

**UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS**

_____, Individually and on behalf of all
others similarly situated,

Plaintiff,

v.

BANCO SANTANDER, S.A., JOSÉ
ANTONIO ÁLVAREZ, JOSÉ G. CANTERA
and HÉCTOR GRISI CHECA,

Defendants.

Case No:

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiff ____ (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, among other things, the investigation conducted by and through his attorneys, which included, among other things, a review of the Defendants’ public documents, public filings, wire and press releases published by and regarding Banco Santander, S.A. (“Santander” or the “Company”), and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a class action on behalf of persons or entities who purchased or otherwise acquired publicly traded Santander securities between March 1, 2022 and February 4, 2024, inclusive (the “Class Period”). Plaintiff seeks to recover compensable damages caused by

Defendants' violations of the federal securities laws under the Securities Exchange Act of 1934 (the "Exchange Act").

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

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

4. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged misstatements entered and the subsequent damages took place in this judicial district.

5. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants (defined below), directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

6. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased Santander securities during the Class Period and was economically damaged thereby.

7. Defendant Santander is a multinational financial services company.

8. Defendant Santander is incorporated in Spain and its head office is located in Madrid. Its USA headquarters are located at 75 State Street, Boston, Massachusetts, United States.

9. Santander's American Depositary Shares ("ADS" or "ADSs") trade on the New York Stock Exchange ("NYSE") under the ticker symbol "SAN".

10. Defendant José Antonio Álvarez ("Álvarez") served as the Company's Chief Executive Officer ("CEO") from 2015 until January 1, 2023, and also serves as Executive Vice Chairman.

11. Defendant José G. Cantera ("Cantera") has served as the Company's Chief Financial Officer since 2015.

12. Defendant Héctor Grisi Checa ("Grisi") has been the Company's CEO since January 1, 2023.

13. Defendants Álvarez, Cantera and Grisi are collectively referred to herein as the "Individual Defendants."

14. Each of the Individual Defendants:

- (a) directly participated in the management of the Company;
- (b) was directly involved in the day-to-day operations of the Company at the highest levels;
- (c) was privy to confidential proprietary information concerning the Company and its business and operations;
- (d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;
- (e) was directly or indirectly involved in the oversight or implementation of the Company's internal controls;

- (f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or
- (g) approved or ratified these statements in violation of the federal securities laws.

15. Santander is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

16. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to Santander under *respondeat superior* and agency principles.

17. Defendant Santander and the Individual Defendants are collectively referred to herein as “Defendants.”

SUBSTANTIVE ALLEGATIONS

Materially False and Misleading Statements Issued During the Class Period

18. On March 1, 2022, the Company filed with the SEC its annual report on Form 20-F for the period ending December 31, 2021 (the “2021 Annual Report”). Attached to the 2021 Annual Report were certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) signed by Defendants Álvarez and Cantera attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

19. The 2021 Annual Report contained the following statement:

Financial Crime Compliance (FCC)

Financial crimes are universal, globalised phenomena that take advantage of the international economy, and thus their detection, deterrence and disruption call for a coordinated global response by the international community and the financial sector. ***Santander Group is wholly committed to the fight against financial crime and does not tolerate compliance failures with financial crime regulations both internationally and in the countries in which it operates.***

The business functions within the Group maintain the primary responsibility for managing financial crime risk and to support and promote the organization's risk culture. The FCC Function in turn is responsible for monitoring and overseeing financial crime risks and for ensuring adequate policies and procedures have been implemented to manage the business within the Group's established risk appetite.

In 2021, the Board of Directors approved an expanded FCC Corporate Framework, which establishes:

- The principles that must be adhered to by entities of the Group in relation to the prevention of financial crime;
- The roles and responsibilities for effective financial crime risk management;
- The key FCC processes to be developed and embedded within the entities of the Group in compliance with the Group policies and procedures that must be adopted locally; and
- The essential features of FCC governance at a Corporation and local level.

