



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

**Chartered Semiconductor
Manufacturing, Ltd**

IN RE INITIAL PUBLIC OFFERING SECURITIES LITIGATION	X : : : : X	Master File No. 21 MC 92 (SAS)
IN RE CHARTERED SEMICONDUCTOR MANUFACTURING, LTD. INITIAL PUBLIC OFFERING SECURITIES LITIGATION	X : : : : X	01 Civ. 10839 (SAS) AMENDED CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS

Plaintiff, by his undersigned attorneys, individually and on behalf of the Class described below, upon information and belief, based upon, *inter alia*, the investigation of counsel, which includes a review of public announcements made by Defendants, interviews with individuals with knowledge of the acts and practices described herein, Securities and Exchange Commission ("SEC") filings made by Defendants, press releases, and media reports, except as to Paragraph 14 applicable to the named Plaintiff which is alleged upon personal knowledge, brings this Amended Complaint (the "Complaint") against the Defendants named herein, and alleges as follows:

NATURE OF THE ACTION

1. This is a securities class action alleging violations of the federal securities laws in connection with the initial public offering conducted on or about October 29, 1999 (the "IPO" or the "Offering") of 225,000,000 ordinary shares of Chartered Semiconductor, Ltd. ("Chartered" or the "Issuer"), of which 150,000,000 were offered in the United States and Canada in the form of American Depository Shares ("ADS")(one ADS equaling 10 Chartered ordinary shares) at \$20.00 per ADS (all stock prices herein refer to U.S. Dollars per ADS); the follow-on public offering

conducted on or about May 4, 2000 of 135,100,000 ordinary shares of Chartered of which 78,000,000 were offered in the United States and Canada as ADSs at \$65.00 per ADS (the "Secondary Offering"); and the trading of Chartered ADSs common stock in the aftermarket from the date of the IPO through December 6, 2000, inclusive (the "Class Period"). The IPO and the Secondary Offering will, at varying times, be collectively referred to hereinafter as the "Offerings."

2. In connection with these Offerings, certain underwriters named as Defendants herein (and defined below as the "IPO Underwriter Defendants") participated in a scheme to improperly enrich themselves through the manipulation of the aftermarket trading in Chartered ADSs following the IPO.

3. In this regard, the IPO Underwriter Defendants created artificial demand for Chartered ADSs by conditioning ADS allocations in the IPO upon the requirement that customers agree to purchase ADSs of Chartered in the aftermarket and, in some instances, to make those purchases at pre-arranged, escalating prices ("Tie-in Agreements").

4. As part of the scheme, the IPO Underwriter Defendants required their customers to repay a material portion of profits obtained from selling IPO ADS allocations in the aftermarket through one or more of the following types of transactions: (a) paying inflated brokerage commissions; (b) entering into transactions in otherwise unrelated securities for the primary purpose of generating commissions; and/or (c) purchasing equity offerings underwritten by the IPO Underwriter Defendants, including, but not limited to, secondary (or add-on) offerings that would not be purchased but for the IPO Underwriter Defendants' unlawful scheme. (Transactions

"(a)" through "(c)" above will be, at varying times, collectively referred to hereinafter as "Undisclosed Compensation").

5. In addition, the IPO Underwriter Defendants' scheme enabled certain of them to further capitalize on the artificial inflation in Chartered's ADSs by underwriting the Secondary Offering and receiving substantial fees in connection therewith -- in fact, the amount of disclosed compensation paid was directly tied to Chartered's manipulated ADS price.

6. In connection with the IPO, Chartered filed with the SEC a registration statement ("IPO Registration Statement") and a prospectus ("IPO Prospectus"). The IPO Registration Statement and IPO Prospectus will be, at varying times, collectively referred to hereinafter as the "IPO Registration Statement/Prospectus." The IPO Registration Statement/Prospectus was declared effective by the SEC on or about October 29, 1999.

7. The IPO Registration Statement/Prospectus was materially false and misleading in that it failed to disclose, among other things further described herein, that the IPO Underwriter Defendants had required Tie-in Agreements in allocating ADSs in the IPO and would receive Undisclosed Compensation in connection with the IPO.

8. In connection with the Secondary Offering, Chartered filed with the SEC a registration statement (the "Secondary Offering Registration Statement") and a prospectus (the "Secondary Offering Prospectus"). The Secondary Offering Registration Statement and the Secondary Offering Prospectus will be, at varying times, collectively referred to hereinafter as the "Secondary Offering Registration Statement/Prospectus." The Secondary Offering Registration Statement/Prospectus was declared effective by the SEC on or about May 4, 2000.

9. The Secondary Offering Registration Statement/Prospectus was materially false and misleading in that it misrepresented or failed to disclose, among other things further described herein, that the price at which the Secondary Offering was sold to the public was artificially inflated and the product of a manipulated market. Also omitted from disclosure in the Secondary Offering Registration Statement/Prospectus, was the material fact that the demand for the Secondary Offering was artificially inflated. Specifically, customers of the underwriters named as Defendants herein in connection with the Secondary Offering, in order to receive allocations of ADSs in this IPO and/or other "hot" initial public offerings, were required by these underwriter Defendants to purchase ADSs in the Secondary Offering.

