

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

HALMAN ALDUBI GROUP, Individually and  
On Behalf of All Others Similarly Situated,

**Plaintiff,**

**vs.**

GOLDMAN SACHS GROUP, INC., LLOYD C.  
BLANKFEIN, DAVID A. VINIAR and GARY  
D. COHN,

**Defendants.**

**Civil Action No.**

**CLASS ACTION**

**COMPLAINT FOR VIOLATIONS OF  
THE FEDERAL SECURITIES LAWS**

**JURY TRIAL DEMANDED**

Plaintiff, individually and on behalf of all other persons similarly situated, by its undersigned attorneys, alleges upon personal knowledge as to itself and its own acts, and upon information and belief as to all other matters, based on, *inter alia*, the investigation conducted by and through its attorneys, which included, among other things, a review of the defendants' public documents, conference calls and announcements made by defendants, Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding Goldman Sachs ("Goldman" or the "Company"), securities analysts' reports and advisories about the Company, and information readily obtainable on the Internet.

**NATURE OF THE ACTION**

1. This is a securities class action on behalf all persons who purchased or otherwise acquired Goldman debts or notes on either the United States stock exchanges or any non-United States stock exchanges between December 14, 2006 and June 9, 2010, inclusive (the "Class Period"), against Goldman and certain of its officers and/or directors for violations of the Securities and Exchange Act of 1934 (the "Exchange Act"). These claims are asserted

against Goldman and certain of its affiliates and certain of their officers and/or directors who made materially false and misleading statements during the Class Period in press releases, analyst conference calls, and filings with the SEC.

2. Goldman's principal executive offices are located in New York, New York. The Company's securities are listed on the New York Stock Exchange ("NYSE").

3. During the Class Period, defendants issued materially false and misleading statements regarding Goldman's business model and the reasons for Goldman's business success during the Class Period. For years, Goldman has consistently outperformed its competitors and established itself as the benchmark against which all of Goldman's competitors measure themselves. Defendants repeatedly misled its investors by representing that Goldman's business model and success was founded on a client-first approach, the superior skills and expertise of its employees, and Goldman's commitment to conducting business honestly and with integrity. Goldman's shareholders purchased Goldman's stock based on this carefully constructed reputation.

4. In reality, Goldman's business model and practices were vastly different. Since the beginning of 2007, and unbeknownst to Goldman's shareholders, Goldman structured, promoted and sold to customers and clients a range of risky residential mortgage-backed securities ("RMBS") and collateralized debt obligations ("CDOs") which Goldman knew were doomed to fail. In many cases, Goldman desperately sold the securities in order to remove them from its own books. Goldman gamed the system to secure favorable ratings for these securities from credit rating agencies, and then passed off the securities as safe AAA-rated investments, even though Goldman knew otherwise. Not only did Goldman off-load toxic securities on to unsuspecting customers, Goldman proceeded to *place bets against* these

securities by taking a conflicting “short” position on indexes linked to these securities, which position profited enormously as the underlying securities declined in value. In other instances, even if Goldman itself did not place bets against the securities, Goldman facilitated bets by certain of its favored clients against those securities by setting the securities up to fail, thereby harming those investors whom Goldman convinced to take the “long” side of the trade.

5. Thus, contrary to Defendants' misrepresentations, Goldman's business model and success were not attributable to a client-first approach, its business integrity or any unique skills on the part of its employees. Instead, Goldman's success relied on a cynical business model under which Goldman employees systematically stacked the cards against unsuspecting clients and customers. In short, Goldman's employees engaged in unethical and harmful behavior that will now subject Goldman to increased regulatory scrutiny, sanctions and restrictions within the United States and abroad - that has already hurt Goldman's stock price and will curtail Goldman's profitability in the future.

6. In the summer of 2009, after an investigation that ran for more than a year, the Securities and Exchange Commission ("SEC") issued Goldman with a “Wells notice” advising Goldman that it was considering filing civil charges against Goldman. In the face of this material development, Goldman compounded its fraud on purchasers of its stock by failing to disclose the existence of the Wells notice.

7. On April 16, 2010, the SEC announced that it had commenced a civil action (the “SEC Action”) against Goldman's U.S. broker-dealer, Goldman, Sachs & Co. (“GS&C”) and Fabrice Tourre, a trader in Goldman's mortgage department, in connection with Goldman's conduct in selling a CDO called ABACUS 2007-AC1. The SEC accuses Goldman of fraud in failing to disclose to purchasers of securities in the transaction that the securities had been

effectively structured to allow another hedge fund client of Goldman to place short bets on the securities being sold in the transaction.

8. Subsequent revelations revealed the extent of Goldman's harmful business practices and business model. On April 29, 2010, it was revealed that federal criminal prosecutors had commenced an investigation of Goldman. On June 9, 2010, it was reported that the SEC was investigating a second CDO in which Goldman was involved, called Hudson Mezzanine 2006-1 ("Hudson").

9. In reaction to all of these revelations, Goldman's stock has declined significantly, inflicting heavy losses on Plaintiff and other purchasers of Goldman's common stock. Since just April 16, 2010, when the SEC Action was first announced, Goldman's stock has dropped by a total of over *\$50 per share*, or more than 27%, resulting in a total loss of market capitalization of approximately *\$26 billion*.

#### **JURISDICTION AND VENUE**

10. The claims asserted herein arise under and pursuant to §§ 10(b) and 20(a) of the Exchange Act [15 U.S.C. §§78j(b) and 78t(a)] and Rule 10b-5 promulgated thereunder by the SEC [17 C.F.R. §240.10b-5].

11. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and §27 of the 1934 Act.

