AMENDED CLASS ACTION COMPLAINT

INTRODUCTION

1. The Defendants in this action carried out a massive fraud on the common stockholders of General Growth Properties, Inc. ("General Growth" or "the Company"), a publicly traded real estate investment trust ("REIT"). During the Class Period (April 30, 2008 through October 24, 2008), General Growth was the second largest owner and operator of shopping malls in the United States. Entering the Class Period, General Growth carried a total debt load surpassing $27 billion, and had over $1.5 billion of it coming due by November 2008. The Company’s ability to refinance this debt was a matter of corporate survival, and if the market learned that the Company was unable to do so, the Company’s stock price would have been
devastated and the Company would have been forced into bankruptcy. Unfortunately for General Growth shareholders, the Company failed to refinance its debt and filed for bankruptcy on April 16, 2009.

2. In order to artificially inflate the stock price, Defendants made a series of material misrepresentations of present (or past) fact, each concerning the Company’s ability to obtain necessary refinancing of its debts maturing by November 2008. As confirmed by the April 15, 2009 Declaration of General Growth’s present CEO, Adam S. Metz, in the Company’s bankruptcy proceeding (the “Metz Bankruptcy Declaration”), Defendants’ representations of fact throughout the Class Period were materially misleading at the time that they were made because the Company had no realistic financing options for that debt at least after April 30, 2008.

3. Defendants had a compelling motive to lie to the public about the Company’s ability to obtain necessary financing. At the beginning of the Class Period, Defendants – officers, senior executives, and/or directors of the Company – owned millions of shares of General Growth stock, which served as collateral for hundreds of millions of dollars of margin loans made to Defendants. For instance, Defendant Bernard Freibaum (the Company’s CFO) owned 7,548,741 shares of General Growth, worth approximately $309 million as of April 30, 2008 (the beginning of the Class Period), of which over 99.7% were subject to margin loans. Similarly, Defendant Robert A. Michaels (the Company’s Chief Operating Officer) owned 1,364,929 shares of General Growth, worth approximately $56 million as of April 30, 2008, of which over 97.1% were subject to margin loans. Putting aside Defendant John Bucksbaum’s (the Company’s Chief Executive Officer) enormous Company stock holdings - - approximately 70.5 million shares or over 24% of the Company’s stock - - the other Defendants owned roughly $69 million worth of
General Growth shares as of April 30, 2008, also subject to margin loans. As a result, Defendants faced significant personal liability on these margin loans and were subject to massive margin calls which would force the liquidation of their General Growth stock holdings if the Company’s stock price dropped below certain prices. The size of these margin loans provided a powerful motive for Defendants to lie about the Company’s ability to refinance its debt in order to inflate the price of General Growth’s stock.

4. The forced liquidation of millions of General Growth shares would have destroyed the Company’s stock price and, for practical purposes, would have blocked the Company’s efforts to refinance its huge debts maturing by November 2008, which would have caused the Company’s bankruptcy. In order to avoid this massive stock liquidation, which could have effectively destroyed the Company, Defendant Bucksbaum secretly guaranteed repayment of the margin loans and secretly provided Defendants Freibaum and Michaels with personal loans totaling $100 million - $90 million of it to Freibaum alone - to repay their margin debt. These undisclosed personal loans and guarantees were made in direct violation of the Company’s Code of Business Conduct and Ethics, which was publicly set forth in a proxy filed with the Securities and Exchange Commission (“SEC”) just before the Class Period and published daily throughout the Class Period on the Company’s website. Defendants concealed that they had violated the Code and concealed their violations of the Code by filing misleading documents with the SEC. To avoid lending $100 million to Freibaum and Michaels, which likely never would have been repaid as their net worth would have been destroyed by margin losses, and to avoid disclosure of his violation of the Company’s ethics policy, Bucksbaum had a powerful motive and incentive to lie about the Company’s ability to refinance its debt to prop up the stock price and avoid margin
calls.

5. Notwithstanding these misrepresentations, the Company’s stock price began to slide, and Defendants began to be hit with margin calls in late August and early September 2008, which quickly forced them to liquidate a huge amount of their holdings. Beginning on September 17, 2008, they sold over $110 million of their General Growth shares, all while continuing to misrepresent that the Company could obtain necessary financing so as to keep the price of the Company’s stock as high as possible each step of the way. For example, on September 18, 2008, while the Company’s stock price was in the midst of a rapid decline, Defendant Bucksbaum lied about the Company’s ability to obtain financing, which both halted the slide and caused a price rebound. Then, on September 19, 2008, Defendants requested that the SEC include General Growth on a list of companies protected from “short-selling.” Immediately after Bucksbaum’s statements and the implementation of the short-selling ban, the Company’s stock price increased and Defendants Freibaum, Michaels, Bayer, Hoyt, Schlemmer, Polonia, Gern, Downs, Stewart, and Berman engaged in additional rampant insider selling, at artificially inflated prices. In total, Defendants sold $40 million worth of their General Growth stock during the SEC short selling ban alone.

6. The Class Period ends on October 24, 2008, after the fraud unraveled due to a series of partial disclosures, which removed the inflation that Defendants had knowingly caused to be reflected in General Growth's stock price. By the end of the Class Period, General Growth's stock price had dropped to under $2.00, after trading as high as $43.83 during the Class Period.

JURISDICTION AND VENUE

7. This Court has subject matter jurisdiction over this action pursuant to (i) §27 of the
Securities Exchange Act of 1934, 15 U.S.C. § 78aa et seq. (the “Exchange Act”), ; and/or (ii) 28 U.S.C. §§ 1331 and 1337. The claims asserted in the Complaint arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b), 78t(a)) and Rule 10b-5 (17 C.F.R. § 240.10b-5) promulgated by the SEC.

8. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. § 1391(b). General Growth’s headquarters are located in Chicago, Illinois, false statements were made in this District, and acts giving rise to the violations complained of occurred in this District.

9. In connection with the wrongs alleged herein, Defendants used the instrumentalities of interstate commerce, including the United States mails, interstate wire and telephone facilities, and the facilities of the national securities markets.

THE PARTIES

10. Plaintiff Sharankishor Desai (“Plaintiff”) purchased and/or acquired shares of General Growth common stock during the Class Period, as set forth in his Certification of Named Plaintiff previously filed with the Court, and was damaged as a result of Defendants’ conduct described herein. Plaintiff alleges the facts set forth herein for his Amended Class Action Complaint, which are based upon the Plaintiff’s personal knowledge as to the allegations about the Plaintiff and, as to all other matters alleged, based on the extensive investigation conducted by and through Plaintiff’s Counsel, which included: (i) analysis of General Growth Properties, Inc. (“General Growth” or the “Company”) press releases and filings with the Securities and Exchange Commission (“SEC”), and other public statements; (ii) analysis of the transcripts of investor conference calls conducted by Defendants; (iii) analysis of the reports of analysts who
followed General Growth; (iv) analysis of news coverage concerning General Growth; and (v) analysis of General Growth’s bankruptcy filings.

11. At all relevant times, General Growth was a company organized under the laws of Delaware and had its principal place of business in this Judicial District. On or about April 16, 2009, the Company filed for bankruptcy protection. Due to the provisions of the automatic stay, General Growth has not been named as a Defendant in this Amended Complaint.

12. Defendant John Bucksbaum (“Bucksbaum”) was Chairman of the Company’s Board of Directors throughout the Class Period and was Chief Executive Officer (“CEO”) of the Company until his resignation on October 26, 2008. During the Class Period, Defendant Bucksbaum made misrepresentations in Company press releases, during the Company’s investor conference calls, in interviews, and in the Company’s SEC filings.

13. During the Class Period, Defendant Bernard Freibaum (“Freibaum”) was, until October 2, 2008, Chief Financial Officer (“CFO”) of the Company. During the Class Period, Defendant Freibaum made misrepresentations in Company press releases, during the Company’s investor conference calls, and in the Company’s SEC filings.

14. During the Class Period, Defendant Robert A. Michaels (“Michaels”) was the President and a Director of the Company until October 26, 2008, and he was Chief Operating Officer (“COO”) of the Company throughout the Class Period. During the Class Period, Defendant Michaels made misrepresentations in SEC filings. Throughout the Class Period, Defendant Michaels participated in the drafting and preparation of the Company’s press releases and SEC filings more particularly alleged in this Amended Complaint, as well as the drafting and preparation of the prepared remarks made during the Company’s April 30, 2008 and July 31,
2008 conference calls.

15. Defendant Joel Bayer (“Bayer”) was, at all relevant times, Senior Vice President and Chief Investment Officer of the Company.

16. Defendant Edmund Hoyt (“Hoyt”) was, at all relevant times, Senior Vice President of the Company. Hoyt has served as CFO of General Growth since October 3, 2008.

17. Defendant Jean Schlemmer (“Schlemmer”) was, at all relevant times, Executive Vice President and Chief Corporate Development Officer of the Company.

18. Defendant Sharon Polonia (“Polonia”) was, during the Class Period, employed by the Company as a Senior Vice President in charge of Asset Management.

19. Defendant Ronald Gern (“Gern”) was, during the Class Period, employed by the Company as a Senior Vice President and General Counsel.

20. Defendant Anthony Downs (“Downs”) was, during the Class Period, a member of the Company’s Board of Directors.

21. Defendant Beth Stewart (“Stewart”) was, during the Class Period, a member of the Company’s Board of Directors.

22. Defendant Alexander Berman (“Berman”) was, during the Class Period, employed by the Company as a Senior Vice President for GGP International.

23. As set forth in the Metz Bankruptcy Declaration and the Declaration of James A. Mesterharm, General Growth’s restructuring consultant (the “Mesterharm Bankruptcy Declaration”) in the General Growth bankruptcy proceedings, the Company’s nationwide operations are highly integrated and managed centrally from its Chicago headquarters, where its senior management makes the key strategic decisions for General Growth. The Company’s
Chicago headquarters provides accounting, business development, cash management, construction, design, finance, forecasting, human resources and employee benefits, insurance and risk management, facility services, marketing, legal, leasing, tax, treasury, and other similar functions for all of the company’s properties. Only the most basic building operational needs are addressed at the individual property level. Each of the Defendants directly participated in the management of General Growth and was directly involved in the day-to-day operations of General Growth at the highest level.

**CLASS ACTION ALLEGATIONS**

24. 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 common stock of General Growth between April 30, 2008 and October 24, 2008 inclusive (the “Class”). Excluded from the Class are Defendants, members of Defendants' immediate families, any entity in which any Defendant has a controlling interest, and the legal representatives, heirs, successors or assigns of any such excluded person.

25. The members of the Class are so numerous that joinder of all members is impracticable. Although the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes there are, at a minimum, thousands of members of the Class who purchased and/or acquired General Growth common stock during the Class Period. As of November 10, 2008, the Company had 268,314,510 shares of common stock outstanding as of that date. During the Class Period, General Growth’s stock traded on the New York Stock Exchange (“NYSE”) under the ticker symbol “GGP.”
26. Common questions of law or fact exist as to all members of the Class and predominate over any questions affecting solely individual members of the Class. Among the questions of law or fact common to the Class are:
   a. whether the federal securities laws were violated by Defendants' acts as alleged herein;
   b. whether Defendants issued false and misleading statements during the Class Period;
   c. whether Defendants acted knowingly and/or recklessly in issuing false and misleading statements;
   d. whether the market price of General Growth common stock during the Class Period was artificially inflated because of Defendants' conduct complained of herein; and
   e. whether the members of the Class have sustained damages and, if so, what is the proper measure of those damages.

27. Plaintiff's claims are typical of the claims of the members of the Class, as Plaintiff and members of the Class each sustained damages arising out of Defendants' wrongful conduct in violation of federal law as complained of herein.

