors in between scheduled Board meetings, including the power to resolve disagreements among management -- and in particular, a number of outstanding differences between Mr. Adelson and certain Senior Management Members regarding the management of the Company and its governance process.

James L. Purcell

27. Director Defendant James L. Purcell has been a director of the Company since July 2004. He was a director of Las Vegas Sands, Inc. from June 2004 until July 2005. Mr. Purcell was a partner at the law firm of Paul, Weiss, Rifkind, Wharton & Garrison LLP from January 1964 through December 1999. Mr. Purcell is also a Director Emeritus of King's College.

Irwin A. Siegel

28. Director Defendant Irwin A. Siegel has been a director of the Company since February 2005. He was a director of Las Vegas Sands, Inc. from February 2005 until July 2005. Mr. Siegel is a certified public accountant and was a partner (specializing in the hospitality industry) in the international accounting and consulting firm of Deloitte & Touche LLP from 1973

1 to 2003, when he retired. Mr. Siegel has served on the boards of directors of many charitable and
2 civic organizations and is the president of the Weinstein Hospice in Atlanta.

3 29. On October 29, 2008, Mr. Siegel was appointed to LVS's newly-formed Executive
4 Committee, with two other Director Defendants, Messrs. Chafetz and Leven, to exercise the
5 powers of the Board of Directors in between scheduled Board meetings, including the power to
6 resolve disagreements among management -- and in particular, a number of outstanding
7 differences between Mr. Adelson and certain Senior Management Members regarding the
8 management of the Company and its governance process.

9
10 William P. Weidner

11 30. Director Defendant William P. Weidner has been President and Chief Operating
12 Officer ("COO") and a director of the Company since August 2004. He has been the President and
13 COO of the Company's wholly owned operating subsidiary, Las Vegas Sands, LLC (or its
14 predecessor, Las Vegas Sands, Inc.), since December 1995 and a director of Las Vegas Sands,
15 LLC since August 2004. Since September 1993, Mr. Weidner has served on the board of directors
16 of Shorewood Packaging Corporation.

17 THE LVS BOARD OF DIRECTORS

18 31. **Meetings of the Board of Directors.** LVS's Board of Directors met twelve (12)
19 times, and acted by written consent one time, in 2007. During 2007, all directors attended at least
20 75% of the aggregate of all meetings of the Board and committees on which they served.

21
22 32. **Standing Committees of the Board.** The standing committees of the LVS Board
23 include: (i) the Audit Committee, (ii) the Compensation Committee, and (iii) the Nominating and
24 Governance Committee. In addition, on October 29, 2008, the Company formed the Executive
25 Committee.

26 33. **Audit Committee.** Director Defendants Siegel (Chairman) and Purcell, as well as
27 the recent appointment of Director Defendant Leven -- replacing Andrew R. Heyer, who resigned
28

1 from the LVS Board (and thus, his position on the Audit Committee) on November 19, 2008 --
2 comprise the Audit Committee. The Board has determined that Messrs. Siegel and Purcell are each
3 independent under applicable New York Stock Exchange ("NYSE") and federal securities rules
4 and regulations on independence of Audit Committee members. The Board has determined that
5 Messrs. Siegel and Purcell are "financially literate" and that Mr. Siegel qualifies as an "audit
6 committee financial expert," as defined in the NYSE's listing standards and federal securities rules
7 and regulations. The Audit Committee, while Mr. Heyer was still a member, held six (6) meetings
8 and did not act by written consent during 2007.

9
10 34. ***Compensation Committee.*** Director Defendants Forman (Chair), Chafetz, Leven,
11 and Purcell comprise the Compensation Committee. The Compensation Committee held nine (9)
12 meetings and did not act by written consent during 2007.

13 35. ***Nominating and Governance Committee.*** Director Defendants Leven (Chair) and
14 Adelson. A replacement for Mr. Heyer, who was also on the committee until his November 19,
15 2008 resignation, has yet not been named. The Nominating and Governance Committee held no
16 separate meetings and did not act by written consent during 2007. The activities of the members of
17 the Nominating and Governance Committee were discussed during regularly scheduled Board
18 meetings.

19
20 **OBLIGATIONS OF DIRECTOR DEFENDANTS**

21 36. By reason of their positions as directors, officers and/or fiduciaries of the Company
22 each of the Director Defendants owed LVS the duty of loyalty, good faith, due care and diligence
23 in the management and administration of the affairs of the Company and in the use and
24 preservation of its property and assets, and owed the duty of full and candid disclosure of all
25 material facts related thereto. Further, Director Defendants owed a duty to LVS to ensure that (i)
26 it operated in compliance with all applicable federal and state laws, rules, and regulations; and (ii)
27 it did not engage in any unsafe, unsound, or illegal business practices.
28

1 37. To discharge these duties, Director Defendants were required to exercise
2 reasonable and prudent supervision over the management, policies, practices, controls, and
3 financial and corporate affairs of LVS. By virtue of their obligations to carry out their duties with
4 the utmost loyalty, good faith, due care and diligence, Director Defendants were required, among
5 other things, to:

- 6 a. manage, conduct, supervise, and direct the employees, businesses and affairs of the
7 Company in accordance with all applicable laws, rules and regulations, and the
8 Company's charter and by-laws;
9
10 b. neither violate nor knowingly or recklessly permit any officer, director or employee
11 of the Company to violate applicable laws, rules and regulations and to exercise
12 reasonable control and supervision over such officers and employees;
13
14 c. ensure the prudence and soundness of policies and practices undertaken or proposed
15 to be undertaken by the Company;
16
17 d. remain informed as to how the Company, in fact, was operating, and upon receiving
18 notice or information of unsafe, imprudent or unsound practices, to make
19 reasonable investigation in connection therewith and to take steps to correct that
20 condition or practice;
21
22 e. supervise the preparation, filing and/or dissemination of any SEC filing, press
23 releases, audits, reports or other information disseminated by the Company and to
24 examine and evaluate any reports of examinations or investigations concerning the
25 practices, products or conduct of officers of the Company and to make full and
26 accurate disclosure of all material facts, concerning *inter alia*, each of the subjects
27 and duties set forth above; and preserve and enhance the Company's reputation as
28 befits a public corporation and to maintain public trust and confidence in the
Company as a prudently managed institution fully capable of meeting its duties and

obligations.

