

CPM Files Consolidated Shareholder Derivative Lawsuit Against PG&E Officers And Directors

2013

Cotchett, Pitre & McCarthy, LLP today announced the filing today of a consolidated shareholder derivative lawsuit against PG&E's officers and directors.

The plaintiffs are Hind Bou-Salman, Gary Sender, and Martha Potiriades, each a shareholder of PG&E. Plaintiffs filed their case as a "derivative" action, meaning that they are alleging claims on behalf of PG&E and its shareholders for harm suffered by the corporation. As alleged, plaintiffs want to hold PG&E's senior management accountable for millions of dollars already spent by the Company on expenses, settlements, and regulatory fines emanating from the devastating explosion that leveled a San Bruno, California neighborhood in 2010. They also seek the return of lucrative executive compensation packages allegedly approved by senior management at the same time safety budgets were being slashed.

In the consolidated complaint, plaintiffs allege that PG&E has already incurred charges of about **\$1.83 billion** related to the San Bruno accident and natural gas matters. PG&E has also admitted that the utility is the target of a criminal investigation, exposing it to even greater losses. See 2012 Annual Report, at 5, 27. The consolidated complaint also alleges that PG&E's Board sponsored reviews of its risk management practices revealing that PG&E was in "crisis" mode prior to the accident, and that, in 2007, PG&E's newly-hired Senior Vice President of Engineering and Operations determined that the Company's Enterprise Risk Management program "seems unactionable because almost everything is broken."

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Practice Areas

Shareholder Rights / Corporate Governance