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13
14 **UNITED STATES BANKRUPTCY COURT**
15 **NORTHERN DISTRICT OF CALIFORNIA**
16 **SAN FRANCISCO DIVISION**

16 In re)
17 PG&E CORPORATION and)
PACIFIC GAS AND ELECTRIC)
18 COMPANY,)
19 Debtors.)
20 Affects PG&E Corporation)
 Affects Pacific Gas and Electric Company)
21 Affects both Debtors)
22 *All papers shall be filed in the Lead Case,)
No. 19-30088 (DM))

) Bankruptcy Case
) No. 19-30088 (DM)
) Chapter 11
) (Lead Case) (Jointly Administered)

) **SUPPLEMENT TO JOINDER BY 11,300**
) **INDIVIDUAL FIRE VICTIM**
) **CLAIMANTS TO DK. NO. 6973, REPLY**
) **TO DK. NO. 6944, REGARDING**
) **ABRAMS MOTION TO DESIGNATE**
) **IMPROPERLY SOLICITED VOTES**

) Date: May 12, 2020
) Time: 10:00 a.m. (Pacific)
) Place: United States Bankruptcy Court:
) Courtroom 17, 16th Floor
) San Francisco, CA 94102

) [Dk. No. 6799, 6793, 6944, 7073]

1 TO THE COURT, ALL INTERESTED PARTIES, AND ALL ATTORNEYS OF RECORD
2 The Singleton Law Firm, APC, Marshack Hays LLP, and their co-counsel represent
3 approximately 7,000 victims of the 2015 Butte Fire, the 2017 North Bay Fires, and the 2018 Camp
4 Fire. The Frantz Group, APLC, Bridgford, Gleason & Artinian, McNicholas & McNicholas, LLP,
5 and their co-counsel represent approximately 4,300 victims of the 2017 North Bay Fires and the
6 2018 Camp Fire. Collectively, the undersigned represent over 11,300 unique claimants who timely-
7 filed Notices of Claim by the Bankruptcy Court’s Bar Date.

8 **BACKGROUND**

9 On April 20, 2020, William Abrams (“Abrams”) filed a Motion to Designate Improperly
10 Solicited Votes Pursuant to 11 U.S.C. §1125(B) and 1126(E) and Bankruptcy Rule 2019 (“Motion”)
11 (Dk. No. 6799). The Motion sought an order declaring that the votes in favor of the Plan for
12 Reorganization (“Plan”) cast by more than 13,000 individual fire victims represented by the law firm
13 of Watts Guerra were improperly solicited. The affect of the relief sought by Abrams would be that
14 these 13,000+ votes would not be counted in the overall vote on the Plan.

15 Watts Guerra filed its Preliminary Opposition to Abrams’ Motion the same day (Dk. No. 6801).

16 Attorney Steven Kane, on behalf of Karin Gowins, then filed a joinder to Abrams’ Motion
17 (Dk. No. 6944) (“Joinder”), and Abrams himself subsequently filed a Response (Dk. No. 6946)
18 (“Response”) (Dk. No. 6964). Abrams and Gowins are jointly referred to herein as “moving
19 parties”.

20 On April 28, 2020, Watts Guerra filed an Opposition to the Joinder by Kane/Gowins
21 (“Opposition”) (Dk. No. 6973).

22 On April 29, 2020, the Singleton Law Firm, Marshack Hays, the Frantz Law Group, and
23 Bridgford, Gleason & Artinian filed a joinder to Watts Guerra’s Opposition on behalf of the 11,300
24 individual fire victim claimants represented by these firms and their co-counsel. *See* Dk. No. 6983.

25 On May 6, 2020, Attorney Kane filed a supplemental joinder on behalf of Gowins. *See*, Dk.
26 No. 7073.

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1 **SUPPLEMENT TO JOINDER IN OPPOSITION**

2 While long on invective and accusations, the supplemental joinder and declaration filed by
3 Attorney Kane on May 6 (Dk. No. 6876) does not contain any evidence that Watts Guerra acted in
4 any manner that was contrary to the best interests of its clients or the fire victims as a whole. It
5 certainly does not contain any evidence that would support the extraordinary remedy sought: to wit,
6 the disenfranchisement of over 13,000 fire victims who have already cast their votes in a manner
7 approved by this Court.¹

8 As set forth in detail in the Opposition filed by Watts Guerra (Dk. No. 6973), many (if not
9 most) law firms employ lines of credit to fund normal business operations. This is a common
10 practice, and has been routinely approved by state and federal courts of all levels.

11 The undisputed evidence is that the loan at issue here is typical bank loan with a four-year
12 term and a flat, non-usurious rate of interest. *See*, Decl. of Mikal Watts, Dk. No. 6973-1, ¶4. It is not
13 secured by personal guaranties of the principals of the firm, nor is it a “litigation financing” vehicle
14 in which an investor funds a particular case and receives a percentage of the fees generated by that
15 case. *Id.* It is not specific to the PG&E fire litigation, but is used to fund Watts Guerra’s offices
16 around the country. *Id.* As such, the lenders do not have the ability to make any decisions in either
17 the PG&E litigation or any other cases being handled by Watts Guerra.

18 There is nothing improper about this manner of financing, and the fact that certain multi-
19 billion dollar investment firms whose portfolios include PG&E stocks and bonds independently
20 purchased a portion of an already existing loan with a fixed term and rate of interest does not create
21 a conflict of interest for Watts Guerra.

22 Thus, the information presented by the moving parties does not demonstrate that the Watts
23 Guerra firm violated any rule of professional conduct or any duties owed to their clients.

24 Moreover, the law makes clear that third parties do not have standing to raise these
25 issues. To the extent that any of Watts Guerra’s clients feel that they have not been properly
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28 ¹ *See*, Order of the Bankruptcy Court Establishing and Approving Plan Solicitation and Voting
Procedures (Dk. No. 6340), p. 12, ¶13(a).

1 represented, there are remedies available to them. However, there is no legal or equitable precedent
2 for the extraordinary remedies the moving parties have requested.

3 A cursory review of the facts make clear what is happening here. The moving parties are
4 part of a very small, but very vocal, group that have made their opposition to the Debtors' Plan of
5 Reorganization assiduously clear. Faced with the prospect of losing the vote by a large margin, the
6 moving parties have resorted to attempting to disenfranchise a large group of fire victims with whom
7 they do not agree. This is not appropriate, as all fire victims deserve to have their voices heard.

8 Accordingly, undersigned counsel respectfully request that this Court deny the moving
9 parties' requests.

10 Respectfully submitted,

11 Dated: May 8, 2020

MARSHACK HAYS, LLP

12 By: /s Richard Marshack
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22 Attorneys for approximately 11,300 Fire Victim
23 Claimants
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