

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

ALEXANDER NEUHAUSER,

Plaintiff,

-against-

BOLIVARIAN REPUBLIC OF VENEZUELA

Defendant.

Case No. \_\_\_\_\_

**COMPLAINT**

Plaintiff Alexander Neuhauser (“Neuhauser”), through his undersigned counsel, Davis & Gilbert LLP, as and for his Complaint against Defendant Bolivarian Republic of Venezuela (“Venezuela”), alleges as follows:

**NATURE OF THE ACTION**

1. Neuhauser is the beneficial owner of interests in three dollar-denominated debt securities issued by Venezuela (each a “Debt Security,” collectively the “Debt Securities”).
2. The first Debt Security, 6% global bonds due 2020, ISIN No. USP97475AG56, CUSIP No. P97475AG5 (the “2020 Global Bonds”), was issued in 2005 pursuant to a Fiscal Agency Agreement dated as of July 25, 2001 (the “2001 FAA”) among Venezuela, Banco Central de Venezuela, Deutsche Bank AG and Deutsche Bank Trust Company Americas (formerly Bankers Trust Company).
3. The second Debt Security, 13.625% global bonds due 2018, ISIN No. USP922646AT10, CUSIP No. P922646AT1 (the “2018 Global Bonds”), was issued in 1998 pursuant to a Fiscal Agency Agreement dated as of August 8, 1998 (the “1998 FAA”) among Venezuela and The Chase Manhattan Bank.

4. The third Debt Security, 9.25% global bonds due 2027, ISIN No. US922646AS37, CUSIP No. 922646AS3 (the “2027 Global Bonds”), was issued in 1997 pursuant to a Fiscal Agency Agreement dated as of September 3, 1997 (the “1997 FAA”) among Venezuela and The Chase Manhattan Bank.
5. The Debt Securities obligated Venezuela to repay principal and any unpaid interest in full on the maturity date, an amount, in the aggregate, totaling approximately six billion dollars.
6. Moreover, until full repayment of the principal, whether on the maturity date, as required under the terms of the Debt Securities or later, the Debt Securities obligated Venezuela to pay interest on principal semi-annually in arrears, on June 9 and December 9 of each year (with respect to the 2020 Global Bonds), on February 15 and August 15 of each year (with respect to the 2018 Global Bonds), and on March 15 and September 15 of each year (with respect to the 2027 Global Bonds) , at the rates noted above *per annum*.
7. Beginning with the interest payment due on December 9, 2017 for the 2020 Global Bonds, however, Venezuela has failed to make any of the required interest and principal payments on all of the Debt Securities, and thus became in breach of its obligations under all three Debt Securities.
8. In this action, Neuhauser seeks to recover from Venezuela his damages, as a beneficial owner of interests in the three Debt Securities, resulting from Venezuela’s breaches.

#### **THE PARTIES**

9. Neuhauser is an individual residing at Belgielei 142, 2018 Antwerp, Belgium. He is a Belgian citizen.
10. Venezuela is a foreign state as defined in 28 U.S.C. § 1603.

**JURISDICTION AND VENUE**

11. This Court has jurisdiction over this action pursuant to 28 U.S.C. §1330 because Venezuela is a foreign state that, in the 1997 FAA, the 1998 FAA and the 2001 FAA, among other places, explicitly and unconditionally waived sovereign immunity with respect to actions such as the instant action (referred to in each FAA as a “Related Proceeding”) arising out of the respective FAAs and any debt securities or interest payments appertaining thereto, and is, therefore, not entitled to immunity under 28 U.S.C. §§1605-07 or under any applicable international agreement.
12. In addition, Venezuela consented in the 1997 FAA, the 1998 FAA and the 2001 FAA, among other places, to submit to the jurisdiction of this Court in any Related Proceeding.
13. Pursuant to the 1997 FAA, the 1998 FAA and the 2001 FAA, Venezuela appointed the Consul General of Venezuela, or, in the Consul’s absence or incapacity, any official of the Consulate of Venezuela, which currently maintains offices at 7 East 51st Street, New York, New York 10022, as its authorized agent for service of process.
14. By their terms, the 1997 FAA, the 1998 FAA and the 2001 FAA are to be governed by, and interpreted in accordance with, the laws of the State of New York without regard to principles of conflicts of law.
15. Venue is proper in this district by agreement of the parties.