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

29. A class action is superior to other available methods for the fair and efficient adjudication of the controversy. Furthermore, because the damages suffered by the individual
Class members may be relatively small, the expense and burden of individual litigation makes it impracticable for the Class members individually to redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

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

a. Defendants made public misrepresentations or failed to disclose material facts during the Class Period;

b. the omissions and misrepresentations were material;

c. the stock of the Company was listed and traded on the NYSE, a highly efficient market, traded at a high volume, was followed and reported on by securities analysts; the Company filed periodic reports with the SEC and was eligible to file SEC registration Form S-3, and there are empirical facts showing a cause and effect relationship between unexpected corporate events or financial news and an immediate response in the stock price;

d. the Company issued press releases and conducted interviews that were carried by national news wires, which were publicly available and entered the public marketplace;

e. the misrepresentations and omissions alleged would tend to mislead a reasonable investor concerning General Growth's business and/or financial condition; and

f. the market for General Growth stock promptly digested current
information with respect to the Company from publicly available sources and reflected such information in the Company’s stock price. Under such circumstances, Plaintiff and members of the Class purchased their General Growth stock at prices that were artificially inflated due to Defendants’ material misrepresentations and omissions.

SUBSTANTIVE ALLEGATIONS

Factual Background – The Company’s Multi-Billion Dollar Debt

31. General Growth is a self-administered, self-managed REIT with ownership interests in, or management responsibility for, over 200 regional shopping malls in 44 states, as well as ownership in master planned communities and commercial office buildings. During the Class Period, its business focused on two main areas: (i) the operation, development and management of retail and other rental properties (primarily shopping malls), and (ii) the development and sale of land in large-scale, long-term community development projects in select states.

32. General Growth carried a massive, multi-billion dollar debt. By the end of 2007, its debt load was $27 billion. As of the commencement of the Class Period, the Company was obligated to repay a massive portion of its overall debt load during the fourth quarter of 2008 and 2009, including, \textit{inter alia}: (i) $623.53 million in loans secured by consolidated properties and $45 million secured by unconsolidated properties that were set to mature between September 1 and November 11, 2008; (ii) $900 million in mortgage loans secured by its Fashion Show and The Shoppes at the Palazzo shopping centers in Las Vegas, which were to due to mature on November 28, 2008; (iii) a $225 million Short Term Secured Loan, which was due to mature on February 1, 2009; (iv) a $57.3 million mortgage loan secured by its Chico Mall, which was due
to mature on February 26, 2009; (v) a $95 million mortgage loan secured by the Oakwood Center, which was due to mature on February 9, 2009; (vi) a short-term loan of $225 million secured by 27 properties, which was due to mature on February 26, 2009; (vii) unsecured bonds of $395 million due to mature on March 15, 2009; (viii) unsecured bonds of $200 million due to mature on April 30, 2009; and (ix) $1.44 billion of mortgage loans secured by single properties due to mature within 2009 (with another $3.85 billion of such loans set to mature within 2010).

33. Significantly, much of General Growth's debt was cross-collateralized, such that a default on one loan would constitute an event of default under the Company’s other loans, thereby threatening a vicious domino default cycle that would force the Company into bankruptcy. As a result, for example, the Company's failure to timely repay in November 2008 its $900 million in combined loans on its Fashion Show and The Shoppes at the Palazzo properties would constitute (and ultimately did constitute) an event of default on (i) a 2006 credit facility consisting $2.85 billion term loan and a $650 million revolving credit facility and (ii) a $1.51 billion loan secured by multiple properties pursuant to a secured portfolio facility. With insufficient revenues (or liquid assets) to retire this massive debt, refinancing was critical to the Company’s survival, and was viewed as such by the market and the stock analysts who covered General Growth during the Class Period.

34. Against this backdrop of massive debt about to come due, Defendants owned hundreds of millions of dollars worth of Company stock at the beginning of the Class Period that were subject to margin loans requiring forced liquidation of the shares if the Company’s stock price dropped below certain prices. For example, the following chart sets forth the amount of shares of Company stock owned by certain Defendants at the beginning of the Class Period, the
value of those shares as of April 30, 2008, and the number of those shares (at minimum) known to be pledged or otherwise subject to margin loans:

<table>
<thead>
<tr>
<th>Defendant</th>
<th># of GGP shares owned as of 4/30/08</th>
<th>Value of GGP shares owned as of 4/30/08</th>
<th># of GGP shares subject to margin loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freibaum</td>
<td>7,548,741</td>
<td>$309.2 million</td>
<td>7,527,590 (99.7%)</td>
</tr>
<tr>
<td>Michaels</td>
<td>1,364,929</td>
<td>$55.9 million</td>
<td>1,326,000 (97.1%)</td>
</tr>
<tr>
<td>Bayer</td>
<td>951,621</td>
<td>$38.9 million</td>
<td>900,000 (94.6%)</td>
</tr>
<tr>
<td>Schlemmer</td>
<td>240,417</td>
<td>$9.8 million</td>
<td>185,956 (77.3%)</td>
</tr>
</tbody>
</table>

In addition, Bucksbaum had secretly agreed, in violation of the Code and contrary to Defendants’ representations, to guarantee much of Defendants’ margin debt, ultimately paying approximately $100 million to do so. As a result, propping up the stock price by convincing the market that the Company could obtain necessary financing was an overwhelming motive for all Defendants to commit the fraud alleged herein.

**Defendants’ Material Misrepresentations**

**Defendants Concealed Their Violations Of The Company’s Ethics Policy**

35. Throughout the Class Period, Defendants concealed that they had not complied with the Company’s “Code of Business Conduct and Ethics” (the “Code”), which prohibited any officer or director from making loans to, or guaranteeing the loans of, another officer or director. Throughout the Class Period, the Company represented that certain types of transactions between officers were prohibited and constituted violations of the Code. Specifically, the Company’s proxy statement filed with the SEC on March 24, 2008 (the “March 24, 2008 Proxy”), under the heading “Code of Business Conduct and Ethics,” stated, in relevant part, that:

Our Code of Business Conduct and Ethics prohibits conflicts of interest, which are broadly defined to include any situation where a person's private interest interferes in any way with the interests of the Company. *In addition, this Code prohibits direct or indirect*
personal loans to executive officers and directors. … Any waivers of the Code for any executive officer or director may be made only by the Board or a Board committee and will be promptly disclosed to stockholders. …

(emphasis added).

36. The Code, which was adopted on or about June 26, 2003 and was posted on the Company’s website (http://www.ggp.com/Investment/) throughout the Class Period, also contained the following express prohibitions:

**Loans to, or guarantees of obligations of, employees, officers, directors and their family members may create conflicts of interest.** In addition, the Company prohibits direct or indirect personal loans to executive officers and directors to the extent required by law and stock exchange regulation.

* * *

A “conflict of interest” exists when a person’s private interest interferes in any way with the interests of the Company. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively.

* * *

Employees, officers, and directors who have access to confidential information are not permitted to use...that information for stock trading purposes or for any other purpose except the conduct of our business... . To use non-public information for personal financial benefit...is not only unethical but also illegal.

(emphasis added).

37. In addition, the Code contained detailed provisions concerning the harsh penalties for violations of the Code, including, *inter alia:*

Employees will periodically be asked to sign a document attesting to the fact that they are complying with this Code. **Those who violated the standards in this Code will be subject to disciplinary**
Any employee, officer, or director who becomes aware of a conflict or potential conflict, (including, but not limited to, any material transaction that could reasonably be expected to give rise to a conflict) should act as follows: (i) employees and officers (other than the Chief Executive Officer) should promptly bring such matter to the attention of a supervisor, manager or Human Capital consultant or consult and follow the procedures described in Section 17 of this Code and (ii) the Chief Executive Officer and directors should promptly bring such matter to the attention of the Audit Committee of the Board of Directors.

(emphasis added).

38. To avoid the margin calls that would have resulted in the sales of millions of shares of Defendants’ Company stock holdings and crushed the Company’s stock price, Defendant Bucksbaum, the Company’s CEO, entered into secret, undisclosed agreements to provide personal loans to Defendants Freibaum and Michaels to guarantee repayment of their margin calls. These agreements were material, because, inter alia, as reported in the Company’s March 24, 2008 Proxy, 7,527,590 of Defendant Freibaum’s 7,648,741 shares (or 98.4% of his total Company holdings, worth $308,330,086.40 as of the beginning of the Class Period on April 30, 2008), and 1,326,000 of Defendant Michaels’s 1,929,929 shares (or 68.7% of his total Company holdings, worth $54,312,960.00 on April 30, 2008) were subject to margin calls.

39. Pursuant to these secret agreements, Defendant Bucksbaum, unbeknownst to investors, personally loaned Defendants Freibaum and Michaels at least $100 million to avoid or forestall forced liquidation of their stock when they received margin calls during the Class Period. Defendant Bucksbaum had a powerful motive to misrepresent the ability of the
Company to obtain necessary refinancing and to artificially elevate the Company’s stock price, because he likely could not be repaid his $100 million in personal loans unless Freibaum and Michaels could sell additional shares not subject to margin calls at sufficiently high prices. Defendant Bucksbaum’s guarantees and agreements to make extend these loans to Defendants Freibaum and Michaels, as well as his actually loaning $100 million pursuant to these agreements, clearly violated the express terms of the Code, which Defendants concealed. Indeed, on October 27, 2008, the Company issued a press release in which it admitted that Bucksbaum’s loans and guarantees violated the Code.

40. Because of the Code’s harsh penalty provisions, Defendants Freibaum and Michaels were motivated to lie about their secret deals with Bucksbaum so that they would not be fired from lucrative positions at General Growth (paying them each $1.2 million in annual salary). This incentive to lie was even more compelling for Bucksbaum, because the Company was started by his father and uncle over 50 years prior; for Bucksbaum, getting fired meant not only losing his annual salary ($225,000), but far more importantly, it would have meant loss of the day-to-day control of his family’s decade’s old business of which he controlled approximately 25% of the stock.

41. Moreover, the Company’s quarterly reports on Form 10-Q for the first and second quarters of 2008 contained signed certifications by Defendants Bucksbaum and Freibaum pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. Their Section 302 certifications certified, *inter alia*:

> The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of
registrant’s board of directors (or persons performing the equivalent functions): …

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

These statements were false and misleading due to their failure to disclose that Bucksbaum, Freibaum, and Michaels violated the Code throughout the Class Period. The concealment of the Code violations was especially material to General Growth investors because it directly concerned the ethics and integrity of those with responsibility for the Company’s financial reporting.

42. In addition, throughout the Class Period, Freibaum and Michaels filed several Statements of Changes in Beneficial Ownership forms with the SEC on Form 4, which purported to report their stock sales during the Class Period. In these documents, Freibaum and Michaels represented that their sales of stock were sold to repay a “loan” or to fund a “margin call.” These filings were materially false and misleading because each failed to disclose that Bucksbaum, Freibaum, and Michaels were violating the Code due to their secret margin debt guarantees and $100 million in personal loans to repay margin debt. The most egregious example was the Form 4 signed by Freibaum (as attorney-in-fact) on behalf of Michaels on September 19, 2008, which reported six separate stock sales that day of 300,000 total shares, for proceeds of over $6.5 million, all attributed via a footnote to “Shares sold to repay loan.” This Form was materially misleading because it failed to state that the “loan” in question was made by Bucksbaum to Michaels in clear violation of the Code that could have resulted in both of their immediate firings.
Defendants' False and Misleading Statements Concerning
The Company’s Ability To Obtain Necessary Financing Of Its Debts
That Were Due To Mature In November 2008

43. Defendants made numerous, repeated misrepresentations of present fact throughout the Class Period concerning the Company’s ability to obtain necessary financing.