Under this expanded FCC Corporate Framework, ***the scope of financial crime related risk includes not only money laundering, terrorist financing, and the violation of international sanctions programmes***, but also bribery, corruption, tax evasion and external fraud, as well as any other priority criminal activity reportable under AML/CFT regulation.

The Group has significantly advanced the FCC strategic transformation plan over 2021, initially defined in 2020, designing a bank-wide FCC target operating model that reaffirms the role of the business functions in assuming responsibility and accountability for managing financial crime risk. The strategic transformation plan continues to work toward the centralization of key FCC controls along with their maintenance and calibration. The transformation plan embraces the responsible use of automation, artificial intelligence and machine learning, and the use of reliable third-party data sources, all to improve financial crime risk management, enhance the customer experience, and give the business the necessary risk management tools to continue to pursue financial inclusion initiatives.

(Emphasis added).

20. The statement in ¶ 20 was materially false and misleading because, by the time it was made, Santander had assisted a sanctioned state-owned Iranian entity with avoiding sanctions.

21. On March 1, 2023, the Company filed with the SEC its annual report on Form 20-F for the period ending December 31, 2022 (the “2022 Annual Report”). Attached to the 2021 Annual Report were certifications pursuant to SOX signed by Defendants Grisi and Cantera attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting, and the disclosure of all fraud.

22. The 2022 Annual Report contained the following statement:

Financial Crime Compliance (FCC)

Financial crime risk is the risk arising from actions or the use of the Group's means, products and services in criminal or illegal activities. Such activity includes money laundering, terrorist financing, violation of international sanctions, corruption, bribery and tax evasion.

Financial crimes are universal, globalised phenomena that take advantage of the international economy, and thus their detection, deterrence and disruption call for a coordinated global response by the international community and the financial sector. Compliance with financial crime regulation at Santander goes beyond the Group’s legal and regulatory obligations. Our commitment to partnering with law enforcement and competent authorities to disrupt threat finance networks is key to supporting the societies in which the Group operates, including implementing international sanctions programmes aimed at defending human rights and civil liberties, and deterring corruption and armed conflict. We are fully committed to the fight against financial crime, seek to continuous improvement in our control framework, and do not tolerate compliance failures with financial crime regulations both internationally and in the countries in which we operate.

Over 2022, we have been a strong advocate for peace in Ukraine and have embraced our role in enforcing sanctions compliance related to the war across the Group’s global footprint. Our FCC function continues to identify and develop new approaches, both internally and via public-private partnership, on responding to existing and emerging threats, including through FCC Strategic Transformation Programme. In parallel, we ensure that financial crime compliance is an enabler, not a barrier, to the Group’s responsible banking strategies, particularly on areas like financial inclusion.

Our business functions maintain the primary responsibility for managing financial crime risk and to support and promote the organisation's risk culture. The FCC function in turn is responsible for monitoring and overseeing financial crime risks and for ensuring adequate policies and procedures have been implemented to manage effectively the business within the Group's established risk appetite.

* * *

During the war in Ukraine, *we maintained our objectives not only to enforce sanctions compliance across the Group's international operations* and respond rapidly to escalations from Santander offices, but also ensure that global food and energy supply chains continue to function, particularly given Santander's unique role in supporting European and Latin American trade corridors.

Besides complying with sanctions in all of the Group's international operations and providing the necessary support to the subsidiaries, internal guidance was issued and enacted over 2022 in the European Santander offices and branches to ensure that Ukrainian refugees would be able to access financial products safely and swiftly. Contact between the FCC function and relevant competent authorities was constant over the year to ensure an aligned, coordinated strategy between the public and private sectors.

(Emphasis added).

23. The statement in ¶ 22 was materially false and misleading because, by the time it was made, Santander had assisted a sanctioned state-owned Iranian entity with avoiding sanctions.

