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8 **UNITED STATES DISTRICT COURT**  
9 **FOR THE NORTHERN DISTRICT OF CALIFORNIA**  
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11 \_\_\_\_\_, on behalf of himself and all  
12 others similarly situated,

13 Plaintiff,

14 v.

15 PG&E CORPORATION, ANTHONY F.  
16 EARLEY, JR., JASON P. WELLS, GEISHA J.  
17 WILLIAMS, CHRISTOPHER P. JOHNS,  
18 DINYAR B. MISTRY, and DAVID S.  
THOMASON,

Defendants.

Case No. 3:18-cv-03509

**CLASS ACTION**

**COMPLAINT FOR VIOLATION OF  
FEDERAL SECURITIES LAW**

**JURY TRIAL DEMANDED**

19 Plaintiff \_\_\_\_\_ (“Plaintiff”) alleges the following based upon the investigation of  
20 counsel, which included a review of United States Securities and Exchange Commission (“SEC”)  
21 filings by PG&E Corporation (“PG&E” or the “Company”), as well as regulatory filings and reports,  
22 securities analyst reports and advisories by the Company, press releases and other public statements  
23 issued by the Company, and media reports about the Company. Plaintiff believes that additional  
24 evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for  
25 discovery.

26 **NATURE OF THE ACTION**

27 1. This is a federal securities class action on behalf of all investors who purchased or  
28 otherwise acquired PG&E common stock between April 29, 2015, and June 8, 2018, inclusive (the

1 “Class Period”).

2 2. This is a class action brought by Plaintiff, on behalf himself and all others similarly  
3 situated, against Defendants for violations of Sections 10(b) and 20(a) of the Securities Exchange Act  
4 of 1934 (the “Exchange Act”), 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5 promulgated  
5 thereunder by the SEC, 17 C.F.R. § 240.10b-5.

6 **JURISDICTION AND VENUE**

7 3. The federal law claims asserted herein arise under Sections 10(b) and 20(a) of the  
8 Exchange Act, 15 U.S.C. § 78j(b) and § 78t(a), and Rule 10b-5 promulgated thereunder by the SEC,  
9 17 C.F.R. § 240.10b-5, as well as under the common law.

10 4. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C.  
11 § 1331 and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

12 5. This Court has jurisdiction over each Defendant named herein because each Defendant  
13 either conducts business in and maintains operations in this District or is an individual who has  
14 sufficient minimum contacts with this District so as to render the exercise of jurisdiction by the  
15 District Court permissible under traditional notions of fair play and substantial justice.

16 6. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b) and Section 27 of the  
17 Exchange Act because many of the false and misleading statements were made in or issued from this  
18 District.

19 **PARTIES**

20 7. Plaintiff \_\_\_\_\_ purchased PG&E common stock as set forth herein and in  
21 his certification filed herewith.

22 8. PG&E is a California corporation with its principal executive offices located at  
23 77 Beale Street, P.O. Box 770000 San Francisco, California 94177. PG&E mainly operates through  
24 its wholly-owned subsidiary Pacific Gas and Electric Company (“Pacific Gas Electric” or the  
25 “Utility”). PG&E trades on the New York Stock Exchange (“NYSE”) under the ticker symbol  
26 “PCG.”

27 9. Defendant Anthony F. Earley, Jr. (“Earley”) was the President, Chairman of the Board  
28 of Directors, and Chief Executive Officer (“CEO”) of the Company until March 1, 2017, when he

1 became Executive Chair of the Board of PG&E.

2 10. Defendant Jason P. Wells (“Wells”) was the Senior Vice President and Chief Financial  
3 Officer (“CFO”) of the Company from January 1, 2016, to the end of the Class Period.

4 11. Defendant Geisha J. Williams (“Williams”) was the President of the Electric  
5 operations at Pacific Gas and Electric from the beginning of the Class Period until March 1, 2017,  
6 when she became CEO and President of PG&E.

7 12. Defendant Christopher P. Johns (“Johns”) was the President of Pacific Gas and  
8 Electric from the beginning of the Class Period to December 31, 2015.

9 13. Defendant Dinyar B. Mistry (“Mistry”) was the Vice President and Controller of  
10 PG&E and the Vice President, CFO, and Controller of Pacific Gas and Electric until June 1, 2016.  
11 Additionally, Mistry became the Senior Vice President, Human Resources of PG&E on March 1,  
12 2016.

13 14. Defendant David S. Thomason (“Thomason”) was the Vice President, CFO, and  
14 Controller of Pacific Gas and Electric from June 1, 2016 to the end of the Class Period.

15 15. Defendants in paragraphs 9-14 above are collectively referred to herein as the  
16 “Individual Defendants.”

17 16. PG&E and the Individual Defendants are collectively referred to as “Defendants.”

### 18 **CONTROL PERSON ALLEGATIONS**

19 17. By reason of the Individual Defendants’ positions as executive officers with the  
20 Company, the Individual Defendants possessed the power and authority to control the contents of  
21 PG&E’s quarterly reports, press releases, and presentations to securities analysts, money and  
22 portfolio managers, and institutional investors, *i.e.*, the market. The Individual Defendants were  
23 provided with copies of the Company’s reports and press releases alleged herein to be misleading  
24 prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or  
25 cause them to be corrected. Because of their positions with the Company, and their access to  
26 material, non-public information available to them but not to the public, the Individual Defendants  
27 knew that the adverse facts specified herein had not been disclosed to and were being concealed from  
28 the public, and that the positive representations being made were then materially false and

1 misleading. The Individual Defendants are liable for the false statements pleaded herein.

