

Court Orders PG&E Directors to Answer, Allowing CPM Client Shareholders' Suit to Proceed

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This afternoon, just days prior to the 5-year anniversary of the deadly 2010 PG&E pipeline explosion in San Bruno, California, the San Mateo County Superior Court issued an order allowing a shareholder action to move forward against PG&E officers and directors.

On September 9, 2010, a natural gas pipeline owned by PG&E exploded in the Crestmoor neighborhood in San Bruno, causing widespread damage and eight deaths. As a result of the explosion, PG&E paid in excess of \$2 billion in fines and civil settlements and, just recently, was required by the California Public Utilities Commission to spend up to \$2 million to fund the CPUC's investigation into whether PG&E's corporate culture has changed and takes seriously its obligation to ensure that events like the San Bruno pipeline explosion never happen again.

In today's ruling, the Court denied PG&E Corporation's and Pacific Gas & Electric's challenges to the complaint, finding that shareholders had standing to bring claims on behalf of the corporations to hold officers and directors individually accountable for the losses that the corporation has suffered. The Court also denied the defendants' request to stop shareholders from obtaining information directly from senior management about what they knew and what they did prior to the explosion.

As a result, the shareholder derivative case will be allowed to proceed.

Click below for the Court's Final Order and Tentative Ruling adopted by the court.

[Final Order](#)

Attorneys

Frank M. Pitre

Mark C. Molumphy

Practice Areas

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Tentative Ruling