10. As part and parcel of the scheme alleged herein, certain of the underwriters named as Defendants herein also improperly utilized their analysts, who, unbeknownst to investors, were compromised by conflicts of interest, to artificially inflate or maintain the price of Chartered ADSs by issuing favorable recommendations in analyst reports.

JURISDICTION

11. This Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Securities Exchange Act of 1934 (the "Exchange Act") (15 U.S.C. § 78aa) and 28 U.S.C. § 1331.

12. Plaintiff brings this action pursuant to Section 10(b) of the Exchange Act as amended (15 U.S.C. § 78j(b)), and Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5). Venue is proper in this District as the underwriters named as Defendants herein have offices in this District, conduct business in this District and many of the wrongful acts engaged in by all Defendants and alleged herein took place or originated in this District.

13. In connection with the acts alleged in the 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

PLAINTIFFS

14. Plaintiff Barry S. Kantrowitz ("Plaintiff") purchased or otherwise acquired ADSs of Chartered traceable to the Offerings, in the open market or otherwise during the Class Period, at prices that were artificially inflated by Defendants' misconduct and were damaged thereby.

DEFENDANTS

THE UNDERWRITER DEFENDANTS

15. Plaintiff hereby incorporates by reference the "Underwriter Defendants" section of the Master Allegations, as if set forth herein at length.

16. The following investment banking firms acted in the following capacities with respect to the Offering and substantially participated in the unlawful conduct alleged herein:

POSITION

NAME OF UNDERWRITER

LEAD MANAGER

Salomon

CO-MANAGERS

CSFB

SG Cowen

Soundview Technology (as successor-in-interest to Soundview)

17. The Defendants identified in the preceding paragraph will be, at varying times, collectively referred to hereinafter as the "IPO Underwriter Defendants."

18. The following investment banking firms acted in the following capacities with respect to the Secondary Offering and substantially participated in the wrongs alleged herein:

<u>POSITION</u>	<u>NAME OF UNDERWRITER</u>
LEAD MANAGER	Salomon
CO-MANAGER	CSFB
	SG Cowen
	Soundview Technology (as successor-in-interest to Soundview)

19. The Defendants identified in the preceding paragraph will be, at varying times, collectively referred to hereinafter as the "Secondary Offering Underwriter Defendants." Collectively, the IPO Underwriter Defendants and the Secondary Offering Underwriter Defendants, will be, at varying times, referred to hereinafter as the "Underwriter Defendants."

ADDITIONAL PERSONS – THE ISSUER

20. At the time of the IPO, Chartered was a Singapore corporation with its principal place of business located in Singapore.

CLASS ACTION ALLEGATIONS

21. Plaintiff brings this action as a class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of a class consisting of all persons and entities who purchased or otherwise acquired the ADSs of the Issuer during the Class Period and were damaged thereby (the "Class"). Excluded from the Class are Defendants herein, Defendants' legal

counsel, any entity in which any of the Defendants has a controlling interest, and the legal representatives, heirs, successors or assigns of any of the Defendants.

22. Members of the Class are so numerous that joinder of all members is impracticable.

(a) Millions of ADSs were sold in the Offerings, and the ADSs were actively traded during the Class Period; and

(b) While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds, if not thousands, of Class members who purchased or otherwise acquired the Issuer's ADSs during the Class Period.

23. Plaintiff's claims are typical of the claims of the other members of the Class. Plaintiff and other members of the Class have sustained damages because of Defendants' unlawful activities alleged herein. Plaintiff has retained counsel competent and experienced in class and securities litigation and intend to prosecute this action vigorously. The interests of the Class will be fairly and adequately protected by Plaintiff. Plaintiff has no interests that are contrary to or in conflict with those of the Class which Plaintiff seeks to represent.

24. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy. Plaintiff knows of no difficulty to be encountered in the management of this action that would preclude its maintenance as a class action. Furthermore, since the damages suffered by individual members of the Class may be relatively small, the expense and burden of individual litigation make it economically impracticable for the members of the Class to seek redress individually for the wrongs they have suffered.

25. The names and addresses of the record purchasers of the Issuer's ADSs are available from the Issuer, its agents, and the underwriters who sold and distributed the Issuer's ADSs in the IPO and Secondary Offering. Notice can be provided to Class members via a combination of published notice and first class mail using techniques and forms of notice similar to those customarily used in class actions arising under the federal securities laws.

26. 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:

- (a) Whether the federal securities laws were violated by Defendants' misconduct as alleged herein;
- (b) Whether the IPO Registration Statement/Prospectus omitted and/or misrepresented material facts;
- (c) Whether the Secondary Offering Registration Statement/Prospectus omitted and/or misrepresented material facts;
- (d) Whether Defendants participated in the course of conduct complained of herein;
- (e) Whether the Defendants named thereunder acted with scienter; and
- (f) Whether the members of the Class have sustained damages as a result of Defendants' conduct, and the proper measure of such damages.