12. Venue is proper in this District pursuant to §27 of the 1934 Act. Goldman maintains offices in this District and many of the acts charged herein, including the preparation and dissemination of materially false and misleading information, occurred in substantial part in this District:

13. In connection with the acts alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities, of the national securities markets.

### PARTIES

14. Plaintiff Halman Aldubi Group, residing at 2 Ben Gurion Road, Ramat Gan, Israel, purchased Goldman bonds during the Class Period as described in the attached certification, and was damaged thereby.

15. Defendant Goldman is a financial holding company that provides global banking, securities and investment management services in the United States and internationally. Goldman is headquartered in New York, New York. GS&C is Goldman's principal broker-dealer in the United States.

16. Defendant Blankfein is Chairman of the Board of Directors and CEO of Goldman. Blankfein participated in the issuance of improper statements, including the preparation of the improper press releases and SEC filings described in this Complaint.

17. Defendant Viniar is the CFO of Goldman. Viniar participated in the issuance of improper statements, including the preparation of the improper press releases and SEC filings described in this Complaint.

18. Defendant Cohn is President, COO, and a director of Goldman. Cohn participated in the issuance of improper statements, including the preparation of the improper press releases and SEC filings described in this Complaint.

19. Defendants Blankfein, Viniar and Cohn are collectively referred to herein as the "Individual Defendants."

## **BACKGROUND**

20. Goldman began over 140 years ago when Marcus Goldman opened a one room office and began trading promissory notes. Shortly thereafter, it expanded into a partnership, where its partners shared in the profits. Goldman remained private for almost 130 years until its initial public offering (“IPO”) in 1999. In its IPO, the Company offered just 12% of its stock to the investing public, raising about \$3.6 billion, with the firm’s partners retaining 48%, another 22% held by non-partner firm employees, and 18% held by two long term investors. Since then, however, Goldman’s public ownership has increased. Today, over 75% of Goldman’s shares are held by institutional investors, with AXA, Barclays, Vanguard, Fidelity, and T. Rowe Price among the largest institutional holders.

21. Goldman is a global investment banking, securities and investment management firm that provides a range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high net worth individuals. As of December 31, 2009, Goldman operated in over 30 countries and employed approximately 32,500 people.

22. During the last decade, Goldman has consistently out-performed its peers, and has become the most profitable firm on Wall Street. Of the “Big Five” standalone investment banks that started out 2008, only Goldman and Morgan Stanley survived the year, with Lehman Brothers filing for bankruptcy in September 2008, and Merrill Lynch and Bear Stearns being acquired by their competitors.

23. Goldman’s revenues are derived from three business segments: (a) investment banking; (b) trading and principal investments; and (c) asset management and securities services. Investment banking revenue comes from, among other things, providing merger and

acquisition advisory services and underwriting equity and debt. Trading and principal investment income is derived from such sources as trading equities, commodities, credit products, mortgage-related securities, and interest rate products. Asset management income comes from, among other things, providing investment advisory services, financial planning, and investment products to clients.

24. Over the last decade, Goldman has typified the aggressive drive by Wall Street investment banks to boost income by taking more risks with their capital, for example, by engaging in more trading. Thus, in absolute terms, Goldman's net revenues from trading and principal investments have increased steadily over the last ten years, rising from about \$6 billion in 2000 to over \$34 billion in 2009. In relative terms, net revenues from trading and principal investments have increased from about 40% of Goldman's total net revenues in 2000, to over 75% of total net revenues in 2009.

25. As described in greater detail below, since 2007, a substantial portion of these revenues from trading and principal investments has come from unethical and harmful business conduct by employees in Goldman's mortgage department, overseen by Goldman's senior management, which conduct has resulted in significant financial losses to Goldman's clients and customers and irreparable damage to Goldman's reputation. Part of the mortgage department's business included packaging RMBS into CDOs, and then marketing and selling the CDOs. In fact, however, the repackaging process was a disingenuous means by which Wall Street firms like Goldman were able to transform low-quality, often BBB-rated, RMBS into CDO securities with investment grade ratings. The packaging and repackaging was also highly profitable for Goldman due to the very large structuring and transaction fees Goldman earned in the process.

**I. GOLDMAN TRIMS ITS MORTGAGE POSITIONS IN LATE 2006 AND BETS AGAINST THE U.S. HOUSING MARKET**

26. In December 2006, Goldman's CFO, Defendant Viniar, became concerned about the increasing volatility and repeated daily losses from the firm's mortgage department. On December 14, 2006, Viniar convened a meeting of the firm's senior mortgage traders and risk managers. At the meeting, Viniar instructed the structured products trading group, part of the Goldman mortgage department, to adopt a more bearish posture on the subprime market. At the meeting, Viniar noted that Goldman had significant exposure to the subprime mortgage market because of CDOs and other complex securities Goldman retained on its books.

27. Based on the concerns raised during the discussion, and at Viniar's direction, Goldman's mortgage department began shorting (betting against) certain U.S. residential mortgages. The mortgage department effected these bets by shorting the "ABX" index. Launched in January 2007, the ABX index serves as a benchmark of the market for securities backed by subprime home loans. The ABX is actually comprised of five separate indexes, each index tracking subprime securities of a particular rating, ranging from AAA to BBB-minus.

28. The key players in this directional bet against U.S. mortgages were mortgage department head Dan Sparks ("Sparks"), and traders Michael Swenson ("Swenson") and Josh Birnbaum ("Birnbaum") from the structured products trading group.

29. Goldman's bet proved timely. As a result of Goldman's directional bet that the ABX index would fall, Goldman's mortgage department earned several hundred million dollars during the first quarter of 2007.

