

1 WATTS GUERRA LLP
Mikal C. Watts
2 Paige Boldt (Cal. State Bar No. 308772)
70 Stony Point Road, Suite A
3 Santa Rosa, California 95401
Phone: (707) 241-4567
4 2561 California Park Drive, Suite 100
Chico, California 95928
5 Phone: (530) 240-6116
Email: mcwatts@wattsguerra.com

6 *Attorneys for Numerous Wild Fire Claimants*

7
8 UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
9 SAN FRANCISCO DIVISION

10 In re:
11 PG&E CORPORATION
12 - and -
13 PACIFIC GAS AND ELECTRIC
14 COMPANY,
15 Debtors.

Bankruptcy Case
No. 19-30088 (DM)

Chapter 11
(Lead Case)
(Jointly Administered)

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

- 17
18 Affects PG&E Corporation
19 Affects Pacific Gas and Electric Company
 Affects both Debtors

20 * All papers shall be filed in the Lead Case,
21 No. 19-30088 (DM).

Date: April 27, 2020
Time: 10:00 a.m. (Pacific Time)
Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
450 Golden Gate Avenue
San Francisco, CA 94102

Re: Docket No. 6799 & 6798

22
23 TO THE COURT, ALL PARTIES, AND ALL ATTORNEYS OF RECORD

24 WATTS GUERRA LLP and their co-counsel represent thousands of wildfire victims who
25 have timely filed Notices of Claim in this proceeding. On April 20, 2020, at 9:16:03 a.m., William
26 Abrams (“Abrams”) filed his Motion to Designate Improperly Solicited Votes Pursuant to 11
27 U.S.C. §1125(B) AND 1126(E) and Bankruptcy Rule 2019 (“Motion”). WATTS GUERRA
28

1 objects to the Motion and respectfully submits that the Motion should be denied for at least the
2 following reasons:

- 3 1. The Motion is an attempt by a single paid Objector (or Unknown Others) to
4 disenfranchise all other wild fire victims from voting on the Amended Plan in time for
5 PG&E to exit bankruptcy by June 30, 2020;
- 6 2. Courts Across the Nation Have Authorized the Use of Credit Facilities by Law Firms;
- 7 3. WATTS GUERRA's Credit Facility is Not Contingent Upon This Litigation;
- 8 4. WATTS GUERRA's Lenders Have Been Given No Right of Control Over the Firm's
9 Decisions Concerning this (or any other) Litigation;
- 10 5. WATTS GUERRA has disclosed to its Clients and to Others its Communications in this
11 Case with Assignees of portions of its Credit Facility, and its subsequent conversations
12 with principals of both the Debt and the Equity;
- 13 6. WATTS GUERRA digitally provided the Required Disclosure Statement Immediately
14 on March 31, 2020, *before* its Communications Program Concerning the Vote Began;
- 15 7. WATTS GUERRA continues to Provide Appropriate and Good Faith Information to Its
16 Clients with Update Letters and Emails, and Generally through a Website and During
17 Weekly Telephonic Town Hall Meetings.
- 18 8. ABRAMS' Motion Should Summarily be Denied, as it is merely A Facially-Illegitimate
19 Maneuver Designed to Achieve Earned Media from *Bloomberg News* in Advance of
20 His Next Facebook Live event Scheduled for Tonight.

21 OBJECTION

- 22 1. **The Motion is an attempt by a single paid Objector (or Unknown Others) to
23 disenfranchise all other wild fire victims from voting on the Amended Plan in time
24 for PG&E to exit bankruptcy by June 30, 2020.**

25 Movant William B. Abrams ("Abrams") is well-known to this Court and to the CPUC. He
26 somehow prolifically objects to every aspect of the Amended Plan of Reorganization ("Plan"), says
27 in this Motion "I lost money every time I went into the courtroom or put pen to paper to write a
28 motion," (Motion, p. 3, lines 16-17), but is apparently may be doing so while being paid \$290 an
hour.¹ However, he is merely *one* of many wildfire victims, each of whom has their own right to

¹ See Abrams Notice of Intent to Claim Intervenor Compensation and, If Requested, Administrative Law Judge's Ruling on William B. Abrams's Showing of Significant Financial

1 vote whether to approve this Plan under 11 U.S.C. §1126. This Court appropriately ordered the
2 Disclosure Statement, one containing adequate information under 11 U.S.C. §1125, and ordered
3 the voting to take place between March 31, 2020 and May 15, 2020.

4 Now, in the middle of this court-ordered voting period, Abrams seeks to unilaterally halt
5 the vote with a Motion that is wrong on the facts and wrong on the law. Of course, he does so
6 knowing that obtaining the relief he seeks would prevent PG&E from exiting by June 30, 2020,
7 destroying access to a \$20.5 billion fund created by A.B. 1054 to protect this and other utilities
8 from the ruinous costs of future wildfires, and thereby destroying the access the tens of billions of
9 dollars in investments it will take to pay PG&E's creditors, including the wildfire survivors.

10
11 Abrams' communications with others have now also become important, since he is
12 coordinating FaceBook Live meetings including Jim Chanos at Kynikos Associates, a registered
13 investment advisor focused on short selling of PG&E.² Causing PG&E's plan to fail, and its stock
14 to consequently crash, enriches nobody more than Chanos, with whom Abrams is quite evidently
15 conferring.³ After all, while Abrams' sister is a lawyer at Wilkie, representing the subrogation
16 carriers, and therefore unavailable to help him, it appears that someone not named Abrams is
17 cranking out very extensive legal motions, evidencing an impressive knowledge of an array of
18 Bankruptcy rules and statutory provisions.