## 2 SUBSTANTIVE ALLEGATIONS

### 3 **Background**

4 18. PG&E was incorporated in California in 1995 as a holding company whose primary  
5 operating subsidiary is Pacific Gas and Electric, a public utility operating in northern and central  
6 California. The Company generates revenues mainly through the sale and delivery of electricity and  
7 natural gas to customers.

### 8 **Material Misrepresentations and Omissions**

9 19. At all relevant times, PG&E's Media Relations department maintained a news website  
10 named Currents<sup>1</sup> providing news, information, and commentary about PG&E's activities, including  
11 the delivery of electricity and the operation, maintenance, and safety of the Company's electric  
12 services. Throughout the website, PG&E repeatedly touts the safety of its network and the  
13 Company's proactivity in fighting wildfire risk.

14 20. The Class Period begins on April 29, 2015, when, during a conference call to discuss  
15 the Company's financial and operating results for the first fiscal quarter ended March 31, 2015 ("Q1  
16 2015 Conf. Call"), Defendant Johns, former President of PG&E's wholly-owned subsidiary Pacific  
17 Gas & Electric, assured investors of the Company's commitment to "[step] up *vegetation*  
18 *management activities to mitigate wildfire risk.*" (Emphasis added.)

19 21. On February 18, 2016, PG&E filed a Form 10-K with the SEC announcing the  
20 Company's financial and operating results for the fiscal fourth quarter and fiscal year ended  
21 December 31, 2015 ("2015 10-K"), which was signed and certified under the Sarbanes-Oxley Act of  
22 2002 by the Individual Defendants. Therein, PG&E stated in pertinent part:

23 *Throughout 2015, the Utility upgraded several critical substations and re-*  
24 *conducted a number of transmission lines to improve maintenance and system*  
25 *flexibility, reliability and safety.* The Utility expects to undertake various  
26 additional transmission projects over the next several years to upgrade and expand  
27 the capacity of its transmission system to accommodate system load growth, secure  
28 access to renewable generation resources, replace aging or obsolete equipment and  
improve system reliability. The Utility also has taken steps to improve the physical  
security of its transmission substations and equipment.

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28 <sup>1</sup> <http://www.pgecurrents.com/>, last accessed on June 11, 2018 at 4:00 pm ET.

1 \* \* \*

2 In 2015, the Utility continued to deploy its Fault Location, Isolation, and Service  
3 Restoration circuit technology which involves the rapid operation of smart switches  
4 to reduce the duration of customer outages. Another 83 circuits were outfitted with  
5 this equipment, bringing the total deployment to 700 of the Utility's 3200  
6 distribution circuits. The Utility also installed or replaced 20 distribution substation  
7 transformer banks to improve reliability and provide capacity to accommodate  
8 growing demand. ***The Utility plans to continue performing work to improve the  
9 reliability and safety of its electricity distribution operations in 2016.***

6 \* \* \*

7 In addition, the Utility obtains permits, authorizations, and licenses in connection  
8 with the construction and operation of the Utility's generation facilities, electricity  
9 transmission lines, natural gas transportation pipelines, and gas compressor station  
10 facilities. The Utility also periodically obtains permits, authorizations, and licenses  
11 in connection with distribution of electricity and natural gas that grant the Utility  
12 rights to occupy and/or use public property for the operation of the Utility's  
13 business and to conduct certain related operations. The Utility has franchise  
14 agreements with approximately 300 cities and counties that permit the Utility to  
15 install, operate, and maintain the Utility's electric and natural gas facilities in the  
16 public streets and highways. In exchange for the right to use public streets  
17 and highways, the Utility pays annual fees to the cities and counties. In most cases,  
18 the Utility's franchise agreements are for an indeterminate term, with no expiration  
19 date.

15 Emphasis added.

16 22. On February 16, 2017, PG&E filed a Form 10-K with the SEC announcing the  
17 Company's financial and operating results for the fiscal fourth quarter and fiscal year ended  
18 December 31, 2016 ("2016 10-K"), which was signed and certified under the Sarbanes-Oxley Act of  
19 2002 by the Individual Defendants. Therein, PG&E stated in pertinent part:

20 ***Throughout 2016, the Utility upgraded several critical substations and re-***  
21 ***conducted a number of transmission lines to improve maintenance and system***  
22 ***flexibility, reliability and safety.*** The Utility expects to undertake various  
23 additional transmission projects over the next several years to upgrade and expand  
24 the capacity of its transmission system to secure access to renewable generation  
25 resources and replace aging or obsolete equipment and improve system reliability.  
26 The Utility also has taken steps to improve the physical security of its transmission  
27 substations and equipment.

24 \* \* \*

25 The Utility's operations are subject to extensive federal, state and local laws and  
26 requirements relating to the protection of the environment and the safety and health  
27 of the Utility's personnel and the public. These laws and requirements relate to a  
28 broad range of activities, including the remediation of hazardous and radioactive  
substances; the discharge of pollutants into the air, water, and soil; the reporting and  
reduction of CO2 and other GHG emissions; the transportation, handling, storage  
and disposal of spent nuclear fuel; and the environmental impacts of land use,

1 including endangered species and habitat protection.

2 Emphasis added.

3 23. The statements in paragraphs 20-22 above were materially false and/or misleading  
4 because they misrepresented and failed to disclose the following adverse facts pertaining to the  
5 Company's business, operations, and prospects, which were known to Defendants or recklessly  
6 disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed  
7 to disclose that: (i) PG&E had failed to maintain electricity transmission and distribution networks in  
8 compliance with safety requirements and regulations promulgated under state law; (ii) consequently,  
9 PG&E was in violation of state law regulation; (iii) PG&E's electricity networks would cause  
10 numerous wildfires in California; and (iv) as a result of the foregoing, Defendants' statements about  
11 the Company's business and operations were materially false and misleading at all relevant times.