30. In late April 2007, Sparks met with Goldman's co-president and COO, Defendant Cohn, who oversaw the firm's trading business, Defendant Viniar and several other senior executives. Sparks advised the group that Goldman was sitting on a big problem with

respect to its holdings of mortgage-related securities. Sparks referred to documents that showed the values of Goldman's CDO portfolio were rapidly declining. Sparks suggested that Goldman cancel a number of pending CDO deals and sell whatever it could of the Company's roughly \$10 billion in CDOs and related securities. In addition, traders Swenson and Birnbaum received permission to once again ratchet up the Company's bets that securities backed by subprime mortgages would fall further. As a result of these bets, in the third quarter of 2007, the structured-products trading group earned more than \$1 billion.

31. In total, for Goldman's fiscal year ended November 30, 2007, Goldman's structured-products trading group generated nearly \$4 billion in profits for Goldman from betting that securities backed by risky home loans would fall in value. This was a significant portion of the \$11.6 billion in net annual income that Goldman reported on December 18, 2007 for the entire 2007 fiscal year, ended November 30, 2007. For their efforts in generating these profits, Sparks, Swenson and Birnbaum each stood to be compensated between \$5 million and \$15 million.

32. The extent to which Goldman came around, beginning in December 2006, to bet that the U.S. housing market and mortgage-related securities would collapse is corroborated by a report prepared by Senator Carl Levin, Chairman of the Senate Permanent Subcommittee on Investigations (the "Investigations Subcommittee"), entitled *Wall Street and the Financial Crisis: The Role of Investment Banks*, dated April 26, 2010 (the "April 26, 2010 Subcommittee Report"). This report was the product of an extensive review of emails and other documents produced by Goldman, as well as interviews and depositions of Goldman employees. According to the report, "[b]eginning in early 2007, Goldman [] initiated an intensive effort to not only reduce its mortgage risk exposure, but profit from high risk RMBS and CDO securities

*incurring losses.*” *Id.* at 7-8 (emphasis added).

33. For example, in a presentation to Goldman’s board of directors on September 17, 2007, Goldman management identified a number of actions taken during the year, including: “Shorted synthetics” and “Shorted CDOs and RMBS.” In their 2007 performance self-evaluations, mortgage traders Swenson and Birnbaum noted the “very profitable year” and “extraordinary profits” that came from shorting the mortgage market that year. One boasted about “aggressively” entering into “efficient shorts in both the RMBS and CDO space,” while the other reported that “contrary to the prevailing opinion” that the firm needed only to “get close to home,” his conclusion was that “we should not only get flat, but get VERY short.”

34. Despite the fact that Goldman itself had decided to place a directional bet *against* the housing market and various RMBS and CDOs that were collateralized against U.S. mortgages, Goldman’s mortgage department continued to underwrite RMBS and CDO transactions that were collateralized against pools of subprime mortgages and other debt, and Goldman continued to peddle these mortgage-related securities to Goldman’s clients and customers. In fact, according to the April 26, 2010 Subcommittee Report, after Goldman decided to reduce its mortgage holdings, Goldman implemented a strategy of offloading these holdings to Goldman’s customers. According to the April 26, 2010 Subcommittee Report, Goldman instructed its sales force to affirmatively take steps to sell to clients “RMBS and CDO securities containing or referencing high risk assets that Goldman Sachs wanted to get off its books.”

35. Thus, in 2006 and 2007, Goldman underwrote approximately 86 *RMBS* and 27 *CDO* transactions referencing RMBS assets. In the first half of 2007 alone, Goldman underwrote 12 CDO deals valued at \$8.3 billion. On multiple occasions, the deals facilitated

by Goldman contained poor quality, high-risk mortgages originated by lenders with some of the worst loan underwriting standards, such as New Century Mortgage, Fremont Loan & Investment and Long Beach Mortgage Company.

36. In marketing the CDOs, Goldman deliberately targeted unsophisticated investors. For example, in an email dated December 26, 2006, Fabrice Tourre, a defendant in the SEC Action, suggested that the Company focus its attention on comparatively less savvy institutional investors, commenting that a particular list of suggested clients is “a little skewed toward sophisticated hedge funds” that “will be on the same side of the trade as we will and ... know exactly how things work and will not let us work for too much \$\$\$.” Tourre suggested focusing on “buy-and-hold ratings based buyers” instead, *i.e.*, less savvy institutional investors for whom credit ratings played a big role in the decision to invest. Goldman then gamed the system to obtain favorable ratings from rating agencies, transforming pools of subprime mortgages and RMBS into securities with AAA ratings.

37. Goldman’s harmful and unethical conduct is exemplified by at least two CDO transactions arranged by Goldman’s mortgage department employees in late 2006 and early 2007, after Goldman itself had decided it would short U.S. mortgage securities.

**A. The ABACUS 2007-AC1 CDO**

38. Among the services that Goldman’s structured products trading group provided was the structuring and marketing of a series of synthetic CDOs called ABACUS, whose performance was tied to RMBS. One particular CDO in the series, a CDO called ABACUS 2007-AC1, is now the subject of the SEC Action.

39. A CDO is a debt security that is collateralized against other debt instruments, such as RMBS. The RMBS are packaged together and then held by a special purpose vehicle

which then issues another set of notes, *i.e.* the CDO securities, to investors. The payments to the CDO investors are derived from the payments distributed to the underlying RMBS. In this sense, a CDO security is the product of a securitization of an underlying securitization.

