123. On a call that occurred at 2:52 p.m. G.M.T. on October 2, 2008, BNP expressed that disposal was likely not the best course of action: "the share price is crap and, I mean, disposal may not be the best thing . . . . But that's not for us to call." Exhibit 21 at 2. In fact, however, disposal was BNP's decision under the Credit Agreement, and BNP's decision alone.

124. Later that day, at approximately 5:21 p.m. G.M.T., defendants convened, once again, for a telephone conference call to discuss disposal. *See* Exhibit 22. During the call, Nexgen -- the defendant who held the risk on the single largest portion of the Loan -- advocated *against* immediate disposal. *See id.* at 4-5, 8-9. However, Morgan Stanley and RBS both indicated that they favored moving ahead with disposal of the Pledged Collateral. *See id.* at 5, 9-10.

125. Indeed, mere hours after BNP had received the Guarantee from Russian Machines and defendants had sent over the additional outlandish terms for effectuating a restructuring, Morgan Stanley had already made its final decision: Kevin Woodruff ("Woodruff"), a Managing Director at Morgan Stanley, announced that "Morgan Stanley has already dropped out. We sent our termination notice in before the call." *Id.* at 12. At that point, contrary to the explicit terms of the Credit Agreement, BNP stated "I mean it's one for all and all for one. If one party drops out it's the whole pack of cards comes down, the house of cards comes down. So if that's the situation so be it, we're in a liquidation scenario." *Id.*

126. BNP -- the sole decision-maker pursuant to the Credit Agreement -- continued to believe that disposal was not in its best interests. On an internal BNP call which occurred on October 2, 2008 at 9:57 p.m. G.M.T., it was clear that BNP believed that the Magna shares

would recover and that selling in the current market would be disastrous and result in a sale at prices which did not reflect the true value of the Magna shares:

RAWLEY:	Yeah. Listen, mate, I mean, selling in this market is just going to be a catastrophe. I mean, there's a way of holding on to the stake, anyway, we just bid for the shares ourselves and end up [buying] the shares at a fucking cheap price and sell them when the market recovers.
JD:	Yeah.
RAWLEY:	I mean, there is no doubt that the share price is going to recover as some point.
JD:	Hopefully.
RAWLEY:	Well, when you've got a company that's just got a net value on cash terms of $20 a share, I mean what other companies can you say that about? Okay the business is very down but if you think about all of the plant, the machinery, and – that's cash we're talking about, just cash, after paying off all the debt.

See Exhibit 23 at 1-2.

B. Morgan Stanley's Disposal Strategy

127. Morgan Stanley could have disposed of the Pledged Collateral on the public market; there were no securities laws prohibiting or impeding such a public sale. However, disposing of the shares in a public sale -- consistent with the default provided for in the Pledge Agreement -- would have taken Morgan Stanley weeks to complete given the regular volume of Magna shares traded on the open market. *See* Exhibit 24 at 4.

128. This elongated sale period was a key protection included in the Pledge Agreement. Indeed, Veleron executives expressed to BNP that the two to three weeks it would take to dispose of the Pledged Collateral would provide Veleron with an opportunity to arrange for the $300 million loan from Magna and re-purchase its shares. *See* Exhibit 25 at 13, 15.

129. However, again as a result of its perverse incentives rather than its obligation to maximize the value of the Pledged Collateral, Morgan Stanley determined that the fastest -- and therefore the most advantageous -- disposal mechanism for the Pledged Collateral would be an accelerated book building ("ABB").

130. An ABB is a form of private offering in the equity capital markets where a large block of shares is offered to investors (usually, institutional or other qualified investors) over a short period of time. Generally, the underwriter or book runner in an ABB will market a block of shares to a small group of institutional investors on a strictly confidential basis. The news that an issuer may offer a block of shares through an ABB is in and of itself material, non-public information.

131. As a result, any ABB marketing to prospective investors is, as a matter of course, conditioned upon the execution of a confidentiality agreement, and assurances by the approached investor, prior to the identification of the company, that the potential investor will refrain from trading the company's stock or disclosing the fact that an offering is being planned. Confidentiality is key to a successful ABB; if information about a potential ABB leaks, significant opportunities exist for short selling.

132. Despite the fact that confidentiality is paramount to the success of an ABB, and confidentiality agreements are the industry standard when running an ABB, Morgan Stanley did not require any of the 400 institutional investors that it contacted regarding the disposal of the Pledged Collateral to agree to keep the information confidential.

133. When the ABB option was presented to BNP and the Bank Participant Group, they questioned Morgan Stanley's disposal advice and acknowledged the risks of the strategy that Morgan Stanley wanted to pursue.

134. In particular, the group discussed the risks of front running during a telephone call on October 2, 2008 at 7:54 a.m. G.M.T.:

RBS:	I think our main concern on the disposal advice received from Morgan Stanley is the essential front running risk in an ABB, and we wanted to understand what precautions Morgan Stanley would be able to take in terms of non disclosure agreements, and so on. The clients (inaudible) the ABB (inaudible) so that we avoid that front running risk.
BNP:	Okay.
RBS:	I mentioned this to Will yesterday, so hopefully it's on a list of questions somewhere.
BNP:	Okay, front running risk on the disposal.

Exhibit 26 at 5-6.

135. Again, on a call later that day, at approximately 1:56 p.m. G.M.T., the risk of information leaking was again raised as a concern. A participant from one of defendants asked if "there are any precautions that Morgan Stanley build[s] in to their normal ABB procedures to avoid front running risks[.]" Exhibit 24 at 6. In response to the question, Woodruff of Morgan Stanley stated: "No. I mean there's really nothing we can do. I mean other than keep the group of people who are informed as small as possible." *Id.* at 7.