44. On April 29, 2008, after the close of the markets, Defendants began their scheme to inflate the price of the Company’s stock. Specifically, General Growth issued a press release concerning its business and financial performance for the first quarter ending March 31, 2008 (the “April 29, 2008 Press Release”). The April 29, 2008 Press Release contained the following statements by Defendant Bucksbaum, the Company's CEO:

   Strong comparable operating results at our malls demonstrate that our business prospects remain positive. Despite the challenging economic environment, our malls remain a very attractive venue for our customers to shop, for our retailers to do business, and for our lenders to lend. We remain confident as we look to the future.

(emphasis added).

45. The scheme was furthered on April 30, 2008, when the Company held a conference call for analysts and investors (the “April 30, 2008 Conference Call”) conducted by Defendants Bucksbaum, Michaels and Freibaum. During the April 30, 2008 Conference Call, Defendants made numerous misleading statements of present fact concerning the Company’s ability to obtain necessary financing:

   a. In his prepared remarks, Defendant Freibaum said that the Company “continued to make good progress obtaining new mortgages and reducing and refinancing near-term maturing debt” and that the Company had seen recent improvements in the commercial
mortgage market. Then, directly contrary to the statements in the Metz Bankruptcy Declaration that from mid-2008 onward, no life insurance companies, major banks or pension funds were willing to refinance the Company’s loans and that “most made no lending proposal at all,” Defendant Freibaum made the following statements of fact during an exchange with an analyst from Goldman Sachs:

**Q: Thomas Baldwin:** It sounds like the life companies have come to play a pretty prominent role in the provision of mortgage debt for you guys. I’m just curious about their capacity longer term to continue I guess supplanting the CMBS [commercial mortgage backed securities] market which is really no longer there.

**A: Bernard Freibaum:** We’ve read that notion in stories, and we’ve asked all the life companies that we deal with whether or not they’re going to be out of money or we shouldn’t ask them if they’re interested in making loans on our properties, and not a single one has discouraged us from doing that. Some of the loans we’re paying off are to life insurance companies, and a lot of them want to maintain or grow their exposure to General Growth. So, you should speak directly with them to find out. I can’t speak for them, but when we do inquire, we haven’t had a single lender to us say, “No, we’re through, we’re tapped out, don’t send us any more mortgage packages.”

(emphasis added).

b. Defendant Freibaum similarly made the following statements of fact during an exchange with a Citi analyst:

**Q: Michael Bilberman:** Bernie, can you just go over -- you have had Fashion Show and Palazzo, which have a maturity date later this year. I’m not sure if you have extension options there. Can you just go over those loans as well? …

**A: Bernard Freibaum:** … The mortgages on Fashion Show and Palazzo were very purposeful when we did them in January, and they each had a different rationale. Palazzo is a brand-new project. It’s just opening. Many of the tenants are not open yet. The sales
there, given the project that it's located in, is still opening in some ways with respect to the rooms that are available; getting the people that come to Las Vegas more familiar with the project; and the structure under which we purchased the assets, whereby we paid an initial price based on estimated NOI and then there will be additional payments throughout the next three years that will take into account the additional NOI.

So any type of a long-term mortgage on Palazzo made no sense whatsoever, and in fact, we wanted it to be near the end of the year because the mortgage on the adjoining property, which is literally physically connected to the Palazzo, the Grand Canal Shoppes, it comes due in May, I believe, of 2009, but it's open to be prepaid in early 2009. And the huge improvement in NOI that we have had on that center compared to when we purchased it, will provide us a huge amount of additional proceeds, which may make sense for us to take the Palazzo and the Grand Canal Shoppes and get a new mortgage that covers both of those assets. So we wanted the flexibility to potentially combine those two at year end or perhaps do something else.

Fashion Show is a little bit of a different situation. The income there continues to grow very significantly, well ahead of our comp NOI average, and we expect that to continue. There are other things that we've been telling people for years that we're trying to get done there, including getting a certain portion of the project land in the northeast corner under control, where we might be able to do additional development of that site, given its highly lucrative location right on the strip. So we wanted that flexibility in January when that mortgage came due. We had offers from groups of life companies. We could have done a five-year or a ten-year mortgage at the same proceeds level, but given the things we want to change there and the outside growth in NOI, we didn't want to commit to a long-term mortgage there either. So given that those are two of our very best assets in our top five, no doubt, we have little concern about the ability to refinance them at the end of this year when they come due.

(emphasis added).

c. Moreover, Defendant Freibaum made the following statements of fact during an exchange with an analyst from Friedman, Billings, Ramsey:
Q: Paul Morgan: Bernie, when you put out the release in March [2008] about your mortgage financings, you mentioned that you expected to do - anticipated doing $1.5 billion by the end of the second quarter with $1 billion of excess proceeds. Is that still your expectation or did the equity offering kind of changed the way you plan to time things?

A: Bernard Freibaum: I frankly don't recall that we said we would do that in the second quarter. I think we talked about things we would do for the balance of the year.

Q: Paul Morgan: Well, you said in fact we'll close during the second quarter of 2008.

A: Bernard Freibaum: Okay. Well, thank you for reminding me of that. The equity offering did change that to some extent, but we are in discussions now on - as I said, we've made a good start with $375 million of proceeds on what were unencumbered assets and we're in discussions now on additional loans, which could possibly aggregate $1.5 billion or even more that would all close this quarter. But they may not all close and if they don't they'll spill into the third quarter.

(emphasis added).

d. In another question and answer with Mr. Baldwin of Goldman Sachs, Freibaum misrepresented in substance that the commercial mortgage backed securities (CMBS) market was irrelevant to the Company’s ability to obtain necessary financing, even though the Company admitted in the Metz Bankruptcy Declaration that the collapse of the CMBS market, on which the Company had heavily relied upon for years as a source of refinancing funds, was a major cause for the Company’s bankruptcy.

Q: Thomas Baldwin: I'm just curious about your personal thoughts with regard to CMBS market, and the extent to which it returns to a level even somewhat comparable to what it had been say in early 2007 and to the extent it doesn't ever return to those levels of functionality and it's permanently impaired. What your thoughts are regarding mortgage financing going forward?
A: Bernard Freibaum: We do think a lot about it, but it doesn't impact anything we're doing currently. If we need to adjust our capital structure, our amount of debt, our types of debt because of the high quality assets and stable cash flow we have, we'll be able to do that.

(emphasis added).

e. Directly contrary to the statement in the Metz Bankruptcy Declaration that, from mid-2008 onward, the Company had been informed by national and regional lending brokers alike that borrowers seeking more than $20 million were unable to locate financing, Defendant Freibaum made the following statements of fact during an exchange with an analyst from Lehman Brothers:

Q: David Harris: ... what I'm hearing is that many like companies are reluctant to extend on any individual mortgage beyond about 100 million. Does that mean you're talking - you want more, you have to put a couple of these guys together?

A: Bernard Freibaum: ... There is a tendency for mortgages above - depending on the bigger life insurance companies - I'd probably put the number at 125 million, but call it 100 or 125, there is a tendency for the larger life companies to prefer taking a part of the loan. As I mentioned earlier, we had offers from a group of life insurance companies to put a new loan on Fashion Show of the same amount that we chose to borrow from banks, $650 million, and that was a group of them. And unlike competitors in other industries they are very comfortable, in fact very happy to participate with each other on loans. So, the larger loans if they are coming from life companies typically do come from a group of them.

(emphasis added).

f. Freibaum also made the following additional statements of fact during an exchange with an analyst from Goldman Sachs, which were directly contrary to the statement in
the Metz Bankruptcy Declaration that, from mid-2008 onward, the Company was unsuccessful in all efforts to raise both debt and equity capital.

**Q: Jay Habermann:** [L]ast conference call you talked about asset sales, possible joint ventures, etc. And I think you really sort of left it open to any and all opportunities. But I'm just wondering how far along you are in these conversations, who you are speaking with, and again, just updates on sort of size and potential deals, and even pricing at this point in the market, what you are seeing. So I guess just sort of a summary of those conversations where you are today.

**A: Bernard Freibaum:** We've been talking … [a]bout all the different types of capital that are available to us. And we issued a press release, called it a road map. We talked about joint venture sales, asset sales, preferred equity, all sorts of capital, mezzanine debt, additional preferred equity at the individual asset level, as opposed to Company preferred equity. And we continue to pursue all of these sources of capital. To try to quantify it, which we've done at least once in our press release as well, we are pursuing what in the aggregate has the potential to be billions, $3 billion, $4 billion of total capital among these various types of capital.

As far as conversations, we've got lots of people speaking to lots of institutions who would be interested in all these various types of capital. … So we are having lots of discussions. … And the terms that we are talking about on all these different types of capital in many respects already made sense for us, and you'll see us take advantage of some of these different types of capital throughout the rest of the year and into next year.

(emphasis added).

g. In addition, Defendant Freibaum made the following statements of fact in an exchange with a Lehman Brothers analyst:

**Q: David Toti:** Can you provide a little bit of color on the recent equity issuance in terms of the timing, why you decided to go then, what the demand was like, you know just a little bit of background and that would be great.
A: Bernard Freibaum: ... We think our stock, even today, is significantly under valued in terms of what the long-term value of the shares ought to be. But it appeared that the market was pushing our stock price down and taking way out of proportion the issue with respect to debt. We do have a lot of debt. We have a lot of assets. Cash flow is very stable and as I said we expect to be able to continue to get mortgages over the long-term and that market will improve. So the reasons for the willingness to issue equity that was at a price well below where we think the stock should be trading on a long-term basis was directly connected to our view that by doing that we would reduce the cost of all capital that we’d be raising after that, including on mortgages. And it’s only been a month, but hindsight being 20/20, I can tell you that the discussions that we were having prior to issuing that equity, the discussions with those same parties about all the different types of capital, whether they be mortgages or preferred equity or joint ventures, have all improved dramatically.

(emphasis added).

46. Analysts following General Growth reacted positively to Defendants’ representations concerning the Company’s ability to obtain necessary financing in the April 29, 2008 Press Release and the April 30, 2008 Conference Call. For example, Deutsche Bank stated in a report that “financing is available for good quality malls” and also stated, under the heading “Refinancing of Maturing Mortgages Remains Extremely Likely,” the following:

The company put mortgages on several unencumbered assets for total proceeds of $375 million. They used these funds (along with some of its line) to pay off the balance of the senior bridge loan ($522 million) that matures this year. The balance of the company’s 2008 maturities are mortgages, and we believe the company should be able to refinance the balances and potentially extract some excess proceeds. Fashion Show and the Palazzo come due at the end of the year. Management indicated that the mortgage on the Grand Canal Shops can be pre-paid at the beginning of 2009 and that it may try to take a mortgage to cover both the Grand Canal Shops and the Palazzo.

(emphasis added).
47. On May 8, 2008, General Growth filed with the SEC its report for the first quarter ended March 31, 2008 (the “May 8, 2008 10-Q”), which was signed by Defendant Freibaum and contained signed certifications by Defendants Freibaum and Bucksbaum, and it repeated Defendants’ prior misleading factual representations concerning the Company’s ability to obtain necessary financing, stating:

As of March 31, 2008, we have approximately $2.77 billion and $3.33 billion in debt maturing in 2008 and 2009, respectively. We are currently considering various types and forms of transactions to refinance this debt, including mortgage financings, other financings and venture partner equity capital. We currently anticipate that we will be able to repay or refinance all of our debt on a timely basis, and believe we have adequate sources of funds to meet our short term cash needs.

(emphasis added).

48. In a Form 8-K signed by Freibaum, dated June 5, 2008 and filed with the SEC on June 6, 2008, the Company made the following misleading statement:

On June 5, 2008, the chief executive officer and the chief financial officer of General Growth Properties, Inc. (“GGP”) disclosed that GGP was working on two financing deals to meet certain upcoming 2008 and 2009 debt maturities. The potential deals include a $1.75 billion term loan and a private commercial mortgage backed securities issuance that could be in the range of $1.5 to $3 billion.