12 **The Truth Begins to Emerge**

13 24. On or about October 8, 2017, numerous wildfires started in California, burning at least  
14 245,000 acres and devastating properties in Sonoma, Mendocino, Lake, Santa Rosa, Napa, Humboldt,  
15 Butte, and Solano counties.

16 25. On or about October 11, 2017, various news outlets reported that Californian  
17 authorities and officials were looking at whether PG&E's power lines had caused fires. Notably, on  
18 October 13, 2018, Reuters reported the following:

19 Oct 13 (Reuters) - Shares of PG&E PCG.N fell for the third straight day on Friday  
20 on investor concerns the company may have to pay damages after authorities  
21 suggested power lines toppled by strong winds may have sparked the worst wildfire  
22 in California's history.

23 Flames erupted on Sunday night, gaining strength over the week. The exact cause  
24 of the disaster is under investigation. (Full Story)

25 Shares of the California-based utility fell as much as 13 percent on Friday to \$56.32  
26 on the New York Stock Exchange.

27 "While it is too early to determine the utility's responsibility, it is possible that  
28 shareholders will bear responsibility for some damages," RBC Capital Markets  
analyst Shelby Tucker said, cutting her price target on the company's stock by \$2 to  
\$68.

The analyst said even if the company is insured for damages, it would still be  
financially responsible for harm to property and could be sued for damages.

1 “The extent of damages possible under negligence are far higher since they include  
2 personal injury damages, among others,” Tucker said.

3 PG&E has been investigated by California's department of forestry and fire  
4 protection earlier too.

5 According to media reports, a 2015 investigation found that a power line operated  
6 by the utility ignited fires that burned more than 70,000 acres.

7 Shares of PG&E have fallen nearly 20 percent since Wednesday, when officials  
8 said electric wires knocked down by winds could have caused the fire.

9 The utility's shares were trading at \$59.33 on late Friday morning.

10 26. The same day, PG&E filed a Form 8-K with the SEC announcing an investigation of  
11 the fires (“October 2017 Press Release”). Therein, the Company stated in relevant part:

12 ***Investigation of Northern California Fires***

13 Since October 8, 2017, several catastrophic wildfires have started and remain  
14 active in Northern California. The causes of these fires are being investigated by the  
15 California Department of Forestry and Fire Protection (Cal Fire), including the  
16 possible role of power lines and other facilities of Pacific Gas and Electric  
17 Company’s (the “Utility”), a subsidiary of PG&E Corporation.

18 It currently is unknown whether the Utility would have any liability associated  
19 with these fires. The Utility has approximately \$800 million in liability insurance  
20 for potential losses that may result from these fires. If the amount of insurance is  
21 insufficient to cover the Utility's liability or if insurance is otherwise unavailable,  
22 PG&E Corporation’s and the Utility’s financial condition or results of operations  
23 could be materially affected.

24 27. As a result of this news and these disclosures, the stock price declined from a close of  
25 \$69.15 per share of PG&E common stock on October 11, 2017, to a close of \$53.43 per share on  
26 October 16, 2017, ***a drop of approximately 22.7 percent.***

27 28. On December 20, 2017, PG&E issued a press release, also attached as exhibit 99.1 to  
28 the Form 8-K filed with the SEC announcing the suspension of its cash dividend (“December 2017  
Press Release”). Therein, PG&E stated in pertinent part:

**PG&E Announces Suspension of Dividend, Citing Uncertainty Related to  
Causes and Potential Liabilities Associated with Northern California Wildfires**

**SAN FRANCISCO, Calif.**—PG&E Corporation (NYSE: PCG) today announced  
that its Board of Directors has determined to suspend the quarterly cash dividend on  
the Corporation’s common stock, beginning with the fourth quarter of 2017, citing  
uncertainty related to causes and potential liabilities associated with the  
extraordinary October 2017 Northern California wildfires.

1 In addition, the Board of Directors of the Corporation’s utility subsidiary, Pacific  
2 Gas and Electric Company, determined to suspend the dividend on the utility’s  
3 preferred stock, beginning with the three-month period ending Jan. 31, 2018, citing  
4 the same uncertainty.

5 No causes have yet been identified for any of the unprecedented wildfires, which  
6 continue to be the subject of ongoing investigations.

7 However, California is one of the only states in the country in which courts have  
8 applied inverse condemnation to events caused by utility equipment. This means  
9 that if a utility’s equipment is found to have been a substantial cause of the damage  
10 in an event such as a wildfire – even if the utility has followed established  
11 inspection and safety rules – the utility may still be liable for property damages and  
12 attorneys’ fees associated with that event.

13 “After extensive consideration and in light of the uncertainty associated with the  
14 causes and potential liabilities associated with these wildfires as well as state policy  
15 uncertainties, the PG&E boards determined that suspending the common and  
16 preferred stock dividends is prudent with respect to cash conservation and is in the  
17 best long-term interests of the companies, our customers and our shareholders,” said  
18 PG&E Corporation Chair of the Board Richard C. Kelly.

19 “We fully recognize the importance of dividends and intend to revisit the issue as  
20 we get more clarity. In the meantime, PG&E is committed to working with state  
21 policymakers to address the negative investment environment that strict liability  
22 under inverse condemnation is creating for California’s utilities. This ultimately  
23 hurts our customers and the state. The company also remains committed to  
24 supporting recovery and rebuilding efforts by those communities that were  
25 impacted by these devastating fires,” he said.