24. The statements contained in ¶¶ 20 and 22 were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company's business, operations and prospects, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) Santander UK, which is wholly owned by Banco Santander, S.A, enabled a sanctioned Iranian entity to avoid sanctions; and (2) as a result, Defendants' statements about its business, operations, and prospects, were materially false and misleading and/or lacked a reasonable basis at all relevant times.

THE TRUTH EMERGES

25. On February 5, 2024, the Financial Times published an article entitled “Iran used Lloyds and Santander accounts to evade sanctions”. The article stated preliminarily that Iran used Santander UK to “*covertly move money around the world as part of a vast sanctions-evasion scheme backed by Tehran’s intelligence services.*” (Emphasis added). Further, it stated that “*Santander UK provided accounts to British front companies secretly owned by a sanctioned Iranian petrochemicals company based near Buckingham Palace,* according to documents seen by the Financial Times.” (Emphasis added).

26. The sanctioned Iranian petrochemicals company at issue is Petrochemical Commercial Company (“PCC”). The Financial Times article stated that PCC “was part of a network *that the US accuses of raising hundreds of millions of dollars for the Iranian Revolutionary Guards Quds Force* and of working with Russian intelligence agencies to raise money for Iranian proxy militias.” (Emphasis added). According to the Financial Times, “[b]oth PCC and its British subsidiary PCC UK have been under US sanctions since November 2018.”

27. Companies with ties to Iran have come under increased scrutiny and sanctions due to recent geopolitical events. The Financial Times article stated the following:

Revelations about the Iranian sanctions-evasion operation in the heart of London come after the Royal Air Force recently joined US air strikes against Iranian-backed Houthi rebels in Yemen. *This week the UK and US placed under sanctions what they called a “transnational assassinations network” overseen by Iranian intelligence that has targeted activists and dissidents, including British residents.*

(Emphasis added).

28. The Financial Times article stated that “[d]ocuments analysed by the FT show that since being placed under US sanctions PCC has used companies in the UK to receive funds from Iranian front entities in China while concealing their real ownership through ‘trustee agreements’ and nominee directors.”

29. One of these companies is Pisco UK, which the Financial Times stated, “is registered to a detached house in Surrey *and used a business account with Santander UK.*”

(Emphasis added).

30. The Financial Times stated the following about Pisco UK:

According to the UK corporate registry, Pisco UK is fully owned by a British national called Abdollah-Siauash Fahimi. However, internal documents, some of which have been leaked online by the Iranian opposition website WikiIran, *show that Pisco is fully controlled by PCC and that Fahimi signed an agreement to own the company in trust on its behalf.*

Fahimi has used a PCC email address for correspondence with company officials in Tehran. He was a director of PCC UK from April 2021 until February 2022, according to UK corporate filings.

In 2021 Pisco’s Santander account received a transfer from a Chinese company called Black Tulip, which internal PCC records show is another trustee company controlled by a PCC employee. The US Treasury last year accused Iranian petrochemicals companies of using multiple front entities to evade sanctions by routing sales through Asia.