SUBSTANTIVE ALLEGATIONS

27. Plaintiff hereby incorporates by reference the "Introductory" section of the Master Allegations as if set forth herein at length. Plaintiff also adopts and incorporates herein by

reference the allegations set forth in the Master Allegations that specifically relate to each of the Underwriter Defendants as if set forth herein at length.

THE IPO

28. Chartered's IPO of 22,500,000 ADSs in the United States and Canada were priced at \$20.00 per ADS on or about October 29, 1999. The sale and distribution of this firm commitment offering was effected by an underwriting syndicate consisting of, among others, the IPO Underwriter Defendants. Additionally, Chartered granted the underwriting syndicate an option to purchase 3,750,000 ADSs at the initial offering price less underwriting discounts and commissions.

29. On the day of the IPO, the price of Chartered ADSs shot up dramatically, trading as high as \$35.6875 per ADS, or more than 78% above the IPO price on substantial volume. This "impressive" debut however, was not the result of normal market forces; rather, it was the result of Defendants' unlawful practices more fully described herein.

30. The unlawful practices continued during the Class Period as the price of Chartered ADSs rose dramatically. For example, on March 27, 2000, less than two months before the Secondary Offering, Chartered ADSs reached a high of \$113.00 per ADS, or more than 460% above the IPO price.

UNLAWFUL CONDUCT IN CONNECTION WITH THE IPO

31. Consistent with their conduct in other initial public offerings, as set forth in the Master Allegations, the IPO Underwriter Defendants engaged in manipulative and/or other unlawful practices described more fully herein in connection with the IPO.

32. Customers of each of the IPO Underwriter Defendants, as a condition to obtaining an allocation of stock in the IPO, were required or induced to enter into Tie-in Agreements and/or pay Undisclosed Compensation.

**THE IPO REGISTRATION STATEMENT/PROSPECTUS
WAS MATERIALLY FALSE AND MISLEADING**

33. In conducting the IPO, the IPO Underwriter Defendants violated Regulation M promulgated pursuant to the Exchange Act. Rule 101(a) of Regulation M reads as follows:

Unlawful Activity. In connection with a distribution of securities, it shall be unlawful for a distribution participant or an affiliated purchaser of such person, directly or indirectly, to bid for, purchase, or attempt to induce any person to bid for or purchase, a covered security during the applicable restricted period.

17 C.F.R § 242.101.

34. As explained by the SEC's Staff Legal Bulletin No. 10, dated August 25, 2000, tie-in agreements violate Regulation M:

Tie-in agreements are a particularly egregious form of solicited transactions prohibited by Regulation M. As far back as 1961, the Commission addressed reports that certain dealers participating in distributions of new issues had been making allotments to their customers only if such customers agreed to make some comparable purchase in the open market after the issue was initially sold. The Commission said that such agreements may violate the anti-manipulative provisions of the Exchange Act, particularly Rule 10b-6 (which was replaced by Rules 101 and 102 of Regulation M) under the Exchange Act, and may violate other provisions of the federal laws.

Solicitations and tie-in agreements for aftermarket purchases are manipulative because they undermine the integrity of the market as an independent pricing mechanism for the offered security. Solicitations for aftermarket purchases give purchasers in the offering the impression that there is a scarcity of the offered securities. This can stimulate demand and support the pricing of

the offering. Moreover, traders in the aftermarket will not know that the aftermarket demand, which may appear to validate the offering price, has been stimulated by the distribution participants. Underwriters have an incentive to artificially influence aftermarket activity because they have underwritten the risk of the offering, and a poor aftermarket performance could result in reputational and subsequent financial loss. (Emphasis added).

35. In particular, the IPO Registration Statement/Prospectus stated:

In connection with the global offering, Salomon Smith Barney Inc. and Salomon Brothers International Limited, on behalf of the underwriters, may purchase and sell ADSs or ordinary shares in the open market. These transactions may include over-allotment, covering transactions and stabilizing transactions. Over-allotment involves syndicate sales of ADSs or ordinary shares in excess of the number of ADSs to be purchased by the underwriters in the global offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of the ADSs or ordinary shares in the open market after distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of certain bids or purchases of ADSs or ordinary shares made for the purpose of preventing or retarding a decline in the market price of the ADSs or ordinary shares while the offering is in progress. The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from an underwriter when Salomon Smith Barney Inc., in covering syndicate short positions or making stabilizing purchases, repurchases ADSs or ordinary shares originally sold by that underwriter.

Any of these activities may cause the price of the ADSs or the ordinary shares to be higher than the price that otherwise would exist in the open market in the absence of such transactions. Subject to compliance with applicable laws, these transactions may be effected on the Nasdaq National Market, the Stock Exchange of Singapore Limited, in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time.

36. The statements contained in the previous paragraph were materially false and misleading because the IPO Underwriter Defendants required customers to commit to Tie-in

Agreements and created the false appearance of demand for the ADSs at prices in excess of the IPO price and in violation of Regulation M. At no time did the IPO Registration Statement/Prospectus disclose that the IPO Underwriter Defendants would require their customers seeking to purchase IPO ADSs to engage in transactions causing the market price of Chartered ADSs to rise, in transactions that cannot be characterized as stabilizing transactions, over-allotment transactions, syndicate covering transactions or penalty bids.