136. Immediately after Woodruff stated that no protections had been built in to avoid front running risk, an unidentified Morgan Stanley employee on the call affirmatively represented that Morgan Stanley would not be approaching any investors prior to the commencement of the ABB. *See id.*

137. However, in plain disregard of their obligations and industry practice, Morgan Stanley and the other defendants made no efforts to keep the information regarding the ABB confidential or even limit the number of people to learn of this non-public information.

138. Indeed, Morgan Stanley's desire to sell the entire block of shares as quickly as possible took precedence over everything. As Morgan Stanley explained to BNP and the other Participant Banks, their strategy in the ABB was to find a clearing price such that they could complete the ABB before the market opened the following day. *See* Exhibit 24 at 9. Morgan Stanley acknowledged "that [it] might not be a great price" but that was the nature of an ABB. *Id.*

C. Leaks of Confidential Information Prior to Disposal

139. Once Morgan Stanley declared that it had already terminated its position, defendants began to share information regarding the disposal. In so doing, defendants breached the confidentiality agreements that they had purportedly signed in connection with the participation and released into the marketplace material, non-public information regarding an upcoming liquidation event.

140. In addition to hoping for an "anchor" order from Magna, on October 2, 2008, Morgan Stanley reached out to Magna executives directly to determine if a personal (as opposed to a Magna-led) buy-back was possible. To entice Magna executives, Morgan Stanley communicated that they would benefit from a substantial discount -- the stock would be sold at $42.00 a share, an "8.7% discount of the current price of $46.00." Exhibit 27.

141. Later that night, a Morgan Stanley trader who was part of the disposal team received a draft press release prepared by Magna announcing the liquidation of Veleron's interest. That draft press release was sent to a monitored Morgan Stanley e-mail account utilized by the trader to send and receive confidential, sensitive and non-public information in connection with his functions as a Morgan Stanley employee, agent and/or representative.

142. Shortly after receiving the draft press release, but prior to the launching of the disposal on October 3, 2008 at approximately 7:00 a.m. E.S.T., the Morgan Stanley trader forwarded the draft press release announcing the disposal from his monitored Morgan Stanley email account to his private e-mail account. Further, this draft press release was forwarded to third parties.

143. Additionally, a disposal plan drafted by Morgan Stanley was sent to multiple recipients including Morgan Stanley's entire ESF Arbitrage desk. In fact, the disposal plan was circulated to all defendants, some of whom, in turn, circulated it amongst their employees including those who were not involved in the disposal process. Indeed, defendants made no effort to limit dissemination of the material, non-public information regarding the disposal of the Magna Class A Shares in a publicly traded company.

144. Morgan Stanley also revealed confidential and inside information to more than 400 potential buyers, relating to the identity of the security being sold, the reasons for the sale of the security, as well as other sensitive information to effectuate the ABB.

145. The advance disclosure of material, non-public information appears to have enabled certain Morgan Stanley customers and/or other market participants to assume short positions ahead of the sale of the Magna Class A Shares, thereby profiting from the subsequent decline in the stock price. As a result, when the NYSE market opened on October 3, 2008, there were indications of massive short selling activity in Magna stock.[1]

[1] A short sale is the sale of a security that is not owned by the seller, but is promised to be delivered at some future point in time. When a short seller executes a trade, it borrows the sold security from the broker-dealer's own inventory, from another one of the firm's customers, or from another brokerage firm. The shares are then sold and the proceeds are credited to the seller's account. The seller must, generally, satisfy a short position within a specified period of time (typically, 3 days). If the stock price drops, the short seller covers at a lower price, thus, realizing a profit. If the stock price increases, the short seller covers at a higher price, sustaining losses as a result.

146. In additional to enabling its customers to take short positions based on material non-public information, Morgan Stanley itself established short positions with respect to the Magna Class A Shares while in possession of information concerning the pending margin calls and the impending disposal. Specifically, Morgan Stanley took out these short positions on September 30, October 1, and October 2, 2008, while in possession of material non-public information regarding the imminent disposal of the Magna Class A Shares. In all, these short positions totaled 360,000 shares.

D. The ABB

147. On or about October 2, 2008 at 8:38 p.m. G.M.T. (4:38 p.m. E.S.T.), Mary Kuan, a BNP employee located in BNP's offices in New York, sent an acceleration notice to Veleron. *See* Exhibit 28. In the notice, BNP, "on behalf of the Agent and the Lenders," demanded payment of all sums due pursuant to the Loan. *See id.* The acceleration notice warned that, if payment was not made prior to 8:00 p.m. E.S.T. the same day -- *i.e.* less than 4 hours later -- BNP, as Agent, would take further steps to recover the Borrower's indebtedness including the enforcement of all security under the Pledge Agreement "held by Agent for its benefit and for the benefit of the Lenders." *Id.*

148. On October 3, 2008 -- less than 24 hours after BNP received the executed Guarantee that was supposed to buy Veleron at least two weeks of forbearance -- Morgan Stanley launched the ABB, a forced sale of the Pledged Collateral, out of its office in New York. In a span of just over 2 ½ hours between 7:00 a.m. and 9:45 a.m., Morgan Stanley sold 18,671,512 Magna Class A Shares to approximately 46 investors in a private, off-market sale, at an average price of $37.60 a share. The remaining 1,238,488 shares were sold on the public

market at an average price of $41.65 a share. The closing price for Magna stock for the day ending October 3, 2008 was $43.45 a share.

