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UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

06 CA 1003

U.S. DISTRICT COURT  
DISTRICT OF MASS.

SEGUROS CARACAS de LIBERTY MUTUAL, S.A.,

Plaintiff,

v.

MAGISTRATE JUDGE *Bowler* Civil Action No.:

GOLDMAN SACHS & CO.,

Defendant.

RECEIPT # 69360  
AMOUNT \$ 250  
SUMMONS ISSUED 4  
LOCAL RULE 4.1 1  
WAIVER FORM 1  
MCF ISSUED \_\_\_\_\_  
BY DPTY. CLK. Fow  
DATE 1/6/06

PLAINTIFF'S COMPLAINT

1. This is an action for breach of contract arising out of the failure of defendant, Goldman Sachs & Co., to deliver to plaintiff, Seguros Caracas de Liberty Mutual, S.A., certain securities bought and paid for Seguros Caracas de Liberty Mutual, S.A., and sold to it by Goldman Sachs & Co. As the result of that breach, Seguros Caracas de Liberty Mutual, S.A. has suffered millions of dollars in damages.

Parties

2. Plaintiff, Seguros Caracas de Liberty Mutual, S.A. ("Seguros Caracas"), is a corporation incorporated under Venezuelan law with a principal place of business in Caracas, Venezuela. Seguros Caracas is an indirect wholly-owned subsidiary of Liberty Mutual Insurance Company ("Liberty Mutual"). Seguros Caracas is the successor-in-interest by merger of Seguros PanAmerican, S.A. ("PanAmerican").

3. Defendant Goldman Sachs & Co. ("Goldman"), upon information and belief, is a wholly-owned subsidiary of The Goldman Sachs Group, Inc., and is a stockbroker, broker-dealer, and investment advisor registered with the Securities and Exchange Commission.

Among other things, Goldman sells various debt and equity securities, provides investment advisory services, maintains customer accounts, privately places securities, and trades securities for the accounts of others and for its own account. Goldman is a Delaware corporation headquartered in New York City and conducts business internationally, including in Massachusetts.

#### **Jurisdiction and Venue**

4. This Court has subject matter jurisdiction over this action under 28 U.S.C. § 1332. There is complete diversity of citizenship and the amount in controversy exceeds \$75,000 exclusive of interest and costs.

5. Venue lies in this District under 28 U.S.C. § 1391 because Goldman resides here.

#### **Facts**

6. Beginning in or around January, 2001, Seguros Caracas began purchasing from Goldman Series A and Series B Par Bonds issued by the Republic of Venezuela. These bonds, originally issued by the Republic of Venezuela in 1990 to fund the development of its oil industry, provided for semi-annual coupon payments subject to certain terms and conditions. In addition, as originally issued, attached to each Bond was a certificate for a specified number (corresponding to the face amount of the bond) of Oil-indexed Payment Obligations issued by the Republic of Venezuela ("Oil Obligations"). These certificates were detachable from the Bond to which they were originally attached and, once detached, could be traded separately from the Bond. Accordingly, from the time that they were issued by the Republic of Venezuela, the Oil Obligations were assigned an International Securities Identification Number ("ISIN") (XS0029484945) distinct from the ISIN of the Series A and B Par Bonds to which they were originally attached (which Par Bonds were assigned ISINs XS0029483038 and XS003329212, respectively). Beginning on January 1, 2002, a secondary public market was created for the Oil

Obligations, and those securities were then freely traded separately from the bonds to which they originally were attached.

7. According to their terms and subject to certain conditions, the Oil Obligations entitled the holders thereof to receive forty-nine semi-annual payments from the Republic of Venezuela beginning on April 15, 1996. The amount of each of these payment obligations was indexed to the revenue received by the Republic upon exports of oil during a period applicable to each payment. Under the applicable terms and conditions of the Oil Obligations, payments from the Republic were due and owing to holders of the Oil Obligations on semi-annual payment dates on and after April 15, 2005.

8. Seguros Caracas purchased Venezuelan Series A and Series B Par Bonds and attached Oil Obligations from Goldman prior to June 28, 2001. PanAmerican purchased Venezuelan Series A and Series B Par Bonds and attached Oil Obligations from Goldman prior to September 4, 2001. These purchases were transacted for Seguros Caracas and PanAmerican by Liberty Mutual, located in Boston, Massachusetts, acting as their agent and investment advisor. In settlement of each such trade, Goldman delivered to Seguros Caracas or PanAmerican, as applicable, both the Bonds and the Oil Obligations purchased by Seguros Caracas or PanAmerican in those transactions.

9. On June 28, 2001, Seguros Caracas purchased from Goldman a \$6.25 million face value Venezuelan Series A Par Bond and 44,625 Oil Obligations for \$4,969,422.74. In settlement of that trade, Seguros Caracas paid Goldman the full purchase price for these securities, and Goldman was to deliver to Seguros Caracas the Bond and Oil Obligations on the settlement date. Although Goldman delivered the Bond to Seguros Caracas, Goldman never delivered to Seguros Caracas the 44,625 Oil Obligations that it purchased on June 28, 2001.