37. Because the Undisclosed Compensation was, in reality, underwriter compensation, it was required to be disclosed in the IPO Registration Statement/Prospectus. As Regulation S-K, Item 508 (e) provides:

Underwriter's Compensation. Provide a table that sets out the nature of the compensation and the amount of discounts and commissions to be paid to the underwriter for each security and in total. The table must show the separate amounts to be paid by the company and the selling shareholders. **In addition, include in the table all other items considered by the National Association of Securities Dealers to be underwriting compensation for purposes of that Association's Rules of Fair Practice.** (Emphasis added).

38. The NASD specifically addresses what constitutes underwriting compensation in NASD Conduct Rule 2710(c)(2)(B) (formerly Article III, Section 44 of the Association's Rules of Fair Practice):

For purposes of determining the amount of underwriting compensation, all items of value received or to be received from any source by the underwriter and related persons which are deemed to be in connection with or related to the distribution of the public offering as determined pursuant to subparagraphs (3) and (4) below shall be included. (Emphasis added).

39. NASD Conduct Rule 2710(c)(2)(c) specifically requires:

If the underwriting compensation includes items of compensation in addition to the commission or discount disclosed on the cover page of the prospectus or similar document, a footnote to the offering proceeds table on the cover of the prospectus or similar document shall include a cross-reference to the section on underwriting or distribution arrangements.

40. Contrary to applicable law, the IPO Registration Statement/Prospectus did not set forth, by footnote or otherwise, the Undisclosed Compensation.

41. Instead, the IPO Registration Statement/Prospectus misleadingly stated that the underwriting syndicate would receive as compensation an underwriting discount of \$0.90 per ADS, or a total of \$20,250,000, based on the spread between the per share proceeds to Chartered (\$19.10) and the Offering price to the public (\$20.00 per share). This disclosure was materially false and misleading as it misrepresented underwriting compensation by failing to include Undisclosed Compensation.

42. In addition, the IPO Registration Statement/Prospectus stated:

The U.S., international and Singapore underwriters propose to offer some of the ordinary shares (including ordinary shares represented by ADSs) directly to the public at the initial public offering price set forth on the cover page of this prospectus [\$20.00 per ADS, each representing 10 ordinary shares] and some of the ordinary shares (including ordinary shares represented by ADSs) to certain dealers at the public offering price less a concession. . .

43. The IPO Registration Statement/Prospectus was materially false and misleading in that in order to receive ADS allocations from the IPO Underwriter Defendants in the Chartered IPO, customers were required to pay an amount in excess of the IPO price in the form of Undisclosed Compensation and/or Tie-in Agreements.

44. NASD Conduct Rule 2330(f) further prohibits an underwriter from sharing directly or indirectly in the profits in any account of a customer:

[N]o member or person associated with a member shall share directly or indirectly in the profits or losses in any account of a customer carried by the member or any other member.

45. The IPO Underwriter Defendants' scheme was dependent upon customers obtaining substantial profits by selling ADS allocations from the IPO and paying a material portion of such profits to the IPO Underwriter Defendants. In this regard, the IPO Underwriter Defendants shared in their customers' profits in violation of NASD Conduct Rule 2330(f).

46. The failure to disclose the IPO Underwriter Defendants' unlawful profit-sharing arrangement as described herein, rendered the IPO Registration Statement/Prospectus materially false and misleading.

47. NASD Conduct Rule 2440 governs Fair Prices and Commissions and, in relevant part, provides that a member:

shall not charge his customer more than a fair commission or service charge, taking into consideration all relevant circumstances, including market conditions with respect to such security at the time of the transaction, the expense of executing the order and the value of any service he may have rendered by reason of his experience in and knowledge of such security and market therefor.

48. Guideline IM-2440 of the NASD states, in relevant part:

It shall be deemed a violation of . . . Rule 2440 for a member to enter into any transaction with a customer in any security at any price not reasonably related to the current market price of the security or to charge a commission which is not reasonable A mark-up of 5% or even less may be considered unfair or unreasonable under the 5% policy.

49. The IPO Registration Statement/Prospectus was materially false and misleading due to its failure to disclose the material fact that the IPO Underwriter Defendants were charging customers commissions that were unfair, unreasonable, and excessive as consideration for receiving allocations of ADSs in the IPO.

MARKET MANIPULATION THROUGH THE USE OF ANALYSTS

50. As demonstrated in the "Use of Analysts" section of the Master Allegations, in furtherance of their manipulative scheme, IPO Underwriter Defendants Salomon, CSFB, SG Cowen, and Soundview Technology (Soundview) improperly used their analysts, who suffered from conflicts of interest, to issue glowing research reports and positive recommendations at or about the expiration of the "quiet period" so as to manipulate the Issuer's aftermarket ADS price.