19
20
21 Nonetheless, this Motion is wrong on the facts and wrong on the law.

22
23 _____
24 Hardship, filed November 13, 2019. CPUC Doc. No. 308 -
[Docs.cupc.ca.gov/PublishedDocs/Efile/G000/M319/K837/319837292.PDF](https://docs.cupc.ca.gov/PublishedDocs/Efile/G000/M319/K837/319837292.PDF)

25 ² <https://www.ft.com/content/8cd39266-fc1e-11e9-98fd-4d6c20050229>

26 <https://www.institutionalinvestor.com/article/b1jjgrgk9qnplr/PG-amp-E-s-Big-Settlement-Excited-Investors-Short-Sellers-Aren-t-Impressed>

27 <https://www.zerohedge.com/markets/bear-party-short-seller-chanos-records-best-month-ever-after-grubhub-pge-implode>

1
2 **2. Courts Across the Nation Have Authorized the Use of Credit Facilities by Law Firms**

3 “Litigation funding is not a new phenomenon in the United States. Contingent fee lawyers
4 fund their clients' cases--class and non-class actions alike--and make significant investments in
5 developing cases, investments that are not recoverable unless and until their clients prevail.”
6 Deborah R. Hensler, *The Future of Mass Litigation: Global Class Actions and Third-Party*
7 *Litigation Funding*, 79 Geo. Wash. L. Rev. 306, 320 (Feb. 2011).

8
9 *Traditional law firm credit facilities* involve a banking institution providing operational and
10 case investment capital to a law firm through a credit line, with such credit being collateralized by
11 the income produced by the law firm, and with such risk to the banking institution then being spread
12 out via assignment rights maintained by the bank. Importantly, the lender is granted no control
13 whatsoever over litigation decisions, nor are its assignees. This is the type of facility long-utilized
14 by WATTS GUERRA and its predecessor firms.

15
16 By contrast, “[i]n recent years, there has also been a proliferation of for-profit firms offering
17 nonrecourse loans to plaintiffs in return for a share of any funds recovered.” Hensler, *supra*, 79
18 Geo. Wash. L. Rev. at 320. These rights to share in a percentage of funds recovered also can be
19 assigned out by the litigation funder. In such instances, some legal commentators have expressed
20 concern about potential conflicts of interest. See A. Marco Turk, *A Changing Professional Ethics*
21 *Landscape to Allow Litigation Funding*, California Lawyer Daily Journal, March 20, 2020. This is
22 *not* the kind of credit facility used by WATTS GUERRA.

23
24 Regardless of whether a traditional credit facility is used – as WATTS GUERRA employs,
25 or whether a litigation funding facility is secured by assigning a percentage of the claim to such a
26 third-party – which WATTS GUERRA has not employed here – courts across the nation have
27 authorized the use of either type of credit facility by law firms.
28

1 (A) The Supreme Court of the United States Has Acknowledged the Role of Funding
2 Litigation as Important to the First Amendment

3 The Supreme Court noted that “[i]t is fundamental that the First Amendment ““was
4 fashioned to assure unfettered interchange of ideas for the bringing about of political and social
5 changes desired by the people.”” *Legal Services Corp. v. Velazquez*, 531 U.S. 533, 548 (2001),
6 citing *New York Times v. Sullivan*, 376 U.S. 254, 269 (1964), quoting *Roth v. United States*, 354
7 U.S. 476, 484 (1957), and observed that “[t]here can be little doubt that the LSC Act funds
8 constitutionally protected expression.” Later, the Court upheld national litigation expense service
9 fees “that the national union uses to pay for litigation expenses incurred in large part on behalf of
10 other local units” as “appropriately related to collective bargaining.” *Locke v. Karass*, 555 U.S.
11 207, 210, 221 (2009). The Supreme Court has never condemned the traditional financing
12 arrangement so disparaged by Abrams in his Motion.
13

14 (B) The Ninth Circuit Has Enforced Litigation Funding Agreements

15 In January of this year, the United States Court of Appeals for the Ninth Circuit affirmed
16 the enforcement of a litigation funding agreement originally calling for the return of the funding
17 advanced and 40% of any recovery, as revised into a \$50,713,000 liquidated amount calculated by
18 applying a 35% annual contract rate, and held that “[b]ased on the record before it, the bankruptcy
19 court did not abuse its discretion in declining to make an equitable adjustment of the contract rate.”
20 *In re: Epicenter Partners, L.L.C.*, 789 Fed. Appx. 632, 634 (9th Cir., Jan. 9, 2020).
21

22 Likewise, the Bankruptcy Appellate Panel of the Ninth Circuit twice has held that
23 bankruptcy courts appropriately enforced litigation funding agreements. In *In re Hall*, 2011 WL
24 4485774 (United States Bankruptcy Appellate Panel of the Ninth Circuit, Aug. 22, 2011), the Court
25 found “no error with the bankruptcy court's factual finding that there was simply no exercise of
26 control over the lawsuit,” and therefore agreed that the funding agreement stands. More recently,
27 in *In re Burton*, 610 B.R. 633, 640 (United States Bankruptcy Appellate Panel of the Ninth Circuit,
28

1 Jan. 14, 2020), while the Court affirmed the dismissal of the bankruptcy case because it involved
2 proceeds of an illegal business criminalized by the Controlled Substances Act, it expressed no
3 concern about the legality of litigation finance agreements.