26 29. On this news, the stock price declined from a close of \$51.12 per share of PG&E  
27 common stock on December 20, 2017, to a close of \$44.50 per share on December 21, 2017, *a drop*  
28 *of approximately 12.95 percent.*

### 29 **Additional Misstatements**

30 30. On February 9, 2018, PG&E filed a Form 10-K with the SEC announcing the  
31 Company’s financial and operating results for the fiscal fourth quarter and fiscal year ended  
32 December 31, 2017 (“2017 10-K”), which was signed and certified under the Sarbanes-Oxley Act of  
33 2002 by the Individual Defendants. Therein, PG&E stated in pertinent part:

34 PG&E Corporation’s and the Utility’s financial condition, results of operations,  
35 liquidity, and cash flows could be materially affected by potential losses resulting  
36 from the impact of the multiple wildfires that spread through Northern California,  
37 including Napa, Sonoma, Butte, Humboldt, Mendocino, Del Norte, Lake, Nevada,  
38 and Yuba Counties, as well as in the area surrounding Yuba City, beginning on  
October 8, 2017 (the “Northern California wildfires”). According to the Cal Fire  
California Statewide Fire Summary dated October 30, 2017, at the peak of the  
wildfires, there were 21 major wildfires in California that, in total, burned over  
245,000 acres, resulted in 43 fatalities, and destroyed an estimated 8,900 structures.  
Subsequently, the number of fatalities increased to 44.



1 The Utility incurred \$219 million in costs for service restoration and repair to the  
2 Utility's facilities (including \$97 million in capital expenditures) through December  
3 31, 2017 in connection with these fires. While the Utility believes that such costs  
4 are recoverable through CEMA, its CEMA requests are subject to CPUC approval.  
5 The Utility's financial condition, results of operations, liquidity, and cash flows  
6 could be materially affected if the Utility is unable to recover such costs.

7 The fires are being investigated by Cal Fire and the CPUC, including the possible  
8 role of the Utility's power lines and other facilities. The Utility expects that Cal  
9 Fire will issue a report or reports stating its conclusions as to the sources of ignition  
10 of the fires and the ways that they progressed. The CPUC's SED also is conducting  
11 investigations to assess the compliance of electric and communication companies'  
12 facilities with applicable rules and regulations in fire impacted areas. According to  
13 information made available by the CPUC, investigation topics include, but are not  
14 limited to, maintenance of facilities, vegetation management, and emergency  
15 preparedness and response. Various other entities, including fire departments, may  
16 also be investigating certain of the fires. (For example, on February 3, 2018, it was  
17 reported that investigators with the Santa Rosa Fire Department had completed their  
18 investigation of two small fires that reportedly destroyed two homes and damaged  
19 one outbuilding and had concluded that the Utility's facilities, along with high wind  
20 and other factors, contributed to those fires.) It is uncertain when the investigations  
21 will be complete and whether Cal Fire will release any preliminary findings before  
22 its investigation is complete.

23 As of January 31, 2018, the Utility had submitted 22 electric incident reports to the  
24 CPUC associated with the Northern California wildfires where Cal Fire has  
25 identified a site as potentially involving the Utility's facilities in its investigation  
26 and the property damage associated with each incident exceeded \$50,000. The  
27 information contained in these reports is factual and preliminary, and does not  
28 reflect a determination of the causes of the fires. The investigations into the fires  
are ongoing.

1 If the Utility's facilities, such as its electric distribution and transmission lines, are  
2 determined to be the cause of one or more fires, and the doctrine of inverse  
3 condemnation applies, the Utility could be liable for property damage, interest, and  
4 attorneys' fees without having been found negligent, which liability, in the  
5 aggregate, could be substantial and have a material adverse effect on PG&E  
6 Corporation and the Utility. (See "The doctrine of inverse condemnation, if applied  
7 by courts in litigation to which PG&E Corporation or the Utility are subject, could  
8 significantly expand the potential liabilities from such litigation and materially  
9 negatively affect PG&E Corporation's and the Utility's financial condition, results  
10 of operations, and cash flows" below.) In addition to such claims for property  
11 damage, interest and attorneys' fees, the Utility could be liable for fire suppression  
12 costs, evacuation costs, medical expenses, personal injury damages, and other  
13 damages under other theories of liability, including if the Utility were found to have  
14 been negligent, which liability, in the aggregate, could be substantial and have a  
15 material adverse effect on PG&E Corporation and the Utility. Further, the Utility  
16 could be subject to material fines or penalties if the CPUC or any other law  
17 enforcement agency brought an enforcement action and determined that the Utility  
18 failed to comply with applicable laws and regulations.

19 31. The statements in paragraphs 30 above were materially false and/or misleading  
20 because they misrepresented and failed to disclose the following adverse facts pertaining to the

1 Company's business, operations, and prospects, which were known to Defendants or recklessly  
2 disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed  
3 to disclose that: (i) PG&E had failed to maintain electricity transmission and distribution networks in  
4 compliance with safety requirements and regulations promulgated under state law; (ii) consequently,  
5 PG&E was in violation of state law regulation; (iii) PG&E's electricity networks would cause  
6 numerous wildfires in California; and (iv) as a result of the foregoing, Defendants' statements about  
7 the Company's business and operations were materially false and misleading at all relevant times.

## 8 **The Truth Continues to Emerge**

9 32. On May 25, 2018, the California Department of Forestry and Fire Protection issued a  
10 press release announcing the cause of four wildfires in Butte and Nevada counties ("May 2018 Press  
11 Release"), stating in relevant part:

### 12 **CAL FIRE Investigators Determine Cause of Four Wildfires in Butte and 13 Nevada Counties**

14 Sacramento – After extensive and thorough investigations, CAL FIRE investigators  
15 have determined that four Northern California wildfires in last year's October Fire  
16 Siege were caused by trees coming into contact with power lines. The four fires,  
17 located in Butte and Nevada counties, are the first fire investigations from last  
18 October to be completed.