51. On November 23, 1999, just after the expiration of the "quiet period" with respect to the Chartered IPO, Defendants Salomon, CSFB, SG Cowen, and Soundview Technology (Soundview) each initiated analyst coverage of Chartered. Salomon and CSFB each issued "Buy" recommendations, with Salomon giving a 12-month target price of \$50.00 per ADS and CSFB giving a 12-month target price of \$60.00 per ADS. In addition, SG Cowen and Soundview Technology (Soundview) issued "Strong Buy" recommendations. Soundview also set a 12-month target price of \$55.00 per ADS. As of the preceding day, Chartered closed at \$41.25 per ADS.

52. The price targets set forth in such reports were materially false and misleading as they were based upon a manipulated price.

UNLAWFUL CONDUCT IN CONNECTION

WITH THE SECONDARY OFFERING

53. Consistent with their conduct in other secondary (or add-on) offerings as set forth in the "Secondary (or Add-On) Offering" section of the Master Allegations, the Secondary Offering Underwriter Defendants engaged in unlawful practices described more fully herein in connection with the Secondary Offering.

54. For example, specific customers of the Secondary Offering Underwriter Defendants have revealed that in order to receive an allocation of ADSs in otherwise unrelated initial public offerings, they were required or induced to purchase ADSs in the Chartered Secondary Offering.

THE SECONDARY OFFERING

55. On or about May 4, 2000, an additional 7,800,000 ADSs were offered in the United States pursuant to the Secondary Offering at \$65.00 per ADS (a dramatic 225% premium above the \$20.00 per ADS IPO price) pursuant to the materially false and misleading Secondary Offering Registration Statement/Prospectus.

56. The Secondary Offering Registration Statement/Prospectus stated that "The last reported sale price of our ADSs on the Nasdaq National Market on May 3, 2000 was \$69.00 per ADS. . ." This statement was materially false and misleading in that it failed to disclose that the stock's market price and the price at which the Secondary Offering was sold to the public were artificially inflated and the product of a manipulated market. As set forth above, the IPO Underwriter Defendants had required customers to agree to Tie-in Agreements and/or pay Undisclosed Compensation, thereby artificially inflating the price of Chartered's ADSs in the aftermarket.

57. Also omitted from disclosure in the Secondary Offering Registration Statement/Prospectus was the material fact that demand for the Secondary Offering was artificially inflated. As set forth herein, customers of certain Underwriter Defendants were required to make purchases of ADSs in the Secondary Offering in order to receive allocations of ADSs in the Chartered IPO and/or other "hot" initial public offerings underwritten by such Defendants.

58. As demonstrated in the "Use of Analysts" section of the Master Allegations, in furtherance of their manipulative scheme, Defendant Soundview Technology (Soundview) improperly used their analysts, who suffered from conflicts of interest, to help support the market following the Secondary Offering.

59. For example, the day following the Secondary Offering, on May 5, 2000, Soundview Technology (Soundview) reiterated their "Strong Buy" recommendation setting a 12-month target price of \$145.00 per ADS. On May 4, 2000, Chartered ADSs had closed trading at \$65.00 per ADS. Again on June 30, 2000, Soundview Technology (Soundview) reiterated its "Strong Buy" recommendation and raised its 12-month target price to \$150-\$160 per ADS. On June 29, 2000, Chartered ADSs had closed trading at \$84.125 per ADS. These price targets were materially false and misleading as they were based upon a manipulated price.

THE END OF THE CLASS PERIOD

60. On December 6, 2000, The Wall Street Journal published an article concerning an investigation of various improper initial public offering practices.

DEFENDANTS' UNLAWFUL CONDUCT ARTIFICIALLY INFLATED THE PRICE OF THE ISSUER'S ADSs

61. Defendants' conduct alleged herein had the effect of inflating the price of the Issuer's ADSs above the price that would have otherwise prevailed in a fair and open market throughout the Class Period.

VIOLATIONS OF THE EXCHANGE ACT

**APPLICABILITY OF PRESUMPTION OF RELIANCE:
FRAUD-ON-THE-MARKET DOCTRINE**

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

(a) Defendants named under Claims brought pursuant to the Exchange Act made public misrepresentations or failed to disclose material facts during the Class Period regarding the Issuer as alleged herein;

(b) The omissions and misrepresentations were material;

(c) Following the IPO and continuing throughout the Class Period, the Issuer's ADSs were traded on a developed national stock exchange, namely the NASDAQ National Market, which is an open and efficient market;

(d) The Issuer filed periodic reports with the SEC;

(e) The Issuer was followed by numerous securities analysts;

(f) The market rapidly assimilated information about the Issuer which was publicly available and communicated by the foregoing means and that information was promptly reflected in the price of the Issuer's ADSs; and

(g) The misrepresentations and omissions and the manipulative conduct alleged herein would tend to induce a reasonable investor to misjudge the value of the Issuer's ADSs.