149. Throughout the ABB, defendants worked together to allocate their profits and risks. Specifically, defendants carefully controlled the price at which the Magna Class A Shares were sold, allowing each defendant to receive an opportunity to participate in the ABB and realize risk-free profits proportional to their original exposure under the participation scheme.

150. In particular, prior to the ABB launch, Morgan Stanley carefully analyzed each of defendants' break-even points based on the terms of their respective agreements. Further, during the ABB, an agreement was reached to fix the sale price of Magna Class A Shares so that BNP received the largest possible block of shares at the absolute lowest price over any other ABB participant.

151. In fact, BNP was the single largest purchaser of the Magna Class A Shares in the ABB, having acquired 2,777,778 shares at a price of $36.47 a share. The price paid by BNP for the Magna Class A Shares was the lowest price of any ABB participant, a discount of $6.98 per share compared to the October 3, 2008 closing price.

152. The immediate profit obtained by BNP as a result of the ABB was approximately $19.38 million, the difference between the price paid by BNP for the Magna Class A Shares as part of the ABB and the closing price of such shares on October 3, 2008.

153. Further, BNP's profits were even greater than expected. BNP's initial order with Morgan Stanley, placed at approximately 12:17 p.m. G.M.T., on October 3, 2008, was for 50 million dollars worth of shares at $38.75 a share and 100 million dollars worth of shares at a price of 36.47 per share. *See* Exhibits 29 and 30. However, a little over an hour later, at 1:29 p.m. G.M.T., on October 3, 2008, BNP cancelled the original order, and instead elected to

purchase all 150 million dollars worth of stock at $36.47 per share. *See id.* As a result of this change, BNP saved $6.33 million -- proceeds which otherwise would have reduced Veleron's outstanding obligations under the Loan.

154. In addition to the commissions that Morgan Stanley received on trades and its fee under the Agency Disposal Agreement, Morgan Stanley purchased Magna Class A Shares in the ABB to cover short positions which it had taken out only days before. Indeed, Morgan Stanley was the first purchaser on the ABB list that was prepared by Morgan Stanley during and/or shortly after the disposal process. *See* Exhibit 31. Eventually, Morgan Stanley's short positions were strategically unwound at a price of $37.35 a share -- slightly higher than the purchase price paid by BNP -- as a means of "fairly" allocating profits (or loss avoidance) between defendants.

155. Morgan Stanley's short positions were unwound at prices that allowed Morgan Stanley to realize profits of between $13.44 and $7.75 a share. In all, by reason of the aforesaid insider trades, Morgan Stanley's profits totaled approximately $4,000,000.

156. Through BNP and the Participant Banks' actions, Veleron was forced to sell the Pledged Collateral. By the end of business on October 3, 2008, Russian Machines' strategic investment in Magna had been entirely unwound.

XI. Post-Disposal Events

A. Morgan Stanley Charges $9 Million Dollars for $600K Worth of Work

157. For its services as disposal agent, Morgan Stanley charged -- and received -- $9,466,443.50 (the "Disposal Agent Fee"). This sum was based on the purported gross principal received from the ABB sale of $757,315,480, multiplied by the Agency Disposal Agreement commission rate of 1.25%.

158. However, this fee was clearly outside the bounds of reason given the "work" actually performed by Morgan Stanley. Morgan Stanley's standard commission is three cents per share. At this standard rate, Morgan Stanley was actually entitled to a maximum commission of $600,000 for its work in selling the 20 million Magna Class A Shares. Indeed, in an internal e-mail, dated October 4, 2008, Morgan Stanley confirmed that the actual trade fee associated with the disposal of the Magna Class A Shares is "about $565K . . . ." Exhibit 32.

159. Nevertheless, despite the fact that, based on Morgan Stanley's customary rates, their fee should have been $600,000, BNP deducted nearly $9.5 million in Disposal Agent Fees from the proceeds of the sale.

B. Defendants Seek Deficiency Amounts from Veleron

160. On or about October 6, 2008, BNP wrote to Veleron, on behalf of all defendants, informing Veleron that BNP realized on the Pledged Collateral in which it had a security interest under the Pledge Agreement. *See* Exhibit 33. BNP further stated that the proceeds of its sale of the Pledged Collateral were $747,849,036.50, net of brokerage fees (including Morgan Stanley's disposal fee), and that the outstanding balance on the Loan was $827,222,611.18, net of accrued interest and cash collateral, as of October 2, 2008. *See id.* Therefore, BNP demanded that Veleron pay the stated deficiency of $79,373,574.68, and any other payments that Veleron may be liable for, along with interest, by no later than 6:00 P.M. E.S.T. on October 8, 2008. *See id.*

161. On October 8, 2008, Veleron responded that BNP failed to provide sufficient details to allow Veleron to confirm the accuracy of BNP's calculations. *See* Exhibit 34. Further, Veleron noted that BNP's calculations were particularly troubling because they made evident that BNP and/or its disposal agent had sold the Magna Class A Shares at an average price of slightly under $37.87 per share -- a significant discount when compared with both the volume

weighted average price and the closing price for Magna shares on October 3, 2008 -- respectively, $40.4278 and in excess of $43.00. *See id.*

162. Veleron further requested a detailed accounting of the disposition of the Pledged Collateral including: (a) the number of shares sold on the public securities market and the number sold privately; (b) in the case of private sales, the identity or identities of the buyers; (c) the time or times when such sales took place; (d) the price obtained for each block of shares sold; (e) the advice provided to BNP by any financial advisor retained to assist in the disposition; and (f) in the case of any private sale, disclosure of any other material terms which could be expected to have affected the price obtained, including a copy of any contract(s) entered into in connection with such sale(s). *See id.*

163. On October 14, 2008, BNP responded to Veleron, acknowledging that Morgan Stanley, as disposal agent, performed an ABB as a means of selling the large number of Magna Class A Shares in a short period of time, and was able to move 17.8% of the market capitalization in Magna in a single trading day, instead of over a number of weeks. *See* Exhibit 35.