SUBSTANTIVE ALLEGATIONS

38. This is a shareholders' derivative action brought on behalf of LVS by one its stockholders against members of its Board of Directors (the Director Defendants) for their individual and collective wrongdoing relating to, *inter alia*: (i) their failure to prevent the Company's "cash crunch," and resulting need to suspend unfinished casino construction projects and lay offs of thousands of workers; (ii) their failure to properly implement, oversee and maintain appropriate and adequate internal controls, practices and procedures for LVS, including the failure to sufficiently govern a company so clearly controlled by its majority shareholder, Director Defendant Adelson; and (iii) their failure to ensure that LVS not engage in any unsafe, or unsound business practices, including the overextended construction project list that was approved and permitted during a financial downturn in the Company.

About LVS

39. Incorporated as a Nevada corporation in August 2004, LVS and its subsidiaries own and operate The Venetian Resort Hotel Casino, The Palazzo Resort Hotel Casino, The Sands Expo and Convention Center, The Congress Center in Las Vegas, Nevada, and the Sands Macau and The Venetian Macau Resort Hotel in Macau, China. The Company also created a master-planned development of integrated resort properties, anchored by The Venetian Macau, which is referred to as the Cotai Strip in Macau. In addition, LVS is developing Marina Bay Sands, an integrated resort in Singapore, and Sands Bethworks, an integrated resort in Bethlehem, Pennsylvania. Continuing the possibility of further expansion, LVS is developing and operating integrated resorts in additional Asian and U.S. jurisdictions, and in Europe.

40. **Las Vegas.** The Company's Las Vegas operations consist of The Venetian, including The Sands Expo Center and The Congress Center, and The Palazzo. With the opening of The Palazzo, our Las Vegas properties represent the world's largest integrated resort with 7,093

1 suites and approximately 225,000 square feet of gaming, which includes approximately 260 table
2 games and 3,100 slot machines.

3 41. **Macau.** Macau is regarded as the largest and fastest-growing gaming market in the
4 world and benefits from being the only market in China to offer legalized casino gaming. The
5 Company's Macau operations consist of the Sands Macau, The Venetian Macau and other
6 ancillary operations that support these properties. In May 2004, LVS opened the Sands Macau, the
7 first Las Vegas-style casino in Macau, pursuant to a 20-year gaming sub-concession.

8 **About Sheldon G. Adelson**

9
10 42. Director Defendant Adelson is Chairman of the LVS Board and its CEO, and
11 according to the Company's 2007 Annual Report filed on Form 10-K, Mr. Adelson and trusts for
12 the benefit of Mr. Adelson and/or his family members beneficially own *approximately 69%* of
13 LVS's outstanding common stock as of December 31, 2007. While Mr. Adelson's percentage
14 ownership has significantly decreased since December 31, 2007, at all relevant times, he has
15 maintained a majority control over the Company. Accordingly, Mr. Adelson exercises significant
16 influence over LVS's policies and affairs, including the composition of the LVS Board and any
17 action requiring the approval of stockholders, including the adoption of amendments to the articles
18 of incorporation and the approval of a merger or sale of substantially all of the assets.

19
20 43. The 10-K discloses that "[t]he concentration of ownership may also delay, defer or
21 even prevent a change in control of our company and may make some transactions more difficult
22 or impossible without the support of Mr. Adelson." Because Mr. Adelson, and trusts for the
23 benefit of Mr. Adelson and/or his family members, own more than 50% of the voting power of the
24 Company, it is considered a controlled company under the NYSE listing standards.

25 44. According to the Company's most recent Proxy Statement, filed on April 29, 2008,
26 Mr. Adelson has longstanding personal and professional entanglements and relationships with
27 Board Members, Director Defendants Chafetz and Forman.
28

Financial Problems In Fiscal Year 2008

45. On April 30, 2008, the Company announced its First Quarter 2008 financial results, which indicated, in part, that operating income decreased \$34.4 million, reflecting an increase in operating costs as LVS continued to expand its infrastructure to execute "global growth plans, depreciation and amortization expense, and pre-opening expense related to...preparations for the opening of the Four Seasons Macau and other properties which will open in the future in Macau, Singapore, and the United States." Though Director Defendant Weidner, LVS President and COO admitted that "our first quarter operating results reflect both an intensely competitive operating environment in Macau as well as a weaker economic environment here in the United States," he reinforced that the Company continues its development efforts in Asia – "to transform Macau into Asia's premier business and leisure destination."

46. That same day, *TheStreet.Com* published an article titled: "Macau Drags Las Vegas Sands to Profit Miss," acknowledging that LVS "widely missed" first-quarter earnings estimates because of disappointing Macau casino results, pointing to the competitive nature of the world's largest gambling market. Though LVS was continuing to expand its development projects in Macau, and elsewhere, a buy-side analyst who follows the casino sector remarked: "Macau looks awful. Vegas does look better than I would have thought, but they still missed on every property metric."

47. On July 30, 2008, the Company announced its Second Quarter 2008 financial results, which indicated yet another loss. Specifically, LVS posted a net loss of \$8.8 million, or 2 cents a share, in the second quarter from a net income of \$34.4 million, or 10 cents a share, a year earlier due in part to operating expenses related to its opening of The Venetian in Macau and The Palazzo in Las Vegas. According to a July 30, 2008 article on *Marketwatch.com*, "Las Vegas Sands swings to a loss in second quarter," if the losses relating to the operational and

1 developmental expenses, among other expenses, were excluded from the earnings calculations,
2 LVS "would have earned 9 cents a share."