40. A synthetic CDO differs from a normal CDO because the special purpose vehicle does not actually own a portfolio of assets such as RMBS. Instead, the special purpose vehicle enters into credit default swaps that reference the performance of a portfolio of RMBS. A credit default swap is an insurance-like instrument. Under a credit default swap, one party receives a series of payments (similar to insurance premiums) from the counterparty in return for agreeing to insure the counterparty against any losses suffered as the result of an underlying security being downgraded or defaulting. In a synthetic CDO, it is credit default swaps that are packaged together, and then notes are issued collateralized against these credit default swaps. A purchaser of the synthetic CDO notes is essentially investing in credit default swaps, and is thus taking the position as the provider of insurance on the reference portfolio of RMBS that are being insured by the credit default swaps.

41. Goldman structured and marketed ABACUS 2007-AC1 in early 2007 as the U.S. housing market and mortgage-backed securities were beginning to show signs of distress. According to the complaint filed in the SEC Action, Goldman arranged the transaction at the request of a large hedge fund, Paulson & Co, Inc. (“Paulson”), which had come to believe that certain BBB-rated mid- and subprime RMBS would experience significant losses. Paulson discussed with Goldman the creation of a synthetic CDO that would reference a portfolio of these RMBS, so that Paulson could then *short* the RMBS portfolio by betting against the synthetic CDO itself. As the underlying RMBS suffered losses, the synthetic CDO itself would

also suffer losses. Paulson believed that even AAA-rated notes issued by the ABACUS 2007-AC1 CDO would suffer losses.

42. Goldman proceeded to structure a portfolio of BBB-rated RMBS, and even allowed Paulson to play a significant role in the selection of the RMBS that would comprise the portfolio. To create the appearance that the RMBS for the CDO had been objectively selected, Goldman retained an unwitting third party, ACA Management LLC ("ACA"), to serve as the "Portfolio Selection Agent" for ABACUS 2007-AC1, and marketed the fact of ACA's involvement to lure in investors.

43. In short, Goldman structured a CDO transaction at the request of a specific client, Paulson (who had made clear to Goldman its intention to place bets against the securities underlying that CDO transaction), and permitted Paulson to select the very securities to go into the CDO transaction against which Paulson intended to bet. Thus, Goldman structured a transaction which was in every sense designed to fail. Goldman then proceeded to market the CDO securities to unsuspecting investors.

44. The marketing materials for the ABACUS 2007-AC1 represented that ACA selected the reference portfolio while omitting to mention that Paulson, a party with economic interests adverse to the long CDO investors, played a significant role in the selection of the reference portfolio.

45. On or about February 26, 2007, Goldman released a 9-page term book for ABACUS 2007-AC1, which described ACA as the Portfolio Selection Agent and stated in bold print that the reference portfolio of RMBS had been "selected by ACA." This document contained no reference to Paulson, or the adverse economic interest that Paulson would be taking in the ABACUS transaction.

46. On or about February 26, 2007, Goldman issued a 65-page flip book for ABACUS 2007-AC1 that represented on the cover page that the reference portfolio of RMBS had been “[s]elected by ACA Management, LLC.” Investors were falsely assured that the party selecting the portfolio was aligned with investors. This document contained no reference to Paulson, or Paulson’s adverse economic interest.

47. On or about April 26, 2007, GS&C finalized a 178-page offering memorandum for ABACUS 2007-AC I. This document included a description of ACA as the “Portfolio Selection Agent.” Furthermore, the Transaction Overview, Summary and Portfolio Selection sections of this document all represented that the RMBS had been selected by ACA. This document contained no reference to Paulson, its adverse economic interest to long side investors, or its role in selecting the reference portfolio.

48. As alleged in the SEC Action, in marketing the ABACUS 2007-AC1 CDO, Goldman defrauded investors by failing to disclose Paulson's role in the portfolio selection process, or its adverse economic interests. In addition, Goldman’s employee, Toure, misled ACA into believing that Paulson would invest \$200 million in the CDO, and that Paulson’s interests were therefore aligned with ACA’s and investors.

49. Finally, Goldman gamed the rating agencies and the rating process. Goldman failed to disclose Paulson’s adverse economic interest and his role in the selection of the reference portfolio to the Moody’s analyst who was tasked with rating ABACUS 2007-AC1.

50. For all of its efforts in structuring and marketing the transaction, Goldman was paid a fee of \$15 million by Paulson.

51. ABACUS 2007-AC1 turned out to be one of the worst, if not the very worst, of hundreds of CDOs issued in 2006-2007. By October 24, 2007, six out of seven of the mortgage

securities underlying ABACUS 2007-AC1 had been downgraded. Three months later, almost all had been downgraded. Investors who bought the ABACUS 2007-AC1 CDO lost over \$1 billion.

**B. The Hudson Mezzanine 2006-1 COO**

52. In December 2006, Goldman structured, underwrote and sold another synthetic CDO called Hudson. The Hudson synthetic CDO was collateralized against credit default swaps that referenced \$2 billion in subprime BBB-rated RMBS, which securities Goldman's traders identified from Goldman's own books. Specifically, the Hudson CDO referenced about \$800 million in subprime RMBS securities and \$1.2 billion in ABX index contracts.

53. According to testimony provided by Goldman executives to the Investigations Subcommittee, the Company was seeking to remove BBB-rated assets from its books at the time Hudson was being marketed. Goldman personnel therefore placed a high priority on selling the Hudson securities, pushing the deal ahead of another transaction. Most egregiously, Goldman personnel targeted their marketing efforts at unsophisticated investors. In an internal email, a Goldman employee described a potential investor in the Hudson CDO as "too smart to buy this kind of junk."

54. Ultimately, those investors whom Goldman managed to convince to invest in Hudson paid a high price. Within 18 months, even the tranches of Hudson securities that had been rated AAA had been downgraded to junk status, inflicting huge losses on purchasers of Hudson CDO securities.