164. BNP further acknowledged that Morgan Stanley sold the Magna Class A Shares at an average price per share of $37.865774; 18.7 million shares were sold through the ABB process; and the remaining 1.3 million shares were sold on the open market. *See id.* Morgan Stanley had contacted approximately 400 institutional investors, 46 participated, and BNP was the largest buyer of Magna shares by far. *See id.*

165. On October 16, 2008, Veleron responded to BNP explaining that the "information provided [wa]s not sufficient to allow [Veleron] to independently calculate the deficiency" claimed by BNP. Exhibit 36. Veleron again requested several categories of information. *See id.*

166. On October 23, 2008, BNP responded to Veleron's requests via e-mail and provided a chart explaining its calculations to arrive at the shortfall figure. *See* Exhibit 37. However, the information provided in that e-mail fell well short of providing the information actually requested by Veleron. *See id.*

167. On that same date, BNP stated to BasEl that:

> We continue to push Morgan Stanley for information on the ABB for you. They key people involved have apparently been extremely busy on some other matters and for this reason have not been able to revert to us yet. We have just received an email from them saying they will send us some further information during the course of tomorrow.
> Apologies for the delay.

Exhibit 38.

168. Subsequently, BNP demanded that Veleron execute a confidentiality agreement to obtain any additional information.

169. On or about November 26, 2008, Veleron executed a confidentiality agreement with BNP, believing that signing a confidentiality agreement would enable the free flow of information regarding the disposition of the Pledged Collateral. However, defendants continued to hide the ball. *See* Exhibit 39.

170. On December 15, 2008, Veleron once again wrote BNP expressing its dissatisfaction with BNP's and/or Morgan Stanley's refusal to provide information relating to the ABB. *See id.* Specifically, Veleron demanded the following that BNP confirm: (1) that none of the share purchasers was a member of the bank syndicate or an affiliate or associate of any member of the bank syndicate or purchased Magna shares on behalf of or entered into any financial relationship regarding Magna shares with any member of the bank syndicate; (2) that none of the bank syndicate members was short with respect to Magna's stock at the time the

acceleration notice was sent; (3) the date upon which it retained Morgan Stanley as the disposal agent; (4) that neither Morgan Stanley nor any other member of the bank syndicate contacted any third party or otherwise signaled to the market the possibility that a significant amount of Magna Class A Shares would be available for sale before 7:30 A.M. E.S.T. on October 3, 2008; and (5) information regarding any material terms of any private sale that could be expected to have affected the price, including a copy of any contract(s). *See id.*

171. BNP did not respond to Veleron's December 15, 2008 letter until January 23, 2009. *See* Exhibit 40. At that time, BNP took the position that MS, as BNP's disposal agent, was not required to provide BNP with information regarding how the ABB was performed. *See id.*

172. Nevertheless, in response to Veleron's specific requests, BNP provided the following information:

- BNP confirmed that, through the ABB, it purchased 2,777,778 Magna Class A Shares, and that one unnamed defendant also purchased Magna Class A Shares;
- None of the defendants were short on Magna's stock at that time the acceleration notice was sent;
- One unnamed defendant was short with respect to Magna's stock prior to the acceleration notice being served;
- This short position, which was covered in the ABB, "was entered into in accordance with the standard risk management policies of the bank…";
- Morgan Stanley was retained as disposal agent on January 31, 2008, BNP informed Morgan Stanley of the possible share liquidation on September

30, 2008, and authorized Morgan Stanley to liquidate the shares on October 2, 2008;

- All defendants were bound by confidentiality agreements and operated strict Chinese walls;
- The only third party who became aware of the liquidation prior to 7:00 a.m. E.S.T. on October 3, 2008, was Magna itself, and Magna was involved in negotiations to prevent the liquidation; and
- Morgan Stanley had assured BNP that, to Morgan Stanley's knowledge, "no clients that were contacted shorted Magna shares, or entered into any agreements, ahead of receiving their allocation of those shares." *Id.*

173. As Veleron would later learn, many -- if not most -- of these representations by BNP were not accurate.

C. BNP's Insurance Claim

174. As discussed above, BNP had two credit risk insurance policies which provided BNP with $120,000,000 in coverage. According to BNP, Veleron's purported default was an occurrence that triggered coverage under the aforementioned policies. As a result, BNP made a claim under the policies for losses they allegedly sustained.

175. On or about December 9, 2008, BNP submitted a proof of loss in support of its demand for coverage and payment under the terms of the policies, claiming that BNP suffered a loss of nearly $80,000,000 by reason of the shortfall between the proceeds realized from the sale of Magna stock (net of Morgan Stanley's disposal fees) and the amount due under the Loan. *See* Exhibit 41.

176. On or about January 5, 2009, BNP's carrier issued a payment of $7,837,065.67 "in settlement of [BNP's] claim" to a BNP Paribas account in New York. Exhibit 42.