19 CAL FIRE investigators were dispatched to the fires last year and immediately  
20 began working to determine their origin and cause. The Department continues to  
21 investigate the remaining 2017 fires, both in October and December, and will  
22 release additional reports as they are completed.

23 The October 2017 Fire Siege involved more than 170 fires and charred more than  
24 245,000 acres in Northern California. More than 11,000 firefighters from 17 states  
25 helped battle the blazes.

26 Below is a summary of the four completed investigations:

- 27 • The La Porte Fire, in Butte County, started in the early morning hours of  
28 Oct. 9 and burned a total of 8,417 acres, destroying 74 structures. There  
were no injuries to civilians or firefighters. CAL FIRE has determined the  
fire was caused by tree branches falling onto PG&E power lines. CAL FIRE  
investigators determined there were no violations of state law related to the  
cause of this fire.
- The McCourtney Fire, in Nevada County, started the evening of Oct. 8 and  
burned a total of 76 acres, destroying 13 structures. There were no injuries  
to civilians or firefighters. CAL FIRE has determined the fire was caused by  
a tree falling onto PG&E power lines. ***The investigation found evidence  
that PG&E allegedly failed to remove a tree from the proximity of a power  
line, in violation of the state Public Resources Code section 4293.***

- 1 • The Lobo Fire, in Nevada County, started the evening of Oct. 8 and burned  
2 a total of 821 acres, destroying 47 structures. There were no injuries to  
3 civilians or firefighters. *CAL FIRE has determined the fire was caused by  
4 a tree contacting PG&E power lines. The investigation found evidence  
5 that Public Resources Code section 4293, which requires adequate  
6 clearance between trees and power lines, was allegedly violated.*
- 7 • The Honey Fire, in Butte County, started in the early morning hours of Oct.  
8 9 and burned a total of 76 acres. There were no injuries to civilians or  
9 firefighters and no structures were destroyed. *CAL FIRE has determined  
10 the fire was caused by an Oak branch contacting PG&E power lines. The  
11 investigation found evidence that Public Resources Code 4293, which  
12 requires adequate clearance between trees and power lines, was allegedly  
13 violated.*

14 The McCourtney, Lobo, Honey investigations have been referred to the appropriate  
15 county District Attorney's offices for review.

16 Emphasis added.

17 33. On this news, the stock price declined from a close of \$44.66 per share of PG&E  
18 common stock on May 25, 2018, to a close of \$42.34 per share on May 29, 2018, *a drop of  
19 approximately 5.19 percent.*

20 34. On June 8, 2018, after the market close, the California Department of Forestry and  
21 Fire Protection issued another press release announcing the cause of twelve wildfires in Mendocino,  
22 Humboldt, Butte, Sonoma, Lake, and Napa Counties ("June 2018 Press Release"), stating in relevant  
23 part:

24 **CAL FIRE Investigators Determine Causes of 12 Wildfires in  
25 Mendocino, Humboldt, Butte, Sonoma, Lake, and Napa Counties**

26 **Sacramento** – After extensive and thorough investigations, CAL FIRE  
27 investigators have determined that 12 Northern California wildfires in the October  
28 2017 Fire Siege were caused by electric power and distribution lines, conductors  
and the failure of power poles.

The October 2017 Fire Siege involved more than 170 fires and burned at least  
245,000 acres in Northern California. About 11,000 firefighters from 17 states and  
Australia helped battle the blazes.

CAL FIRE investigators were dispatched to the fires last year and immediately  
began working to determine their origin and cause. CAL FIRE investigators  
continue to investigate the remaining 2017 fires, both in October and December,  
and will release additional reports as they are completed. The cause of four  
Northern California fires were released on May 25.

Below is a summary of the findings from the 12 completed investigations:

1 The **Redwood Fire**, in Mendocino County, started the evening of Oct. 8 and burned  
2 a total of 36,523 acres, destroying 543 structures. There were nine civilian fatalities  
3 and no injuries to firefighters. CAL FIRE has determined the fire started in two  
4 locations and was caused by tree or parts of trees falling onto PG&E power lines.

5 The **Sulphur Fire**, in Lake County, started the evening of Oct. 8 and burned a total  
6 of 2,207 acres, destroying 162 structures. There were no injuries. CAL FIRE  
7 investigators determined the fire was caused by the failure of a PG&E owned power  
8 pole, resulting in the power lines and equipment coming in contact with the ground.

9 The **Cherokee Fire**, in Butte County, started the evening of Oct. 8 and burned a  
10 total of 8,417 acres, destroying 6 structures. There were no injuries. CAL FIRE  
11 investigators have determined the cause of the fire was a result of tree limbs coming  
12 into contact with PG&E power lines.

13 The **37 Fire**, in Sonoma County, started the evening of Oct. 9 and burned a total of  
14 1,660 acres, destroying 3 structures. There were no injuries. CAL FIRE  
15 investigators have determined the cause of the fire was electrical and was associated  
16 with the PG&E distribution lines in the area.

17 The **Blue Fire**, in Humboldt County, started the afternoon of Oct. 8 and burned a  
18 total of 20 acres. There were no injuries. CAL FIRE investigators have determined  
19 a PG&E power line conductor separated from a connector, causing the conductor to  
20 fall to the ground, starting the fire.

21 The Norrbom, Adobe, Partrick, Pythian and Nuns fires were part of a series of fires  
22 that merged in Sonoma and Napa counties. These fires started in the late-night  
23 hours of Oct. 8 and burned a combined total of 56,556 acres, destroying 1355  
24 structures. There were three civilian fatalities.

