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6 *Claimant and*

7 *Party to California Public Utilities Commission Proceeding I.19-09-016 to Consider the Ratemaking*
8 *and Other Implications of a Proposed Plan for Resolution of Voluntary Case filed by Pacific Gas and*
9 *Electric Company, pursuant to Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy*
10 *Court, Northern District of California, San Francisco Division, In re Pacific Gas and Electric*
11 *Corporation and Pacific Gas and Electric Company, Case No. 19- 30088.*

12 *Party to California Public Utilities Commission Proceeding I.15-08-019 to Determine whether*
13 *Pacific Gas and Electric Company and PG&E's Corporation's Organizational Culture and*
14 *Governance Prioritizes Safety*

15 **UNITED STATES BANKRUPTCY COURT**
16 **NORTHERN DISTRICT OF CALIFORNIA**
17 **SAN FRANCISCO DIVISION**

18 In re:

19 PG&E CORPORATION,

20 -and-

21 PACIFIC GAS AND ELECTRIC
22 COMPANY,

23 Debtors.

- 24 Affects PG&E Corporation
25 Affects Pacific Gas and Electric Company
26 Affects both Debtors

27 * *All papers shall be filed in the lead case,*
28 *No. 19-30088 (DM)*

Bankr. Case No. 19-30088 (DM)
Chapter 11
(Lead Case)
(Jointly Administrated)

**WILLIAM B. ABRAMS MOTION TO
DESIGNATE IMPROPERLY
SOLICITED VOTES PURSUANT TO
11 U.S.C. §§ 1125(B) AND 1126(E)
AND BANKRUPTCY RULE 2019**

Hearing: Telephonic Appearances Only

Date Request: April 21, 2020
Time: 10am PT
Place: Courtroom 17
450 Golden Gate Ave., 16th Floor
San Francisco, CA, 94102

Judge: Hon. Dennis Montali

1 public meeting is not the same as providing full disclosure of relevant conflicts in keeping with
2 professional standards, bankruptcy rules or moral matters that need to be paramount to the court. As
3 an example, I received a transcription of a meeting conducted by Mikal Watts of Watts Guerra LLP
4 which I have independently verified with other sources as an accurate representation of a meeting
5 held on December 8, 2019 at the Flamingo Hotel in Santa Rosa, CA.¹ This transcription describes a
6 “line of credit” that is partially funded by investors on one or multiple sides of this deal. This
7 transcript describes financial relationships with bondholders (Abrams Management, Apollo
8 Management, Elliot Management, etc.) and equity stakeholders and others including Centerbridge
9 LLP. This transcription describes Mikal Watts’ meetings with these firms and key stakeholders in
10 this case including attorneys representing the Official Tort Claimant Committee (TCC) and various
11 Fire Claimant Professionals all signatories on the TCC RSA.

12 4. Now, what is not clear from this transcription is how much money is influencing at
13 least some of these attorneys. If attorneys are making more money from these alternative sources to
14 unduly influence or deliver a yes-vote this is directly in conflict with the interests of victims and the
15 public at-large. Some of these attorneys may or may not have conflicts of interests. However, what
16 is absolutely clear is that these types of muddied financial transactions to benefit victim attorneys
17 have undermined the plan confirmation and voting processes. Did the decisions to switch from an all
18 cash Bondholder plan to the Debtors plan have to do with the intermingling of funds from these
19 sources? If this deal went the way of the Bondholders would Mr. Watts have to drop his 18,000
20 clients and remove himself from the case due to conflicts and therefore favored the equity backed
21 deal? What other financial incentives or disincentives may have influenced this deal to the detriment
22 of victim claimants? How much of this yes vote is influenced by Bruce Bennett who has equity
23 interests in PG&E and was named in this transcription? Did these apparent conflicts and
24 intermingling “lines of credit” have preconditions for attorneys to support a YES vote on the plan or
25 to deliver a YES vote? I do not know the answers to any of these questions but what is clear from
26 this transcription and from other sources is that the current plan of reorganization and the voting
27 process has been irreparably harmed. At a minimum, the voting process should be redone and this
28 court should seriously consider if the whole plan of reorganization should be abandoned and a new

¹ See Exhibit D, Email transcription of “Watts Town Hall” meeting, December 8, 2019, 6:30pm at Flamingo Hotel, Santa Rosa, CA

1 process defined free of conflicts so that PG&E victims and the public are not victimized yet again at
2 the hands of PG&E and the parties that they influence.