55. While Goldman's clients who purchased Hudson CDO securities suffered steep losses, Goldman itself benefited, by the equivalent amount, from the loss in value of these very

CDO securities. Goldman placed short bets on the entire \$2 billion value of the Hudson CDO, thereby profiting even as its clients lost substantial sums of money.

**FALSE AND MISLEADING  
STATEMENTS DURING THE CLASS PERIOD**

56. As reflected above, commencing in December 2006, Goldman's success compared to its peers resulted in large part from a no-holds-barred business approach that involved taking advantage of unsuspecting clients and customers and stacking the cards against them, with no regard for the financial losses that this conduct would cause its clients and customers. If revealed, this conduct would have done irreparable damage to Goldman's reputation, and Goldman's business model, practices and profitability going forward would have been shown to be unsustainable.

57. Goldman, however, never disclosed to investors the fact that it generated a substantial portion of its income through such an unethical and damaging business approach. To the contrary, as demonstrated below, Goldman continually misled its shareholders by trumpeting its client-first approach; emphasizing its commitment to honesty and integrity; and attributing its profitability and success to the skills and expertise of its employees, and the Company's ability to win business through the sheer force of its reputational capital.

**I. During The Class Period, Goldman Repeatedly And Falsely Proclaimed Its Adherence To Certain Core "Business Principles"**

58. Throughout the Class Period, Goldman represented on its website that it adhered to the following core "Business Principles":

**Our clients' interests always come first.**

Our experience shows that if we serve our clients well, our own success will follow.

**Our assets are our people, capital and reputation.**

If any of these is ever diminished, the last is the most difficult to restore. We are dedicated to complying fully with the letter and spirit of the laws, rules and ethical principles that govern us. Our continued success depends upon unswerving adherence to this standard.

**We take great pride in the professional quality of our work.**

We have an uncompromising determination to achieve excellence in everything we undertake. Though we may be involved in a wide variety and heavy volume of activity, we would, if it came to a choice, rather be best than biggest.

**Integrity and honesty are at the heart of our business.**

We expect our people to maintain high ethical standards in everything they do, both in their work for the firm and in their personal lives.

59. Measured against the methods by which Goldman in fact conducted its business activities, as described above, these representations were false and misleading.

**II. In Its SEC Filings, Goldman Repeatedly Made Statements That Falsely Portrayed Goldman's Business Practices**

60. In its SEC filings, Goldman issued statements concerning its business model and business practices that were directly contradicted by Goldman's actual conduct. For example, in its Form 10-K filing with the SEC for the fiscal year ended November 30, 2007 (the "2007 10-K"), Goldman discussed the performance specifically of the Fixed Income, Currency and Commodities ("FICC") business division, which division included Goldman's mortgage department. Goldman represented that "[i]n our customer-driven businesses, FICC and Equities strive to deliver high-quality service by offering broad market-making and market knowledge to our clients on a global basis." Goldman stated that "[w]e generate trading net revenues from our customer-driven businesses ...by capitalizing on our strong relationships and capital

position.” *Id.* In reality, Goldman's conduct was detrimental to its valued client relationships.

61. In its SEC filings, Goldman also touted the various committees that monitored the Company's business practices and purportedly ensured that Goldman conducted itself with the highest integrity. For example, in its 2007 10-K, Goldman represented that its “Business Practices Committee” assisted senior management in its oversight of compliance and operational risks and related reputational concerns, in order to “ensure the consistency of our policies, practices and procedures with our Business Principles.” Goldman represented that a separate committee, the “Commitments Committee,” reviewed and approved underwriting and distribution activities, primarily with respect to offerings of equity and equity-related securities, and “sets and maintains policies and procedures designed to ensure that legal, reputational, regulatory and business standards are maintained in conjunction with these activities.” Finally, Goldman stated that its “Structured Products Committee” reviewed and approved structured product transactions entered into with clients that “raise legal, regulatory, tax or accounting issues or present reputational risk to Goldman Sachs.”

62. Contrary to these representations, Goldman did not adequately monitor the business conduct of its employees. Indeed, senior management openly instructed employees to shift the risks of shaky mortgage-backed securities from Goldman's books on to investors.

### **III. Goldman And Its Officers Made False and Misleading Statements During Conference Calls And Elsewhere That Hid The Truth About Goldman's Business Practices**

63. During the conference call announcing Goldman's 2007 fiscal year results, Defendant Viniar attributed the Company's record 2007 results to:

the diversity of our business mix, the breadth of our global footprint, and most importantly, the strength of the Goldman Sachs client franchise. Our performance is also a direct by product of the

talent of our people and their tireless commitment to our culture of risk management, teamwork, and excellence.

64. Viniar further stated that:

We faced significant challenges in 2007. The fact that we produced record net revenues and earnings serves as a confirmation of several strategic initiatives which we implemented over the last several years. Principally, our commitment to serving as advisor, financier, and coinvestor to our clients, our consistent focus on product innovation to meet their needs, and the continued expansion of our global footprint.

65. Describing the performance of the FICC division, Viniar stated:

FICC produced another record year in arguably the most challenging mortgage and credit markets we've seen in almost a decade. At the core of FICC's success is the strength of its client franchise. Clients come to us for best-in-class execution, especially in dislocated markets. We remained committed to making markets for our clients, even at the height of market difficulty and illiquidity.

66. These statements were all misleading, because rather than provide "best in-class execution," Goldman took advantage of its clients' lack of sophistication and market knowledge.