THE UNDERWRITER DEFENDANTS ACTED WITH SCIENTER

63. As alleged herein, the Underwriter Defendants acted with scienter in that they: (a) knowingly or recklessly engaged in acts and practices and a course of conduct which had the effect of artificially inflating the price of the Issuer's ADSs in the aftermarket; (b) knowingly or recklessly disregarded that the IPO Registration Statement/Prospectus as set forth herein was materially false and misleading; (c) knowingly or recklessly disregarded that the Secondary Offering Registration Statement/Prospectus as set forth herein was materially false and misleading; and/or (d) knowingly or recklessly misused their analysts in connection with analyst reports.

64. In addition, each of the Underwriter Defendants violated the federal securities laws as they sold the Issuer's ADSs in and/or after the Offerings and/or recommended the Issuer's ADSs while in possession of material, non-public information, which they failed to disclose.

65. As evidenced by the public statements of CSFB published by The Wall Street Journal on or about June 29, 2001, the practices employed by the IPO Underwriter Defendants in connection with public offerings complained of herein were widespread throughout the financial underwriting community. In this regard, CSFB, which recently settled regulatory claims of misconduct concerning its initial public offering allocation practices, stated during the pendency of the government's investigation, "[w]e continue to believe our [initial public offering] allocation policies are consistent with those employed by others in the industry."

66. The Underwriter Defendants knew from their direct participation in the manipulation of the IPO, or recklessly disregarded as a result of their experience with other manipulated offerings as set forth in the "Matrix" section of the Master Allegations, that the

manipulations alleged herein were taking place with respect to the IPO and were not disclosed in the Registration Statements or Prospectuses issued in connection with the Offerings or elsewhere during the Class Period.

67. As required by NASD Conduct Rule 3010(c), each of the IPO Underwriter Defendants had in place compliance procedures so as to better inform itself whether it was acting in the unlawful manner alleged herein.

68. Senior management of each of the Underwriter Defendants had regular access to and received timely written reports tracking the account activity of each of its customers. By comparing the ratio of brokerage firm commission income per account with the amount of dollars invested by such account that received allocations of shares in the IPO, senior management knew, or was reckless in not knowing, that such commissions were disproportionately high relative to that customer's total investment and imposed on management a duty of inquiry as is customary in the industry. Such inquiry would have revealed the illegal practices described herein. Any failure to conduct such inquiry was, at the very least, reckless and further demonstrates that the Underwriter Defendants knew or recklessly disregarded the misconduct alleged herein.

69. Certain of the Underwriter Defendants also had the motive and opportunity to engage in the wrongful conduct described herein for the following reasons, among others:

(a) Such conduct increased the likelihood that the Issuer would retain certain of the IPO Underwriter Defendants to undertake future investment banking services such as public offerings of equity or debt securities, financial consulting, and possible future acquisitions, thus permitting the IPO Underwriter Defendants to receive additional fees in connection with those services. Specifically in this regard, IPO Underwriters Salomon, CSFB, SG Cowen, and

Soundview Technology (Soundview) were retained to underwrite Chartered's Secondary Offering. Whereas the IPO resulted in disclosed underwriter compensation of \$20,250,000, the Secondary Offering garnered the underwriters disclosed compensation of an additional \$22,650,875. (See also "Additional Investment Banking Business" section of the Master Allegations).

(b) Such conduct increased the likelihood of attracting the business of new issuers for the underwriting of initial and secondary public offerings, as well as debt and convertible offerings, and related investment banking fees, while simultaneously sustaining and/or enhancing their reputations as investment banks. (See "Attracting New Investment Banking Clients" section of the Master Allegations).

(c) The Undisclosed Compensation of the IPO Underwriter Defendants was directly proportional to the amount of the aftermarket price increase achieved by the manipulative scheme as their customers were required to pay a percentage of their profits. The larger the profits, the greater the payment. (See "Maximizing Undisclosed Compensation" section of the Master Allegations).

(d) Certain of the Underwriter Defendants' analysts were motivated to and did issue favorable recommendations for companies they covered because their compensation was, at least in part, tied to the amount of investment banking fees received by their respective firms in connection with financial services provided to such companies. (See "Analyst Compensation" section of the Master Allegations).

(e) Certain of the Underwriter Defendants' analysts were further motivated to and did issue favorable recommendations because they personally owned pre-IPO shares in

companies they were recommending. (See "Personal Investments of Analysts" section of the Master Allegations).

FIRST CLAIM

**(FOR VIOLATIONS OF SECTION 10(b) AND RULE 10b-5
THEREUNDER AGAINST THE IPO UNDERWRITER DEFENDANTS
BASED UPON DECEPTIVE AND MANIPULATIVE PRACTICES
IN CONNECTION WITH THE IPO)**

70. Plaintiff repeats and realleges the allegations set forth above as though fully set forth herein at length except for Claims brought pursuant to the Securities Act.

71. This Claim is brought pursuant to Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, on behalf of Plaintiff and other members of the Class against the IPO Underwriter Defendants. This Claim is based upon the deceptive and manipulative practices of the IPO Underwriter Defendants.