(emphasis added).

49. On June 27, 2008, Defendant Stewart sold 8,000 shares of General Growth stock, at an average sales price of $35.04, for proceeds of $280,320.00.

50. On July 11, 2008, the Company reported, in a Form 8-K signed by Freibaum and filed with the SEC, that it had closed on the first stage of a new $1.75 billion mortgage loan
facility and had received $875 million in loan proceeds. The press release attached to the Form 8-K represented that the funds were used to repay all but one of the Company's loans (a $73 million loan with a prepayment penalty) that were set to mature within Q3 2008.

51. Analysts again reacted positively to Defendants’ representations concerning the Company’s ability to obtain necessary financing. For example, on July 11, 2008, JP Morgan issued a report in which it concluded, *inter alia*, that the Company's July 11, 2008 announcement “is consistent with management's plan that it put forth in a June 6th 8-K filing,” and concluded that the “announcement is an important step toward meeting 2008 maturities, and should be viewed as a marginal positive for the stock.”

52. On July 30, 2008, in an effort to suggest to the market that it had even more cash than it needed in order to convince lenders to refinance its debt, the Company issued a press release which announced, *inter alia*, that the Company had decided to *increase* its quarterly dividend by 11% (the “July 30, 2008 Press Release”), which would result in a quarterly dividend of approximately **$135 million** in the third quarter of 2008. Including this hefty third quarter dividend, the Company had distributed approximately **$476.6 million**, or $1.50 per share, in dividends during the first three quarters of 2008. As alleged below, analysts interpreted the Company’s increase of its record third quarter dividend as yet another positive statement concerning the Company’s ability to obtain necessary financing. The July 30, 2008 Press Release was also filed on a Form 8-K with the SEC the same day, and it was signed by Defendant Freibaum.

53. On July 31, 2008, General Growth conducted a conference call for analysts and investors (the “July 31, 2008 Conference Call”). Directly contrary to the statement in the Metz
Bankruptcy Declaration that most of the life insurance companies, pension funds and banks that the Company had contacted were not even willing to make a lending proposal, Defendants made numerous misleading statements of present fact regarding the Company’s ability to obtain necessary financing. For instance:

a. Defendant Bucksbaum stated:

Yes, credit markets are different today, and nobody at GGP will suggest that it's business as usual in those markets, but for those of you who have been tracking our progress, you have seen that we've refinanced every mortgage that has come due in 2008, and we have multiple plans and options available to us to take care of our remaining 2008 and 2009 maturities.

(emphasis added).

b. Defendant Freibaum stated:

Just as we previously projected and anticipated, we closed a $1.7 billion secured loan on July 11, 2008 in order to generate cash proceeds for mortgaging unencumbered malls and to refinance certain 2008 mortgage maturities. The loan was structured to fund in multiple tranches as existing mortgages on 7 of the 24 assets that ultimately will secure the loan do not mature until later this year. Another $75 million tranche of the loan is scheduled to fund next week, which will bring the cumulative amount funded to $1.21 billion. Probable participants for the remaining $540 million of the loan have been identified and they are currently completing their confirmatory due diligence and/or their approval process. We currently anticipate that all the remaining tranches will fund within the next 60 to 90 days.

* * *

We currently have five additional wholly owned malls and one joint venture mall that will mature in the fourth quarter of this year that still need to be refinanced. We anticipate closing a one-off replacement loan for the existing joint venture mortgage that will mature on November 10, 2008.

We currently expect that the new loan will be for a much higher
amount than the maturing loan, as we believe that the expiring loan represents only approximately 25% of the value of the property. Excess loan proceeds will be distributed to the partners, and our ownership share is 35%. We currently anticipate that four of the aforementioned five wholly-owned malls, including Fashion Show mall, will be part of a much larger pool of properties that will include many other malls, with loans that mature in the first or second quarter of 2009. We are currently planning to sell only investment-grade rated bonds to numerous fixed-income investors. … We will offer new bond secured by conservatively leveraged, high-quality malls with stable and predictable cash flow. The malls are all owned and operated by General Growth and will be cross-collateralized to provide further downside protection for the bondholders.

Our discussions with a number of institutional fixed-income investors that are potential buyers of the bonds lead us to believe that there will be considerable interest on the part of very large debt players. There have been virtually no new freshly underwritten investment-grade rated secured mortgage-backed bonds made available to the fixed income investor market for quite some time. We currently anticipate offering these bonds for sale in mid-October or about 2.5 months from now. The actual number of malls that are part of the pool with loans that mature in 2009 will depend upon the amount of demand that we have for the bonds in October. That said, we currently anticipate that we will probably sell at least $1 billion of bonds in mid-October.

As I previously said, Fashion Show mall will anchor the pool. It is one of only a handful of malls in the entire United States with current sales in excess of $1,100 per square foot. So, it should generate a lot of debt investor interest. If there is additional demand at that time, we have enough malls that could be prepaid at par, such that we could sell as much as $2 billion of secured mortgage-backed bonds in mid-October.

As it just recently debuted, with some stores yet to open, the Shoppes at Palazzo are still not close to reaching their full cash flow potential. The Palazzo stores are contiguous to the Grand Canal Shoppes, which have current sales productivity of almost $1,200 per square foot. We currently anticipate refinancing both properties at the same time in early 2009. We could either do a one-off club deal for a single mortgage secured by both the Grand Canal Shoppes and the Shoppes at The
Palazzo, or we could use both properties to anchor a second pool of cross-collateralized malls, for which we would offer freshly underwritten and newly rated secured mortgage bonds in the first quarter of 2009.

(emphasis added).

c. Defendant Freibaum also stated:

In addition, among numerous other possibilities, the most probably potential sources of excess cash that I previously identified include at least $1 billion from mortgaging and/or selling currently unencumbered operating assets over the next 24 months. Construction loans beginning in July of 2009 to fund all anticipated development costs to be incurred to complete all development projects. $1.5 billion of potential excess mortgage refinancing proceeds in 2009 and 2010 as expiring mortgages are refinanced on average with new 55% loan-to-value replacement mortgages. At least $750 million of non-debt capital over the next nine months. If necessary a considerable amount of additional non-debt capital could be raised over the balance of 2009 and 2010. Utilizing Summerlin land in 2010 and 2011 to generate significant amounts of cash from new loans and/or new joint venture proceeds. If necessary, all of these things and other possible items in the aggregate can be reasonably expected to generate at least $6.4 billion of proceeds over the next five and one-half years.

That amount represents 100% of the unsecured bank and bond debt that will mature between December of 2008 and November of 2013. The most important fact of all is that we don’t have any balloon debt maturities that will present an insurmountable challenge to refinance given the myriad sources of obtainable cash that we have outlined today.

(emphasis added).

d. Defendant Freibaum made the following statements of fact during an exchange with an analyst from Wachovia Securities, representing that the Company had more than sufficient cash to convince lenders to provide financing:
Q: **Jeff Donnelly:** I know it might sound preposterous given that your dividend's covered, but what ability do you have to actually maybe reduce your common dividend as a means of retaining additional capital and is that a course of action that is potentially on the table?

A: **Bernard Freibaum:** *I know that everybody listens to remarks very carefully and I don’t want to [mince] words here. There is no need to consider reducing our dividend. We’ve outlined so many different places that we can get cash. There are so many things we would do before we cut our dividend, we’re not like a bank that has written down billions of dollars of its balance sheet and is paying out of dividend that could be used to help restore its balance sheet. Our balance sheet is not broken, it's just simply - it's got more leverage on it than some other companies but prior to a year ago, it was viewed by almost everybody as not aggressive leverage.*

*So, we have no losses to cover, we don’t need to restore capital like a bank does. There is, I can’t imagine any scenario where we would need to cut our dividend.*

(emphasis added).

e. Contrary to the statements in the Metz Bankruptcy Declaration that the collapse of the CMBS market was a major factor in the Company’s ability to obtain necessary financing, Defendant Freibaum represented that the collapse of the CMBS market had no impact on the Company’s ability to refinance its debt during an exchange with an analyst from Goldman Sachs:

Q: **Jay Habermann:** Bernie, *with regard to the roadmap you’ve laid out* for the capital plan, can you give us a sense of the average debt term, perhaps a year out? You stand today with an average debt maturity of about four years, and I’m just curious what sort of terms you’re seeking for this upcoming pool of loans that you’re looking at with Fashion Show.

A: **Bernard Freibaum:** That's a great question, and *it gives me an opportunity to tell you that this next financing that we're doing,*
and there's been a significant amount of confusion about this that I've read in various comments by analysts and others, 1.5 to 3 billion, it's just like existing CMBS; it's really nothing like existing CMBS. If you want to make an analogy, it's almost exactly like what we did in 1997 before the individual separate property underwritten CMBS market was fully developed. We've put together 13 malls, went to the rating agencies, got bonds rated, various tranches through investment grade and sold them to investors.

There are billions and billions of dollars of fixed income investors that typically buy corporate bonds. These are not investors that are specifically mortgage investors, they're just long-term fixed income investors, and they're very happy as they've told us, and I don't have any reason to doubt them, to buy bonds that just happened to be secured by mortgages.

* * *

So, to compare what we're trying to do in two-and-a-half months with huge fixed income investors that typically don't buy mortgage bonds to a broken CMBS market saying that certain tranches trade at a thousand basis points over the treasury, these are pools of assets that were put together in 2002 or 2003, different underwriting standards, no cross-collateralization, some properties very likely to go into default in the pool, etc. So, we're after this huge market of fixed income investors, not CMBS mortgage investors.

(emphasis added).

f. Contrary to the statement in the Metz Bankruptcy Declaration that the Company had been unsuccessful in raising equity capital, Defendants Freibaum and Bucksbaum represented that there was substantial equity available, but that the Company did not even want it. First, Bucksbaum and Freibaum had the following exchange with an analyst from J.P. Morgan Chase:

Q: Louis Taylor: Following up on that last question, when you're talking to these potential JV [joint venture] partners, what can you
tell us about, what their expectations are in terms of yields and Cap rates and just making general statements about today's environment versus a year or two ago? Have their expectations increased dramatically say for the higher quality malls? Or are they still fairly low?

A: Bernard Freibaum: As I've said, we've been having very high level discussions, more about concepts than about Cap rates. What I can continue to confirm is that there is still considerable interest in co-ownership with General Growth of high quality malls, a very significant interest. The things that we're discussing with some of the larger potential partners are other things, for example in the international area, that they might be interested in. Some of them have expressed some interest in possibly being joint venture partners with us in the future on the Summerlin land, when we have that option in 2010. So as John said, we've got a lot of strategic objectives in connection with any what I call major joint venture. It's conceivable we might do a few one-off joint ventures, but I think it's much less likely that that'll be the case as compared to one or two larger joint ventures.

* * *

So the thesis for co-ownership of high quality regional malls with an operator like General Growth remains to be very good. To push for a transaction today when we don't need one, would be doing something when the environment is not optimal, and our plan in general, as I hope you heard us articulate earlier, is to do things incrementally as the market improves in the various segments that are important to us, in particular the financing segment.

A: John Bucksbaum: The desirability for Class A malls remains very high, as Bernie said. It's not a commodity, it's always been highly sought after by the institutions, and there's a tremendous amount of equity that is waiting to be invested, but you need to do it in the right circumstance, the right format.

(emphasis added). Then, Defendant Freibaum made the following statements of fact during an exchange with an analyst from Goldman Sachs:

Q: Thomas Baldwin: You've spoken about gradually lowering leverage over time but in many ways it actually sounds like you're
going to be increasing leverage in the near term including raising loan to value levels on encumbered assets as the mortgages come due and potentially encumbering the Summerlin land longer term. While you’ve spoken on non-core asset sales and you’ll continue to grow the company organically, it doesn't seem like this in and of itself will be sufficient for lower leverage. So I'm curious what the potential for an equity raise is longer term? Or if that's not on the table, what your game plan for lowering leverage is longer term?

