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Attorneys for KAREN GOWINS Creditor

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:

PG&E CORPORATION

-and-

PACIFIC GAS AND ELECTRIC
COMPANY

Debtors.

☐ Affects PG&E Corporation

☐ Affects Pacific Gas & Electric

☒ Affects Both Debtors

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

)
) **Case No. 19-30088 (DM)**
) Chapter 11
) (Lead Case)
) (Jointly Administered)
)
) **JOINDER ON BEHALF OF KAREN**
) **GOWINS IN WILLIAM B. ABRAMS'**
) **MOTION TO DESIGNATE**
) **IMPROPERLY SOLICITED VOTES**
) **PURSUANT TO 11 U.S.C. §§ 1125(b) AND**
) **1126 (e) AND BANKRUPTCY RULE**
) **2019**
) Docket Nos. 6799, 6798, 6801
)
) Date: TBD
) Time: TBD
) Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
San Francisco, CA 94102

Undersigned Counsel submits this joinder in the Motion to Designate Improperly Solicited Votes Pursuant to 11 U.S.C. §§ 1125 (b) and 1126 (e) and Bankruptcy Rule 2019, on behalf of Camp Fire survivor and creditor, Karen Gowins.

I. Introduction

Karen Gowins, a fire victim claimant in this Chapter 11 case, and, a former member of the Official Committee of Tort Claimants, hereby joins in the Motion of William B. Abrams To

JOINDER ON BEHALF OF KAREN GOWINS IN WILLIAM B. ABRAMS' MOTION TO DESIGNATE
IMPROPERLY SOLICITED VOTES PURSUANT TO 11 U.S.C. §§ 1125(b) AND 1126(e) AND BANKRUPTCY
RULE 2019

1 Designate Improperly Solicited Votes Pursuant to 11 U.S.C §§ 1125(b) and 1126(e) and
2 Bankruptcy Rule 2019, and, moves the Court for an Order that Attorney Mikal Watts and
3 affiliated counsel representing fire victim claimants in this case, (1) pursuant to California Rule of
4 Professional Conduct 1.7, disclose in form and content approved in advance by the Court to each
5 and every such client in this case all real or potential conflicts of interest arising from litigation
6 financing obtained by their counsel to finance their claimant cases, and, (2) after such disclosure
7 request each client to execute a waiver of the designated conflict. The litigation financing
8 obligations at issue have been assigned to Apollo Group, an entity providing \$604,000,000 in
9 financing to the proposed Plan.
10

11 The conflict exists because Mr. Mikal Watts, and, potentially lawyers affiliated with him
12 have obtained litigation financing held by Apollo Group. In short, Apollo Group is one of Mr.
13 Watts' litigation lenders and stands to reap great rewards if the proposed Plan is approved.
14 Exhibit 1, p.8, *Third Amended Verified Statement of the Ad Hoc Committee of Senior Unsecured*
15 *Noteholders Pursuant to Bankruptcy Rule 2019* Dkt. 6747 (April 13, 2020) to this Joinder
16 contains a detailed statement showing that Apollo holds interests in the proposed plan totaling
17 \$604,000,000 in value.
18

19 Mr. Watts has not disclosed the amount that he and his affiliated counsel owe to Apollo
20 nor has he revealed the terms of the loan transaction. However, he has admitted in his town hall
21 meeting on December 12, 2020 that Apollo holds his notes for his line of credit. *See* Exhibit D, p.
22 2, at 4:17, 4:30 to *William B. Abrams Mot. To Designate Improperly Solicited Votes*, Dkt
23 No.6799-1. Further, Mr. Watts states in his Declaration that "Watts Guerra has disclosed to its
24 clients and to others its communications in this case with **assignees of portions of its credit**
25 **facility**, and its subsequent communications with principals of the Debt and the Equity."
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1 *Declaration of Mikal Watts in Support of His Preliminary Opposition to William B.*
2 *Abrams Motion to Designate Improperly Solicited Votes*, Dkt. No. 6801-1, 3:19-20 (*Watts Dec*).
3 Although he recognizes the conflict sufficiently to disclose it, he does not do so in a manner
4 which complies with *the California State Bar Rules*.

5 *Significantly*, Mr. Watts and his affiliated lawyers are conducting an extensive, intense,
6 expensive and almost frantic campaign through multiple media to convince not only their own
7 clients, but all other fire victims to vote for the Plan. *See* Exhs. A, B and C to *William B. Abrams*
8 *Mot. To Designate Improperly Solicited Votes*, Dkt. 6799-1, examples of advertising.) The targets
9 of this tidal wave of lawyer advertising include thousands of claimants who have not retained
10 attorneys and thus cannot verify what they are being told by Mr. Watts and his affiliated lawyers
11 by contacting their own counsel. To moving party's knowledge, none of the ads contain detailed
12 disclaimers revealing the financial position of their litigation lender in the case or the conflict
13 created by that situation.
14

15
16 In addition to complete disclosure of the admitted conflict, moving party requests a further
17 Order of the Court that "Yes" votes in favor of the plan received from clients of Mr. Watts and
18 his affiliated counsel should be designated as not obtained in good faith and not counted in the
19 Plan vote unless the appropriate conflict waiver has been obtained from those voting claimants.
20

21 **II. Mr. Watts' Own Declaration in Opposition to Mr. Abrams' Motion Shows that a**
22 **Conflict Exists between Watts and Affiliated Firms and their Clients Concerning**
23 **Respondents' Advice to Their Clients and All Fire Claimants to Vote "Yes" in**
24 **support of the Proposed Plan.**