67. On December 24, 2009, *The New York Times* ran a 3,000 word article, entitled "Banks Bundled Bad Debt, Bet Against It And Won," that discussed Goldman's CDO marketing and sale practices. In connection with the article, Goldman denied that it did anything improper and claimed that its clients knew about its positions. According to the article, Michael DuVally, a Goldman Sachs spokesman, said:

many of the C.D.O.'s created by Wall Street were made to satisfy client demand for such products, which the clients thought would produce profits because they had an optimistic view of the housing market. In addition, he said that clients knew Goldman might be betting against mortgages linked to the securities, and that the buyers of synthetic mortgage C.D.O.'s were large, sophisticated investors, he said.

68. As the ABACUS 2007-AC1 and Hudson transactions reflect, however, Goldman's clients were not aware that Goldman had designed the CDOs so that they would fail, benefiting short positions that Goldman had placed against the CDO securities or short positions placed by certain of Goldman's other clients.

69. On the same day as *The New York Times* article, Goldman issued a release claiming all the issues raised in the article were fully disclosed to investors:

Background: The New York Times published a story on December 24th primarily focused on the synthetic collateralized debt obligation business of Goldman Sachs. In response to questions from the paper prior to publication, Goldman Sachs made the following points.

As reporters and commentators examine some of the aspects of the financial crisis, interest has gravitated toward a variety of products associated with the mortgage market. One of these products is synthetic collateralized debt obligations (CDOs), which are referred to as synthetic because the underlying credit exposure is taken via credit default swaps rather than by physically owning assets or securities. The following points provide a summary of how these products worked and why they were created.

Any discussion of Goldman Sachs' association with this product must begin with our overall activities in the mortgage market. Goldman Sachs, like other financial institutions, suffered significant losses in its residential mortgage portfolio due to the deterioration of the housing market (we disclosed \$1.7 billion in residential mortgage exposure writedowns in 2008). These losses would have been substantially higher had we not hedged. We consider hedging the cornerstone of prudent risk management.

Synthetic CDOs were an established product for corporate credit risk as early as 2002. With the introduction of credit default swaps referencing mortgage products in 2004-2005, it is not surprising that market participants would consider synthetic CDOs in the context of mortgages. Although precise tallies of synthetic CDO issuance are not readily available, many observers would agree the market size was in the hundreds of billions of dollars.

***Many of the synthetic CDOs arranged were the result of demand from investing clients seeking long exposure.***

Synthetic CDOs were popular with many investors prior to the financial crisis because they gave investors the ability to work with banks to design tailored securities which met their particular criteria, whether it be ratings, leverage or other aspects of the transaction.

The buyers of synthetic mortgage CDOs were large, sophisticated investors. These investors had significant in-house research staff to analyze portfolios and structures and to suggest modifications. They did not rely upon the issuing banks in making their investment decisions.

For static synthetic CDOs, reference portfolios were fully disclosed. Therefore, potential buyers could simply decide not to participate if they did not like some or all the securities referenced in a particular portfolio.

Synthetic CDOs require one party to be long the risk and the other to be short so without the short position, a transaction could not take place.

***It is fully disclosed and well known to investors that banks that arranged synthetic CDOs took the initial short position and that these positions could either have been applied as hedges against other risk positions or covered via trades with other investors.***

Most major banks had similar businesses in synthetic mortgage CDOs. As housing price growth slowed and then turned negative, the disruption in the mortgage market resulted in synthetic CDO losses for many investors and financial institutions, including Goldman Sachs, effectively putting an end to this market.

(Emphasis added.)

70. These statements were misleading in that it was not demand by investors who wanted to be long the housing market which drove the creation of these CDOs, but rather demand by Goldman and specific favored clients such as Paulson to be short the residential real estate market.

71. On or about April 7, 2010, Goldman issued its 2009 Annual Report to Shareholders. Included in the 2009 Annual Report was a letter to shareholders signed by Defendants Blankfein and Cohn which stated in part:

Through the end of 2006, Goldman Sachs generally was long in exposure to residential mortgages and mortgage-related products, such as residential mortgage-backed securities (RMBS), CDOs backed by residential mortgages and credit default swaps referencing residential mortgage products. In late 2006, we began to experience losses in our daily residential mortgage-related products P&L as we marked down the value of our inventory of various residential mortgage-related products to reflect lower market prices.

In response to those losses, we decided to reduce our overall exposure to the residential housing market, consistent with our risk protocols – given the uncertainty of the future direction of prices in the housing market and the increased market volatility. *The firm did not generate enormous net revenues or profits by betting against residential mortgage-related products, as some have speculated; rather, our relatively early risk reduction resulted in our losing less money than we otherwise would have when the residential housing market began to deteriorate rapidly.*

The markets for residential mortgage-related products, and subprime mortgage securities in particular, were volatile and unpredictable in the first half of 2007. Investors in these markets held very different views of the future direction of the U.S. housing market based on their outlook on factors that were equally available to all market participants, including housing prices, interest rates and personal income and indebtedness data.

The investors who transacted with Goldman Sachs in CDOs in 2007, as in prior years, were primarily large, global financial institutions, insurance companies and hedge funds (no pension funds invested in these products, with one exception: a corporate-related pension fund that had long been active in this area made a purchase of less than \$5 million). These investors had significant resources, relationships with multiple financial intermediaries and access to extensive information and research flow, performed their own analysis of the data, formed their own views about trends, and many actively negotiated at arm's length the structure and terms of transactions.

\* \* \*

Although Goldman Sachs held various positions in residential mortgage related products in 2007, *our short positions were not a "bet against our clients."* Rather, they served to offset our long positions. Our goal was, and is, to be in a position to make markets for our clients while managing our risk within prescribed limits.