25 CAL FIRE investigators determined the **Norrbom Fire** was caused by a tree  
26 falling and coming in contact with PG&E power lines.

27 CAL FIRE investigators determined the **Adobe Fire** was caused by a  
28 eucalyptus tree falling into a PG&E powerline.

CAL FIRE investigators determined the **Partrick Fire** was caused by an  
oak tree falling into PG&E powerlines.

CAL FIRE investigators determined the **Pythian Fire** was caused by a  
downed powerline after PG&E attempted to reenergize the line

CAL FIRE investigators determined the **Nuns Fire** was caused by a broken  
top of a tree coming in contact with a power line.

29 The **Pocket Fire**, in Sonoma County, started the early morning hours of Oct. 9 and  
30 burned a total of 17,357 acres, destroying 6 structures. There were no injuries. CAL  
31 FIRE has determined the fire was caused by the top of an oak tree breaking and  
32 coming into contact with PG&E power lines.

33 The **Atlas Fire**, in Napa County, started the evening of Oct. 8 and burned a total of  
34 51,624 acres, destroying 783 structures. There were six civilian fatalities. CAL  
35 FIRE investigators determined the fire started in two locations. At one location, it  
36 was determined a large limb broke from a tree and came into contact with a PG&E  
37 power line. At the second location, investigators determined a tree fell into the same  
38 line.

1 *CAL FIRE's investigations have been referred to the appropriate county District*  
2 *Attorney's offices for review in eight of the 12 fires – Sulphur, Blue, Norrbom,*  
3 *Partrick, Pythian, Adobe, Pocket and Atlas – due to evidence of alleged violations*  
4 *of state law.*

4 Emphasis added.

5 35. On this news, the stock price declined from a close of \$41.45 per share of PG&E  
6 common stock on June 8, 2018, to a close of \$39.76 per share on June 11, 2018, *a drop of*  
7 *approximately 4.03 percent.*

#### 8 LOSS CAUSATION AND ECONOMIC LOSS

9 36. During the Class Period, as detailed herein, Defendants engaged in a scheme to  
10 deceive the market and a course of conduct that artificially inflated the Company's stock price, and  
11 operated as a fraud or deceit on acquirers of the Company's common stock. As detailed above, when  
12 the truth about PG&E's misconduct and its lack of operational and financial controls was revealed,  
13 the value of the Company's common stock declined precipitously as the prior artificial inflation no  
14 longer propped up its stock price. The decline in PG&E's share price was a direct result of the nature  
15 and extent of Defendants' fraud finally being revealed to investors and the market. The timing and  
16 magnitude of the common stock price decline negates any inference that the loss suffered by Plaintiff  
17 and other members of the Class was caused by changed market conditions, macroeconomic or  
18 industry factors or Company-specific facts unrelated to the Defendants' fraudulent conduct. The  
19 economic loss, *i.e.*, damages, suffered by Plaintiff and other Class members was a direct result of  
20 Defendants' fraudulent scheme to artificially inflate the Company's stock price and the subsequent  
21 significant decline in the value of the Company's share price when Defendants' prior  
22 misrepresentations and other fraudulent conduct was revealed.

23 37. At all relevant times, Defendants' materially false and misleading statements or  
24 omissions alleged herein directly or proximately caused the damages suffered by Plaintiff and other  
25 Class members. Those statements were materially false and misleading through their failure to  
26 disclose a true and accurate picture of PG&E's business, operations, and financial condition, as  
27 alleged herein. Throughout the Class Period, Defendants publicly issued materially false and  
28 misleading statements and omitted material facts necessary to make Defendants' statements not false

1 or misleading, causing PG&E's common stock to be artificially inflated. Plaintiff and other Class  
2 members purchased PG&E's common stock at those artificially inflated prices, causing them to suffer  
3 the damages complained of herein.

4 **SCIENTER ALLEGATIONS IN SUPPORT OF EXCHANGE ACT VIOLATIONS**

5 38. Collectively, the following factual allegations strongly support an inference of scienter  
6 on the part of Defendants. Further, Defendants' actions, intentions, and deliberate reckless conduct  
7 are imputed to the Company as a matter of law. Because of their key roles in the Company, the  
8 Individual Defendants caused PG&E to act in the manner it did and perpetuate the material  
9 misrepresentations and omissions it made throughout the Class Period. Defendants acted with the  
10 requisite intent to establish liability under the Exchange Act. Their conduct with respect to PG&E's  
11 statements was intentionally misleading and/or reckless with regard to the risk of investors being  
12 misled.

13 39. For the reasons stated above, the factual allegations strongly support an inference of  
14 scienter on the part of Defendants.

15 **PRESUMPTION OF RELIANCE; FRAUD-ON-THE-MARKET**

16 40. At all relevant times, the market for PG&E common stock was an efficient market for  
17 the following reasons, among others:

- 18 a) PG&E common stock met the requirements for listing, and were listed and actively  
19 traded on the NYSE, a highly efficient market;
- 20 b) During the Class Period, PG&E common stock was actively traded, demonstrating  
21 a strong presumption of an efficient market;
- 22 c) As a regulated issuer, PG&E filed with the SEC periodic public reports during the  
23 Class Period;
- 24 d) PG&E regularly communicated with public investors via established market  
25 communication mechanisms;
- 26 e) PG&E was followed by securities analysts employed by major brokerage firms  
27 who wrote reports that were distributed to the sales force and certain customers of  
28 brokerage firms during the Class Period. Each of these reports was publicly

1 available and entered the public marketplace; and

2 f) Unexpected material news about PG&E was rapidly reflected in and incorporated  
3 into the Company's stock price during the Class Period.