A: Bernard Freibaum: An equity raise is not being contemplated. I don’t think it’s necessary. I can’t imagine why we would do that given the other alternatives we have.

(emphasis added).

54. Analysts again reacted positively to Defendants’ representations in the July 30, 2008 Press Release and during the July 31, 2008 Conference Call concerning the Company’s ability to obtain necessary financing. For instance:

a. Deutsche Bank's report on July 31, 2008 stated:

_During the [July 31, 2008 Conference] call, management laid out a very detailed plan of how it would get through its maturities over the next few years. ... The company has five more consolidated mortgages rolling over in Q4. It is going to contribute four of those properties into a much bigger pool of Q109 and Q209 maturities (Fashion Show will anchor the pool) to secure a $1 - 2 billion debt offering that is similar to a covered bond deal. ... GGP will either refinance the Palazzo and the Grand Canal Shops together during Q109, or it will add them to a pool of assets for a second ‘covered bond’ type deal. ... Over the next nine months, the company could raise as much as $750 million of non-debt capital. ... The company has about $1.75 billion of unencumbered assets. Over the next 24 months, it could generate up to $1 billion of proceeds by putting mortgages on these assets or by selling them into joint ventures._

(emphasis added).

b. JP Morgan, in a report issued on July 31, 2008, also focused on the details of the six step “plan” described by Defendants during the July 31, 2008 Conference Call, stating:
The bulk of the presentation from the call was focused on how GGP would meet its near-term capital obligations, which include a significant amount of debt maturities. The near-term plan includes six steps: 1) taking down the balance of the $1.75 billion term loan that it announced weeks ago, 2) delaying $500 million on development projects that are not yet underway, 3) seeking construction loans in mid-2009 that will take care of all projects (by mid-09 GGP believes the projects will be more than 50% funded and pre-leased on average), 4) sell secured bonds in 4Q on a pool of assets anchored by Fashion Show mall ($1-$2 billion depending on investor appetite at the time), 5) refinance the Grand Canal Shoppes and Palazzo in early 2009 either as a package or part of another securitized pool, and 6) over the next 24 months, raise at least $1 billion from a pool of unencumbered assets (GGP estimates value at $1.75 billion) in the form of either mortgages or asset sales.

* * *

Our belief is that based on management's track record of executing on this front and given the strength of the assets and the relatively low current LTV's for near-term maturities, GGP should be able to execute on its near-term plan but the scrutiny will likely continue with each step.

(emphasis added).

55. On August 5, 2008, Defendant Michaels sold 700,000 of his 1,390,507 shares of General Growth stock (or just over 50% of his total holdings of Company stock) at an average sales price of $ 27.13 per share, for proceeds of $18,993,310. On August 7, 2008, Defendant Schlemmer sold 50,000 of her 241,716 remaining shares (or just over 20% of her total holdings of Company stock) at an average sales price of $ 27.29 per share, for proceeds of $1,364,500, to cover a margin call.

56. On August 8, 2008, General Growth filed with the SEC a report on Form 10-Q for the second quarter ending June 30, 2008 (the “August 8, 2008 10-Q”), signed by Defendant Freibaum, which contained signed certifications by Defendants Freibaum and Bucksbaum. The
August 8, 2008 10-Q contained the following factual representations concerning the Company’s ability to obtain necessary financing:

Liquidity and Capital Resources.

As of June 30, 2008, we have approximately $2.42 billion and $3.08 billion in debt maturing in 2008 and 2009, respectively (see also Note 4). Approximately $837 million of such debt was refinanced in July 2008 and we are currently considering various types and forms of transactions to refinance the remaining debt, including mortgage financings, construction financings, other debt and preferred equity financings, venture partner equity capital and sales of non-core assets.

* * *

We currently anticipate that we will be able to repay or refinance all of our debt on a timely basis, and believe we have adequate sources of funds to meet our short term cash needs.

(emphasis added).

57. In a press release on September 17, 2008 (the “September 17, 2008 Press Release”), General Growth reported that it had increased the initial repayment guarantee on the July 11, 2008 $1.75 billion loan facility to one-half of the outstanding facility, in order to facilitate borrowing up to $1.51 billion. This action significantly increased the Company’s maximum corporate guarantee from $437.5 million to $755 million liability.

58. In response to the September 17, 2008 Press Release, analysts expressed concern about the Company’s ability to obtain necessary financing. For instance:

a. On September 18, 2008, Wachovia Capital Markets issued a report addressing the Company’s September 17, 2008 Press Release, stating, *inter alia*, that Wachovia was “concerned about the deepening concessions GGP is making to access financing particularly
when we are several chapters from the conclusion of this tale. …. Corporate guarantees, particularly of this magnitude, are an exception among public REITs."

b. On September 17, 2008, JP Morgan issued a report discussing the Company’s September 17, 2008 Press Release, stating, “To us, this statement makes it appear that the loan sponsors re-traded the deal already in place due to the current environment. … We believe the Street is clearly in wait and see mode with respect to [the Company's] ability to execute on the 4Q private secured bond deal (at least $1B)...."

c. On September 17, 2008, an analyst at RBC Capital Markets also expressed concerns about the Company's ability to obtain necessary refinancing of the $1 billion in debt in light of the Company’s September 17, 2008 Press Release.

59. On September 17 and 18, 2008, the price of General Growth common stock significantly dropped in response to these analyst reports expressing concern about the Company’s ability to obtain necessary financing. On September 17, 2008, the price of General Growth stock closed at $20.37 per share, a $3.29 per share decrease from the $23.66 per share closing price on September 16, 2008. On September 17, 2008, after the close of the market, Bloomberg News reported:

General Growth Tumbles on Financing, Debt Concern

General Growth Properties, Inc., the second-largest U.S. owner of shopping malls, fell the most in 15 years in New York trading on concern that the company won’t be able to raise capital or refinance debt. “In this environment, no one can get a loan,” said Rich Moore, an analyst with RBC Capital Markets . . . “When you’re a company like GGP that’s desperately in need of capital, there’s a real threat that you can go insolvent despite your good assets. . . . Banks won’t lend to each other, much less a real estate firm,” Moore said today. In General Growth’s situation, “when
you have this much leverage, and you need capital, it’s dangerous.”
. . . The company had been expected to announce the refinancing of
more than $1 billion in debt by mid-October, Moore said. The
shares dropped $3.29, or 14 percent, to $20.37 as of 4:05 p.m. in
New York Stock Exchange composite trading, the lowest in more
than five years. It traded as low as $19.84 earlier today. The
company’s shares are down 51% this year, compared with an 8.3
percent decline in the Bloomberg Real Estate Investment Trust
Index.

60. On September 17, 2008, in order to cover a margin call, Defendant Bayer sold
500,000 of his roughly 950,000 shares (or nearly 53% of his total holdings of Company stock) at
an average price of $20.43, for proceeds of $10,215,000.00.

61. As trading in General Growth stock continued during the morning on September 18,
2008, the price of General Growth continued to collapse on concern that the Company would not
be able to obtain necessary financing, dropping to as low as $16.93 per share. As Bloomberg
News reported at 11:40 a.m. EST on September 18, 2008, the price of General Growth stock
declined:

as much as 34 percent in New York trading, on concern the
company won’t be able to refinance debt or raise capital. The
shares dropped $3.44, or 17 percent, to $16.93 as of 11:32 a.m. in
New York Stock Exchange Composite trading. They traded as low
as $13.37 earlier this morning. The shares of the Chicago-based
company are down 60 percent this year, compared with a 9.1
percent decline in the Bloomberg Real Estate Investment Trust
Index.

62. Then, during the afternoon of September 18, 2008, in an attempt to stop the stock
price slide and artificially inflate the price of General Growth stock, Defendant Bucksbaum
repeated Defendants’ previous misrepresentations concerning the Company’s ability to obtain
necessary financing during a telephone interview reported on by Bloomberg News as follows:
Chief Executive Officer John Bucksbaum said the decline in shares, which were down as much as 34 percent today, was an overreaction and that he has “every confidence” debt coming due this year will be refinanced. . . . “We continue to pursue all the various financing alternatives that are available to us, and I think it’s been a tremendous overreaction.” . . . Bucksbaum said that the company’s success at raising funds yesterday “does not seem to be acknowledged in the marketplace.”

(emphasis added).

63. These statements by Defendant Bucksbaum immediately halted the price drop, and caused the price to then dramatically increase to as much as $21.47 per share on September 18, 2008. Defendant Bucksbaum’s statements continued to artificially inflate the price of General Growth stock throughout September 19, 2008, the next trading day, causing the price of General Growth to trade as high as $27.43.

64. Defendants immediately proceeded to sell millions of shares on September 18 and 19 after the stock price increase caused by Bucksbaum’s misleading statements.

65. On September 18, 2008, Defendant Freibaum sold 444,200 shares for proceeds of $7,740,123.00, consisting of (i) 44,000 shares at an average sales price of $13.70 per share, (ii) 200,200 shares at an average sales price of $16.89 per share, (iii) 114,500 shares at an average sales price of $18.55 per share and (iv) 85,300 shares at an average sales price of $19.10 per share. On September 19, 2008, Defendant Freibaum sold 1,055,800 shares for proceeds of $23,390,695.00, consisting of (i) 66,500 shares at an average sales price of $20.61 per share, (ii) 187,400 shares at an average sales price of $21.52 per share, and (iii) 801,900 shares at an average sales price of $22.43 per share. The 1,500,000 shares that Defendant Freibaum sold on
September 18 and 19, 2008, all to cover margin calls, constituted almost 20% of his total holdings of Company stock.

66. On September 19, 2008, Defendant Michaels sold 300,000 shares for proceeds of $6,611,751.00, consisting of (i) 13,100 shares at an average sales price of $20.25 per share, (ii) 75,050 shares at an average sales price of $21.16 per share, (iii) 164,747 shares at an average sales price of $21.90 per share, (iv) 9,600 shares at an average sales price of $22.65 per share, (v) 2,600 shares at an average sales price of $24.20 per share and (vi) 34,903 shares at an average sales price of $24.98 per share. When added to his prior sales on August 5, 2008, by this point in the Class Period, Defendant Michaels had sold almost 72% of his shares of General Growth stock.

67. On September 18, 2008, Defendant Sharon Polonia sold 28,758 shares (roughly 43% of her General Growth holdings) at an average sales price of $16.64 per share, for proceeds of $478,533.00, to cover a margin call.

68. On September 18, 2008, Defendant Ronald L. Gern sold 20,000 shares at an average sales price of $19.01 per share, for proceeds of $380,000.00. On September 19, 2008, Gern sold 15,000 shares at an average sales price of $22.00 per share, for proceeds of $330,000.00. In total, Gern sold roughly 33% of his shares of General Growth stock on these two days, all to repay margin loans.

69. On September 19, 2008, Defendant Schlemmer sold 50,000 shares at an average sales price of $21.67 per share, for proceeds of $1,083,745, to repay a margin loan. When added to her prior sales on August 7, 2008, by this point in the Class Period, Defendant Schlemmer had sold over 40% of her shares of Company stock.
On September 19, 2008, Defendant Anthony Downs sold 15,000 shares (roughly 29% of his General Growth stock) at an average sales price of $24.00, for proceeds of $360,000.00.

On September 19, 2008, Defendant Beth A. Stewart sold 4,500 shares of General Growth stock for total proceeds of $91,822.50, consisting of: (i) 2,250 shares sold at an average price of $19.81 and (ii) 2,250 shares sold at an average price of $21.00. When added to her prior sales of stock on June 27, 2008, these sales by Defendant Stewart meant that by this point in the Class Period, Defendant Stewart had sold roughly 70.1% of her General Growth shares.

