

CPM Files Complaint on Behalf of PG&E Against Its Officers and Directors for Breach of Their Fiduciary Duties

09.23.2013

Cotchett, Pitre & McCarthy, LLP and its co-counsel filed a derivative action on behalf of PG&E Corporation and Pacific Gas & Electric Company against the officers and directors of PG&E for breach of their fiduciary duties and for their mismanagement of PG&E over the last decade plus. In the aftermath of the September 9, 2010 San Bruno pipeline explosion, which resulted in the deaths of eight people, several investigations of PG&E were initiated, including an investigation by the California Public Utilities Commission ("CPUC") and an Independent Review Panel. Several reports released in the aftermath of San Bruno pipeline explosion revealed a pattern of underspending by PG&E for operations and maintenance. Funds that PG&E requested from the CPUC for operating and maintaining PG&E's transmission and distribution pipelines was instead used for other corporate purposes. PG&E's emphasis on profits over safety increased the risk of a catastrophic incident such as the San Bruno pipeline explosion, which caused significant harm to PG&E and its shareholders.

PG&E also had a long history of poor recordkeeping, a fact that was well known throughout the company. PG&E's incomplete and inaccurate records made it impossible for engineers to make the best decisions in regards to pipeline operations and maintenance. PG&E's senior management ignored the known concerns raised by its own engineers. Mark C. Molumphy, the lead attorney on the case stated that, "PG&E and its shareholders are bearing the financial brunt of decisions made by the Company's executives. The Complaint today alleges that PG&E's executives, not its shareholders, should be held responsible for fostering a corporate culture that minimized the need to address safety and saddled the Company with a bill that could exceed a billion dollars."

Attorneys

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Practice Areas

Shareholder Rights / Corporate Governance