3 48. Several days later, on August 4, 2008, in an article published on *Investopedia.com*,
4 "Las Vegas Sands Is A Bad Bet," author Glenn Curtis observed that:

5 A little over a month ago, I penned an article discussing what I perceived to be the
6 shortcomings of casino operator [LVS]. Among my concerns were the risks I saw
7 in the Las Vegas and Macau markets, where the company operates. I also
mentioned that declining estimates could potentially scare off investors.

8 * * *

9 **Bottom Line**

10 Las Vegas Sands' second-quarter results were a bit of a turnoff. The miss comes at
11 a bad time, and I'm concerned about the company's exposure to Vegas. Long story
short, the stock looks like a bad bet right now, and I plan to avoid these shares.

12 49. By mid-August, the Company's stock continued to drop, as news of possible visa
13 restrictions on visits to Macau emerged. On August 20, 2008, in "Shares of casino operators with
14 Macau properties slip on possible visa restrictions," the *Associated Press* reported that according
15 to analysts, "Portugal's Lusa news agency reported...that the Chinese government may limit the
16 number of allowed visits to Macau from the mainland beginning in October. Visitors are now
17 permitted to go to Macau once every two months. According to the news report, that may change
18 to once every six months." On this news, LVS stock price dropped 11%.

19 50. On August 22, 2008, the *Associated Press* reported that "Las Vegas Sands shares
20 decline after analyst downgrades to 'Sell' on funding needs." In the article, Shaun Kelley, a Banc
21 of America Securities analyst, warned that LVS has "significant funding needs" across the
22 company over the next 12 months. "In addition to the well-known capital raising process in Macau
23 (seeking \$5.25 billion), [Mr. Kelley] believe[d] the U.S. and Singapore also face funding needs
24 that are larger than most investors currently realize." Mr. Kelley attributed his funding concerns to
25 a leverage covenant in the U.S. that begins in the third quarter and a requirement for 20 percent
26 equity in Singapore that had been funded from the U.S. until that time.
27
28

1 51. In the August 22, 2008 article, Mr. Kelley also noted that billionaire Director
2 Defendant Adelson strongly implied on the Company's second-quarter conference call that he
3 would personally ensure that the Company does not face liquidity problems. However, despite
4 Director Defendant Adelson's promised guarantees of LVS's financial solvency, the analyst
5 commented that the Company's funding needs reduce its margin for error. "Put simply, [LVS's]
6 U.S. liquidity appears tighter than we initially thought and published following [Second-quarter]
7 earnings." Mr. Kelley also explained that the Las Vegas market continues to suffer from high fuel
8 prices and the U.S. economic downturn. The Macau market, he said, is also facing visa restrictions
9 as well as increasing supply and competition.
10

11 52. On August 28, 2008, the one-year anniversary of LVS's \$2.4 billion Venetian
12 resort in Macau, Director Defendant Adelson told reporters, included the *Associated Press*, that
13 the Company would thrive despite worsening economic conditions – insisting that *LVS's "entire*
14 *strategy avoids the possibility of an economic slowdown, a recession"* (emphasis added).
15

16 53. Despite concerns over the financial health of the Company, on September 4, 2008,
17 the Company announced in a press release that: "Las Vegas Sands and Starwood Hotels & Resorts
18 Sign Contract to Open First St. Regis Residences in Las Vegas." In particular, LVS reached an
19 agreement with Starwood to develop The St. Regis Residences at the Venetian Palazzo, Las
20 Vegas, a collection of 398 private luxury residences, introducing the renowned St. Regis brand to
21 Las Vegas, Nevada. Addressing a skeptical response to this news, Director Defendant Adelson
22 said "quality and luxury sell in any type of financial environment and, when combined with the
23 premium location of these residences, he believes the company has a surefire winner."
24

25 54. On September 10, 2008, the *Associated Press* reported that "Las Vegas Sands dips
26 on weak Strip revenue results." The Nevada Gaming Control Board reported Las Vegas Strip
27 gaming revenue declined approximately 14.7 percent in July, with slot win off 9 percent. Slot win
28 is the amount the casino operators keep from their slot machines. Shares of LVS slid on this

1 disappointing Las Vegas Strip gaming revenue news -- down \$4.48, or 10.8 percent, to close at
2 \$36.84. The stock has traded in a range of \$30.56 to \$148.76 over the past year.

3 55. In the September 10, 2008 article, Jake Fuller, of Thomas Weisel Partners,
4 expressed in a client note that he is "a bit worried" about LVS due to financing concerns, high
5 stock prices and supply-side risk.

6 56. On September 30, 2008, the Company announced that Director Defendant Adelson
7 and his family completed an investment in LVS of \$475 million in convertible senior notes due
8 October 2013, in a private transaction to avoid violating lender covenants. The debt pays an
9 interest rate of 6.5 percent and converts into common shares at a price of \$49.65.

10 57. However, the next day, on October 1, 2008, Standard & Poor's Ratings Services
11 announced that it was keeping LVS's ratings "under review for potential downgrade in spite of a
12 \$475 million cash infusion into the hotel and casino operator," according to an *Associated Press*
13 article: "S&P keeps Las Vegas Sands ratings under review." While the S&P said the \$475 million
14 investment addresses short-term concerns about liquidity, it remained concerned over the
15 Company's "overall liquidity position, continued weak performance on the Las Vegas Strip and a
16 possible 'significant' slowdown in the Chinese gambling enclave of Macau." At the same time,
17 S&P noted, LVS also wants to borrow a lot of money for developments.

18 58. On October 2, 2008, as warned the day prior, shares of LVS fell after an analyst
19 downgraded the stock due to concerns about slowing growth in Las Vegas and new visa
20 restrictions in Macau. LVS stock fell \$4.81, or 15.4 percent, to \$26.51.