(Emphasis added.)

72. Among other reasons, these statements were misleading because, as was the case with ABACUS 2007-AC1 and Hudson, Goldman or certain favored clients were in fact betting against the investors in the CDO securities.

#### **IV. GOLDMAN FAILS TO DISCLOSE THAT THE SEC ISSUED A WELLS NOTICE TO GOLDMAN PROPOSING TO BRING CHARGES**

73. In August 2008, the SEC first contacted Goldman concerning an investigation of ABACUS 2007 AC-I, issuing Goldman a subpoena requesting documents related to the transaction. Goldman responded by producing eight million pages of documents. The SEC interviewed five Goldman employees, including Tourre, the trader involved in marketing ABACUS 2007-AC1.

74. Goldman publicly acknowledged the inquiry for the first time in its Form 10-K for the fiscal year ended November 28, 2008 filed on January 26, 2009. The description, in a section entitled "Legal Proceedings," was very innocuous, simply noting that Goldman had received:

requests for information from various governmental agencies and self-regulatory organizations relating to subprime mortgages, and securitizations, collateralized debt obligations, and synthetic products related to subprime mortgages. GS& Co. and its affiliates are cooperating with the requests.

75. In July 2009, based on its investigation, the SEC sent a "Wells notice" to Goldman. A Wells notice is a notification from a securities regulator that it intends to

recommend enforcement action, and affords the respondent an opportunity to explain why such an action is not appropriate.

76. On August 4, 2009, Goldman filed its Form 10-Q for the quarter ended June 26, 2009. Significantly, Goldman did not mention the Wells Notice. It simply incorporated by reference the prior request by government agencies for subprime related documents, and added that there had been additional inquiries for documents “regarding credit derivative instruments.”

77. Goldman responded to the Wells notice first on September 10, 2009, and again on September 25, 2009.

78. Goldman never disclosed to its shareholders during the Class Period that it had received a Wells notice in connection with the ABACUS 2007-AC1 transaction. This was a material item of information. The potential \$1 billion loss to Goldman if the Company had to reimburse investors on the ABACUS deal was material in and of itself. More significantly, it was material to investors to know that the SEC proposed to bring civil charges against Goldman accusing it of conducting business in a manner that was harmful to investors and that amounted to civil *fraud*. It was material because Goldman knew that it had followed the same business practices with respect to other deals, not just ABACUS, as set forth above. Finally, the information was material because it directly contradicted Goldman’s statements concerning its ethical and client-first business approach, as well as Goldman’s massive publicity drive in the latter half of 2009 to highlight its responsible business practices and its philanthropic initiatives.

79. On November 4, 2009, Goldman filed its third quarter 2009 Form 10-Q, which was signed by Defendant Viniar and included certifications by Defendants Blankfein and

Viniar. The Form 10-Q included a section entitled "Legal Proceedings," which was represented to "amend[] our discussion set forth under Item 3 'Legal Proceedings' in our Annual Report on Form 10-K for the fiscal year ended November 28, 2008, as updated by our Quarterly Reports on Form 10-Q for the quarters ended March 27, 2009 and June 26, 2009." This section did not mention the Wells notice or the ongoing investigation into ABACUS 2007-AC1 by the SEC.

80. On or about March 1, 2010, Goldman filed its Form 10-K for the 2009 fiscal year, signed by all three Individual Defendants, which emphasized Goldman's client focus:

In our client-driven businesses, FICC [Fixed Income, Currency and Commodities] and Equities strike to deliver high-quality service by offering broad market-making and market knowledge to our clients on a global basis. In addition, we use our expertise to take positions in markets, by committing capital and taking risk, to facilitate client transactions and to provide liquidity. Our willingness to make markets, commit capital and take risk in a broad range of fixed income, currency, commodity and equity products and their derivatives is crucial to our client relationships and to support our underwriting business by providing secondary market liquidity.

81. The statements in the 2009 Form 10-K were false in that the filing concealed the Wells notice and the SEC investigation into the ABACUS 2007-AC1 CDO, and Goldman's responses to the Wells notice.

82. The Form 10-K also mentioned certain "inquiries" into derivatives:

*Credit Derivatives*

[Goldman] and certain of its affiliates have received inquiries from various governmental agencies and self-regulatory organizations regarding credit derivative instruments. The firm is cooperating with the requests.

**THE TRUTH IS REVEALED**

83. Since December 2006, by concealing the real basis for its financial performance, continually touting its adherence to the highest standards of business conduct, and concealing

the fact of the Wells notice, Defendants have misled investors and inflated Goldman's stock price. The inflationary effect of the Company's misstatements and omissions on its stock price is most evident from the deflation in Goldman's stock price upon the revelation of the truth.

84. On April 16, 2010, Goldman's fraud was partially revealed when the SEC announced that it had filed the SEC Action in connection with Goldman's conduct in the ABACUS 2007-AC1 transaction. Upon this announcement, Goldman's stock plummeted from \$184.27 per share to close at \$160.70 per share, a decline of 13%, which wiped out almost \$13 billion of shareholder value. On that day, Goldman's stock traded on extremely heavy high volume of 101.9 million shares. The decline reflected the partial revelation that Goldman had engaged in business conduct harmful to its customers and investors; that Goldman would be subject to potentially massive civil liability and regulatory (if not criminal) penalties as a consequence; that Goldman's reputation had been irreparably damaged by its unethical conduct; and that the damage to Goldman's reputation, combined with the regulatory sanctions and scrutiny going forward, would severely curtail the Company's ability to continue to replicate its previous financial success.