Attached hereto as *Exhibit A* is the confirmation that Liberty received on behalf of Seguros Caracas from Goldman for the purchase of those Oil Obligations.

10. On September 4, 2001, Seguros Caracas purchased from Goldman a \$4.4 million face value Venezuelan Series A Par Bond and 22,000 Oil Obligations for \$3,543,925, and PanAmerican purchased from Goldman a \$2.75 million face value Venezuelan Series A Par Bond and 13,750 Oil Obligations for \$2,214,953.12. In settlement of those trades, Seguros Caracas and PanAmerican paid Goldman the full purchase price for these securities, and Goldman was to deliver to Seguros Caracas and PanAmerican the Bonds and Oil Obligations on the settlement date. Although Goldman delivered the Bonds to Seguros Caracas and PanAmerican, Goldman never delivered to Seguros Caracas or PanAmerican the 35,750 Oil Obligations that Seguros Caracas and PanAmerican purchased on September 4, 2001. Attached hereto as *Exhibit B* is the confirmation that Liberty received on behalf of Seguros Caracas and PanAmerican from Goldman for the purchase of those Oil Obligations

11. On September 18, 2001, Seguros Caracas purchased from Goldman a \$6 million face value Venezuelan Series B Par Bond and 30,000 Oil Obligations for \$4,773,375. In settlement of that trade, Seguros Caracas paid Goldman the full purchase price for these securities, and Goldman was to deliver to Seguros Caracas the Bond and Oil Obligations on the settlement date. Although Goldman delivered the Bond to Seguros Caracas, Goldman never delivered to Seguros Caracas the 30,000 Oil Obligations that it purchased on September 18, 2001. Attached hereto as *Exhibit C* is the confirmation that Liberty received on behalf of Seguros Caracas from Goldman for the purchase of those Oil Obligations.

12. On October 19, 2001, Seguros Caracas purchased from Goldman a \$5.3 million face value Venezuelan Series A Par Bond and 26,500 Oil Obligations for \$4,093,587.50, and

PanAmerican purchased from Goldman a \$3.65 million face value Venezuelan Series A Par Bond and 18,250 Oil Obligations for \$2,819,168.70. In settlement of those trades, Seguros Caracas and PanAmerican paid Goldman the full purchase price for these securities, and Goldman was to deliver to Seguros Caracas and PanAmerican the Bond and Oil Obligations on the settlement date. Although Goldman delivered the Bonds to Seguros Caracas and PanAmerican, Goldman never delivered to Seguros Caracas or PanAmerican the 44,750 Oil Obligations that they purchased on October 19, 2001. Attached hereto as *Exhibit D* is the confirmation that Liberty received on behalf of Seguros Caracas and PanAmerican from Goldman for the purchase of those Oil Obligations

13. On November 19, 2001, PanAmerican purchased from Goldman a \$2.8 million face value Venezuelan Series A Par Bond and 14,000 Oil Obligations for \$2,156,875. In settlement of that trade, PanAmerican paid Goldman the full purchase price for these securities, and Goldman was to deliver to PanAmerican the Bond and Oil Obligations on the settlement date. Although Goldman delivered the Bond to PanAmerican, Goldman never delivered to PanAmerican the 14,000 Oil Obligations that it purchased on November 19, 2001. Attached hereto as *Exhibit E* is the confirmation that Liberty received on behalf of PanAmerican from Goldman for the purchase of those Oil Obligations.

14. On December 7, 2001, Seguros Caracas purchased from Goldman a \$4.75 million face value Venezuelan Series A Par Bond and 23,750 Oil Obligations for \$3,682,734.30, and PanAmerican purchased from Goldman a \$2.75 million face value Venezuelan Series A Par Bond and 13,750 Oil Obligations for \$2,132,109.30. In settlement of those trades, Seguros Caracas and PanAmerican paid Goldman the full purchase price for these securities, and Goldman was to deliver to Seguros Caracas and PanAmerican the Bonds and Oil Obligations on

the settlement date. Although Goldman delivered the Bonds to Seguros Caracas and PanAmerican, Goldman never delivered to Seguros Caracas or PanAmerican the 37,500 Oil Obligations that they purchased on December 7, 2001. Attached hereto as Exhibit F is the confirmation that Liberty received on behalf of Seguros Caracas and PanAmerican from Goldman for the purchase of those Oil Obligations

15. On December 13, 2001, PanAmerican purchased from Goldman a \$2.75 million face value Venezuelan Series A Par Bond and 13,750 Oil Obligations for \$2,084,156.25. In settlement of that trade, Seguros Caracas paid Goldman the full purchase price for these securities, and Goldman was to deliver to Seguros Caracas the Bond and Oil Obligations on the settlement date. Although Goldman delivered the Bond to Seguros Caracas, Goldman never delivered to Seguros Caracas the 13,750 Oil Obligations that it purchased on December 13, 2001. Attached hereto as Exhibit G is the confirmation that Liberty received on behalf of Seguros Caracas from Goldman for the purchase of those Oil Obligations.