4 (C) District Courts Within the Ninth Circuit Have Enforced Litigation Funding Agreements

5 For almost a half-century, district courts within the Ninth Circuit have authorized the use
6 of litigation funding agreements. In *Sierra Club v. Butz*, 349 F. Supp. 934 (N.D. Cal., 1972), the
7 Sierra Club and four individuals filed suit to prohibit logging by Humboldt Fir, Inc. near the
8 Salmon-Trinity Alps Primitive Area. Humboldt filed both a cross-complaint and a counterclaim
9 against the four individuals financing the Sierra Club lawsuit. The district judge entered an order
10 dismissing the counterclaim and the cross-complaint for failure to state a claim upon which relief
11 can be granted, concluding that "nothing more is alleged than that plaintiffs intentionally exercised
12 their right to petition the government, and this is precisely that with which this court cannot
13 interfere." *Id.*, 349 F. Supp. at 939.

14 More recently, Magistrate Judge Westmore granted a summary judgment in favor of a
15 creditor against defenses to an asserted litigation funding agreement, concluding that litigation
16 finance agreements are valid purchase agreements under New York law, and neither usurious nor
17 champertous. *Fast Trak Investment Co., LLC v. Sax*, 2018 WL 2183237, at **6-7 (N.D. Cal., May
18 11, 2018) (Westmore, Mag. J.).

19 Most courts in this circuit have concluded that such litigation funding agreements are not
20 even discoverable, *MLC Intellectual Property, LLC v. Micron Technology, Inc.*, 2019 WL 118595,
21 at **1-2 (N.D. Cal., Jan. 7, 2019) (Micron seeks discovery regarding "persons and entities that have
22 a financial interest in this litigation," including an identification of any third party that is funding
23 this litigation; the Court concludes that Micron is not entitled to the discovery it seeks because it is
24 not relevant.); *Space Data Corp. v. Google LLC*, 2018 WL 3054797, at *1 (N.D. Cal., June 11,
25
26
27
28

1 2018) (Cousins, Mag. J.) (Defendants Google and Alphabet move to compel discovery as to
2 litigation funding; the Court concludes that “[e]ven if litigation funding were relevant (which is
3 contestable), potential litigation funding is a side issue at best,” and therefore holds that
4 “defendants' request to compel further discovery is DENIED.”); *V5 Technnologies v. Switch, Ltd.*,
5 2019 WL 7489108, at *4 (D. Nev., Dec. 20, 2019) (“the Court agrees with Plaintiff that its litigation
6 funding is not relevant to the claims or defenses in this case” because “[t]his Court similarly agrees
7 with Plaintiff here that the requests for discovery into its source of litigation funding is not
8 relevant.”); *Odyssey Wireless, Inc. v. Samsung Electronics Co., Ltd.*, 2016 WL 7665898, at *5 (S.D.
9 Cal., Sept. 20, 2016) (finding that the work product doctrine applies to litigation funding
10 documents); *WHT, Inc. v. Zillow Group, Inc.*, 2016 WL 7077235, at *1 (W.D. Wash., Sept. 8, 2016)
11 (finding litigation funding agreements “negligibly relevant, minimally important in resolving the
12 issues, and unduly burdensome,” and therefore “disproportional to the needs of the case.”), unless
13 adequacy of counsel is being litigation in the context of selecting class counsel. *Gharabe v. Chevron*
14 *Corp.*, 2016 WL 4154849, at *2 (N.D. Cal., Aug. 5, 2016) (Illston, J.) (discovery of litigation
15 funding agreement relevant to the adequacy of class counsel determination); *Haghayeghi v. Guess?,*
16 *Inc.*, 2016 WL 9526465, at *1 (S.D. Cal., Mar. 21, 2016) (Storms, Mag. J.) (“The litigation funding
17 documents and retainer and fee agreements are relevant to whether Plaintiff would adequately
18 protect the interests of the class.”).

19
20
21
22 (D) California State Courts Have Refused to Permit Attacks on Litigation Funding
23 Agreements

24 Thirty years ago, the California Supreme Court published a unanimous opinion in *PG&E v.*
25 *Bear Stearns & Co.*, 50 Cal. 3d 1118, 791 P.2d 587 (1990), which should provide guidance to this
26 Court in evaluating Abrams’ Motion here. Bear Stearns financed litigation brought by Placer
27 County Water Agency to terminate its power supply contract with PG&E “in return for 15 percent
28 of any resulting increase in the Agency's revenues above \$2.5 million for 20 years.” *Id.*, 50 Cal.3d

1 at 1124. PG&E sought an injunction restraining Bear Stearns from continuing to encourage,
2 finance or participate in the Agency's efforts to terminate the contract. The trial court sustained
3 Bear Stearn's demurrer without leave to amend. *Id.* Posed with the question "whether it is proper
4 to impose liability for inducing a potentially meritorious lawsuit," the California Supreme Court
5 answered that "it is not." The Court concluded: "[i]n fact we have no public policy against the
6 funding of litigation by outsiders." 50 Cal.3d at 1136. To "assess court liability" for "provid[ing]
7 financial assistance in support of the lawsuit" "would defeat the purpose of assuring free access to
8 courts." *Id.* "To permit a cause of action for interference with contract or prospective economic
9 advantage to be based on inducing potentially meritorious litigation on the contract would threaten
10 free access to the courts by providing an end run around the limitations on the tort of malicious
11 prosecution." 50 Cal.3d at 1137.