**FACTUAL ALLEGATIONS**

**Neuhauser’s Beneficial Interests in The Debt Securities**

16. The Debt Securities are “book-entry securities” registered in the name of Cede & Co. (“Cede”), as the nominee of the Depository Trust Company (the “DTC”).

17. Financial institutions, called “participants,” maintain accounts with the DTC through which they hold interests in such book-entry securities.
18. Investors, such as Neuhauser, in turn own beneficial interests in such book-entry securities through the participant financial institutions.
19. Through that ownership structure, Neuhauser owns a beneficial interest in the 2020 Global Bonds in the principal amount of \$1,150,000, a beneficial interest in the 2018 Global Bonds in the principal amount of \$500,000, and a beneficial interest in the 2027 Global Bonds in the principal amount of \$100,000.
20. Those beneficial interests entitle Neuhauser to his proportionate share of each semi-annual interest payment Venezuela is required to make on the Debt Securities.
21. Although Neuhauser, just like every other investor in the Debt Securities, is not a direct holder of the Debt Securities, the relevant FAAs contemplate that beneficial owners such as Neuhauser will, upon Cede’s authorization, be entitled to take any action that Cede would be entitled to bring suit as holder of the relevant Debt Security, including, as here, suits for non-payment of money owed.
22. Neuhauser has received the appropriate authorizations.

**Venezuela’s Defaults on The 2020 Global Bonds**

23. The applicable terms and conditions of the 2020 Global Bonds required Venezuela to pay interest on principal, semi-annually, on June 9 and December 9 of each year, at a rate of 6% per annum.
24. One such semi-annual interest payment was due on December 9, 2017.
25. Venezuela failed to make that interest payment, both on its due date and at any time thereafter.

26. Venezuela was required to make another semi-annual interest payment on the 2020 Global Bonds on June 9, 2018.
27. Venezuela failed to make that interest payment as well, both on its due date and thereafter, and has failed to make any subsequent interest payments, on their due dates or thereafter.
28. Further, the applicable terms and conditions of the 2020 Global Bonds require Venezuela to repay all outstanding principal on the 2020 Global Bonds on the Maturity Date, December 9, 2020. Upon information and belief, Venezuela has no intention of repaying all outstanding principal on the 2020 Global Bonds on the Maturity Date and will not do so.
29. Neuhauser, as the beneficial owner of an interest in the principal of the 2020 Global Bonds such that it has a claim for damages of at least \$1,150,000, plus applicable accrued interest, as a result of Venezuela's failure to make these required interest and principal payments, representing his proportionate share of the interest and principal Venezuela, in breach of its obligations, has failed to pay on the 2020 Global Bonds.
30. In addition, more than 30 days having elapsed since the above-detailed payment failures, each has ripened into an "Event of Default" under the applicable terms and conditions governing the 2020 Global Bonds.
31. As such, the applicable terms and conditions governing the 2020 Global Bonds require Venezuela to pay all of Neuhauser's reasonable and documented out-of-pocket expenses, including reasonable counsel fees and court costs, incurred in connection with any "reasonable investigation of any such Event of Default or the enforcement of the Securities."

32. Accordingly, in addition to the damages alleged above, Venezuela is liable to Neuhauser for his costs and attorneys' fees for preparing and bringing this action.

**Venezuela's Defaults on The 2018 Global Bonds**

33. The terms and conditions of the 2018 Global Bonds required Venezuela to pay interest, semiannually, on February 15 and August 15 of each year, at a rate equal to 13.625% *per annum*.

34. One such interest payment was due on February 15, 2018.

35. Venezuela failed to make that interest payment, both on its due date and at any time thereafter, and has failed to make any subsequent interest payments, on their due dates or thereafter.

36. Further, the terms and conditions of the 2018 Global Bonds required Venezuela to repay all outstanding principal on the 2018 Global Bonds on the Maturity Date (August 15, 2018).