16. Despite repeated demand by Liberty on behalf of Seguros Caracas and PanAmerican, Goldman has failed and refused to deliver to Seguros Caracas or PanAmerican any of the 220,375 Oil Obligations purchased by them in the hereinabove alleged trades.

**Count I**  
**(Breach of Contract)**

17. Seguros Caracas repeats and re-alleges the allegations of paragraphs 1 through 16 of the Complaint as if fully set forth herein.

18. Seguros Caracas and PanAmerican entered into the hereinabove alleged ten contracts with Goldman for the purchase and sale of an aggregate of 220,375 Oil Obligations. Seguros Caracas and PanAmerican fully performed all of their obligations under each contract to which each was a party, paid in full the purchase price of the Oil Obligations under each of those

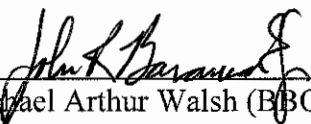
contracts, and otherwise satisfied all of the obligations under, and all of the conditions of, each of those contracts.

19. Goldman's failure to have delivered the Oil Obligations to Seguros Caracas and PanAmerican as required by the hereinabove alleged ten contracts constitutes a breach of each of those contracts by Goldman. Those breaches have caused Seguros Caracas, in its own right and as the successor in interest to PanAmerican, to suffer damages, including but not limited to the value of all payments made by the Republic of Venezuela to holders of the Oil Obligations which Goldman failed to deliver to Seguros Caracas and PanAmerican pursuant to the hereinabove alleged contracts.

WHEREFORE, plaintiff, Seguros Caracas de Liberty Mutual, S.A., prays that this Court enter judgment in its favor against defendant, Goldman Sachs & Co., on the claim alleged in this Complaint in an amount to be determined at trial; that interest upon all amounts owed to plaintiff by defendant be awarded at the lawfully applicable rate; and that this Court enter such other relief as it may deem just and proper.

SEGUROS CARACAS de LIBERTY MUTUAL, S.A.

By its attorneys,

  
\_\_\_\_\_  
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Dated: January 6, 2006

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**United States District Court  
District of Massachusetts (Boston)  
CIVIL DOCKET FOR CASE #: 1:06-cv-10035-WGY**

Seguros Caracas de Liberty Mutual, S.A. v. Goldman  
Sachs & Co.  
Assigned to: Judge William G. Young  
Demand: \$1,000,000  
Cause: 28:1332 Diversity-Breach of Contract

Date Filed: 01/06/2006  
Jury Demand: None  
Nature of Suit: 190 Contract: Other  
Jurisdiction: Diversity

**Plaintiff**

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V.

**Defendant**

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*ATTORNEY TO BE NOTICED*

<b>Date Filed</b>	<b>#</b>	<b>Docket Text</b>
01/06/2006	<a href="#"><u>1</u></a>	COMPLAINT against Goldman Sachs & Co. Filing fee: \$ 250, receipt number 69360, filed by Seguros Caracas de Liberty Mutual, S.A.. (Attachments: # <a href="#"><u>1</u></a> Civil Cover Sheet# <a href="#"><u>2</u></a> Category Form# <a href="#"><u>3</u></a> Exhibit A# <a href="#"><u>4</u></a> Exhibit B# <a href="#"><u>5</u></a> Exhibit C# <a href="#"><u>6</u></a> Exhibit D# <a href="#"><u>7</u></a> Exhibit E# <a href="#"><u>8</u></a> Exhibit F# <a href="#"><u>9</u></a> Exhibit G)(Paine, Matthew) (Entered: 01/09/2006)
01/06/2006		If the trial Judge issues an Order of Reference of any matter in this case to a Magistrate Judge, the matter will be transmitted to Magistrate Judge Bowler. (Paine, Matthew) (Entered: 01/09/2006)
01/06/2006		Summons Issued as to Goldman Sachs & Co.. (Paine, Matthew) (Entered: 01/09/2006)
01/06/2006	<a href="#"><u>2</u></a>	CORPORATE DISCLOSURE STATEMENT by Seguros Caracas de Liberty Mutual, S.A.. (Paine, Matthew) (Entered: 01/09/2006)
01/17/2006	<a href="#"><u>3</u></a>	SUMMONS Returned Executed Goldman Sachs & Co. served on 1/9/2006, answer due 1/30/2006. (Baraniak, John) (Entered: 01/17/2006)
01/30/2006	<a href="#"><u>4</u></a>	Assented to MOTION for Extension of Time to 2/28/2006 to Move, Answer or Otherwise Respond to Plaintiff's Complaint by Goldman Sachs & Co..(Marcucci, Michael) (Entered: 01/30/2006)
01/30/2006	<a href="#"><u>5</u></a>	CORPORATE DISCLOSURE STATEMENT by Goldman Sachs & Co.. (Marcucci, Michael) (Entered: 01/30/2006)
02/01/2006		Judge William G. Young : Electronic ORDER entered granting <a href="#"><u>4</u></a> Motion for Extension of Time to 2/28/2006 to Move, Answer, or Otherwise Respond to Plaintiff's Complaint. (Paine, Matthew) (Entered: 02/01/2006)