12
13
14 Likewise, a California Court of Appeal has since held that litigation funding decisions
15 "constitute protected speech and petitioning activities" in *Tuszynska v. Cunningham*, 199 Cal. App.
16 4th 257, 259 (2011).

17 (E) Courts in the Ninth Circuit and the State of California Have Followed the almost
18 Unanimous Consensus Nationally that Litigation Funding Agreements are Permissible

19 "[C]ourts across the country that have addressed the issue have held that litigation funding
20 information is generally irrelevant to proving the claims and defenses in a case." *Fulton v. Foley*,
21 Case No. 17-CV-8696, 2019 WL 6609298, at *2 (N.D. Ill., Dec. 5, 2019) (collecting cases).

22 Almost twenty years ago, the United States Court of Appeals for the First Circuit affirmed
23 the propriety of litigation funding in the case of Jan Schlichtmann, the east coast lawyer portrayed
24 by John Travolta in the 1998 film, *A Civil Action*. After the Woburn litigation portrayed in the
25 film, Schlichtmann took out three loans with Boston Trade Bank by offering a security interest in
26 the firm's assets, in particular the money to be received from the imminent settlement of the firm's
27 Groton water pollution litigation. The First Circuit observed that the bank "held a security interest
28

1 in the firm's contingency fee agreement relating to the Groton matter and the proceeds from
2 that agreement,” *Cradle Co. v. Schlichtmann*, 267 F.3d 14, 20 (1st Cir. 2001), and held that
3 the company to whom it assigned that security interest “was entitled to judgment as a matter
4 of law.” *Id.*, 267 F.3d at 21.

5
6 Since then, the party making an objection to litigation funding agreements that were
7 overruled by a bankruptcy court then saw that court affirmed by the United States Court of Appeals
8 for the Fifth Circuit in *In re Save Our Springs (S.O.S.) Alliance, Inc.*, 632 F.3d 168, 174-75 (5th
9 Cir. 2011) (“The litigation funding came directly from one of S.O.S.'s donors, so the bankruptcy
10 court correctly concluded that that funding would continue even if S.O.S.'s plan were not
11 confirmed,” and therefore, “Sweetwater's vote was not dependent on its interest in avoiding
12 litigation.”).

13
14 Other courts of appeals also have generally acknowledged the propriety of litigation funding
15 agreements. *See In re Ciprofloxacin Hydrochloride Antitrust Litigation*, 544 F.3d 1323, 1328 (Fed.
16 Cir. 2008) (holding settlements reached between a patent holder and a generic manufacturer did
17 not violate antitrust laws, even when litigant brought case funded by a third party in exchange for
18 half of any profits realized from Barr's sale of ciprofloxacin.); *Williams v. Principi*, 310 F.3d 1374,
19 1381 (Fed. Cir. 2002) (disagreeing with argument that litigation funding supporting "VA research
20 into the effects of dioxin exposure could be the 'act or administrative issue' pursuant to which ...
21 benefits were awarded."). *Cf.*, *National Football League Players' Concussion Injury Litigation*, 923
22 F.3d 96, 113 (3d Cir. 2019) (vacating district court's prohibition of cash advance agreements
23 between litigation funders and plaintiffs, holding: "Going forward, the litigation funding companies
24 will be able to pursue, outside of the claims administration process, whatever rights they may
25 continue to have under their cash advance agreements with class members."). *But see Boling v.*

1 *Prospect Funding Holdings, LLC*, 2019 WL 1858506 (6th Cir. April 25, 2019) (upholding a ruling
2 that such agreements are voidable under Kentucky law).

3 **3. WATTS GUERRA’s Credit Facility is Not Contingent Upon This Litigation**

4 As indicated in the Declaration of Mikal Watts (“Declaration”), WATTS GUERRA’s credit
5 facility is not contingent upon this litigation. Rather, it is a general credit facility collateralized by
6 all income to be received by the firm; a facility no different than any other facility provided by
7 banking institutions across the United States. Declaration, ¶7.

9 **4. WATTS GUERRA’s Lenders Have Been Given No Right of Control Over the
10 Firm’s Decisions Concerning this (or any other) Litigation**

11 As indicated in the Declaration of Mikal Watts, WATTS GUERRA’s lenders have been
12 given no right of control over the firm’s decisions concerning this (or any other) litigation.
13 Declaration, ¶8.

14 **5. WATTS GUERRA has disclosed to its Clients and to Others its Communications
15 in this Case with Assignees of portions of its Credit Facility, and its Subsequent
16 Conversations with Principals of both the Debt and the Equity**

17 This Court has not entered an order requiring private counsel not on the Tort Claimants
18 Committee (“TCC”) to make disclosures pursuant to Bankruptcy Rule 2019, and a reading of the
19 rule suggests that it probably does not apply to private counsel representing individual fire
20 survivors. Declaration, ¶10.

21 WATTS GUERRA is not a group or committee from which disclosure under Bankruptcy
22 Rule 2019(c)(1)(A) is required. Declaration, ¶11.