72. During the Class Period, the IPO Underwriter Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (a) deceive the investing public, including Plaintiff and other members of the Class by means of material misstatements and omissions, as alleged herein; (b) artificially inflate and maintain the market price and trading volume of the Issuer's ADSs; and (c) induce Plaintiff and other members of the Class to purchase or otherwise acquire the Issuer's ADSs at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, the IPO Underwriter Defendants took the actions set forth herein.

73. The IPO Underwriter Defendants employed devices, schemes, and artifices to defraud and/or engaged in acts, practices and a course of business which operated as a fraud and

deceit upon Plaintiff and other members of the Class in an effort to inflate and artificially maintain high market prices for the Issuer's ADSs in violation of Section 10(b) of the Exchange Act and Rule 10b-5. The IPO Underwriter Defendants are sued as primary participants in the unlawful conduct charged herein.

74. The IPO Underwriter Defendants, individually and in concert, directly and indirectly, by the use of means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal their unlawful practices and course of business which operated as a fraud and deceit upon Plaintiff and other members of the Class.

75. The IPO Underwriter Defendants had actual knowledge of or recklessly disregarded the existence of the Tie-in Agreements, the requirement that customers pay Undisclosed Compensation and the manipulations alleged herein.

76. Each of the IPO Underwriter Defendants held itself out as an NASD member and was required to observe high standards of commercial honor and just and equitable principles of trade (NASD Conduct Rule 2110). The IPO Underwriter Defendants owed to Plaintiff and other members of the Class the duty to conduct the IPO and the trading of the Issuer's ADSs in a fair, efficient and unmanipulated manner.

77. By virtue of the foregoing, the IPO Underwriter Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5.

78. As a result of the manipulative conduct set forth herein, Plaintiff and other members of the Class purchased or otherwise acquired the Issuer's ADSs during the Class Period at artificially inflated prices and were damaged thereby.

SECOND CLAIM

**(FOR VIOLATIONS OF SECTION 10(b) AND RULE 10b-5
THEREUNDER AGAINST THE SECONDARY OFFERING
UNDERWRITER DEFENDANTS BASED UPON DECEPTIVE
PRACTICES IN CONNECTION WITH THE SECONDARY OFFERING)**

79. Plaintiff repeats and realleges the allegations set forth above as though fully set forth herein at length except for Claims brought pursuant to the Securities Act.

80. This Claim is brought pursuant to Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, on behalf of Plaintiff and other members of the Class who purchased or otherwise acquired the Issuer's ADSs in or after the Secondary Offering against the Secondary Offering Underwriter Defendants. This Claim is based upon the deceptive practices of the Secondary Offering Underwriter Defendants.

81. The Secondary Offering Underwriter Defendants carried out a plan, scheme and course of conduct which was intended to and did: (a) deceive the investing public, including Plaintiff and other members of the Class by means of material misstatements and omissions, as alleged herein; (b) artificially inflate and maintain the market price and trading volume of the Issuer's ADSs; and (c) induce Plaintiff and other members of the Class to purchase or otherwise acquire the Issuer's ADSs at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, the Secondary Offering Underwriter Defendants took the actions set forth herein.

82. The Secondary Offering Underwriter Defendants employed devices, schemes, and artifices to defraud and/or engaged in acts, practices and a course of business which operated as a fraud and deceit upon Plaintiff and other members of the Class in an effort to artificially inflate

and maintain high market prices for the Issuer's ADSs in violation of Section 10(b) of the Exchange Act and Rule 10b-5. The Secondary Offering Underwriter Defendants are sued as primary participants in the unlawful conduct charged herein.

83. The Secondary Offering Underwriter Defendants, individually and in concert, directly and indirectly, by the use of means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal their unlawful practices and course of business which operated as a fraud and deceit upon Plaintiff and other members of the Class.

84. The Secondary Offering Underwriter Defendants had actual knowledge of or recklessly disregarded the material fact that demand for the Secondary Offering was artificially inflated, due, in large part, to the requirement of these Defendants that customers could only obtain allocations in hot initial public offerings by purchasing ADSs in the Secondary Offering.

85. Each of the Secondary Offering Underwriter Defendants held itself out as an NASD member and was required to observe high standards of commercial honor and just and equitable principles of trade (NASD Conduct Rule 2110). The Secondary Offering Underwriter Defendants owed to Plaintiff and other members of the Class the duty to conduct the Secondary Offering and the trading of the Issuer's ADSs in a fair, efficient and unmanipulated manner.

86. By virtue of the foregoing, the Secondary Offering Underwriter Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5.

87. As a result of the deceptive conduct set forth herein, Plaintiff and other members of the Class purchased or otherwise acquired the Issuer's ADSs during the Class Period without knowledge of the fraud alleged herein at artificially inflated prices and were damaged thereby.

THIRD CLAIM

**(FOR VIOLATIONS OF SECTION 10(b) AND RULE 10b-5
THEREUNDER AGAINST THE UNDERWRITER DEFENDANTS
BASED UPON MATERIALLY FALSE AND MISLEADING
STATEMENTS AND OMISSIONS OF MATERIAL FACTS)**

88. Plaintiff repeats and realleges the allegations set forth above as though fully set forth herein at length except for Claims brought pursuant to the Securities Act.