On September 18, 2008, the Securities and Exchange Commission (the “SEC”) issued an emergency order (the “Order”) under Section 12(k) of the Exchange Act prohibiting any person from effectuating a short sale in the publicly traded securities of certain financial firms to “prevent short selling from being used to drive down the share prices of issuers.” By its terms, the Order was effective immediately, and “shall terminate at 11:59 p.m. EDT on October 2, 2008, unless further extended by the Commission.” General Growth was not one of the “financial firms” covered by the Order.

On September 19, 2008, Defendants contacted the SEC and requested that the SEC include General Growth as one of the companies protected by the Order.

On Friday, September 19, 2008, after the close of the market, the Wall Street Journal reported that General Growth insiders sold more than 2.4 million shares of stock on September 18, 2008:

Executives at General Growth Properties, Inc., the second-largest U.S. mall owner, sold more than 2.4 million shares to cover margin calls after the company’s stock price dropped this week, the Wall
Street Journal reported. Chief Financial Officer Bernie Freibaum sold 1.5 million shares, or 20% of his stake in the company, for $30.6 million, the Journal said, citing filings with the U.S. Securities and Exchange Commission. Chief Investment Officer Joel Bayer sold 500,000 shares, the newspaper said. . . . The calls were triggered after the stock fell 34 percent on Thursday [September 18, 2008].

75. On the next trading day, Monday, September 22, 2008, prior to the opening of the market, but after Defendants had sold millions of shares of stock, General Growth issued a press release (the “September 22, 2008 Press Release”), inter alia, stating that:

The Company currently anticipates that it will be in a position to offer long-term fixed-rate portfolio financing to lenders in mid to late November, and in the interim will actively pursue several sources of financing for the Company’s near term maturing obligations. The Company and its advisors are also developing a comprehensive, strategic plan to generate capital from a variety of potential sources including, but not limited to, both core and non-core asset sales, the sale of joint venture or preferred equity in selected pools of its assets, a corporate level capital infusion, and/or strategic business combinations.

The September 22, 2008 Press Release caused stock market analysts to further doubt whether General Growth would be able to refinance its debt, causing General Growth’s stock price to drop by $5.34 per share, or approximately 25%, from a closing price of $21.42 per share on September 19, 2008 to a closing price of $16.08 per share on September 22, 2008. As reported by Bloomberg News on September 22, 2008 after the close of the market:

General Growth Properties, Inc., the second-largest U.S. mall owner, plunged 25 percent in New York trading after saying it may sell assets or equity to raise capital. . . . The shares fell the most since 1993 today and have declined in four of the last five days on concern the company won’t be able to refinance debt or raise capital.
76. On September 22, 2008, Defendant Alexander L. Berman sold 15,000 shares (roughly 20% of his General Growth holdings) at an average sales price of $16.50, for proceeds of $247,500.00, to repay margin loans.

77. On September 23, 2008, prior to commencement of trading, Bloomberg News reported that General Growth had been added to the list of stocks protected against short sales by the Order. As intended by Defendants, the significant decline in the price of General Growth stock was halted, and the price of General Growth stock immediately increased, closing at $17.00 per share on September 23, 2008, an increase from the stock’s $16.08 per share closing price on September 22, 2008.

78. Defendants immediately proceeded to sell millions of additional shares of Company stock beginning on September 23, 2008 to take advantage of the stock price increase caused by the short-selling ban.

79. On September 23, 2008, Defendant Freibaum sold 1,265,000 shares for proceeds of $21,564,025.00, consisting of (i) 1,247,500 shares at an average sales price of $17.25 per share and (ii) 17,500 shares at an average sales price of $17.86 per share. On September 25, 2008, Defendant Freibaum sold 431,455 shares at an averages sales price of $15.71 per share for proceeds of $6,778,158.00.

80. On September 22, 2008, Defendant Hoyt sold 30,000 shares at an average sales price of $16.14, for proceeds of $484,200. On September 23, 2008, Defendant Hoyt sold 21,000 shares at an average sales price of $17.20 per share, for proceeds of $361,189. On September 24, 2008, Defendant Hoyt sold 29,000 shares at an average sales price of $16.20 per share, for proceeds of $469,902. Defendant Hoyt’s sales on September 22, 23, and 24, 2008 were all for
the purpose of repaying margin loans. On September 25, 2008, Defendant Hoyt sold 30,000 shares at an average sales price of $15.74 per share, for proceeds of $472,200.

81. On September 23, 2008, Defendant Schlemmer sold 60,000 shares at an average sales price of $17.35 per share, for proceeds of $1,040,400.00, to repay a margin loan.

82. On September 23, 2008, Defendant Bayer sold 249,500 shares at an average sales price of $17.27 per share, for proceeds of $4,306,370.00. On September 24, 2008, Defendant Bayer sold 150,500 shares at an average sales price of $15.53 per share, for proceeds of $2,337,265.00. Defendant Bayer’s sales on September 23 and 24, 2008 were for the purpose of repaying margin loans.

83. On September 25, 2008, Defendant Michaels sold 200,000 shares for proceeds of $3,156,924, consisting of (i) 198,600 shares at an average sales price of $15.79 per share and (ii) 1,400 shares at an average sales price of $16.44 per share.

84. On September 25, 2008, Defendant Gern sold 5,000 shares at an average sales price of $16.06 per share, for proceeds of $80,300. On September 26, 2008, Defendant Gern sold 10,000 shares for proceeds of $161,050.00, consisting of (i) 5,000 shares at an average sales price of $15.52 per share and (ii) 5,000 shares at an average sales price of $16.69 per share. Defendant Gern’s sales on September 25 and 26, 2008 were for the purpose of repaying margin loans.

85. On October 1, 2008, proxy advisor Glass, Lewis & Co. issued a report to investors criticizing Defendants’ sales of General Growth stock while the General Growth-requested “short-selling” ban was in effect. According to a news report on October 1, 2008 by Bloomberg News:

“Since electing to be added to the no-short list of financial”
companies, General [Growth] insiders have sold $40 million in shares,” Todd Fernandez, a senior research analyst with Glass, Lewis, wrote in a note to investors today. “We see that as rigging the system” . . . . General Growth Chief Financial Officer Bernard Freibaum, President Robert Michaels, Chief Investment Officer Joel Bayer, Chief Accounting Officer Edmund Hoyt and other executives have sold 5.67 million shares for $112.5 million since the beginning of August, according to filings with the U.S. Securities and Exchange Commission. . . . Glass, Lewis’s Fernandez wrote in his note today that, at General Growth, the “insider sales could be a material contributor to the stock’s decline.” On Sept. 23, for instance, executives’ sales represented 22 percent of the stock’s total volume for that day. “Ironically, short covering could have provided some liquidity under such duress, instead of shares being sold into a vacuum,” wrote Hernandez. . . . “Sales by executives not on margin and those not disclosed as margin-driven are unexplained,” Fernandez wrote in the note. Those sales included Freibaum’s $21.6 million share of 1.25 million shares on Sept. 23 and Michaels’s $3.16 million sale of 200,00 shares on Sept. 25, according to Glass, Lewis. General Growth’ shares have tumbled on investor concern that the mall owner wouldn’t be able to refinance about $1.3 billion of debt it has coming due this year.

(emphasis added).

86. On October 2, 2008, Defendant Freibaum sold another 2,950,000 shares for proceeds of $24,445,286, consisting of (i) 1,304,167 shares at an average sales price of $7.42 per share, (ii) 1,391,976 shares at an average sales price of 8.93 per share, and (iii) 253,857 shares at an average sales price of $9.21 per share.

87. Disclosure of these massive insider sales after Defendants obtained the ban on short sales caused a severe, two-day decline in the price of General Growth stock from a closing price of $15.10 on September 30, 2008 to a closing price of $14.62 on October 1, 2008, and then to a closing price of $7.59 per share on October 2, 2008. As reported by Bloomberg News on October 2, 2008:
General Growth Falls a Second Day After Shorting Ban Criticized

General Growth Properties Inc. fell for a second day in New York Stock Exchange trading, dropping as much as 43 percent, after proxy advisor Glass, Lewis & Co. said the mall owner should have a ban on short selling its stock dropped. General Growth shares fell $5.97 to $8.65 in NYSE composite trading at 1:34 p.m., after falling to as low as $8.38. . . .

Similarly, on October 2, 2008, Reuters wrote:

Shares of U.S. mall owner General Growth Properties on Thursday [October 2, 2008] dropped nearly 40 percent following a report from a shareholders advisory firm that criticized the company’s management for dumping shares while under regulatory protection from short-sellers. . . . “If insiders are selling, why should outsiders stay?” said Shawn Campbell, principal of Campbell Asset Management.

88. On October 3, 2008, Defendant Freibaum sold 325,000 shares for proceeds of $3,556,851.00, consisting of (i) 44,800 shares at an average sales price of $9.80 per share, (ii) 215,229 shares at an average sales price of 10.93 per share, and (iii) 64,971 shares at an average sales price of $11.78 per share.

89. On October 3, 2008, the Chicago Tribune published an article titled “General Growth stock slides on report; Executives sold $40 million in shares,” which stated in relevant part:

Shares of General Growth Properties Inc. fell 48 percent Thursday to a 12- year low as investors grew concerned that the Chicago-based shopping mall operator won't be able to refinance almost $1 billion in debt that comes due in November.

90. Also on October 3, 2008, the Company issued a press release (the “October 3, 2008 Press Release”) titled “General Growth Properties Announces Executive Change and Dividend Suspension,” which stated in relevant part:

General Growth Properties, Inc. (NYSE: GGP) today announced
the appointment of Edmund Hoyt as the Company’s Chief Financial Officer on an interim basis. Mr. Hoyt succeeds Bernard Freibaum, who is no longer employed by the Company. The Company will promptly commence a search for a permanent chief financial officer. . . . . All continuing executive officers of the Company have informed the Company that they have repaid in full all previously existing margin loans and thus there will be no further sales of Company stock by those executive officers to satisfy margin calls. In addition, the Bucksbaum family interests have informed the Company that they have not sold any shares of Company stock and that they do not intend to sell any of their shares of Company stock. The Company has been informed by Mr. Freibaum that on October 2, 2008, he sold approximately 2.95 million shares of common stock to satisfy margin calls and applied all of the proceeds to repay outstanding margin debts. After those sales, Mr. Freibaum has informed the Company that he beneficially owns approximately 1.3 million shares of stock and has approximately $3.4 million of margin debt outstanding. The Company also announced that, given the uncertainty and volatility in the capital markets, and the fact that all distributions currently required to maintain REIT status have already been made this year, the Company’s board of directors has determined to suspend the common stock dividend at this time.

(emphasis added).

91. Incredibly, the suspension of General Growth’s dividend on October 3rd came just two months after Defendant Freibaum defiantly stated on the July 31, 2008 conference call, “[t]here is no need to consider reducing our dividend.” Of course, during those two months, Defendants sold roughly $110 million of their General Growth holdings at inflated prices.

92. Not surprisingly, Freibaum’s firing from General Growth led to a temporary rise in the Company’s stock price. A Wachovia report issued on October 3, 2008 stated, “[m]uch as we saw with banks and brokers, regime change was often necessary to re-establish credibility in the capital markets in advance of a capital infusion. Mr. Freibaum, architect of GGP’s balance sheet, has shouldered the blame for GGP’s dire straits and underperformance.” The Wachovia report, a
JP Morgan report, and a RBC Capital Markets report all noted that the margin loans had finally been paid off, which would ease downward pressure on the stock. General Growth’s stock closed at $9.67 on October 3, 2008.