4 41. As a result of the foregoing, the market for PG&E common stock promptly digested  
5 current information regarding PG&E from all publicly available sources and reflected such  
6 information in PG&E's stock price. Under these circumstances, all purchasers of PG&E common  
7 stock during the Class Period suffered similar injury through their purchase of PG&E's common  
8 stock at artificially inflated prices, and a presumption of reliance applies.

9 42. Alternatively, reliance need not be proven in this action because the action involves  
10 omissions and deficient disclosures. Positive proof of reliance is not a prerequisite to recovery  
11 pursuant to a ruling of the United States Supreme Court in *Affiliated Ute Citizens of Utah v. United*  
12 *States*, 406 U.S. 128 (1972). All that is necessary is that the facts withheld be material in the sense  
13 that a reasonable investor might have considered the omitted information important in deciding  
14 whether to buy or sell the subject security. Here, the facts withheld are material because an investor  
15 would have considered the Company's actual net losses and adequacy of internal controls over  
16 financial reporting when deciding whether to purchase and/or sell stock in PG&E.

17 **NO SAFE HARBOR; INAPPLICABILITY OF BESPEAKS CAUTION DOCTRINE**

18 43. The statutory safe harbor provided for forward-looking statements under certain  
19 circumstances does not apply to any of the material misrepresentations and omissions alleged in this  
20 Complaint.

21 44. To the extent certain of the statements alleged to be misleading or inaccurate may be  
22 characterized as forward-looking, they were not identified as "forward-looking statements" when  
23 made and no meaningful cautionary statements were made identifying important factors that could  
24 cause actual results to differ materially from those in the purportedly forward-looking statements.

25 45. Defendants are also liable for any false or misleading "forward-looking statements"  
26 pleaded because, at the time each "forward-looking statement" was made, the speaker knew the  
27 "forward-looking statement" was false or misleading and the "forward-looking statement" was  
28 authorized and/or approved by an executive officer of PG&E who knew that the "forward-looking

1 statement” was false. Alternatively, none of the historic or present-tense statements made by  
2 Defendants were assumptions underlying or relating to any plan, projection or statement of future  
3 economic performance, as they were not stated to be such assumptions underlying or relating to any  
4 projection or statement of future economic performance when made, nor were any of the projections  
5 or forecasts made by the Defendants expressly related to or stated to be dependent on those historic or  
6 present-tense statements when made.

### 7 CLASS ACTION ALLEGATIONS

8 46. Plaintiff brings this action on behalf of all individuals and entities who purchased or  
9 otherwise acquired PG&E common stock on the public market during the Class Period, and were  
10 damaged, excluding the Company, the Defendants and each of their immediate family members, legal  
11 representatives, heirs, successors or assigns, and any entity in which any of the Defendants have or  
12 had a controlling interest (the “Class”).

13 47. The members of the Class are so numerous that joinder of all members is  
14 impracticable. Throughout the Class Period, PG&E common stock was actively traded on the New  
15 York Stock Exchange. While the exact number of Class members is unknown to Plaintiff at this time  
16 and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds  
17 or thousands of members in the proposed Class. Record owners and other members of the Class may  
18 be identified from records maintained by PG&E or its transfer agent and may be notified of the  
19 pendency of this action by mail, using the form of notice similar to that customarily used in securities  
20 class actions. As of April 24, 2018, PG&E had 516,427,502 outstanding shares of common stock.  
21 Upon information and belief, these shares are held by thousands if not millions of individuals located  
22 geographically throughout the country and possibly the world. Joinder would be highly  
23 impracticable.

24 48. Plaintiff’s claims are typical of the claims of the members of the Class as all members  
25 of the Class are similarly affected by Defendants’ respective wrongful conduct in violation of the  
26 federal laws complained of herein.

27 49. Plaintiff has and will continue to fairly and adequately protect the interests of the  
28 members of the Class and has retained counsel competent and experienced in class and securities



1 litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

2 50. Common questions of law and fact exist as to all members of the Class and  
3 predominate over any questions solely affecting individual members of the Class. Among the  
4 questions of law and fact common to the Class are:

- 5 a) whether the federal securities laws were violated by Defendants' respective acts as  
6 alleged herein;
- 7 b) whether Defendants acted knowingly or with deliberate recklessness in issuing  
8 false and misleading financial statements;
- 9 c) whether the price of PG&E common stock during the Class Period was artificially  
10 inflated because of Defendants' conduct complained of herein; and
- 11 d) whether the members of the Class have sustained damages and, if so, what is the  
12 proper measure of damages.

13 51. A class action is superior to all other available methods for the fair and efficient  
14 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the  
15 damages suffered by individual Class members may be relatively small, the expense and burden of  
16 individual litigation make it impossible for members of the Class to redress the wrongs done to them  
17 individually. There will be no difficulty in the management of this action as a class action.

## 18 COUNT I

### 19 **Violation of Section 10(b) and Rule 10b-5 Against All Defendants**

20 52. Plaintiff repeats and realleges each and every allegation contained above as if fully set  
21 forth herein.

22 53. During the Class Period, Defendants carried out a plan, scheme, and course of conduct  
23 which was intended to and, throughout the Class Period, did: (1) deceive the investing public,  
24 including Plaintiff and other Class members, as alleged herein; and (2) cause Plaintiff and other  
25 members of the Class to purchase PG&E common stock at artificially inflated prices. In furtherance  
26 of this unlawful scheme, plan, and course of conduct, each of the Defendants took the actions set  
27 forth herein.