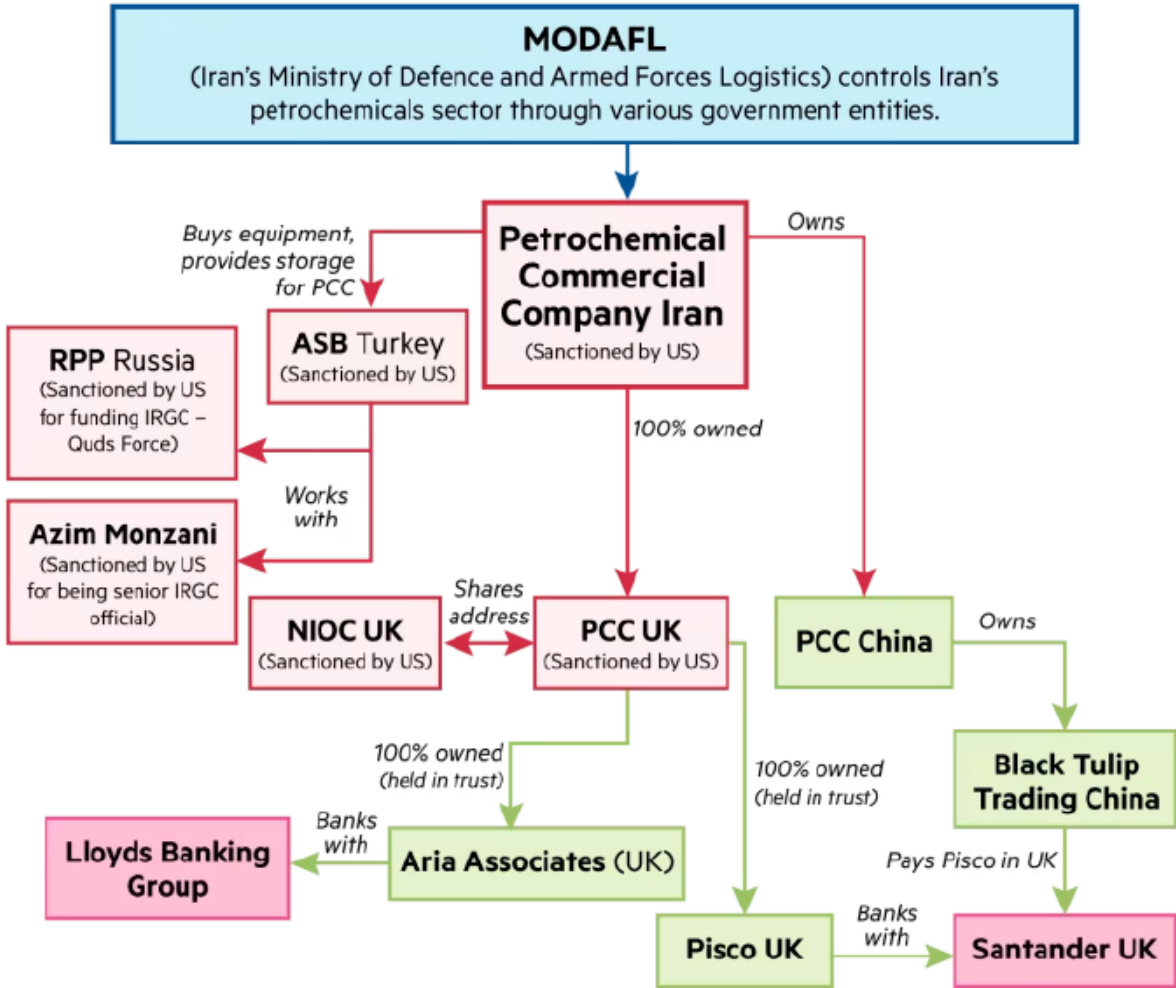
* * *

A person familiar with the situation said the bank has closed Pisco’s account.

(Emphasis added).

31. The Financial Times article displayed the following flow chart to show how Santander UK helps PCC avoid sanctions:

How Iran uses UK banks to evade western sanctions



Source: FT research © FT

32. The Financial Times article contained a statement by Alicia Kearns, a Member of Parliament from the Tory (the British Conservative Party), and chair of the House of Commons’ foreign affairs committee as saying that “[f]or years I have repeatedly raised my concerns about our need to shut down cut-outs of the [Iranian Revolutionary Guard Corps] operating in the UK. This investigation proves again that more needs to be done.”

33. The Financial Times also quoted Liam Byrne, a Member of Parliament from the Labour Party, and chair of the House of Commons’ business as trade committee as saying

“[t]his is, frankly, a shocking failure to act in lockstep with our allies to shut down the financing of a hostile regime. It beggars belief that a business sanctioned by the US is freely trading in London.”

34. On this news, the price of Santander ADSs fell by \$0.24 per ADS, or 5.74%, to close at \$3.94 on February 5, 2024.

35. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s common shares, Plaintiff and other Class members have suffered significant losses and damages.