3
4 **ARGUMENT: Clear Violations of 11 U.S.C. §§ 1125(B)**

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6 5. **11 U.S.C. §§ 1125(B)** states “*An acceptance or rejection of a plan may not be*
7 *solicited after the commencement of the case under this title from a holder of a claim or interest with*
8 *respect to such claim or interest, unless, at the time of or before such solicitation, there is transmitted*
9 *to such holder the plan or a summary of the plan, and a written disclosure statement approved, after*
10 *notice and a hearing, by the court as containing adequate information. The court may approve a*
11 *disclosure statement without a valuation of the debtor or an appraisal of the debtor’s assets.” Now,*
12 *if you look at Exhibit A “Fire Settlement Facts” you can see that this was a full-page advertisement*
13 *that ran on March 31, 2020 (see top right corner of ad) in the Press Democrat which reaches victims*
14 *from the PG&E North Bay fires of 2017 and others.² Given that this was the first day of the voting*
15 *process and the vast majority of claimants had not received any disclosure statement, this is in direct*
16 *violation of Section 1125(B) because claimants did not receive the disclosure statement until a later*
17 *date.*

18
19 6. Even if the attorney sponsors and authors that launched this advertising campaign
20 masquerading as a vote solicitation did send the disclosure statement electronically to their clients,
21 this campaign clearly targets all victim claimants and not just those represented by the council listed
22 on the very bottom of the advertisement. I ask the court to verify the dates that electronic versions of
23 disclosure statements were sent to clients to understand the extent to which these advertising
24 campaigns violated Section 1125(B) . Furthermore, the fact that the attorney sponsors of this ad
25 placed their names in barely legible fine-print at the bottom of this advertisement demonstrates the
26 degree to which they wanted to ensure that the broadest possible number of victims were targeted by
27 this newspaper advertisement. Please, consider that this is just one example of the many vote

28 ² See Exhibit A: “Wildfire Settlement Facts”, full page advertisement in Press Democrat, March 31, 2020 and
accompanying text-to-vote solicitation example

1 solicitation documents with purely misleading characterizations of the plan sent by attorneys well
2 prior to disclosure statements being received by victim claimants.

3
4 **ARGUMENT: Clear Violations of 11 U.S.C. §§ 1126(E)**

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6 7. **11 U.S.C. §§ 1126(E)** states “*On request of a party in interest, and after notice and a*
7 *hearing, the court may designate any entity whose acceptance or rejection of such plan was not in*
8 *good faith, or was not solicited or procured in good faith or in accordance with the provisions of this*
9 *title.*” Please, refer to “Exhibit A” attached which shows one such bad-faith advertisement and then
10 the text-by-phone voting process in “Exhibit B” to urge a yes-vote early in the process before the
11 victim trust agreement and registration rights agreement are negotiated. This is part of a very
12 strategic well-funded campaign to undermine due process voting with things like multi-day robo-calls
13 to badger victims until they vote. These attorneys representing victims are pushing for this yes vote
14 early to ensure the needed 2/3 vote is achieved before the debtors push back trust funding dates and
15 before trust rules, stock dilution terms and other material issues are resolved. This path to manipulate
16 and cajole victims to vote before these material issues are resolved is an unjust process that will lead
17 to a tainted vote if this court does not assure and cement this \$13.5B settlement and associated terms
18 and conditions. Here is one such solicitation at a recent town hall event sponsored by Mikal Watts,
19 Roy Miller and Joseph Earley who combined seem to represent over 50% of total victim claims:

20 **Mr. Roecker:** *Yes. Jake, he wants to know what the downsides to voting yes are. Mr. Watts: So*
21 *the downsides to voting yes is you won't be hearing from me until May 15th. I'm kidding. I got a*
22 *lot of calls about too many calls to the house. And I apologize, guys. We're just trying to get you*
23 *to vote. But those calls, every night I've got folks that tabulate. I've got a computer guy who's just*
24 *brilliant named Matt Archer that counts all this stuff up, and then he takes you off the list for the*
25 *next call. So as soon as we get ballots from everybody in that house, you'll stop getting calls from*
26 *us about this, and we'll go back to communicating the way we have.*³

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28 ³ See “Telephonic Town Hall” with a presentation of “Fire Settlement Facts”, presented and sponsored by Joseph Earley,
Roy Miller and Mikal Watts, April 4, 2020, Transcript page 79 (lines 13-25)

1 8. Another example of solicitation in bad faith can be seen in “Exhibit C” which makes
2 the bold claim to victims that “we alone have the power to decide whether to force PG&E to pay the
3 \$13.5 billion or to risk little or no payment at all.”⁴ Is that anywhere close to factually correct? Do
4 victims really have the power to force PG&E to pay \$13.5B? Is this advertisement in keeping with
5 the high ethical standards this court is to oversee? This advertisement again is combined with text
6 messaging voting to avoid those pesky disclosure statements and to push a YES vote early. It is
7 astonishing that attorneys avoid the disclosure statement when the debtors drove that content and the
8 process to promote a yes-vote. The TCC again was hindered from calling out risks and other material
9 matters and stipulating those issues in the disclosure statement because of the RSA hush provisions.
10 How much money promoting these yes-vote campaigns (TV, radio, newspapers, online, etc.) is from
11 outside sources and due to conflicts with PG&E shareholders, bondholders and others needs to be
12 reported to the court. Indeed, this is in direct violation of 11 U.S.C. §§ 1126(E) and compounded
13 with many other ethical and legal issues due to attorneys not sharing “disclosable economic
14 interests”. These disclosures and details about litigation financing should be promptly reported to
15 the court.