23 With respect to the required disclosure under Bankruptcy Rule 2019(c)(1)(B), each fire
24 survivor’s Notice of Claim filed by this Court’s amended Bar Date of December 31, 2019 sets forth
25 the name of the law firm representing each such fire survivor. Declaration, ¶12.

26 With respect to the disclosure required under Bankruptcy Rule 2019(c)(2)(B), WATTS
27 GUERRA has no disclosable economic interest held in relation to the debtor, and no economic
28

1 interest in it that is affected by the value, acquisition, or disposition of a claim or interest, as defined
2 by Bankruptcy Rule 2019(a)(1)(A). Declaration, ¶13.

3 With respect to the disclosure required under Bankruptcy Rule 2019(c)(2)(C), WATTS
4 GUERRA is not a member of a group or committee that claims to represent any entity; rather
5 WATTS GUERRA represents its individual clients alone as single creditors, not with some official
6 committee. Declaration, ¶14.

7
8 With respect to the disclosure required under Bankruptcy Rule 2019(c)(3), WATTS
9 GUERRA is not a creditor or equity security holder represented by an entity, group, or committee.
10 Declaration, ¶15.

11 While WATTS GUERRA does not see how Bankruptcy Rule 2019 applies to it since it
12 represents single creditors for purpose of the rule, should the Court disagree, WATTS GUERRA is
13 happy to voluntarily make such a disclosure upon order of the Court pursuant to Bankruptcy Rule
14 2019(e)(3). Declaration, ¶16. *See Southern Pacific Transp. Co. v. Voluntary Purchasing Groups,*
15 *Inc.*, 229 B.R. 119, 122 n. 3 (E.D. Tex. 1999) (“the instant motion to dismiss also complains that
16 the law firm of Calhoun and Stacy has violated Bankruptcy Rule 2019(a) by failing to file a verified
17 statement disclosing its representation of SP, SSW, and UPRR. As with the Committee's first claim,
18 the court has serious doubts about the applicability of Rule 2019(a) here. It would appear to the
19 court that SP, SSW, and UPRR are most appropriately characterized as a single creditor for
20 purposes of that rule. Nevertheless, for the sake of clarity and to avoid further confusion and dispute
21 about this matter, the court directs Calhoun and Stacy to file a document that satisfies the dictates
22 of Rule 2019(a). Such document shall be filed by February 10, 1999.”).

23
24
25 Nonetheless, as indicated in the Declaration of Mikal Watts, WATTS GUERRA already
26 has disclosed to its clients and to others its communications in this case with assignees of portions
27 of its credit facility, and its consequent communications with principals of both the Debt and the
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1 Equity. Specifically, Mikal Watts conducted an in-person town hall to WATTS GUERRA’s clients
2 in Chico on December 12, 2020, and in Santa Rosa later the same day. This town hall was filmed,
3 and all WATTS GUERRA clients received an update email or letter shortly thereafter with a link
4 to the video of those town hall meetings. A link to a Power Point setting forth the nature of the
5 disclosure made in Santa Rosa on December 12, 2019 is provided herewith,⁴ and specific reference
6 is made to slides 53-80 therein. A link to a Power Point setting forth the nature of the disclosure
7 made in Chicco on December 12, 2019 is provided herewith,⁵ and specific reference is made to
8 slides 53-80 therein. Likewise, a second version of the same disclosure occurred most recently on
9 April 18, 2020 on a telephonic town hall that was open to the public. A transcript of that meeting
10 is made available herewith as well.⁶ Declaration, ¶17.

11
12
13 **6. WATTS GUERRA digitally provided the Required Disclosure Statement**
14 **Immediately on March 31, 2020, before its Communications Program During the**
15 **Voting Period;**

16 As indicated in the Declaration of Mikal Watts, WATTS GUERRA provided the disclosure
17 statement and other materials required by this Court digitally early in the morning on March 31,
18 2020, before beginning its communications program during the voting period. The Restructuring
19 Support Agreement specifically provided for “approval by the Bankruptcy Court of procedures to
20 allow distribution of solicitation materials and casting of ballots for holders of Fire Victim Claims
21 by digital means.” Doc. # 50380-1, p. 4, ¶2(a)(ii). WATTS GUERRA confirmed that the court-
22 ordered disclosure statement and other materials would be available beginning March 31, 2020,
23 prepared its digital disclosure plan, and began appropriately executing on it early in the morning
24

25 ⁴ [Click here to download the file](#)

26 ⁵ [Click here to download the file](#)

27 ⁶ [Click here to download the file](#)

1 on March 31, 2020 for the very purpose of ensuring compliance with 11 U.S.C. §1125(b).
2 Declaration, ¶18.

3 **7. WATTS GUERRA Continues to Provide Appropriate and Good Faith**
4 **Information to Its Clients with Update Letters and Emails, and Generally through**
5 **a Website and During Weekly Telephonic Town Hall Meetings.**

6 As indicated in the Declaration of Mikal Watts, WATTS GUERRA continues to provide
7 information both to its clients with update letters and emails. During the litigation, WATTS
8 GUERRA conducted quarterly in-person town hall meetings and provided systematic written
9 updates as well. More recently, WATTS GUERRA has been providing weekly written updates to
10 its clients as well. Declaration, ¶19.

11 Since the COVID-19 “shelter in place” orders, has and will continue to conduct ten (10)
12 weekly telephonic town hall meetings where people can call in and listen to various lawyers
13 discussing the issues relating to the Amended Plan of Reorganization, and to answer any questions
14 fire survivors may have.