89. This Claim is brought pursuant to Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, on behalf of Plaintiff and other members of the Class who purchased or otherwise acquired the Issuer's ADSs during the Class Period against the Underwriter Defendants. This Claim is based upon materially false and misleading statements and omissions of material facts.

90. Each of the Underwriter Defendants: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices and a course of business which operated as a fraud and deceit upon Plaintiff and other members of the Class in violation of Section 10(b) of the Exchange Act and Rule 10b-5.

91. During the Class Period, the Underwriter Defendants: (a) deceived the investing public, including Plaintiff and other members of the Class, as alleged herein; (b) artificially inflated and maintained the market price of and demand for the Issuer's ADSs; and (c) induced Plaintiff and other members of Class to purchase or otherwise acquire the Issuer's ADSs at artificially inflated prices. In furtherance of this unlawful course of conduct, the Underwriter Defendants took the actions set forth herein.

92. The Underwriter Defendants, directly and indirectly, by the use of means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal material information as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon Plaintiff and other members of the Class.

93. The Underwriter Defendants, either directly or through their designated representatives, prepared and reviewed the IPO Registration Statement/ Prospectus and/or the Secondary Offering Registration Statement/Prospectus for those Offerings in which they served as underwriters. In addition, the Underwriter Defendants had access to drafts of said documents prior to that filing with the SEC and the dissemination to the public.

94. The material misrepresentations and/or omissions were made knowingly or recklessly and for the purpose and effect of, *inter alia*: (a) securing and concealing the Tie-in Agreements; (b) securing and concealing the Undisclosed Compensation; (c) concealing that the price and demand for the Secondary Offering was artificially inflated; and/or (d) concealing that certain of the Underwriter Defendants and their analysts who reported on the Issuer's stock had material conflicts of interest.

95. As a result of making affirmative statements in the IPO Registration Statement/Prospectus, the Secondary Offering Registration Statement/Prospectus or otherwise, or participating in the making of such affirmative statements, the Underwriter Defendants had a duty to speak fully and truthfully regarding such representations and to promptly disseminate any other information necessary to make the statements made, in the light of the circumstances in which they were made, not misleading.

96. The Underwriter Defendants also had a duty to disclose the material, non-public information complained of herein or to abstain from selling the Issuer's ADSs in the IPO, the Secondary Offering, and/or trading or recommending the Issuer's ADSs in the aftermarket while in possession of such information.

97. By reason of the foregoing, the Underwriter Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

98. As a result of the dissemination of materially false and misleading information described above, Plaintiff and other members of the Class purchased or otherwise acquired the Issuer's ADSs during the Class Period without knowledge of the fraud alleged herein at artificially inflated prices and were damaged thereby.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, on behalf of himself and on behalf of the Class, prays for judgment as follows:

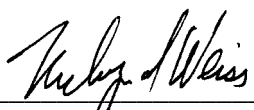
- A. Declaring this action to be a class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure and certifying Plaintiff as class representative of the Class and counsel as class counsel;
- B. Awarding damages to Plaintiff and the Class;
- C. Awarding Plaintiff and the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' and experts' witness fees and other costs;
- D. Awarding such other and further relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

DATED: April 19, 2002

**MILBERG WEISS BERSHAD HYNES
& LERACH LLP**

By: 
Melvyn I. Weiss (MW-1392)
Ariana J. Tadler (AJT-0452)
Peter G.A. Safirstein (PS-6176)
One Pennsylvania Plaza
New York, New York 10119-0165
(212) 594-5300

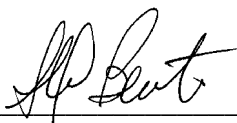
SCHIFFRIN & BARROWAY, LLP

Richard S. Schiffrin
David Kessler
Darren J. Check
Three Bala Plaza East, Suite 400
Bala Cynwyd, Pennsylvania 19004
(610) 667-7706

**WOLF HALDENSTEIN ADLER
FREEMAN & HERZ LLP**

Daniel W. Krasner (DK-6381)
Fred Taylor Isquith (FI-6782)
Thomas H. Burt (TB-7601)
Brian Cohen (BC-2091)
270 Madison Avenue
New York, New York 10016
(212) 545-4600

**BERNSTEIN LIEBHARD & LIFSHITZ,
LLP**

By: 
Stanley D. Bernstein (SB-1644)
Robert Berg (RB-8542)
Rebecca M. Katz (RK-1893)
Danielle Mazzini-Daly (6087)
10 East 40th Street
New York, New York 10016
(212) 779-1414

STULL STULL & BRODY

Jules Brody (JB-9151)
Aaron Brody (AB-5850)
6 East 45th Street
New York, New York 10017
(212) 687-7230

SIROTA & SIROTA LLP

Howard Sirota (HBS-5925)
Rachell Sirota (RS-5831)
Saul Roffe (SR-2108)
John P. Smyth (JPS-3206)
Halona N. Patrick (HNP-5803)
110 Wall Street, 21st Floor
New York, New York 10005
(212) 425-9055

Plaintiffs' Executive Committee