16 9. Some may say that there are other attorneys advising clients and disclosing these
17 unresolved material issues associated with the victim settlement. Unfortunately, this is largely not
18 the case because of the provisions within the TCC Restructuring Support Agreement (RSA). These
19 hush and gag clauses within the RSA prevent otherwise fair-minded professional attorneys from
20 providing a balanced view of the plan and keep them from disclosing attorney conflicts of interest.
21 This RSA was executed months prior to the Bondholder RSA which created significant financial
22 problems for victims but certainly helped to support the realignment of interests between
23 shareholders and bondholders as proponents of the plan and to ensure that some victim attorneys
24 were onboard to promote their interests. Indeed, the TCC negotiations are significantly impaired by
25 the RSA regarding the remaining terms of the trust which seemingly cannot be overcome unless they
26 break the RSA, resign from the TCC or reject the plan of reorganization. Please, keep in mind that
27 four attorneys did not sign the restructuring support agreement on moral grounds. This dissent
28 among TCC members should have raised red flags for the court but still the core parties pressed on

⁴ See Exhibit C, “ParadisePost.com Ad to vote and Force PG&E to pay the \$13.5B”, Joseph Earley, received April 16, 2020

1 valuing expediency of plan approval over the efficacy of the process and just outcomes. The AB1054
2 June 30, 2020 deadline has been leveraged affectively as a scapegoat to justify these procedural
3 tradeoff. The following clauses ensure that the disclosure statement, vote solicitation materials and
4 other victim facing documents are one-sided and misleading to support a yes-vote for the plan:

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- 6 • (2.g) *each Consenting Fire Claimant Professional shall use all reasonable efforts to*
7 *advise and recommend to its existing and future clients' (who hold Fire Victim Claims)*
8 *to (i) support and vote to accept the Amended Plan, and (ii) to opt-in to consensual*
9 *releases under Section 10.9(b) of the Amended Plan;*
- 10 • (2.k) *the TCC shall provide the Debtors a letter, in form and substance agreed to by*
11 *the Debtors, the Requisite Consenting Fire Claimant Professionals and the*
12 *Shareholder Proponents, from the TCC that the Debtors may distribute to holders of*
13 *Fire Victim Claims along with the solicitation materials in respect of the Amended*
14 *Plan in which the TCC advises and recommends holders of Fire Victim Claims to*
15 *vote to accept the Amended Plan*
- 16 • (2. o,i) *each Party shall not: object to, delay, impede, or take any other action to*
17 *interfere with acceptance, confirmation, or implementation of the Amended Plan,*
18 *including, without limitation, support any request to terminate the Debtors' exclusive*
19 *periods to file or solicit a plan of reorganization;*

20 10. Taken together, these clauses ensure that no balanced information or real description
21 of the risks will make their way to victims. Indeed, the earlier described vote-solicitation tactics and
22 statement by Mikal Watts' may seem out of bounds but in the context of these "shall" clauses may be
23 in keeping with these unjust RSA terms. Regardless, these efforts are in direct violation of 11 U.S.C.
24 §§ 1125(B), 1126(E) and bankruptcy rule 2019. Furthermore, the fact that these RSA clauses are in
25 direct contradiction to rules of professional conduct did not get in the way of the majority of the TCC
26 members signing this agreement. These rules of professional conduct include but are not limited to
27 rules 1.2, 1.3 and 1.4. As an example, rule 1.4(b) states "*a lawyer shall explain a matter to the extent*
28 *reasonably necessary to permit the client to make informed decisions regarding the representation*".
Now, there is an exception called out in the following clause:

1 Dated: April 18, 2020

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Respectfully submitted,



William B. Abrams

Claimant

Exhibit A: "Fire Settlement Facts"

THE PRESS DEMOCRAT • TUESDAY, MARCH 31, 2020

Fire Settlement Facts

PG&E has proposed a \$13.5 billion settlement with wildfire victims across California.

 This settlement is an opportunity for families and communities to continue to rebuild and recover from the devastation caused by PG&E.

 As part of the settlement process, anyone with a claim against PG&E will have a chance to vote on this proposal.