PLAINTIFF’S CLASS ACTION ALLEGATIONS

36. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons other than defendants who acquired Santander securities publicly traded on the NSYE during the Class Period, and who were damaged thereby (the “Class”). Excluded from the Class are Defendants, the officers and directors of Santander, members of the Individual Defendants’ immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

37. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Santander securities were actively traded on NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds, if not thousands of members in the proposed Class.

38. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

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

40. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the Exchange Act was violated by Defendants' acts as alleged herein;
 - whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business and financial condition of Santander;
 - whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
 - whether the Defendants caused Santander to issue false and misleading filings during the Class Period;
 - whether Defendants acted knowingly or recklessly in issuing false filings;
 - whether the prices of Santander securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein;
- and

- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

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

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

- Santander shares met the requirements for listing, and were listed and actively traded on NYSE, an efficient market;
- As a public issuer, Santander filed periodic public reports;
- Santander regularly communicated with public investors via established market communication mechanisms, including through the regular dissemination of press releases via major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;
- Santander's securities were liquid and traded with moderate to heavy volume during the Class Period; and
- Santander was followed by a number of securities analysts employed by major brokerage firms who wrote reports that were widely distributed and publicly available.

43. Based on the foregoing, the market for Santander securities promptly digested current information regarding Santander from all publicly available sources and reflected such information in the prices of the shares, and Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

44. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information as detailed above.

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

45. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

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

47. During the Class Period, Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

48. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

- employed devices, schemes and artifices to defraud;

- made untrue statements of material facts or 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; or
- engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of Santander securities during the Class Period.

49. Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of Santander were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These defendants by virtue of their receipt of information reflecting the true facts of Santander, their control over, and/or receipt and/or modification of Santander's allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning Santander, participated in the fraudulent scheme alleged herein.

50. Individual Defendants, who are the senior officers and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or other Santander personnel to members of the investing public, including Plaintiff and the Class.

51. As a result of the foregoing, the market price of Santander securities was artificially inflated during the Class Period. In ignorance of the falsity of Defendants' statements, Plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of Santander securities during the Class Period in purchasing Santander securities at prices that were artificially inflated as a result of Defendants' false and misleading statements.

52. Had Plaintiff and the other members of the Class been aware that the market price of Santander securities had been artificially and falsely inflated by Defendants' misleading statements and by the material adverse information which Defendants did not disclose, they would not have purchased Santander securities at the artificially inflated prices that they did, or at all.

53. As a result of the wrongful conduct alleged herein, Plaintiff and other members of the Class have suffered damages in an amount to be established at trial.

54. By reason of the foregoing, Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the plaintiff and the other members of the Class for substantial damages which they suffered in connection with their purchase of Santander securities during the Class Period.

COUNT II
Violations of Section 20(a) of the Exchange Act
Against the Individual Defendants

55. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

56. During the Class Period, the Individual Defendants participated in the operation and management of Santander, and conducted and participated, directly and indirectly, in the

conduct of Santander's business affairs. Because of their senior positions, they knew the adverse non-public information about Santander's false financial statements.

57. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Santander's financial condition and results of operations, and to correct promptly any public statements issued by Santander which had become materially false or misleading.

58. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Santander disseminated in the marketplace during the Class Period concerning Santander's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Santander to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of Santander within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Santander securities.

59. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Santander.

PRAYER FOR RELIEF

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

(a) declaring this action to be a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and designating plaintiff's counsel as Lead Counsel;

(b) awarding damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, together with interest thereon;

awarding plaintiff and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) awarding plaintiff and other members of the Class such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated:

THE ROSEN LAW FIRM, P.A.

Phillip Kim, Esq.

Laurence M. Rosen, Esq.

275 Madison Avenue, 40th Floor

New York, NY 10016

Telephone: (212) 686-1060

Fax: (212) 202-3827

Email: pkim@rosenlegal.com

lrosen@rosenlegal.com

Counsel for Plaintiff