28 54. Defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue

1 statements of material fact and/or omitted to state material facts necessary to make the statements not  
2 misleading; and (c) engaged in acts, practices, and a course of business that operated as a fraud and  
3 deceit upon the purchasers of the Company's common stock in an effort to maintain artificially high  
4 market prices for PG&E common stock in violation of Section 10(b) of the Exchange Act and  
5 Rule 10b-5 promulgated thereunder. All Defendants are sued either as primary participants in the  
6 wrongful and illegal conduct charged herein or as controlling persons as alleged below.

7 55. Defendants, individually and in concert, directly and indirectly, by the use, means or  
8 instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous  
9 course of conduct to conceal adverse material information about the business, operations, and future  
10 prospects of PG&E as specified herein.

11 56. These Defendants employed devices, schemes, and artifices to defraud while in  
12 possession of material adverse non-public information, and engaged in acts, practices, and a course of  
13 conduct as alleged herein in an effort to assure investors of PG&E's value and performance and  
14 continued substantial growth, which included the making of, or participation in the making of, untrue  
15 statements of material facts and omitting to state material facts necessary in order to make the  
16 statements made about PG&E and its business operations and future prospects in the light of the  
17 circumstances under which they were made, not misleading, as set forth more particularly herein, and  
18 engaged in transactions, practices, and a course of business that operated as a fraud and deceit upon  
19 the purchasers of PG&E common stock during the Class Period.

20 57. The Individual Defendants' primary liability, and controlling person liability, arises  
21 from the following facts: (1) the Individual Defendants were high-level executives, directors, and/or  
22 agents at the Company during the Class Period and members of the Company's management team or  
23 had control thereof; (2) each Individual Defendant, by virtue of his or her responsibilities and  
24 activities as a senior officer and/or director of the Company, was privy to and participated in the  
25 creation, development, and reporting of the Company's financial condition; (3) each Individual  
26 Defendant enjoyed significant personal contact and familiarity with the other Individual Defendants  
27 and was advised of and had access to other members of the Company's management team, internal  
28 reports, and other data and information about the Company's finances, operations, and sales at all

1 relevant times; and (4) each Individual Defendant was aware of the Company's dissemination of  
2 information to the investing public which they knew or recklessly disregarded was materially false  
3 and misleading.

4 58. Defendants had actual knowledge of the misrepresentations and omissions of material  
5 facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and  
6 to disclose such facts, even though such facts were available to them. Defendants' material  
7 misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and  
8 effect of concealing PG&E's operating condition and future business prospects from the investing  
9 public and supporting the artificially inflated price of its common stock. As demonstrated by  
10 Defendants' overstatements and misstatements of the Company's financial condition throughout the  
11 Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and  
12 omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from  
13 taking those steps necessary to discover whether those statements were false or misleading.

14 59. As a result of the dissemination of the materially false and misleading information and  
15 failure to disclose material facts, as set forth above, the market price of PG&E's common stock was  
16 artificially inflated during the Class Period. In ignorance of the fact that market prices of PG&E's  
17 publicly-traded common stock was artificially inflated, and relying directly or indirectly on the false  
18 and misleading statements made by Defendants, or upon the integrity of the market in which the  
19 common stock trades, and/or on the absence of material adverse information that was known to or  
20 recklessly disregarded by Defendants but not disclosed in public statements by Defendants during the  
21 Class Period, Plaintiff and the other members of the Class acquired PG&E's common stock during  
22 the Class Period at artificially high prices and were or will be damaged thereby.

23 60. At the time of said misrepresentations and omissions, Plaintiff and other members of  
24 the Class were ignorant of their falsity and believed them to be true. Had Plaintiff and the other  
25 members of the Class and the marketplace known the truth regarding PG&E's financial results, which  
26 was not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased  
27 or otherwise acquired their PG&E common stock, or, if they had acquired such common stock during  
28 the Class Period, they would not have done so at the artificially inflated prices that they paid.

1 61. By virtue of the foregoing, Defendants have violated Section 10(b) of the Exchange  
2 Act and Rule 10b-5 promulgated thereunder.

3 62. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the  
4 other members of the Class suffered damages in connection with their respective purchases and sales  
5 of the Company's common stock during the Class Period.

6 63. This action was filed within two years of discovery of the fraud and within five years  
7 of Plaintiff's purchase of the Company's common stock giving rise to the cause of action.

8 **COUNT II**

9 **Violation of Section 20(a) of the Exchange Act Against the Individual Defendants**

10 64. Plaintiff repeats and realleges each and every allegation contained above as if fully set  
11 forth herein.

12 65. The Individual Defendants acted as controlling persons of PG&E within the meaning  
13 of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions,  
14 agency, ownership, and contractual rights, and participation in and/or awareness of the Company's  
15 operations and/or intimate knowledge of the false financial statements filed by the Company with the  
16 SEC and disseminated to the investing public, the Individual Defendants had the power to influence  
17 and control, and did influence and control, directly or indirectly, the decision-making of the  
18 Company, including the content and dissemination of the various statements that Plaintiff contends  
19 are false and misleading. The Individual Defendants were provided with or had unlimited access to  
20 copies of the Company's reports, press releases, public filings, and other statements alleged by  
21 Plaintiff to have been misleading prior to and/or shortly after these statements were issued and had  
22 the ability to prevent the issuance of the statements or to cause the statements to be corrected.

23 66. In particular, each of these defendants had direct and supervisory involvement in the  
24 day-to-day operations of the Company and, therefore, is presumed to have had the power to control or  
25 influence the particular transactions giving rise to the securities violations as alleged herein, and  
26 exercised the same.

27 67. As set forth above, PG&E and the Individual Defendants each violated Section 10(b)  
28 and Rule 10b-5 promulgated thereunder, by their acts and omissions as alleged in this Complaint.