21 59. On October 3, 2008, LVS shares slid further, to a 52-week low, as an analyst
22 slashed its price target, saying Director Defendant Adelson's recent capital investment didn't erase
23 ongoing concerns about funding and the Las Vegas and Macau markets. In the *Associated Press*
24 article "Las Vegas Sands slips as analyst cuts price target," Jake Fuller, of Thomas Weisel
25 Partners LLC, said that Adelson's move buys the gaming operator "some time," but LVS still
26
27
28

1 must deal with raising money for its Cotai Strip development plans, as well as growing Macau
2 market concerns.

3 60. *Marketwatch.com* reported on October 20, 2008, that LVS was still trying to secure
4 \$2 billion in financing for a Macau casino project, "but the world credit crunch could affect when
5 and how much money it can raise." The Company had previously said it would raise \$5 billion to
6 refinance an existing \$3.3 billion loan and fund part of its new Macau project, but a LVS
7 spokesman told the *Wall Street Journal* that the Company is still trying to get \$2 billion and is
8 looking at other options to raise cash, including asset sales. Meanwhile, according to
9 *Marketwatch.com*, the *South China Morning Post* reported that the Company had completely
10 scrapped plans to raise funds for the expansion in Macau.

11
12 61. Then, on October 22, 2008, Director Defendant Adelson said he is seeking to raise
13 \$2 billion in debt financing from Asian banks to complete work on expansion projects planned by
14 LVS in Macau. In "Adelson expects Asian banks to be happy to lend," the *Associated Press* stated
15 that Director Defendant Adelson disputed reports that LVS either had abandoned plans to secure
16 funding or was having trouble getting banks to agree to terms.

17
18 62. By October 24, 2008, Director Defendant Adelson and his family had announced
19 that they plan to take part in a capital raising program with an unnamed investment banking
20 company. On this news, the Company's shares fell \$1.24, or 15.1 percent, to \$6.97 in midday
21 trading. The stock hit a new low for a second straight day, reaching \$5.80. In "Sands' Adelson to
22 partake in capital program," the *Associated Press* noted that Steven Wieczynski, of Stifel Nicolaus
23 & Co., said that LVS's faltering financial position has been "the biggest overhang on the stock"
24 and he believed investors were selling shares "because the current credit crisis has raised fears that
25 Las Vegas Sands is in jeopardy of running out of cash and going bankrupt."

63. On October 29, 2008, news broke that the full opening of one of LVS's Singapore casinos, The Marina Bay Sands, may be delayed due to construction issues and a shortage of labor, according to a *Reuters* article "Singapore's casino opening to be delayed-report."

64. However, one day later, on October 30, 2008, *Reuters* reported that "Las Vegas Sands say Singapore casino on track." The Company reaffirmed plans to open its Singapore casino as scheduled despite a report that the project will be delayed. "We continue to target the end of 2009 for the opening of Marina Bay Sands," George Tanasijevich, general manager of Marina Bay Sands, said in a statement.

65. Despite the Company's repeated reassurances, on November 6, 2008, LVS shares fell as much as 44 percent after its auditor, PwC, said there are doubts about the Company's ability to continue as a going concern. According to a *Reuters* article from that same day, "Las Vegas Sands shares drop on doubt over future," LVS shares, which had fallen from over \$122 in December 2007, were down approximately 32 percent to \$7.88. Nicholas Danna, senior research analyst at Sterne Agee, observed that the Company's "challenge is that they still have financing needs, but at the same time are in danger of violating leverage ratios." Andrew Wilkinson, senior market analyst at Connecticut-based Interactive Brokers Group, commented: "The share price painted an ugly picture. Option traders clearly have bankruptcy on their minds."

66. Before this latest sell-off, LVS stock had nearly tripled due to short-covering in the wake of comments last month that Director Defendant Adelson and his family intended to participate further in raising capital for the Company. The November 6, 2008 *Reuters* article acknowledged that "[b]ased on current estimates, [LVS] expects it will not be in compliance with its maximum leverage ratio covenant for the fourth quarter and subsequent quarters, accounting firm PricewaterhouseCoopers LLP said in a regulatory filing.... Noncompliance would result in defaults, which raises substantial doubt about the [C]ompany's ability to continue as a going concern.

67. Turning a focus to LVS's Singapore development, on November 7, 2008, in "Las Vegas Sands affirms development in Singapore," the *Associated Press* reported that Director Defendant Adelson had met with the Singapore government to discuss the financing and completion of the city state's first casino resort currently under construction, the Marina Bay Sands, amid continued concern about tightness in the credit markets.

68. On this same day, November 7, 2008, in a move to regain some fiscal stability, the Company announced the hiring of a new Senior Vice President and Chief Financial Officer ("CFO"), Kenneth J. Kay, effective December 1, 2008, to replace Michael Quartieri.

69. But, by the end of the day, shares of LVS dropped another 11 percent, after the Company said it will likely violate debt covenants this quarter, raising the specter that it might not survive the current economic crisis. LVS shares plummeted and closed down an additional \$1.13 to \$6.03 on November 7, 2008. According to an article on *MarketWatch.com*, "Las Vegas Sands signals it may not survive downturn," the Company filed on Form 8-K a disclosure to regulators that that the size of LVS's debt is now above the agreed maximum leverage ratio. If the Company cannot drum up more financing, it said it could well default on its "IOUs as its cash flow is 'insufficient to cover fixed charges.'"