D. The London Arbitration

177. Following payment by its carrier, BNP made no further efforts to recover any amounts from Veleron. However, by letter dated July 23, 2010, BNP made a demand upon Russian Machines for payment of $87,143,453.55 under the Guarantee, purportedly representing the amount due by Veleron to BNP under the Credit Agreement together with interest, costs and over $700,000 in legal fees. *See* Exhibit 43.

178. On August 6, 2010, BNP commenced legal proceedings against Russian Machines by demanding arbitration and seeking an award in its favor before the London Court of International Arbitration (the "London Arbitration"). *See* Exhibit 44.

179. While Veleron is not a party to the London Arbitration, through the London Arbitration it discovered many of the facts underlying the claims alleged herein, including information regarding short sales by Morgan Stanley and that the Participant Banks were not actually "Lenders" pursuant to the Credit Agreement.

180. Prior to the London Arbitration, BNP disclosed that one unnamed defendant was short with respect to Magna's stock prior to service of the acceleration notice. Through the London Arbitration, Veleron learned, on or about December 20, 2010, that the unnamed defendant was Morgan Stanley. Further, in disclosures which were made on the same date that the original complaint in this action was filed -- August 3, 2012 -- Veleron learned for the first time that Morgan Stanley had actually taken out three short positions, on September 30, October 1, and October 2, 2008, and that each short position was established after the first margin call and prior to any public announcement related to the disposal of the Pledged Collateral.

181. Further, prior to the London Arbitration, Veleron believed that the Participant Banks were "Lenders" pursuant to the terms of the Credit Agreement, with the attendant rights and obligations of Lenders, including but not limited to the right to determine whether to grant a waiver, forbearance or extension of time for payment. Veleron's belief was based on misleading representations and active concealment by BNP, including but not limited to the following:

a) Throughout the life of the Loan, in communications with Veleron, BNP repeatedly referred to the Participant Banks as lenders.

b) BNP acted as if the Participant Banks were "Lenders" by consistently representing that it needed the consent of the Participant Banks to take certain actions. *See, e.g.*, Exhibits 19, 45.

c) In BNP's October 2, 2008 acceleration notice, BNP demanded payment "*on behalf of the Agent and the Lenders*." Exhibit 28 (emphasis added).

d) In its post-disposal demand letter dated October 6, 2008, BNP stated that Participant Banks were "Lenders" pursuant to the Credit Agreement. *See* Exhibit 33. Specifically, BNP represented that a deficiency of $79,373,574.68 was due and owing "*from Borrower to the Agent and the Lenders*" and demanded payment "*on behalf of the Agent and Lenders . . . .*" *Id.* (emphasis added). Further, the letter was signed by BNP as "*Agent for and on behalf of the Lenders*." *Id.* (emphasis added).

e) On October 14, 2008, BNP responded to certain requests for information made by Veleron in its capacity as "*Agent for and on behalf of the Lenders*." Exhibit 35 (emphasis added).

182. Indeed, in the London Arbitration, BNP took actions to prevent Russian Machines and Veleron from learning the true nature of their arrangement with the Participant Banks. On December 10, 2010, BNP disclosed -- for the first time -- that it had entered into multiple derivatives with four other financial institutions. Thereafter, BNP vigorously opposed requests by Russian Machines, Veleron's parent, for disclosure of the underlying agreements. On October 5, 2011, BNP provided a one-page statement explaining the true nature of the relationship with the Participant Banks. At no point prior to October 5, 2011 was Russian Machines or Veleron fully informed of the exact nature of the credit derivative transactions and/or the credit default swaps entered into by and between BNP and the Participant Banks.

183. Finally, BNP disclosed the actual contracts with the Participant Banks on or about May 4, 2012. These agreements unequivocally demonstrated -- for the first time -- that BNP had impermissibly delegated many of its rights under the Credit Agreement to the Participant Banks. In particular, the Participant Banks were given the right to direct BNP to terminate the Credit Agreement and liquidate the Pledged Collateral. *See, e.g.*, Morgan Stanley Confirmation § 7(d); ABN Confirmation § 7(e). These provisions of the confirmations directly contradict the protections afforded to Veleron pursuant to Section 13.1(3)(a) of the Credit Agreement.

XII. Veleron's Damages

184. As a result of the unlawful disposal of the Pledged Collateral, Veleron sustained both actual and future losses.

185. Veleron was improperly denied the opportunity to refinance the Loan and retain its interest in Magna. Veleron's parent provided a Guarantee in reliance on BNP's promises and assurances that, upon the issuance of the Guarantee, BNP would waive existing and future

margin calls and forbear from foreclosing upon the Pledged Collateral, giving Veleron a reasonable opportunity to refinance the Loan.

186. In fact, if Veleron had received the benefit of that bargain, it would have refinanced the Loan and retained its right, title and interest in the Magna stock.

187. Specifically, if the Forbearance Agreement had been honored, Veleron would have received a $300 million cash injection from Magna. Magna was committed to the strategic investment and had more than sufficient cash resources to fund such an injection. Indeed, at the time of the disposal, senior management at Magna had engaged in serious discussions regarding such a cash injection and the necessary Magna corporate approvals therefor were expected to be obtained by mid-October.

188. This cash infusion from Magna would have permitted Veleron to satisfy all margin calls and thus prevented a default from occurring.

189. Moreover, the VEB's financing -- which was virtually assured -- would have enabled Veleron to repay the entire Loan.