93. Analysts continued to express concern about the Company’s ability to obtain necessary financing. For example, on October 6, 2008, Stifel Nicolaus analyst David Fick opined that “[t]he remaining 2008 mortgage maturities could prove difficult to refinance due to the large loan balances, including $650 million at its Fashion Show Mall property and $250 million at its Palazzo property. Fick also warned that management might have to raise money by selling shares, which would make current shareholders’ holdings less valuable.

94. Also on October 6, 2008, in a Business Week article concerning the Company, RBC Capital Markets analyst Richard C. Moore II gave his opinion, “GGP is at the end as a going concern.” On October 6, 2008, General Growth’s stock price hit an intraday low of $7.24 and closed at $7.75.

95. On October 7, 2008, a Bloomberg News report quoted Jeffrey Laverty, an analyst at Oscar Gruss & Son as similarly opining that a restructuring at General Growth “is inevitable,” and, with regards to its shareholders, that “[i]t's more likely they get wiped out.” That day, the Company's stock price plunged to an intraday low of $3.51 before closing at $4.50 on volume of over 30 million shares.

96. Opinions issued over the course of the next week also predicted that General Growth would not be able to obtain necessary financing. On October 13, 2008, a Deutsche Bank report stated, “[i]t appears to us that the market is pricing in a binary outcome for GGP and has determined that default is the most likely outcome,” and “[t]he $650 million Fashion Show
mortgage is the crux of the concern.” The Company’s stock closed on October 13, 2008 at $5.65 after hitting an intraday low of $4.80.

97. On October 14, 2008, Fitch Ratings downgraded General Growth and placed it on “Watch Negative,” explaining, “[t]he rating actions are reflective of concerns surrounding GGP’s significant liquidity shortfall due to near-term debt maturities.” and “GGP’s ability to refinance this indebtedness is in doubt.” The Company’s stock closed on October 14, 2008 at $5.45 after hitting an intraday low of $5.17.

98. On October 20, 2008, Bloomberg reported that General Growth's stock hit an intraday low of $5.25 and closed at $5.59 after the Wall Street Journal reported that the Company might be forced to sell up to $2 billion in preferred shares to investors, including private equity and hedge funds in order to refinance its debt.

99. Finally, on October 27, 2008, before the market opened, the Company filed a Form 8-K with the SEC, signed by newly installed Interim President Thomas H. Nolan, Jr., which stated that Defendant Freibaum resigned as a General Growth director, effective October 21, 2008; Defendant Bucksbaum resigned as CEO, effective October 26, 2008; and Defendant Robert Michaels resigned as a director, effective October 26, 2008. The 8-K attached a press release dated October 27, 2008 (the “October 27, 2008 Press Release”) and entitled “General Growth Announces Management Changes; Company Intends to Market Certain Las Vegas Properties for Sale.” The October 27, 2008 Press Release also stated, in relevant part, as follows:

Along with other assets currently being marketed, the company's Board of Directors and management team have elected to market for sale its portfolio of retail properties in Las Vegas, NV: Fashion Show Mall, Grand Canal Shoppes, and The Palazzo. Goldman, Sachs & Co. and Eastdil Secured will be jointly
responsible for the marketing effort, which is expected to begin immediately. In conjunction with the sale process, the company is working with its syndicate of lenders on Fashion Show Mall and The Palazzo to extend the November 28, 2008 maturity date. The company continues to remain current on all of its debt obligations.

(emphasis added).

100. The October 27, 2008 Press Release confirmed what many in the market had begun suspecting – that the Company could not obtain necessary financing.

101. In the October 27, 2008 Press Release, the Company also stated:

_The Company also announced that it has recently come to the attention of the Board that an affiliate of a Bucksbaum family trust advanced unsecured loans to Mr. Michaels and Bernard Freibaum, the company’s former director and CFO, for the purpose of repaying personal margin debt relating to company stock. The loan to Mr. Michaels, which totaled $10 million, has been repaid in full. The loan to Mr. Freibaum, whose employment was terminated prior to the Board’s knowledge of these loans, totaled $90 million and has $80 million presently outstanding._

(emphasis added). Significantly, the October 27, 2008 Press Release also admitted that the concealment of these loans violated the Company’s internal policy (i.e., the Company’s Code of Business Conduct and Ethics).

102. The market was surprised by the disclosure that Defendants Bucksbaum, Freibaum, and Michaels had violated the Company’s Code of Business Conduct and Ethics through Bucksbaum’s guarantees of Freibaum’s and Michaels’s margin loan debt and his loans to them of $100 million to cover margin calls. An RBC report issued on October 27, 2008 stated:

_In a sad turn for the Company, management has disclosed that the Bucksbaum family trust had personally lent $10 million to Bob Michaels and $90 million to ex-CFO Bernie Freibaum to cover margin calls without disclosing such loans to the board - a violation of internal company policy. Michaels has repaid his loan;_
Freibaum still owes $80 million. The same day, Fitch Ratings downgraded General Growth again, pointing to the resignations of Bucksbaum and Michaels and stating it was “concerned that these management changes may be disruptive to the company's daily management and execution of financial and strategic alternatives.”

103. Following the disclosure of the information contained in the October 27, 2008 Press Release and 8-K, General Growth's stock price decreased from $2.17 on October 24, 2008 per share to close at $1.97 per share on October 27, 2008.

104. In advance of each of Defendants’ foregoing stock sales alleged above, Defendants filed a document with the SEC entitled, “Notice of Proposed Sale of Securities Pursuant to Rule 144” (the “144 Notice”). In each of the 144 Notices filed with the SEC, each of the Defendants expressly represented that he or she:

> [d]oes not know any material adverse information in regards to the current and prospective operations of the issuer of the securities to be sold which has not been publicly disclosed.

These statements were materially false and misleading because each of the Defendants knew that the Company was unable to obtain necessary financing at the time each of the 144 Notices were filed with the SEC.

**The Epilogue: General Growth Files Chapter 11**

105. After the Class Period, General Growth indeed defaulted on massive portions of its maturing debt, much of which was cross-collateralized, such that isolated defaults triggered default provisions in a far larger portion of the overall debt in a vicious default cycle. For example, the Company’s failure to timely repay the Fashion Show and The Shoppes at the
Palazzo loans by November 28, 2008 permitted: (i) the Company’s lenders on a 2006 credit facility, consisting $2.85 billion term loan and a $650 million revolving credit facility, to assert a default and require the Company to enter into a forbearance agreement (which it did on December 15, 2008) and (ii) the Company’s lenders on the July 11, 2008 $1.51 billion loan facility to assert a default and require the Company to enter into a forbearance agreement (which it did on December 18, 2008). In the months after the Class Period, the Company put up numerous of its best properties - in Boston, New York, Baltimore, Las Vegas - in an unsuccessful effort to raise sufficient cash to stem the tide of defaults.

106. On April 16, 2009, General Growth filed voluntary petitions under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York. The same day, it filed a “Notice of Bankruptcy And Suggestion Of Automatic Stay” (docket no. 25) in this action. The Metz Bankruptcy Declaration summarized the Company’s inability to refinance its avalanche of debt as follows: “In total, as of the chapter 11 filing, GGP had approximately $2.0 billion of past-due indebtedness and an additional $5.9 billion that has been or is subject to acceleration. Another $1.3 billion will mature by its own terms later in 2009.” It added, “[t]he basic purpose of the chapter 11 filing is to reduce and restructure GGP’s debt.”

The Losses Caused By Defendants’ Misrepresentations

107. As alleged above, Defendants’ material misrepresentations caused the price of General Growth common stock to be artificially inflated throughout the Class Period. But for Defendants’ material misrepresentations, General Growth stock would not have traded at the inflated levels that it traded at during the Class Period.
108. Plaintiff and other Class Members who purchased General Growth stock suffered losses caused by Defendants’ material misrepresentations, which were a direct and proximate result of Defendants’ wrongful conduct. Beginning on September 17, 2008, a series of statements, more particularly alleged above, issued information to the public that decreased, and ultimately eliminated by October 27, 2008, the artificial inflation in the price of General Growth stock caused by Defendants’ material misrepresentations. Had Defendants corrected their misrepresentations and disclosed the true, adverse facts concerning their inability to obtain necessary financing, General Growth would not have traded as high as it traded during the Class Period.

**PLAINTIFF’S COMPLIANCE WITH THE PSLRA**

**Defendant Bucksbaum’s, Freibaum’s and Michaels’s Concealment Of Loans And Guarantees**

109. The Private Securities Litigation Reform Act of 1995 (the “PSLRA”) provides, *inter alia*, that a complaint alleging violations of the Securities Exchange Act of 1934 (the “1934 Act”) is required to “specify each statement alleged to have been misleading.” Pursuant to 15 U.S.C. §78u-4(b)(1), Plaintiff hereby alleges and specifies that the Defendants’ statements alleged in ¶¶35-42 were misleading.

110. The PSLRA further provides that a complaint alleging violations of the 1934 Act “specify . . . the reason or reasons why the statement is misleading.” Pursuant to 15 U.S.C. §78u-4(b)(1), Plaintiff hereby alleges and specifies that the statements alleged in ¶¶35-42 above were misleading because these statements concerned Defendants Bucksbaum’s, Freibaum’s, and Michaels’s concealed violations of the Code. As alleged in ¶¶35-42 and 101-102, above, and as
General Growth admitted on October 27, 2008, contrary to these misrepresentations, these
Defendants had violated the Code throughout the Class Period and had failed to disclose the
material fact that Bucksbaum had (i) loaned Freibaum and Michaels approximately $100 million
to repay their margin loans and/or (ii) guaranteed the repayment of the margin loans of Freibaum
and Michaels.

111. The PSLRA further provides that a complaint alleging violations of the 1934 Act
must “state with particularity facts giving rise to a strong inference that the defendant acted with
the required state of mind.” 15 U.S.C. §78u-4(b)(2). The following facts, individually and/or
collectively, give rise to a strong inference that Bucksbaum, Freibaum and Michaels knowingly
or recklessly concealed information as alleged in ¶¶35-42, above, within the meaning of 15

(a) Each of Bucksbaum, Freibaum and Michaels knew the terms of the Code,
including its strong penalties for violations, including immediate firing;

(b) Each of Bucksbaum, Freibaum and Michaels knew that Bucksbaum had
loaned Freibaum and Michaels approximately $100 million to repay their margin loans and that
Bucksbaum had guaranteed the repayment of the margin loans of Freibaum and Michaels; and/or

(c) Each of Bucksbaum, Freibaum and Michaels knew that Freibaum and
Michaels each had paid approximately $10 million back to Bucksbaum in repayment of
Bucksbaum’s loans and guarantees by October 27, 2008; and

(d) As alleged below, each of Bucksbaum, Freibaum, and Michaels possessed
the motive and opportunity to make these misrepresentations because they obtained specific and
concrete benefits from their concealment of their violations of the Code.
Defendants’ Misrepresentations Concerning
The Company’s Ability To Obtain Financing

112. Pursuant to 15 U.S.C. §78u-4(b)(1), Plaintiff hereby alleges and specifies that the Defendants’ statements alleged in ¶¶43-45, 47-48, 50, 52, 53, 56, 57, 62, 63, 75, 104 were misleading.

113. Pursuant to 15 U.S.C. §78u-4(b)(1), Plaintiff hereby alleges and specifies that the statements alleged in ¶¶43-45, 47-48, 50, 52, 53, 56, 57, 62, 63, 75, 104 above were misleading because contrary to these misrepresentations, Defendants failed to disclose the material fact that they had learned from their discussions with potential lenders that General Growth could not refinance its debt because every source of commercial real estate financing that General Growth pursued was completely unavailable. For example, in Metz Bankruptcy Declaration, which was submitted “to provide the [Bankruptcy] Court and interested parties with a summary of the circumstances that compelled the company to seek relief under chapter 11”, Mr. Metz stated under penalty of perjury, inter alia, that:

the problem is that virtually every source of commercial real estate financing has dried up, leaving a vastly inadequate supply of credit to meet the demand created by current and upcoming maturities.