15 For the very reason that opponents of the plan might use Abrams as a mouthpiece for their
16 alleged grievances, each of these telephonic town hall meetings has been recorded and transcribed,
17 and are available to the Court for its inspection upon request.

18 Additionally, WATTS GUERRA provides such information on its website,
19 www.firesettlementfacts.com. As questions are presented by fire survivors, those questions are
20 sent to Watts, who prepares an answer that is then recorded on video, and put up on the website for
21 all to see. A repeated disclosure of the information concerning credit facilities was made again
22 during our April 18, 2020 telephonic town hall, and a dropbox of that disclosure is available
23 herewith.⁷ Likewise, that disclosure has been made available to all on
24 www.firesettlementfacts.com. Declaration, ¶20.

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⁷ https://www.dropbox.com/s/pvzk6o5jl92f9y8/20200418%20town%20hall%20v1.1%20clip%201_1.mp4?dl=0

1 This kind of transparency was provided exactly to be the vehicle that self-evidently would
2 defeat an maneuver to be executed on later by someone using Abrams to argue that persons whose
3 acceptance or rejection of such plan... was not solicited or procured in good faith” under 11 U.S.C.
4 §1126(e). Of course, that argument now is demonstrably false because of the documentation of
5 every communication made by WATTS GUERRA.
6

7 Since the COVID-19 “shelter in place” orders, WATTS GUERRA has and will continue to
8 conduct ten (10) weekly telephonic town hall meetings where fire survivors can call in and listen
9 to various lawyers discuss the issues relating to the plan, and to answer questions fire survivors
10 may have. Those telephonic town hall meetings have occurred on March 21, March 26, March 31,
11 April 4 and April 11, and future telephonic town hall meetings scheduled for April 18, April 25,
12 May 2, May 9 and May 15, 2020. Declaration, ¶21.
13

14 In addition, at Abrams’ invitation, fire survivor attorneys Mikal Watts and Gerald Singleton
15 appeared on a two-hour long Facebook Live forum Abrams organized on April 14, 2020, where the
16 pros and cons of the Amended Plan being voted on were debated with Mr. Abrams himself, and
17 with attorneys Bonnie Kane and Francis Scarpulla, who represent former TCC members.
18 Declaration, ¶22.
19

20 **8. ABRAMS’ Motion Should Summarily be Denied, as it is merely A Facially-**
21 **Illegitimate Maneuver Designed to Achieve Earned Media from *Bloomberg News***
22 **in Advance of His Next Facebook Live event Scheduled for Tomorrow Night.**

23 On Thursday, April 16, 2020, Mikal Watts filed three lawsuits for twenty-three Plaintiffs
24 alleging the Mike Bloomberg Presidential Campaign reneged on its promises made to its campaign
25 workers to employ them through the November election, regardless of whether he won or lost the
26 Democratic primary. Declaration, ¶23.
27

28 On Sunday evening, April 19, 2020, Mikal Watts received a phone call from *Bloomberg*
News reporter Mark Chediak, stating that he was writing a story on Abrams’ filing. Watts asked to

1 see Abrams' filing before giving comment, and was told that Abrams had specifically told Mark
2 Chediak not to share his filing with Watts. A search of the Court's docket late Sunday night
3 contained no such filing, but *Bloomberg's* Mark Chediak confirmed to Watts that Abrams had
4 already sent it to him. While Mark Chediak asked for comment on a Sunday night, he honorably
5 agreed that perhaps it would not be fair to require Watts to comment on a filing pre-supplied to a
6 national reporter, but withheld from its subject. Declaration, ¶24.
7

8 Abrams' motion is a facially-illegitimate maneuver designed to achieve earned media from
9 *Bloomberg News* in advance of Abrams' next Facebook Live event scheduled for tomorrow night.
10 Given that his motion is wrong on the facts and wrong on the law, this Court – while wasting its
11 time – should give Abrams what he asks for – an immediate ruling signaling that it will not be used
12 as a tool to create a media event for Abrams.
13

14 CONCLUSION

15 The fire survivors are voting. In the midst of this vote, this Court rejected a previous motion
16 with the following reasoning:

17 A massive undertaking for sending voluminous materials and soliciting votes
18 on the Plan is well-underway. Hundreds, if not thousands, of members of the class have
19 already voted. The TCC apparently does not want to upset those votes, but it is beyond
20 doubt that confusion will reign if the court permits the proposed letter to go out, leaving
21 countless fire victims confused even more than they might be now. Are their cast votes
22 valid? Should they ask to withdraw them? And what happens if there is a pause, and
23 voters do not recast their votes in time? ...

24 What little law there is on the subject makes clear that once a disclosure
25 statement is approved, parties are free to attempt to persuade voters to vote for or
26 against a plan. But that is not the same as asking the court to approve a post-approval
27 plea to delay a vote while future events unfold, if indeed they do at all within the time
28 frame suggested.