70. On November 10, 2008, the Company announced its Third Quarter 2008 results. LVS's third-quarter loss narrowed to \$32.2 million, or 9 cents a share, from \$48.5 million, or 14 cents a share, in the year-ago period. In addition, the Company announced it was sharply cutting back its development, reducing capital expenditures by some \$1.8 billion, and putting off ambitious plans to build as many as eight more hotels in Macau, as it copes with a lack of financing options. LVS significantly slowed the pace of development activity along Macau's Cotai Strip as it focuses "current efforts on maximizing our cash flow and our returns on invested capital from our existing properties in Macau," Director Defendant Weidner said in a statement. The Company also said it would suspend work on the St. Regis luxury-condominium project in Las

1 Vegas, and instead, would focus on a scaled-down version of a new casino it is building on the site
2 of the old Bethlehem Steel plant in Pennsylvania and finishing the \$5 billion the Marina Bay
3 Sands resort it is building in Singapore that is due to open in late 2009.

4 71. In the Form 10-Q also filed with the SEC on November 10, 2008, the Company
5 indicated that there are disagreements among its Board of Directors upon disclosing that the LVS
6 Board had formed the Executive Committee to "address a number of outstanding differences
7 between" Director Defendant Sheldon G. Adelson, and other senior management members. In
8 particular the Third Quarter 2008 Form 10-Q announced:
9

10 ***Recent Corporate Governance Changes***

11 On October 29, 2008, certain members of our management team, including
12 Sheldon G. Adelson, Chairman of the Board and Chief Executive Officer, William
13 P. Weidner, President and Chief Operating Officer, Bradley H. Stone, Executive
14 Vice President, and Robert G. Goldstein, Senior Vice President (the "Senior
15 Management Members"), recommended to our board of directors that it institute
16 additional corporate policies and procedures. Upon such recommendation, our
17 board of directors formed an executive committee (the "Executive Committee")
18 comprised of Irwin Chafetz, Michael A. Leven and Irwin A. Siegel, with
19 Mr. Leven being the Chairman of the Executive Committee. The role of the
20 Executive Committee is to exercise the powers of the board of directors in between
21 scheduled board meetings, including the power to resolve disagreements among
22 management. Also, the board of directors gave Mr. Stone the additional
23 responsibilities of President of Construction and Operations. ***The board of
24 directors adopted these measures to address governance concerns raised by the
25 Senior Management Members, address a number of outstanding differences
26 between our Chief Executive Officer and other Senior Management Members
27 and in response to a loss of confidence by certain Senior Management Members
28 in the management of the Company and our governance process.***

(Emphasis added).

72. According to a November 11, 2008 *BusinessWeek* article, "Sheldon Adelson's
Trouble at the Tables, The gambling magnate antes up for the second time in two months, in a bid
to avert financial disaster at Las Vegas Sands," also on November 10, 2008, LVS reported that
Goldman Sachs had successfully arranged \$2.14 billion in new capital, including an as-yet-
undisclosed investment from Director Defendant Adelson himself. That would be the second time

1 in two months Director Defendant Adelson has had to “ante up” personally – on September 20,
2 2008, he paid \$475 million out of his own pocket for preferred stock in the Company.

3 73. The plan for infusing \$2.14 billion in new capital into the Company dramatically
4 reduces Director Defendant Adelson’s controlling stake even as he agreed to invest another \$525
5 million. The Adelson family’s stake in the Company will fall to just over 51%, down from 69%
6 earlier this year, and their revised stake will be worth about \$2.2 billion.

7 74. By the end of the day on November 11, 2008, shares of LVS plummeted more than
8 34 percent after it announced that it will suspend construction activity in Macau to help preserve
9 cash and try to raise money for projects underway in Singapore and Pennsylvania. Also, LVS said
10 it would make a public offering of 182 million shares of stock, along with nearly 92 million shares
11 of preferred stock. Even though it more than doubles the number of outstanding shares, massively
12 diluting their value for current shareholders, the Company announced would not seek shareholder
13 approval for the offering, saying that “after a careful review of the facts, the members of the audit
14 committee of the [C]ompany’s board of directors have determined that any delay caused by
15 securing shareholder approval prior to the issuance of these shares of common stock in connection
16 with the conversion of the convertible senior notes would seriously jeopardize the ability to
17 complete the offerings as well as the financial viability of the [C]ompany.”
18

19 75. On November 12, 2008, Moody’s Investors Service cut credit ratings on LVS two
20 notches further into junk territory, citing its high debt load and negative trends in Las Vegas, while
21 praising plans to raise capital and trim development spending. At the corporate level, the agency
22 cut several ratings, including the probability of default, to “B2” from “Ba3.”
23

24 76. Then came the November 13, 2008 announcement, amid the worse-than-expected
25 results for Third Quarter 2008, that the Company was laying off as many as 11,000 construction
26 workers after a “cash crunch” forced the Company to halt construction on multi-billion dollar
27 resort projects, including the two sites in Macau.
28

1 77. Only after LVS was able to raise significant capital to support its operations, the
2 \$2.14 billion, did PwC removed the Company as a "going concern" doubt. On November 17,
3 2008, *Reuters* reported that: "the auditors of [LVS] have removed doubts about the financial
4 viability of the struggling casino company, after it raised capital last week to support its
5 operations....about \$2.1 billion...selling common shares and preferred stock." Because of the new
6 capital, and other corporate actions, PwC reversed their statement expressing doubt about the
7 Company's financial future. "We previously concluded that there was substantial doubt about the
8 company's ability to continue as a going concern," PwC had said. "Management, [in particular,
9 the independent financial contributions of Director Defendant Adelson,] has subsequently taken
10 certain actions which we have concluded remove that substantial doubt."

12 78. In a November 17, 2008 article by the *Associated Press*, "Las Vegas Sands says it's
13 ready for future," when asked why LVS didn't raise the much needed capital sooner, Director
14 Defendant Weidner said: "*It was a matter of robust debate within the organization. There are*
15 *several of us who have very strong opinions.... It was pretty much a monumental screw-up*"
16 (emphasis added).