 Approving this settlement is the fastest way for victims to receive their payment from PG&E. Delaying the settlement jeopardizes the \$13.5 billion fund

You have questions. Here's how to have them answered:

1 Join our live, toll-free, telephone discussion where you can have questions about the settlement answered by experts. **On Saturday, April 4th @ NOON PT, join this call by dialing 855-962-1335.** We'll take your questions live.

2 Visit [FireSettlementFacts.com](https://www.FireSettlementFacts.com) to see answers to the most common questions about the settlement and see what other fire survivors are saying about it.

Join our live telephone town hall to ask your questions about PG&E's \$13.5 billion settlement and what fire survivors must do to ensure it's paid.

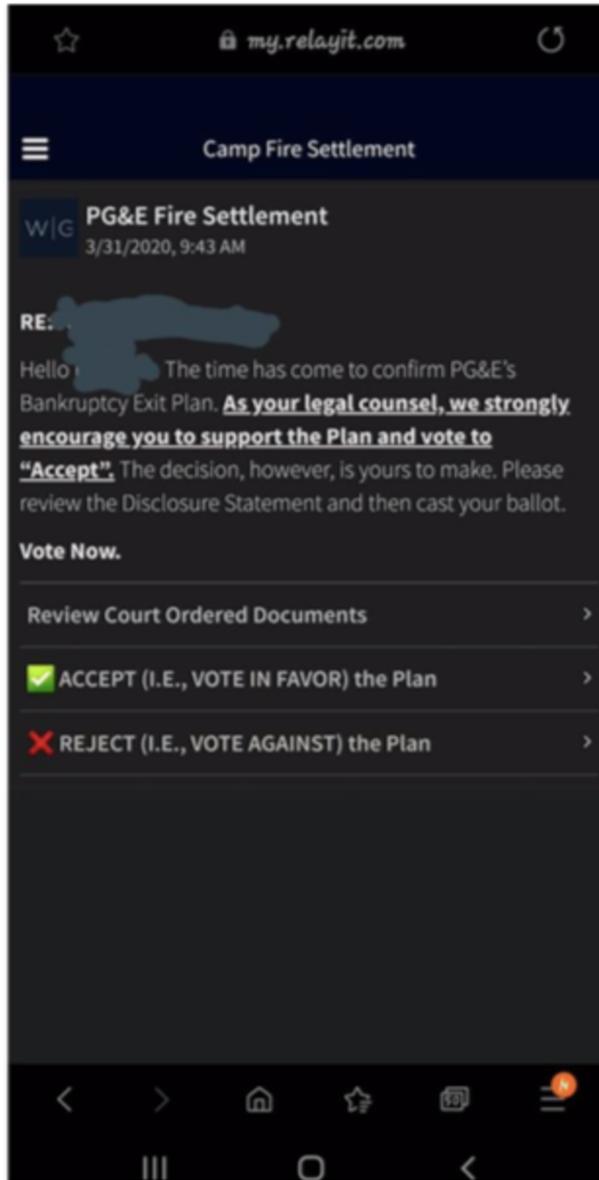
April 4th @ Noon: 855-962-1335

**[FireSettlementFacts.com](https://www.FireSettlementFacts.com)
[Facebook.com/FireSettlementFacts](https://www.facebook.com/FireSettlementFacts)**

ADVERTISEMENT: Roy Miller of the Hansen & Miller Law Firm is the attorney responsible for this advertisement.

Exhibit B: "Text Voting"

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1 **Exhibit C: Paradisepost.com Ad to Vote and “Force PG&E to Pay the \$13.5B”**

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3 **Wildfire Victims Should Vote to Accept
the PG&E Settlement**

4 **By Joe Earley**

5 Like my family, friends and neighbors, I lost everything I owned
6 when the Camp Fire destroyed our communities. PG&E has
7 agreed to pay \$13.5 billion to com-pensate victims of this fire and
8 others caused by its equipment. While we lawyers negotiated this
9 proposed settlement, it is our vote as Fire Victims alone that
10 decides whether the settlement will happen. We alone have the
11 power to decide whether to force PG&E to pay the \$13.5 billion or
12 to risk little or no payment at all. As one of the lawyers who
13 represents over 12,000 of my friends and neighbors from
14 Paradise, and surrounding communities, I write to address some
15 false information that has been circulating (especially on social
16 media) and to explain why I encourage you to join me in voting to
17 accept this settlement. The simple and irrefutable fact is that this
18 is a good settlement and there is no viable alternative available.

19 **Click here for more information**

14 7:30 74%
15 ← Paradisepost.com

16 Individuals and families can purchase
17 groceries online using their EBT card at
18 Amazon and Walmart. If you receive
19 CalWORKs, you may also be able to use your
20 cash benefits to make purchases online at
21 Wal-Mart.

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23 **Related Articles**

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- 25 • [Coronavirus: The six things that must happen before California reopens](#)

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