37. Venezuela failed to make any repayment of principal, both on the Maturity Date and at any time thereafter.

38. Neuhauser, as the beneficial owner of an interest in the principal of the 2018 Global Bonds, has a claim for damages of at least \$500,000, plus applicable accrued interest, as a result of Venezuela's failure to make these required interest and principal payments, representing his proportionate share of the interest and principal Venezuela, in breach of its obligations, has failed to pay on the 2018 Global Bonds.

39. In addition, more than 30 days having elapsed since the above-detailed payment failures, each has ripened into an "Event of Default" under the applicable terms and conditions governing the 2018 Global Bonds.

40. As such, the applicable terms and conditions governing the 2018 Global Bonds require Venezuela to pay all of Neuhauser's reasonable and documented out-of-pocket expenses, including reasonable counsel fees and court costs, incurred in connection with any "reasonable investigation of any such Event of Default or the enforcement of the Securities."

41. Accordingly, in addition to the damages alleged above, Venezuela owes Neuhauser the final amount of the costs and attorneys' fees for preparing and bringing this action.

**Venezuela's Defaults on The 2027 Global Bonds**

42. The terms and conditions of the 2027 Global Bonds required Venezuela to pay interest, semiannually, on March 15 and September 15 of each year, at a rate equal to 9.25% *per annum*.

43. One such interest payment was due on March 15, 2018.

44. Venezuela failed to make that interest payment, both on its due date and at any time thereafter.

45. Venezuela was required to make subsequent interest payments, on the due dates therefor, from September 15, 2018 through and including September 15, 2020.

46. Venezuela failed to make those interest payments as well, both on their due dates or at any time thereafter.

47. Neuhauser, as the beneficial owner of an interest in the principal of the 2027 Global Bonds, has a claim for damages of at least \$100,000, plus applicable accrued interest as a result of Venezuela's failure to make these required interest and principal payments, representing his proportionate share of the interest and principal Venezuela, in breach of its obligations, has failed to pay on the 2027 Global Bonds.

48. In addition, more than 30 days having elapsed since the above-detailed payment failures, each has ripened into an “Event of Default” under the applicable terms and conditions governing the 2027 Global Bonds.
49. As such, the applicable terms and conditions governing the 2027 Global Bonds require Venezuela to pay all of Neuhauser’s reasonable and documented out-of-pocket expenses, including reasonable counsel fees and court costs, incurred in connection with any “reasonable investigation of any such Event of Default or the enforcement of the Securities.”
50. Accordingly, in addition to the damages alleged above, Venezuela owes Neuhauser the final amount of the costs and attorneys’ fees for preparing and bringing this action.

**Interest Continues to Accrue on The Debt Securities**

51. The applicable terms and conditions of the Debt Securities provide, in sum and substance, that interest on principal will continue to accrue at their respective interest rates *per annum* until the principal is repaid in full, whether on the Maturity Date or thereafter.
52. For the 2020 Global Bonds, that obligation is set forth in the form registered security attached as an exhibit to the 2001 FAA, which form governs, under Section 1(c) of the 2001 FAA, unless otherwise provided in an “Authorization” delivered by the Minister of Finance of Venezuela.
53. Upon information and belief, the Minister of Finance of Venezuela has not delivered an “Authorization” with respect to the 2020 Global Bonds that alters the relevant language of the form registered security.
54. For the 2018 Global Bonds, that obligation is set forth in the form registered security attached as an exhibit to the 1998 FAA, which form governs, under Section 1(c) of the



1998 FAA, unless otherwise provided in an “Authorization” delivered by the Minister of Finance of Venezuela.

55. Upon information and belief, the Minister of Finance of Venezuela has not delivered an “Authorization” with respect to the 2018 Global Bonds that alters the relevant language of the form registered security.

56. For the 2027 Global Bonds, that obligation is set forth in the form registered security attached as an exhibit to the 1997 FAA, which form governs, under Section 1(c) of the 1997 FAA, unless otherwise provided in an “Authorization” delivered by the Minister of Finance of Venezuela.

57. Upon information and belief, the Minister of Finance of Venezuela has not delivered an “Authorization” with respect to the 2027 Global Bonds that alters the relevant language of the form registered security.