17 79. By the end of trading on November 21, 2008, shares of LVS sank to an all-time
18 low, to close at \$3.23, down 67 cents (or 17.2 percent), after news emerged that BMO Capital
19 Markets analyst Jeffrey Logsdon slashed 2009 and 2010 adjusted earnings estimates following the
20 Company's capital infusion, which led to an increased number of outstanding shares. In "Las
21 Vegas Sands plunges as analyst cuts estimates," the *Associated Press* reported that Mr. Logsdon's
22 new earnings estimates account for the increase in shares as well as the preferred stock's earnings
23 impact and a more cautious stance on the Las Vegas and Macau markets. In particular, Mr.
24 Logsdon dropped his 2008 adjusted profit forecast to 6 cents per share from 9 cents per share, cut
25 his 2009 estimate to 6 cents per share from 43 cents per share, and reduced his 2010 prediction to
26 21 cents per share from 66 cents per share.
27
28

80. On the following Monday, November 24, 2008, the Company filed on Form 8-K a "Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard" and notice of a "Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers." In particular, LVS reported as follows:

Item 3.01 Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.

On November 19, 2008, the Company notified the New York Stock Exchange (the "NYSE") that Andrew R. Heyer had resigned as a member of its Board of Directors and all committees of the Board on which he served, including the Audit Committee. As a result, the membership of the Company's Audit Committee was reduced to two directors.

On November 20, 2008, the Company received a notice from the NYSE that the Company is deficient in meeting the requirements of Section 303.07(a) of the NYSE's Listed Company Manual that requires that the audit committee of a listed company have three members.

On November 24, 2008, the Company's Board of Directors elected Michael A. Leven, a current member of the Board of Directors, to serve as a member of the Audit Committee. As a result, the Company is now in compliance with the requirements of Section 303.07(a) of the NYSE's Listed Company Manual.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

On November 19, 2008, *Andrew R. Heyer resigned as a member of the Company's Board of Directors, due to the increased demands on his time related to his personal business interests.*

(Emphasis added).

81. Then, on December 12, 2008, *Marketwatch.com* reported: "Las Vegas Sands Reportedly To Cut 216 Jobs, Stop Bonuses." In particular, LVS announced that it planned to cut 216 full-time employees from its Las Vegas properties. Also, the Company was eliminating \$6.5 million in management bonuses for 2008.

82. For Fiscal Year 2008, LVS has seen its market capitalization fall by more than 90 percent. The Company's shares were trading at over \$125 per share in November 2007, but have

1 fallen ever since – as low as \$3.23 per share on November 21, 2008 – and are currently trading at
2 approximately \$8.48 per share.

3 **DERIVATIVE AND DEMAND FUTILITY ALLEGATIONS**

4 83. Plaintiff brings this action derivatively in the right and for the benefit of LVS to
5 redress injuries suffered, and to be suffered, by LVS as a direct result of Director Defendants'
6 breaches of fiduciary duties, abuse of control, gross mismanagement, and waste of corporate
7 assets. This is not a collusive action to confer jurisdiction on this Court that it would not otherwise
8 have.

9
10 84. Plaintiff will adequately and fairly represent the interests of LVS in enforcing and
11 prosecuting its rights.

12 85. Plaintiff is and was owners of LVS stock during times relevant to Director
13 Defendants' wrongful course of conduct alleged herein, and remains a shareholder of the
14 Company.

15 86. The LVS Board of Directors at the time of filing of this complaint consisted of the
16 following eight (8) Director Defendants: Sheldon G. Adelson, Irwin Chafetz, Charles D. Forman,
17 George P. Koo, Michael A. Leven, James L. Purcell Irwin A. Siegel, and William P. Weidner.

18 87. Plaintiff has not made any demand upon the current LVS Board of Directors to
19 bring an action asserting the claims herein for the damages suffered by LVS, since such demand
20 would be a futile, wasteful and useless act, particularly for the following reasons:

21
22 88. Under the NYSE Listing Standards, LVS is considered "controlled company" by
23 virtue of the ownership by Director Defendant Adelson of more than 50 percent of the voting
24 power of the Common Stock and his ability to elect the entire Board. Accordingly, the Company
25 is not required to have a majority of independent directors on the Board pursuant to the rules of
26 the NYSE. However, as stated in its April 29, 2008 Proxy Statement, when Mr. Heyer was still a
27 member of the LVS Board:
28

[T]he Board has determined that *five of the nine members* of the Board currently satisfy the criteria for independence under applicable rules promulgated under the Securities Exchange Act of 1934, as amended, and the NYSE corporate governance rules, namely *Messrs. Heyer, Koo, Leven, Purcell and Siegel*. In making its determination, the Board reviewed all the relevant facts and circumstances, the standards set forth in our Corporate Governance Guidelines, the NYSE rules and other applicable laws and regulations.

(Emphasis added).

89. But, this statement is inaccurate. *First*, in light of Mr. Heyer's resignation on November 19, 2008, only *four of eight members* of the Board satisfy the criteria for independence. *Second*, through his ownership of a majority of the Company's outstanding common stock, Director Defendant Adelson, the individual primarily responsible for the wrongdoings and misconduct alleged herein, controls the entire LVS Board and has the ability to unilaterally replace them. Thus, all remaining *seven of the eight members* are incapable of independently and disinterestedly considering a demand to commence and vigorously prosecute this action. Demand therefore is futile.

90. As a result of their inter-related business, professional and personal relationships demand is also excused because the following Director Defendants were completely beholden to and controlled by Director Defendant Adelson, and therefore, are not independent:

(a) **Director Defendant Weidner**, who is directly interested in the misconduct complained of herein and whose principal professional occupation is his employment as President and COO of LVS, pursuant to which he reports directly to Director Defendant Adelson and receives millions of dollars in compensation. The 2008 Proxy identifies Director Defendant Weidner as a non-independent director by virtue of his exclusion from its list on independent directors;

(b) **Director Defendant Forman**, who has a long-standing close business and personal relationship with Director Defendant Adelson, as described herein. The

2008 Proxy identifies Director Defendant Forman as a non-independent director;
and

(c) **Director Defendant Chafetz**, who has a long-standing close business and personal relationship with Director Defendant Adelson, as described herein. The 2008 Proxy identifies Director Defendant Chafetz as a non-independent director.