190. On or about September 30, 2008, Deripaska first wrote to the Russian Prime Minister requesting financial assistance from the VEB to protect the Magna strategic investment. Two days after the VEB was authorized to loan funds to private entities, Russian Machines was notified that preliminary consideration of Russian Machines' bail-out application would occur within three working days, but it was already too late -- the shares had been liquidated. Had Veleron been given the benefit of the Forbearance Agreement, it could have obtained VEB funds to repay the Loan in full. Indeed, once the VEB was authorized to loan money to private entities for re-financing purposes, it took only fifteen days for another BasEl entity, RUSAL, to

receive -- in hand -- funds to refinance a loan five times larger than Veleron's Loan, with more than twice as many banks (including BNP).

191. Finally, if BNP and Morgan Stanley had abided by the Pledge Agreement's mandated default of a public sale, the sale of the Pledged Collateral would have taken significantly more time. This would have allowed Veleron to obtain cash -- either from Magna, the VEB, or both -- enabling it to re-purchase the Magna securities that were in the process of being sold.

192. By improperly depriving Veleron of the ability to retain its interest in Magna, Veleron suffered hundreds of millions of dollars in damages.

193. As predicted by BNP executives prior to the disposal, *see* Exhibit 23, Magna's stock recovered and rebounded. On or about November 5, 2010, Magna announced a significant dividend increase, and a 2-for-1 stock split. By November 2010, Magna stock was trading at nearly double the October 3, 2008 price, and earnings estimates resulted in price projections of $112 per share on a pre-split basis for 2010 and into the foreseeable future.

194. Had the Pledged Collateral not been improperly disposed of, Veleron would have benefited from the increase in Magna's stock price. In light of the stock split, Veleron's interest in Magna today would be valued at approximately $1.6 billion. Accordingly, Veleron has suffered damages in excess of $800 million.

195. Further, defendants caused the disposal of the shares to be carried out in a commercially unreasonable manner and at a price substantially below market value as of October 3, 2008. In this connection, BNP and Morgan Stanley realized profits (or avoided losses) from illegal short selling and from the acquisition of over 3 million Magna Class A Shares at orchestrated prices which were substantially below market value.

196. Finally, the disposal of the Pledged Collateral ended Veleron's prospects of a continued relationship with Magna, and the significant opportunities such a relationship would have afforded Veleron in terms of increased business and expansion potential.

CAUSES OF ACTION

FIRST CAUSE OF ACTION
Breach of Contract Against BNP
(Credit Agreement)

197. Plaintiff repeats and realleges the allegations in paragraphs 1 through 196 as if fully set forth herein.

198. The Credit Agreement was a valid and binding contract between BNP and Veleron.

199. Veleron performed all of its obligations pursuant to the Credit Agreement and/or such obligations were waived.

200. BNP breached its express and implied obligations pursuant to the Credit Agreement by, among other things, (i) entering into participations with banks or financial institutions that did not qualify as Eligible Institutions pursuant to the Credit Agreement, (ii) requiring Veleron to seek consent from or otherwise transact with the Participant Banks, (iii) allowing the Participant Banks to direct BNP's voting rights pursuant to the Credit Agreement, and (iv) failing to ensure the confidentiality of Veleron's information as required by the Credit Agreement.

201. As a result of BNP's material breaches of the Credit Agreement, Veleron was damaged in an amount to be determined at trial.

SECOND CAUSE OF ACTION
Tortious Interference with Contract Against the Participant Banks
(Credit Agreement)

202. Plaintiff repeats and realleges the allegations in paragraphs 1 through 196 as if fully set forth herein.

203. The Credit Agreement was a valid and binding contract between BNP and Veleron.

204. The Participant Banks were not parties to the Credit Agreement. Further, pursuant to Section 13.1(3)(a) of the Credit Agreement, the Participant Banks did not have voting rights as "Lenders" pursuant to the Credit Agreement, and were prohibited from directing the voting rights of "Lenders" pursuant to the Credit Agreement.

205. Veleron performed all of its obligations pursuant to the Credit Agreement and/or such obligations were waived.

206. The Participant Banks' interference with the Credit Agreement caused BNP to breach its express and implied obligations pursuant to the Credit Agreement by, among other things, (i) requiring Veleron to seek consent from or otherwise transact with the Participant Banks; and (ii) allowing the Participant Banks to direct BNP's voting rights pursuant to the Credit Agreement.

207. Absent the Participant Banks' interference, these breaches would not have occurred.

208. As a result of BNP's material breaches of the Credit Agreement, which were the direct and proximate result of the Participant Banks' actions, Veleron was damaged in an amount to be determined at trial.

THIRD CAUSE OF ACTION
Breach of Contract Against BNP
(Pledge Agreement)

209. Plaintiff repeats and realleges the allegations in paragraphs 1 through 196 as if fully set forth herein.

210. The Pledge Agreement was a valid and binding agreement between BNP and Veleron.

211. From and after the time that BNP and Morgan Stanley entered into the Agency Disposal Agreement, Morgan Stanley became BNP's nominee pursuant to the Pledge Agreement. Accordingly, BNP is liable for any actions taken by Morgan Stanley as nominee pursuant to the Pledge Agreement.

212. Veleron performed all of its obligations pursuant to the Pledge Agreement and/or such obligations were waived.

213. BNP breached the Pledge Agreement by, among other things, (i) directing and/or allowing its nominee, Morgan Stanley, to conduct a private sale with respect to the Pledged Collateral, without satisfying the conditions in the Pledge Agreement for conducting such a private sale; and (ii) directing and/or allowing its nominee, Morgan Stanley, to conduct a private sale with respect to the Pledged Collateral in a commercially unreasonable manner.