58. By virtue of these provisions of the Debt Securities, Neuhauser is entitled to recover damages through date hereof of in the amount of at least \$1,750,000.00, plus applicable accrued interest, on the unpaid principal and interest of the Debt Securities beneficially owned by Neuhauser.

**FIRST CLAIM FOR RELIEF**  
**(For Breach of Contract on the 2020 Global Bonds)**

59. All foregoing paragraphs are incorporated by reference herein.

60. The 2020 Global Bonds will mature on December 9, 2020, at which time the entire principal and any unpaid interest in the amount of the 2020 Global Bonds will become due and payable.

61. Upon maturity, Venezuela has no intention of paying, and will not pay the principal amount of the 2020 Global Bonds.

62. Further, as detailed above, Venezuela also has failed to pay interest due on the 2020 Global Bonds.

63. By reason of the foregoing Venezuela has breached its contractual obligations under the 2020 Global Bonds and is liable to Neuhauser, as the owner of a beneficial interest in the 2020 Global Bonds in the principal amount of \$1,150,000.00, for damages in an amount to be determined at trial, but not less than \$1,150,000.00, plus applicable accrued interest, representing Neuhauser's proportionate share of unpaid principal and interest on the 2020 Global Bonds through the date of this pleading, together with pre-judgment interest, and Neuhauser's costs and attorneys' fees incurred in this action.

**SECOND CLAIM FOR RELIEF**  
**(For Breach of Contract on the 2018 Global Bonds)**

64. All foregoing paragraphs are incorporated by reference herein.

65. The 2018 Global Bonds matured on August 15, 2018, at which time Venezuela was required to redeem the 2018 Global Bonds.

66. Upon maturity, however, Venezuela failed to redeem the 2018 Global Bonds.

67. Further, as detailed above, Venezuela also has failed to pay interest due on the 2018 Global Bonds.

68. By reason of the foregoing Venezuela has breached its contractual obligations under the 2018 Global Bonds and is liable to Neuhauser, as the owner of a beneficial interest in the 2018 Global Bonds in the principal amount of \$500,000.00, for damages in an amount to be determined at trial, but not less than \$500,000.00, plus applicable accrued interest, representing Neuhauser's proportionate share of unpaid principal and interest on the 2018 Global Bonds through the date of this pleading, together with pre-judgment interest, and Neuhauser's costs and attorneys' fees incurred in this action.

**THIRD CLAIM FOR RELIEF**  
**(For Breach of Contract on the 2027 Global Bonds)**

69. All foregoing paragraphs are incorporated by reference herein.

70. As detailed above, Venezuela also has failed to pay interest due on the 2027 Global Bonds.

71. By reason of the foregoing Venezuela has breached its contractual obligations under the 2027 Global Bonds and is liable to Neuhauser, as the owner of a beneficial interest in the 2027 Global Bonds in the principal amount of \$100,000.00, for damages in an amount to be determined at trial, but not less than \$100,000.00, plus applicable accrued interest, representing Neuhauser's proportionate share of unpaid principal and interest on the 2027 Global Bonds through the date of this pleading, together with pre-judgment interest, and Neuhauser's costs and attorneys' fees incurred in this action.

WHEREFORE, Neuhauser demands judgment against Venezuela as follows:

(a) On the First Claim for Relief, awarding Neuhauser a money judgment in an amount to be determined at trial, but not less than \$1,150,000, plus applicable accrued interest, together with pre-judgment interest, and Neuhauser's costs and attorneys' fees incurred in this action;

(b) On the Second Claim for Relief, awarding Neuhauser a money judgment in an amount to be determined at trial, but not less than \$500,000, plus applicable accrued interest, together with pre-judgment interest, and Neuhauser's costs and attorneys' fees incurred in this action; and

(c) On the Third Claim for Relief, awarding Neuhauser a money judgment in an amount to be determined at trial, but not less than \$100,000, plus applicable accrued interest, together with pre-judgment interest, and Neuhauser's costs and attorneys' fees incurred in this action; and

(d) Such other and further relief as the Court shall deem just and proper.

Dated: December 8, 2020  
New York, New York

DAVIS & GILBERT LLP

*/s/ Joshua H. Epstein*

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