As admitted to by the Company, these three Director Defendants are entangled by their relationships with Director Defendant Adelson, and thus, are blatantly beholden to Director Defendant Adelson and would not take any affirmative steps to question his authority or effect governance change that would adversely impact Director Defendant Adelson.

91. LVS's troubles are not solely the result of a poor economic environment or that business decisions simply proved to be unsuccessful. The Company's troubles mainly stem from a poorly functioning Board of Directors that has remained supine in the face of Director Defendant Adelson's domination and decision to treat this public company as if it were private – in other words, his own corporate vehicle by which to aggressively develop casinos and resorts all over the world without concern for its affect on the financial solvency of the LVS.

92. On October 29, 2008, LVS formed the Executive Committee, comprised of Director Defendants Chafetz, Leven and Siegel, to exercise the powers of the Board of Directors in between scheduled Board meetings, including the power to resolve disagreements among management -- in particular, a number of outstanding differences between Director Defendant Adelson and certain Senior Management Members regarding the management of the Company and its governance process. In order to act mediate and resolve differences between fellow Board members and Senior Management members, the Executive Committee should have been comprised entirely of independent and disinterested members.

93. The formation of the Executive Committee is an admission that a majority of the Company's directors are beholden to Director Defendant Adelson and thus, incapable of

1 exercising their independent business judgment. Accordingly, this, standing alone, demonstrates
2 that demand on the LVS Board would be a futile exercise.

3 94. The Executive Committee, however, is not free of conflicts, rendering it interested.
4 Director Defendant Chafetz is not independent, as discussed above. Demand, therefore, is also
5 excused because this self-governing Executive Committee cannot be expected to effect
6 governance change that would adversely impact Director Defendant Adelson.

7 95. Demand is also excused because the unlawful acts and practices alleged herein
8 cannot be defended by the Director Defendants and are not subject to the protection of any
9 independent business judgment since it would undoubtedly be to the benefit of LVS to recover the
10 damages caused by Defendants' wrongdoing and to assert these derivative claims.

11 96. Demand is also excused because the Directors Defendants have ratified the
12 egregious actions outlined herein, and these same Directors Defendants cannot be expected to
13 prosecute claims against themselves, and persons with whom they have extensive inter-related
14 business, professional and personal entanglements, if Plaintiff demanded that they do so. The
15 Director Defendants, because of these relationships, have developed debilitating conflicts of
16 interest that prevent the Board of Directors from taking the necessary and proper action on behalf
17 of the Company.
18

19 97. Demand is also excused because the Director Defendants participated in, approved
20 and/or permitted the wrongs alleged herein, concealed or disguised those wrongs or recklessly
21 and/or negligently disregarded them, and are therefore not disinterested parties and lack sufficient
22 independence to exercise business judgment.
23

24 98. There is a substantial likelihood that the Director Defendants, particularly Director
25 Defendants Adelson and Weidner, will be held liable for breaching their fiduciary duties as
26 alleged herein. Accordingly, the Director Defendants are incapable of independently and
27 disinterestedly considering a demand to commence and vigorously prosecute this action.
28

1 99. Demand is also excused because insurance policies covering the liability of a
2 company's directors and officers purport to exclude legal claims asserted directly by the Company
3 against such persons. Thus, there was, and is, a substantial disincentive for LVS to bring any
4 action directly against Director Defendants. Generally, under the terms of such directors' and
5 officers' insurance policies, a company would be required by the carriers to cooperate in the
6 defense of any claims, such as the present action, which seek to impose liability upon certain
7 officers and directors of LVS, including Director Defendants in this action, for misconduct and
8 mismanagement. Thus, if the policy or policies which LVS maintains contain the foregoing
9 provision, the insurance carriers would argue that LVS and its Board of Directors are thereby
10 contractually disabled from complying with any demand that would cause LVS to institute, and/or
11 prosecute any action against Director Defendants for such misconduct and mismanagement;
12 because to do so could result in the loss to LVS of its insurance coverage. Similarly, LVS would
13 be disabled from pursuing Director Defendants as it would not benefit from any insurance they
14 may have.

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

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

20 b. Making demand on such a number of shareholders would be impossible for
21 Plaintiff who has no way of finding out the names, addresses or phone numbers of shareholders;
22 and
23

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

26 ///

27 ///

COUNT I

DERIVATIVE CLAIM FOR BREACH OF FIDUCIARY DUTY

(Against Director Defendants)

101. Plaintiff incorporates by reference and realleges each and every allegation above, as though fully set forth herein.

102. Director Defendants all owed and owe a fiduciary duty to LVS and its stockholders. By reason of their fiduciary relationships, Director Defendants all owed and owe LVS the highest obligation of good faith, fair dealing, loyalty and due care and diligence in the management and administration of the affairs of the Company. Moreover, Director Defendants owed and owe the duty of full and candid disclosure of all material facts thereto.

103. As fiduciaries, to discharge these duties, Defendants were required to exercise prudent supervision over the management, policies, practices, controls, and financial and corporate affairs of LVS.

104. Director Defendants violated and breached their fiduciary duties of care, loyalty, reasonable inquiry, oversight, good faith and supervision by, *inter alia*, (i) their failure to prevent the Company's "cash crunch," and resulting need to suspend unfinished casino construction projects and lay off thousands of workers; (ii) their failure to properly implement, oversee and maintain appropriate and adequate internal controls, practices and procedures for LVS, including the failure to sufficiently govern a company so clearly controlled by its majority shareholder, Director Defendant Adelson; and (iii) their failure to ensure that LVS not engage in any unsafe, unsound, or illegal business practices, including the overextended construction project list that was approved and permitted during a financial downturn in the Company.