85. During the weekend of April 24-25, 2010, the Investigations Subcommittee released Goldman emails that showed Goldman's short bets against securities that Goldman had sold to its customers and investors, directly contradicting Goldman's public defense of its conduct since the announcement of the SEC Action. On April 26, 2010, the first day of trading after these emails were released, Goldman's stock price fell from \$157.40 to \$152.03, on heavy volume of more than 30 million shares.

86. On the evening of April 29, 2010, *The Wall Street Journal* revealed that Goldman had become the subject of a criminal probe by federal prosecutors. On April 30,

2010, the next trading day, Goldman's stock reacted to this development by plummeting 9.4% from \$160.24 to \$145.20 per share, on volume of just under 73 million shares.

87. On June 10, 2010, *Bloomberg* and *Financial Times* reported that the SEC was now probing Goldman's conduct with respect to the Hudson CDO. See Michael Moore, "Goldman Falls to Lowest in a Year after SEC Probes Hudson CDO," *Bloomberg*, June 10, 2010; Francesco Guerrera, Justin Baer and Greg Farrell, "SEC Probes Second Goldman Security," *Financial Time*, June 10, 2010. In response to the above reports, Goldman's stock price fell \$3.03 per share on June 10, 2010, closing at \$133.77 (a loss of 2.2%). Goldman's stock closed down even though the broader stock market closed significantly up on that day (Dow Jones index closing up 2.8%, and S&P 500 closing up 3.0%).

#### **CLASS ACTION ALLEGATIONS**

88. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired Goldman notes and bonds. Excluded from the Class are defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

89. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Goldman Securities were actively traded on exchanges throughout the world. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds of thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Goldman or its

transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

90. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

91. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

92. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by defendants' acts as alleged herein;
- whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, model, practices and management of Goldman;
- model, practices and management of Goldman
- whether the Individual Defendants caused Goldman to issue false and misleading financial statements during the Class Period;
- whether defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of Goldman notes and bonds during the Class Period were artificially inflated because of the defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

93. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and

burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

94. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- Goldman notes and bonds are traded on efficient markets;
- the Company's notes and bonds were liquid and traded with moderate to heavy volume during the Class Period;
- the Company was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of Goldman notes and bonds; and
- Plaintiff and members of the Class purchased and/or sold Goldman securities between the time the defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

95. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

96. At all relevant times, the markets for Goldman securities were efficient for the following reasons, among others:

- (a) As a regulated issuer, Goldman filed periodic public reports with the SEC;
- and
- (b) Goldman regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the major news wire services and through other ranging public disclosures, such as communications with the financial press, securities analysts and other similar reporting services.

**CLAIMS FOR RELIEF**

**COUNT I**

**(Against All Defendants For Violations of  
Section 10(b) And Rule 10b-5 Promulgated Thereunder)**

97. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

98. This Count is asserted against defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

99. During the Class Period, defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Goldman notes and bonds; and (iii) cause Plaintiff and other members of the Class to purchase Goldman notes and bonds at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

100. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for Goldman notes and bonds. Such reports, filings, releases and statements

were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Goldman's business practices and strategy.

101. By virtue of their positions at Goldman, defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to defendants. Said acts and omissions of defendants were committed willfully or with reckless disregard for the truth. In addition, each defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

102. Information showing that defendants acted knowingly or with reckless disregard for the truth is peculiarly within defendants' knowledge and control. As the senior managers and/or directors of Goldman, the Individual Defendants had knowledge of the details of Goldman internal affairs.

103. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of Goldman. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to Goldman's, business strategy and practices. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of Goldman notes and bonds were artificially inflated throughout the Class Period. In ignorance of the adverse facts

concerning Goldman's business and financial condition which were concealed by defendants, Plaintiff and the other members of the Class purchased Goldman securities at artificially inflated prices and relied upon the price of the securities, the integrity of the markets for the securities and/or upon statements disseminated by defendants and were damaged thereby.

104. During the Class Period, Goldman notes and bonds were traded on active and efficient markets. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased Goldman notes and bonds at prices artificially inflated by defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased said securities, or would not have purchased them at the inflated prices that were paid. At the time of the purchases by Plaintiff and the Class, the true value of Goldman notes and bonds were substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of Goldman notes and bonds declined upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

105. By reason of the conduct alleged herein, defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

106. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

## COUNT II

### **(Violations of Section 20(a) of the Exchange Act Against The Individual Defendants)**

107. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

108. (a) During the Class Period, the Individual Defendants participated in the operation and management of Goldman, and conducted and participated, directly and indirectly, in the conduct of Goldman's business affairs. Because of their senior positions, they knew the adverse non-public information about Goldman's misstatements regarding its business practices and strategy.

(b) As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Goldman's businesses, operations, practices, and strategy, and to correct promptly any public statements issued by Goldman which had become materially false or misleading.

(c) Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Goldman disseminated in the marketplace during the Class Period concerning Goldman. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Goldman to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of Goldman within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Goldman notes and bonds.

109. Each of the Individual Defendants, therefore, acted as a controlling person of Goldman. By reason of their senior management positions and/or being directors of Goldman,

each of the Individual Defendants had the power to direct the actions of, and exercised the same, to cause Goldman to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of Goldman and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

110. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Goldman.

**FOR RELIEF**

**WHEREFORE**, Plaintiff demands judgment against defendants as follows:

- A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative and Lead Plaintiff;
- B. Requiring defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;
- C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and
- D. Awarding such other and further relief as this Court may deem just and proper.

**DEMAND FOR TRIAL BY JURY**

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Plaintiff hereby demands trial by jury of all issues that may be so tried.

Dated: June 24, 2010

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