29 Doc. No. 6692 (entered April 7, 2020). While Abrams no doubt filed this motion in order to
30 achieve earned media in advance of his next Facebook Live event scheduled for tomorrow evening
31 at 5 p.m. PDT, his Motion should summarily be denied. After all, if Abrams and renown short-

1 WATTS GUERRA LLP
Mikal C. Watts
2 70 Stony Point Road, Suite A
Santa Rosa, California 95401
3 Phone: (707) 241-4567
2561 California Park Drive, Suite 100
4 Chico, California 95928
Phone: (530) 240-6116
5 Email: mcwatts@wattsguerra.com

6 *Attorneys for Numerous Wild Fire Claimants*

7
8 UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
9 SAN FRANCISCO DIVISION

10 In re:
11 PG&E CORPORATION
12 - and -
13 PACIFIC GAS AND ELECTRIC
COMPANY,
14
15 Debtors.

Bankruptcy Case
No. 19-30088 (DM)

Chapter 11
(Lead Case)
(Jointly Administered)

**DECLARATION OF MIKAL WATTS IN
SUPPORT OF HIS PRELIMINARY
OPPOSITION TO WILLIAM B.
ABRAMS MOTION TO DESIGNATE
IMPROPERLY SOLICITED VOTES
PURSUANT TO 11 U.S.C. §1125(B) AND
1126(E) AND BANKRUPTCY RULE 2019**

- 17 Affects PG&E Corporation
18 Affects Pacific Gas and Electric Company
19 Affects both Debtors

20 * *All papers shall be filed in the Lead Case,
No. 19-30088 (DM).*

Date: April 27, 2020
Time: 10:00 a.m. (Pacific Time)
Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
450 Golden Gate Avenue
San Francisco, CA 94102

Re: Docket No. 6799 & 6798

21
22 **DECLARATION OF MIKAL WATTS**

23 Mikal Watts declares the following pursuant to 28 U.S.C. § 1746:

- 24 1. I am an attorney at the law firm of WATTS GUERRA LLP.
25 2. My firm has twenty-five lawyers, a staff of approximately 100 employees, and eight
26 offices in California and Texas.
27
28

1 3. I have practiced law for over thirty (30) years, and have led my own firms for more
2 than twenty-three (23) years.

3 4. During all twenty-three of those years leading my own firm, my firms always have
4 had access to traditional law firm credit facilities, which involve a banking institution providing
5 operational and case investment capital to a law firm through a general credit line, with such credit
6 being collateralized by the income produced by the law firm, and with such risk to the banking
7 institution being spread out via assignment rights provided by the bank.

8 5. Importantly, my lenders never have been, and are not now, granted control
9 whatsoever over my firm's litigation decisions.

10 6. In recent years, there also has been a proliferation of for-profit firms offering
11 nonrecourse loans to plaintiffs in return for a share of any funds recovered. These rights to share
12 in a percentage of funds recovered also can be assigned out by the litigation funder. This is *not* the
13 kind of credit facility used by WATTS GUERRA.

14 7. WATTS GUERRA's credit facility is not contingent upon the outcome of this
15 litigation. Rather, it is a general credit facility collateralized by income to be received by the firm
16 across all its various cases; a facility no different than any other facility provided by banking
17 institutions across the United States.

18 8. WATTS GUERRA's lenders have been given no right of control over the firm's
19 decisions concerning this litigation.

20 9. Together with other law firms, WATTS GUERRA LLP represents more than 16,000
21 individuals who timely filed Notices of Claims in this bankruptcy proceeding.

22 10. To my knowledge, his Court has not entered an order requiring private counsel to
23 make disclosures pursuant to Bankruptcy Rule 2019, and a reading of the rule suggests that it
24 probably does not apply to private counsel representing individual fire survivors.
25
26
27
28

1 11. WATTS GUERRA is not a group or committee.

2 12. Each fire survivor’s Notice of Claim filed by this Court’s amended Bar Date of
3 December 31, 2019 sets forth the name of the law firm representing each such fire survivor.

4 13. WATTS GUERRA has no disclosable economic interest held in relation to the
5 debtor, and no economic interest in it that is affected by the value, acquisition, or disposition of a
6 claim or interest.

7 14. WATTS GUERRA is not a member of a group or committee that claims to represent
8 any entity; rather WATTS GUERRA represents its individual clients alone as single creditors, not
9 with some official committee.

10 15. WATTS GUERRA is not a creditor or equity security holder represented by an
11 entity, group, or committee.

12 16. If the Court believes that WATTS GUERRA and other private attorneys not serving
13 on the TCC, should provide a disclosure under Bankruptcy Rule 2019 WATTS GUERRA is happy
14 to voluntarily make such a disclosure upon order of this Court pursuant to Bankruptcy Rule
15 2019(e)(3).

16 17. WATTS GUERRA has disclosed to its clients and to others its communications in
17 this case with assignees of portions of its credit facility, and its subsequent communications with
18 principals of the Debt and the Equity. Specifically, Mikal Watts conducted an in-person town hall
19 to WATTS GUERRA’s clients in Chico on December 12, 2020, and in Santa Rosa later the same
20 day. This town hall was filmed, and all WATTS GUERRA clients received an update email or
21 letter shortly thereafter with a link to the video of those town hall meetings. A link to a Power
22 Point setting forth the nature of the disclosure made in Santa Rosa on December 12, 2019 is
23 provided herewith,¹ and specific reference is made to slides 53-80 therein. A link to a Power Point
24

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27
28

¹ [Click here to download the file](#)

1 setting forth the nature of the disclosure made in Chicco on December 12, 2019 is provided
2 herewith,² and specific reference is made to slides 53-80 therein. Likewise, a second version of the
3 same disclosure occurred most recently on April 18, 2020 on a telephonic town hall that was open
4 to the public. A transcript of that meeting is made available herewith as well.³