GGP’s problems are the result of a series of unprecedented circumstances in real estate finance markets. Beginning in 2007, the U.S. capital markets deteriorated significantly due to rising subprime residential mortgage defaults and the deterioration in value of certain complex residential mortgage-backed securities. The failures of Fannie Mae and Freddie Mac last summer, followed by the government rescue of AIG, and finally the bankruptcy of Lehman Brothers on September 15, 2008, brought the commercial real estate finance markets to a virtual shutdown.

* * *

-54-
GGP, like many other participants in the real estate business, is highly dependent on a functioning market for asset-backed real estate lending. Historically, GGP raised most of its capital through mortgage loans from banks, insurance companies, and in more recent years, the commercial mortgage back securities (CMBS) market.

* * *

For many years, GGP relied heavily on the CMBS market to provide a steady stream of funds for financing and refinancing commercial mortgages. In 2008, however, the CMBS market collapsed. Investors stopped buying CMBS bonds, even ones backed by performing mortgages on stable, income-producing properties like GGP’s. When investors lost confidence in these securities, underwriters stopped issuing them and lenders stopped financing commercial real estate, ending what for many years had been a robust source of lending to the commercial real estate industry.

* * *

Since mid-2008, GGP undertook extensive efforts to modify or refinance its debt, focus on its core business, and restructure the company’s finances outside of chapter 11. We tried aggressively to raise funds from numerous sources and retained leading investment banks to undertake a global search for sources of capital at the corporate level. Our efforts to raise both debt and equity capital have been unsuccessful. We also made a concerted and sustained effort to refinance our mortgage debt in 2008, contacting dozens of major banks, life insurance companies, and pension funds, but none were willing to refinance the loans. Indeed, most made no lending proposal at all. GGP also reached out to national and regional lending brokers, but invariably learned that borrowers seeking more than $20 million—an amount far less than necessary to refinance most of GGP’s properties—had not been successful in locating financing.

(emphasis added).

114. The following facts, individually and/or collectively, give rise to a strong inference that Defendants knowingly or recklessly made the misrepresentations alleged in

(a) As alleged below and above, Defendants possessed the motive and opportunity to artificially inflate General Growth’s stock price during the Class Period through these misrepresentations, and in doing so, obtained the following specific and concrete benefits from their misrepresentations:

   (i) Defendants were motivated to inflate the Company’s stock price through misrepresentations in order to avoid margin calls on their large General Growth stock holdings which would have occurred if the stock price dropped below certain price levels and to earn excessive profits;

   (ii) Defendants were motivated to inflate the Company’s stock price through misrepresentations in order to sell General Growth stock both to satisfy margin calls, repay margin loans and/or earn excessive profits at the highest possible prices; Defendants obtained concrete benefits from their wrongdoing because they were able to thereby reduce the amounts that they would otherwise have had to repay from other sources and earn excessive profits by having their shares sold at artificially inflated prices;

   (iii) Freibaum and Michaels were motivated to inflate the Company’s stock price through misrepresentations so as to ensure that their sales of General Growth stock would also occur at sufficiently high prices to not only cover their margin calls, but also to allow them to repay the $100 million in personal loans that Defendant Bucksbaum loaned them in violation of the Company’s Code; Freibaum and Michaels obtained concrete benefits from their wrongdoing because they were able to reduce the amounts that they would otherwise have had to
repay Bucksbaum from other sources by having their shares sold at artificially inflated prices;

(iv) Bucksbaum was motivated to inflate the Company’s stock price through misrepresentations in order to limit and reduce the amount that he would have to pay in connection with his undisclosed guarantee of the margin debt of Freibaum and Michaels; by engaging in conduct that artificially inflated the price of General Growth stock, Freibaum and Michaels were able to sell their shares of General Growth stock at inflated prices to repay margin debt, which reduced the amounts that Bucksbaum had to pay on their behalf;

(v) Bucksbaum was further motivated to inflate the Company’s stock price through misrepresentations because, insofar as Defendants Michaels and especially Freibaum lacked sufficient personal funds to repay the $100 million in undisclosed loans he had extended to them in order to cover their margin calls, the only way for Bucksbaum to be repaid was if Freibaum and Michaels could sell additional shares of General Growth (not subject to margin calls) at a sufficiently high price so as to generate enough proceeds to repay him;

(vi) Defendants Freibaum, Michaels, Hoyt, Bayer, Schlemmer, Polonia, Gern, Downs, Stewart, and Berman obtained concrete benefits from their sales of their personal holdings of General Growth stock at artificially inflated prices, and these transactions were suspicious in amount and timing. During the Class Period, Defendants sold more than 9.1 million shares of their personal General Growth stock holdings at artificially inflated prices, for total gross proceeds in excess of $140.7 million. The shares Defendants sold during the Class Period are set forth more fully in the following chart:

<table>
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<tr>
<th>Defendant</th>
<th>Date</th>
<th># of GGP Shares Sold</th>
<th>Price</th>
<th>% of total GGP holdings</th>
<th>Proceeds</th>
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(b). As alleged above, each of the Defendants was a senior officer of General Growth, who participated directly in the failed efforts by General Growth described by Mr. Metz to obtain necessary financing throughout the Class Period, and therefore possessed knowledge of these adverse, concealed facts. Moreover, given Defendants’ positions as senior officers within General Growth, and the critical importance of refinancing to the Company’s survival, there is a strong inference that these concealed, adverse facts concerning the Company’s inability to obtain satisfactory financing are factual matters that were known by each of the Defendants and/or that the failure to have known of these adverse facts was reckless.

115. Defendants’ misrepresentations alleged herein in ¶¶43-45, 47-48, 50, 52, 53, 56, 57, 62, 63, 75, 104 above are not “forward looking statements” under the PSLRA, 15 U.S.C. §78u-5(c)(1), because they were statements of present or past factual matters.

116. Even assuming, arguendo, that these statements were “forward-looking,” they are not entitled to PSLRA “safe harbor” protection under 15 U.S.C. §78u-5(c)(1), because (i) they were made by Defendants, who at the time the statements were made, had actual knowledge that the statements were false and/or misleading, and (ii) Defendants’ statements were not accompanied by meaningful cautionary statements.
CLAIMS FOR RELIEF

Count I

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

117. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

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

119. During the Class Period, Defendants engaged in a plan, scheme, conspiracy, and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities.

120. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly reports, SEC filings (including Forms 144), press releases and other statements and documents described above, all of which were designed to and did influence the market for General Growth common stock. Such reports, filings, releases, and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about General Growth’s finances and business.
121. As officers, directors, and controlling persons of a publicly held company whose common stock was, and is, registered with the SEC, traded on the New York Stock Exchange during the Class Period, and governed by the provisions of the federal securities laws, the Defendants each had a duty to disseminate accurate and truthful information promptly with respect to, and to correct any previously issued statements that had become materially misleading or untrue, so that the market price of General Growth’s stock would be based upon truthful and accurate information. These Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

122. As more particularly alleged above, Defendants acted with scienter in that they knew or recklessly ignored that the public statements alleged above were materially false and misleading when made, knew that such statements or documents would be issued or disseminated to the investing public, and knowingly participated in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws.

123. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of General Growth common stock was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning General Growth, Plaintiff and the other members of the Class purchased General Growth common stock at artificially inflated prices and relied upon the price of the stock, the integrity of the market for the stock and/or upon statements disseminated by Defendants and were damaged thereby.

124. As more particularly alleged above, the misrepresentations and misconduct by Defendants directly and proximately caused losses, injury and damages to Plaintiff and the Class.
Had Plaintiff and the other members of the Class known the truth, they would not have purchased said shares or would not have purchased them at the inflated prices that were paid. At the time of the purchases by Plaintiff and the Class, the true value of General Growth stock was substantially lower than the prices paid by Plaintiff and the other members of the Class.

125. By reason of the conduct alleged herein, Defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5(b) promulgated thereunder and caused losses, injury and damages to Plaintiff and the other members of the Class.

**Count II**

**Against All Defendants**

**For Violations of Section 10(b) And Rule 10b-5(a) and (c) Promulgated Thereunder**

126. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

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

128. Rule 10b-5(a) and (c) impose liability against any person who “directly or indirectly” employs “any device, scheme, or artifice to defraud” or engages “in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security.” 17 C.F.R. §240.10b-5(a), (c). Defendants are liable for these violations based upon their participation in a fraudulent scheme that resulted in their sales of their General Growth stock at artificially inflated prices.

129. As more particularly alleged above, the price of Company stock was falling as a
result of concerns that the Company could not obtain necessary refinancing. While the Defendant Bucksbaum’s misrepresentations on September 18, 2008 had temporarily stemmed the price fall, Defendants needed to continue to inflate the Company’s stock price in order to sell their shares at the highest possible prices. Accordingly, in an attempt to manipulate the price of Company stock to higher levels, Defendants obtained a “short-selling” ban from the SEC -- which had the immediate effect of inflating the price of General Growth -- without disclosing that they planned to sell immediately millions of shares of General Growth stock – and then immediately proceeded to sell their shares of General Growth stock at inflated prices.

130. As more particularly alleged above, when Defendants obtained the short-selling ban and then sold their shares, Defendants knew that General Growth could not obtain necessary financing.

131. As more particularly alleged above, Defendants’ sales of General Growth stock and/or the disclosure of those sales, caused the price of General Growth stock to significantly decrease, causing losses and damages to Class Members.

**Count III**

**Against All Defendants**

**For Violations of Section 20(a) of the Exchange Act**

132. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

133. This count is asserted against all Defendants and is based on Section 20 of the Exchange Act.

134. Because of their position of control and authority as senior officers, directors and/or
controlling shareholders of General Growth, the Defendants were able to, and did, control the contents of the various reports, press releases, public statements and public filings that General Growth disseminated in the marketplace during the Class Period. Throughout the Class Period, the Defendants exercised their power and authority to cause General Growth to engage in the wrongful acts complained herein. Therefore, the Defendants were “controlling persons” of General Growth within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged that artificially inflated the market price of General Growth common stock.

135. As controlling persons of General Growth, the Defendants are liable pursuant to Section 20 of the Exchange Act.

WHEREFORE, Plaintiff demand judgment against Defendants as follows:

A. Determining that the instant action may be maintained as a class action under Rule 23, Federal Rules of Civil Procedure, and certifying the named Plaintiff as Class Representative;

B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;

C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys’ fees, expert fees and other costs; and

D. Awarding such other and further relief as this Court may deem just and proper.
JURY DEMAND

Plaintiff demands a trial by jury.

Date: April 21, 2009 Respectfully submitted,

By /s/ Carol V. Gilden
Carol V. Gilden
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190 South LaSalle Street, Suite 1705
Chicago, IL 60603
Tel.: (312) 357-0370
Fax: (312) 357-0369

IZARD NOBEL LLP
Robert A. Izard
Jeffrey S. Nobel
Matthew L. Tuccillo
Nancy A. Kulesa
29 South Main Street
Suite 215
West Hartford, CT 06107
Tel.: (860) 493-6292
Fax: (860) 493-6290
CERTIFICATE OF SERVICE

I, Carol V. Gilden, hereby certify that on this 21st day of April, I electronically filed this Amended Complaint with the court using the CM/ECF system which will send notification of such filing to all registered parties. Parties not registered for notification via ECF will be served via e-mail.

/s/ Carol V. Gilden

Anton R. Valukas
Dean N. Panos
Howard S. Suskin
Marc D. Sokol
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Miller Law, LLC
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Sarah R. Wolff
Reed Smith, LLP
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Chicago, IL 60606

Larry D. Drury
Larry D. Drury, Ltd.
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Chicago, IL 60606

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& Robbins, LLP
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San Diego, CA  92101