214. Alternatively, BNP's actions in allowing Morgan Stanley to conduct a private sale, particularly in the manner it was conducted, constituted gross negligence or willful misconduct

215. As a result of BNP's breaches, gross negligence and/or willful misconduct, Veleron was damaged in an amount to be determined at trial because BNP's actions, and those of its nominee, resulted in depreciation or loss of value of the Pledged Collateral.

FOURTH CAUSE OF ACTION
Breach of Contract Against Morgan Stanley
(Pledge Agreement & Agency Disposal Agreement)

216. Plaintiff repeats and realleges the allegations in paragraphs 1 through 196 as if fully set forth herein.

217. The Pledge Agreement was a valid and binding agreement between BNP and Veleron.

218. The Agency Disposal Agreement was a valid and binding agreement between BNP and Morgan Stanley.

219. The Agency Disposal Agreement was entered into by BNP pursuant to its rights under the Pledge Agreement and the Pledge Agreement was incorporated by reference into the Agency Disposal Agreement.

220. From and after the time that BNP and Morgan Stanley entered into the Agency Disposal Agreement, Morgan Stanley became BNP's nominee pursuant to the Pledge Agreement. Accordingly, Morgan Stanley is bound by the Pledge Agreement.

221. Further, Veleron was a direct and intended third-party beneficiary of the Agency Disposal Agreement: any disposal of the Pledged Collateral pursuant to the Agency Disposal Agreement would reduce Veleron's Loan obligations and any deficiency that Veleron could be required to pay.

222. Veleron performed all of its obligations pursuant to the Pledge Agreement and/or such obligations were waived.

223. Morgan Stanley breached the Pledge Agreement and the Agency Disposal Agreement by, among other things, (i) conducting a private sale with respect to the Pledged Collateral without satisfying the conditions in the Pledge Agreement for conducting such a

private sale; (ii) conducting a private sale with respect to the Pledged Collateral in a commercially unreasonable manner; (iii) failing to make reasonable efforts to maximize the value of the Pledged Collateral; and (iv) failing to use reasonable efforts in the execution of its duties pursuant to the Agency Disposal Agreement.

224. Alternatively, Morgan Stanley's actions in conducting, a private sale, particularly in the manner it was conducted, constituted gross negligence or willful misconduct.

225. As a result of Morgan Stanley's breaches, gross negligence and/or willful misconduct, Veleron was damaged in an amount to be determined at trial because Morgan Stanley's actions resulted in depreciation or loss of value of the Pledged Collateral.

FIFTH CAUSE OF ACTION
Breach of Contract Against BNP
(Forbearance Agreement)

226. Plaintiff repeats and realleges the allegations in paragraphs 1 through 196 as if fully set forth herein.

227. BNP, Veleron and Russian Machines entered into a Forbearance Agreement pursuant to which BNP agreed to waive any margin calls and forbear from exercising remedies pursuant to the Credit Agreement through, at minimum, October 15, 2008, as the parties negotiated a broader restructuring of Veleron's obligations pursuant to the Credit Agreement.

228. As consideration for BNP's waiver/forbearance, Russian Machines agreed to guarantee Veleron's obligations pursuant to the Credit Agreement.

229. The Guarantee was executed by Russian Machines on or about October 2, 2008 and delivered to BNP.

230. Thereafter, on or about October 2, 2008, in breach of the Forbearance Agreement, BNP authorized its nominee, Morgan Stanley, to dispose of the Pledged Collateral.

231. As a result of BNP's breach of the Forbearance Agreement, Veleron was damaged in an amount to be determined at trial but, in any event, not less than $900,000,000.

SIXTH CAUSE OF ACTION
Promissory Estoppel Against BNP
(Forbearance)

232. Plaintiff repeats and realleges the allegations in paragraphs 1 through 196 as if fully set forth herein.

233. On or about September 30 and October 1, 2008, BNP made certain representations and promises to (i) waive margin calls pursuant to the Credit Agreement; (ii) forbear from exercising remedies pursuant to the Credit Agreement; and (iii) restructure terms of the Credit Agreement.

234. BNP's representations were intended to induce -- and did induce -- Veleron to cause Russian Machines to enter into the Guarantee. As a result, Russian Machines entered into the Guarantee with BNP to secure the full amount owing under the Credit Agreement.

235. Veleron reasonably relied to its detriment on BNP's representations.

236. BNP has failed to honor its representations and promises to (i) waive margin calls pursuant to the Credit Agreement; (ii) forbear from exercising remedies pursuant to the Credit Agreement; and (iii) renegotiate the terms of the Credit Agreement, if provided additional security for the Loan in the form of the Guarantee.

237. As a result of BNP's failure to honor its commitments, BNP sold and/or directed the sale of the Pledged Collateral, thus damaging Veleron in an amount to be determined at a trial in this matter.

SEVENTH CAUSE OF ACTION
Tortious Interference with Contract Against Morgan Stanley
(Forbearance Agreement)

238. Plaintiff repeats and realleges the allegations in paragraphs 1 through 196 as if fully set forth herein.

239. BNP, Veleron and Russian Machines entered into a Forbearance Agreement pursuant to which BNP agreed to waive any margin calls and forbear from exercising remedies pursuant to the Credit Agreement through, at minimum, October 15, 2008, as the parties negotiated a broader restructuring of Veleron's obligations pursuant to the Credit Agreement.

240. As consideration for BNP's waiver/forbearance, Russian Machines agreed to guarantee Veleron's obligations pursuant to the Credit Agreement.