105. Each of the Director Defendants had actual or constructive knowledge that they had allowed the Company to recklessly overextended itself and threaten the financial solvency of the Company. These actions could not have been a good faith exercise of prudent business judgment to protect and promote the Company's corporate interests.

106. As a direct and proximate result of Director Defendants' breaches of duty alleged herein, LVS has suffered substantial monetary damages, as well as further and even greater damage in the future, including damage to LVS's reputation and good will. Director Defendants are liable to the Company as a result of the misconduct alleged herein.

107. Plaintiff on behalf of LVS has no adequate remedy at law.

COUNT II

DERIVATIVE CLAIM FOR ABUSE OF CONTROL

(Against Director Defendants)

108. Plaintiff incorporates by reference and realleges each and every allegation above, as though fully set forth herein.

109. Director Defendants' misconduct alleged herein constituted an abuse of their ability to control and influence LVS, for which they are legally responsible.

110. As a direct and proximate result of Director Defendants' abuse of control, LVS has suffered substantial monetary damages, as well as further and even greater damage in the future, including damage to LVS's reputation and good will. Director Defendants are liable to the Company as a result of the misconduct alleged herein.

111. Plaintiff on behalf of LVS has no adequate remedy at law.

COUNT III

DERIVATIVE CLAIM FOR GROSS MISMANAGEMENT

(Against Director Defendants)

112. Plaintiff incorporates by reference and realleges each and every allegation above, as though fully set forth herein.

113. By their actions alleged herein, Director Defendants, either directly or through aiding and abetting, abandoned and abdicated their responsibilities and fiduciary duties with regard to prudently managing the assets and businesses of LVS in a manner consistent with the operations of a publicly held corporation.

114. As a direct and proximate result of Director Defendants' gross mismanagement and breaches of duty alleged herein, LVS has suffered substantial monetary damages, as well as further and even greater damage in the future, including damage to LVS's reputation and good will. Director Defendants are liable to the Company as a result of the misconduct alleged herein.

115. Plaintiff on behalf of LVS has no adequate remedy at law.

COUNT IV

DERIVATIVE CLAIM FOR WASTE OF CORPORATE ASSETS

(Against Director Defendants)

116. Plaintiff incorporates by reference and realleges each and every allegation above, as though fully set forth herein.

117. As a result of the improper conduct described herein, and by failing to properly consider the interests of the Company and its public shareholders by failing to conduct proper supervision, Director Defendants have caused LVS fall into the aforementioned "cash crunch" as a result of its numerous development projects, which continued despite a financial downturn in the Company's finances.

118. As a direct and proximate result of Director Defendants' waste of corporate assets, Director Defendants are liable to the Company.

119. Plaintiff on behalf of LVS has no adequate remedy at law.

COUNT V

DERIVATIVE CLAIM FOR AIDING AND ABETTING

BREACHES OF FIDUCIARY DUTY

(Against Director Defendants)

120. Plaintiff incorporates by reference and realleges each and every allegation above, as though fully set forth herein.

121. Each of the Director Defendants aided and abetted one or more of the other Director Defendants in breaching fiduciary duties owed to LVS. In taking such actions to

1 substantially assist in the commission of the wrongdoing complained of herein, each of the
2 Director Defendants acted with knowledge of the primary wrongdoing, substantially assisted the
3 accomplishment of that wrongdoing, and was aware of his or her overall contribution to and
4 furtherance of the wrongdoing.

5 122. As a direct and proximate result of Director Defendants' aiding and abetting
6 breaches of fiduciary duty, LVS engaged in imprudent and unlawful activities which have cause
7 LVS to suffer substantial monetary damages, as well as further and even greater damage in the
8 future, including damage to LVS's reputation and good will.

9
10 **PRAYER FOR RELIEF**

11 WHEREFORE, Plaintiff, on his own behalf, and derivatively on behalf of LVS, prays for
12 judgment as follows:

13 A. An award of monetary damages to Plaintiff, on behalf of LVS, against all Director
14 Defendants and in favor of the Company for the amount of damages sustained by LVS as a result
15 of Director Defendants' breaches of fiduciary duties, abuse of control, gross mismanagement, and
16 waste of corporate assets, together with prejudgment and post-judgment interest thereon, in an
17 amount to be proved at trial;

18 B. Extraordinary equitable and/or injunctive relief as permitted by law, equity and
19 state statutory provisions sued hereunder, including attaching, impounding, or otherwise
20 restricting the proceeds of Director Defendants' trading activities or their other assets so as to
21 assure that Plaintiff, on behalf of LVS, has an effective remedy;

22 C. Awarding to LVS restitution from all Director Defendants, and each of them and
23 ordering disgorgement of all profits, benefits or other compensation obtained by Director
24 Defendants;

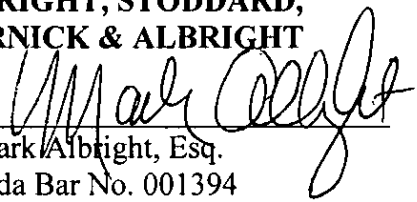
25 D. Awarding Plaintiff the costs and disbursements of the action, including reasonable
26 allowance of fees for Plaintiff's attorneys, experts and accountants; and

27 ///

1 E. Granting Plaintiff such other and further relief as the Court deems just and proper.

2 DATED: January __, 2009

3 **ALBRIGHT, STODDARD,**
4 **WARNICK & ALBRIGHT**

5 
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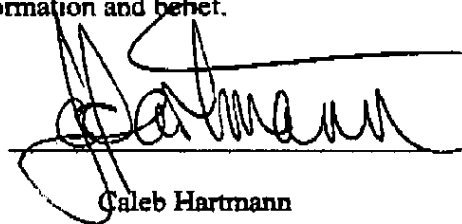
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20 **Attorneys for Plaintiffs**

CALEB HARTMANN VERIFICATION

I, Caleb Hartmann, 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 15, 2009



Caleb Hartmann