5
6 18. WATTS GUERRA provided the disclosure statement and other materials required
7 by this Court digitally on March 31, 2020, before beginning its communications program during
8 the voting period. The Restructuring Support Agreement specifically provided for “approval by
9 the Bankruptcy Court of procedures to allow distribution of solicitation materials and casting of
10 ballots for holders of Fire Victim Claims by digital means.” Doc. # 50380-1, p. 4, ¶2(a)(ii).
11 WATTS GUERRA confirmed that the court-ordered disclosure statement and other materials
12 would be available beginning March 31, 2020, prepared its digital disclosure plan, and executed on
13 it early in the morning on March 31, 2020 for the very purpose of ensuring compliance with 11
14 U.S.C. §1125(b).

15
16 19. WATTS GUERRA continues to provide information both to its clients with update
17 letters and emails. During the litigation, WATTS GUERRA conducted quarterly in-person town
18 hall meetings and provided systematic written updates as well. More recently, we have been
19 providing weekly written updates to our clients.

20
21 20. Additionally, WATTS GUERRA provides information on its website,
22 www.firesettlementfacts.com. As questions are presented by fire survivors, those questions are
23 sent to Watts, who prepares an answer that is then recorded on video, and put up on the website for
24 all to see. A repeated disclosure of the information concerning credit facilities was made again

25
26 ² [Click here to download the file](#)

27 ³ [Click here to download the file](#)
28

1 during our April 18, 2020 telephonic town hall, and a Drop Box of that disclosure is available
2 herewith. ⁴ Likewise, that disclosure has been made available to all on
3 www.firesettlementfacts.com.

4
5 21. Since the COVID-19 “shelter in place” orders, WATTS GUERRA has and will
6 continue to conduct ten (10) weekly telephonic town hall meetings where fire survivors can call in
7 and listen to various lawyers discuss the issues relating to the plan, and to answer questions fire
8 survivors may have. Those telephonic town hall meetings have occurred on March 21, March 26,
9 March 31, April 4 and April 11, and future telephonic town hall meetings scheduled for April 18,
10 April 25, May 2, May 9 and May 15, 2020.

11
12 22. In addition, at Abrams’ invitation, fire survivor attorneys Mikal Watts and Gerald
13 Singleton appeared on a two-hour long Facebook Live forum on April 14, 2020, where the pros
14 and cons of the Amended Plan being voted on were debated with Mr. Abrams himself, as well as
15 attorneys Bonnie Kane and Francis Scarpulla who represent former TCC members.

16
17 23. On April 16, 2020, my law firm filed several lawsuits against Mike Bloomberg 2020,
18 Inc., alleging that the Bloomberg campaign reneged on its promises to employ those persons
19 agreeing to work on his presidential campaign through the November election, regardless of
20 whether he won or lost the Democratic primary. When he reneged, I filed a lawsuit on behalf of
21 my first client, Jennifer Strobel, on March 27, Plaintiff’s Original Petition in *Jennifer Strobel v.*
22 *Mike Bloomberg 2020, Inc.*, Cause No. D-1-GN-20-001852, in the 201st Judicial District of Travis
23 County, Texas. On April 16, 2020 three additional pleadings on behalf of twenty-three (23)
24 employees of the Bloomberg campaign: (1) Plaintiffs’ Original Petition in *Sarah Allen, et al. v.*
25 *Mike Bloomberg 2020, Inc.*, Travis County, Texas; (2) Plaintiffs’ Original Petition in *Tania*
26 *Gonzalez-Ingram v. Mike Bloomberg 2020, Inc.*, Cause No. D-1-GN-20-002148, In the 200th
27

28

⁴ https://www.dropbox.com/s/pvzk6o5jl92f9y8/20200418%20town%20hall%20v1.1%20clip%201_1.mp4?dl=0

1 Judicial District, Travis County, Texas; (3) Plaintiff's First Amended Petition, *Jennifer Strobel v.*
2 *Mike Bloomberg 2020, Inc.*, Cause No. D-1-GN-20-001852, in the 201st Judicial District of Travis
3 County, Texas.

4 24. On Sunday evening, April 19, 2020, I received a phone call from *Bloomberg News*
5 reporter Mark Chediak, stating that he was writing a story on Abrams' filing. I asked for the filing
6 before giving comment, and was told that Abrams had specifically told Mark Chediak not to share
7 the filing with me. A search of the Court's docket contained no such filing, but *Bloomberg News'*
8 Mark Chediak confirmed to me that Abrams had already sent it to him. While Mark Chediak asked
9 for comment on a Sunday night, he honorably agreed that perhaps it would not be fair to require
10 comment from me on a filing pre-supplied to a national reporter, but withheld from its subject.
11

12 25. I affirm that the facts set forth in this declaration are true and correct.

13 Dated April 20, 2020

14 Respectfully submitted,

15
16 /s/ Mikal C. Watts
17 Mikal C. Watts
18 WATTS GUERRA LLP
19 70 Stony Point Road, Suite A
20 Santa Rosa, California 95401
21 Phone: (707) 241-4567
22 2561 California Park Drive, Suite 100
23 Chico, California 95928
24 Phone: (530) 240-6116
25 Email: mcwatts@wattsguerra.com

26 *Attorney for Numerous Wild Fire Claimants*