241. The Guarantee was executed by Russian Machines on or about October 2, 2008 and delivered to BNP.

242. At all relevant times, Morgan Stanley was aware of the Forbearance Agreement.

243. On or about October 2, 2008, Morgan Stanley sent a notice terminating its position in connection with the Loan. As a direct and proximate result of this termination, BNP authorized its nominee, Morgan Stanley, to dispose of the Pledged Collateral in breach of the Forbearance Agreement.

244. Had Morgan Stanley not terminated its position in connection with the Loan, BNP would not have breached the Forbearance Agreement.

245. As a result of BNP's breach of the Forbearance Agreement, BNP sold and/or directed the sale of the Pledged Collateral, and Veleron was damaged in any amount to be determined at trial but, in any event, not less than $900,000,000.

EIGHTH CAUSE OF ACTION
Tortious Interference with Prospective Economic Advantage Against All Defendants (Veleron's Relationship With Magna)

246. Plaintiff repeats and realleges the allegations in paragraphs 1 through 196 as if fully set forth herein.

247. Veleron had a reasonable expectation of prospective economic advantage with respect to its relationship with Magna.

248. Defendants were aware of the relationship that existed between Veleron and Magna as well as the nature and extent of Veleron's reliance on this relationship.

249. Veleron lost this economic advantage as a direct result of defendants' actions as set forth above.

250. Defendants have tortiously interfered with Veleron's prospective economic advantage. As a result, Veleron lost this economic advantage and has been damaged.

251. Accordingly, Veleron is entitled to compensatory and punitive damages for the foregoing wrongful, intentional, and malicious acts, in an amount to be determined at trial.

NINTH CAUSE OF ACTION
Securities Exchange Act of 1934 Section 10(b) and Rule 10b-5 Violations Against Morgan Stanley

252. Plaintiff repeats and realleges the allegations in paragraphs 1 through 196 as if fully set forth herein.

253. On or about October 3, 2008, Veleron was forced to sell the Pledged Collateral in an ABB conducted out of Morgan Stanley's New York office.

254. While in possession of material non-public information concerning margin calls issued to Veleron, the status of forbearance and restructuring negotiations, and the potential

disposal of the Pledged Collateral, Morgan Stanley took several short positions with respect to Magna's stock.

255. Specifically, on September 30, October 1, and October 2, 2008, prior to the commencement of the ABB and prior to the issuance of any press releases concerning the disposal of the Pledged Collateral, Morgan Stanley took short positions as to approximately 360,000 shares.

256. At the time Morgan Stanley established these short positions, Morgan Stanley knew that they would have the ability to cover these short positions -- at a profit -- through the sale of the Pledged Collateral. As a result, Morgan Stanley bore virtually no risks associated with any short positions they put in place (including the risk of incurring substantial losses as a result of a short sale transaction).

257. Further, prior to the launch of the ABB, Morgan Stanley released material non-public information concerning margin calls issued to Veleron, the status of forbearance and restructuring negotiations, and the disposal of the Pledged Collateral, to a number of institutional investors. With Morgan Stanley's knowledge and/or acquiescence, many of these investors took short positions with respect to Magna's stock. The information disclosed by Morgan Stanley was important and material to a reasonable investor and altered the total mix of information available regarding the Magna stock.

258. This unlawful trading, which was based on material non-public information, contributed to the depressed price of Magna's stock during the crucial period when the ABB was being priced and carried out. Thus, during the ABB, the Pledged Collateral was sold for substantially less than it would have been absent the unlawful trading. As a result, the proceeds from the ABB were less than they would have been absent the unlawful trading.

259. Additionally, prior to and during the ABB, Morgan Stanley took actions that manipulated the price at which the Pledged Collateral was sold, including but not limited to, (i) accounting for the break-even values for BNP and the Participant Banks in conducting trading, (ii) reaching an agreement to fix the sale price of the Pledged Collateral so that BNP received the largest possible block of shares at the absolute lowest price over any other ABB participant, and (iii) providing BNP with information to allow it to cancel its original order and purchase the Pledged Collateral at a deeper discount.

260. During the ABB, Morgan Stanley and the other short-sellers covered their short positions, resulting in a substantial profit to each of them. In particular, Morgan Stanley's profits totaled approximately $4,000,000.

261. Further, Morgan Stanley's illegal use of material non-public in connection with its scheme of short selling Magna common stock unjustly enriched Morgan Stanley in excess of $4,000,000.

262. By engaging in the foregoing conduct, Morgan Stanley, directly or indirectly, by the use of means or instrumentalities of interstate commerce, intentionally or recklessly employed a device, scheme or artifice to defraud, and engaged in acts, practices or a course of business which operated or would operate as a fraud or deceit in connection with the purchase or sale of a security, in violation of Section 10(b) of the Securities and Exchange Act and Rule 10b-5 promulgated thereunder.

263. By virtue of the foregoing, Veleron incurred damages in an amount to be proven at trial.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Veleron prays that a Judgment be entered against Defendants, jointly and severally, as follows:

A. Compensatory damages from the defendants, jointly and severally, in excess of $800,000,000;

B. Punitive damages in such amount as may be deemed appropriate by the finder of fact;

C. Recovery of all of Veleron's attorney and other professional fees, expert witness fees, and costs and disbursements of suit;

D. An accounting of all profits made by defendants through transactions involving the sale of the Magna shares and disgorgement of and restitution of those profits;

E. Pre- and post- judgment interest at the maximum rate provided by law; and

F. Such other and further relief as this Court deems just and proper.

JURY TRIAL DEMANDED

PLEASE TAKE NOTICE that, Plaintiff hereby demands a jury trial for all issues so triable.

Dated: New York, New York
December 7, 2012

Respectfully submitted,

By: _____

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