25 Significantly, Mr. Watts' Declaration shows that he fundamentally misconstrues the purpose
26 and function of rules relating to attorney conflicts of interest. In almost his entire Declaration,
27 Mr. Watts goes to great lengths to give detailed assurances that he has not committed deliberate
28 misconduct by following the instructions or requests of his lender to campaign in favor of the

1 proposed Plan. However, he “protests too much,” since he is not being accused here of such
2 misconduct. Indeed, no actual violation of the attorney client relationship is necessary in
3 order to invoke the rules regarding conflicts or the procedures required to mitigate them. Under
4 California State Bar Rules and the Rules of this Court, the attorney faced with a real or potential
5 conflict is required to take specified action to deal with those conflicts, which Mr. Watts has not
6 done.
7

8 The clear and admitted conflict of Mr. Watts and his affiliated attorneys between themselves
9 and major investors in the proposed Plan is concisely described and summarized in a news story
10 dated April 25, 2020 written by Lily Jamali of KQED, San Francisco, the local KPBS outlet.
11 (See Ex. 3). The KQED article identifies and describes Mr. Watts’ knowledge of the conflict he
12 had arising from ownership of his litigation funding debt by plan investor Apollo, as well as plan
13 investor Centerbridge. His knowledge was admitted by him to be as early as November 5, 2019
14 nearly five months before the beginning of the plan voting process as shown by the transcript of
15 his meeting with clients (See Exhibit D, p. 2, at 4:17, 5:26, 5:40 to *William B. Abrams Mot. To*
16 *Designate Improperly Solicited Votes*, Dkt No.6799-1.)
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18 The purpose of this Motion is to secure compliance with conflict rules and protect the
19 integrity of the Plan vote by assuring that Mr. Watts’ clients casting an effective vote will have
20 done so after waiving the conflict.
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1 **III. California Rule of Professional Conduct Rule 1.7(b) Requires Mr. Watts and**
2 **his Affiliated Lawyers Resolve the Serious Conflict Created by Their**
3 **Litigation Financing held by a Major Financial Participant in the Proposed**
4 **Plan, But They Have Failed to Do So.**

5 Rule 1.7(b) of the California State Bar Rules of Professional Conduct requires with respect to
6 conflicts of interest that:

7 “A lawyer shall not, without informed written consent from each affected client and
8 compliance with paragraph (d), represent a client if there is a significant risk the
9 lawyer’s representation of the client will be materially limited by the lawyer’s
10 responsibilities to or relationships with another client, a former client or a third person,
11 or by the lawyer’s own interests.” Cal. Rules of Prof’l Conduct R.1.7(b) (2018)

12 Lawyers practicing in this Court are required to “Be familiar and comply with the standards of
13 professional conduct required of members of the State Bar of California.” (Rule 11-4 (1)(a)(1)
14 Local Civil Rules of the U.S. District Court of the Northern District of California as incorporated
15 by Rule 1001-2 (a) of the Bankruptcy Local Rules of the U.S. Bankruptcy Court for the Northern
16 District of California)

17 Comment 4 to Rule 1.7 states that:

18 “Even where there is no direct adversity, a conflict of interest requiring informed written
19 consent under paragraph (b) exists if there is a significant risk that a lawyer’s ability to
20 consider, recommend or carry out an appropriate course of action for the client will be
21 materially limited as a result of the lawyer’s other responsibilities, interests, or relationships,
22 whether legal, business, financial, professional, or personal.” Cal. Rules of Prof’l Conduct R.
23 1.7 com. 4 (2018)

24 Admittedly, Mr. Watts has a significant interest in his obligation to the Apollo Group which
25 will certainly benefit from approval of the proposed Plan. However, he has also admitted that he
26 has failed to comply with Rule 1.7 concerning the conflict arising from his litigation financing
27 and he continues to advise his 16,000 clients, and, indeed all other fire victims whether they are
28 represented by counsel or not, to vote for that proposed Plan. In this regard, Mr. Watts’ interest

1 aligns precisely with the interest of his lender, but not necessarily with that of his clients. Conflict
2 rules were created to cure precisely this kind of situation.

3 Conflicts of interest between plaintiffs' counsel and their clients in mass tort cases have
4 attracted more attention from judges and commentators as these cases have ballooned in numbers
5 of plaintiffs and size of fees. In a case arising out of the World Trade Center attack on 9/11 the
6 Court dealt with such issues in *In re World Trade Center Disaster Site Litigation*, 769 F.Supp.2d
7 650, 651 (S.D.N.Y. 2011). The plaintiffs in *World Trade Center* were 10,500 individuals who
8 were rescue and clean-up workers who "performed heroic service on the World Trade Center pile
9 of smoldering debris." *Id.* at 657. Concerning conflicts involving plaintiffs' lawyers, Judge
10 Hellerstein stated:
11

12 Napoli Bern, in the expectation of a contingency fee, had advanced over 10,000 cases for nine
13 years without compensation. As I learned later in the litigation, from a motion that Napoli
14 Bern withdrew, the firm was deeply in debt, to the extent of millions of dollars, secured by
15 personal guarantees of the principals of the firm, payable at high, compounding interest rates.
Approval of the SPA would produce approximately \$150 million for the firm in fees, plus
expenses, and would allow the firm to liquidate its debt. *Id.* at 652.)

16 Their need to finance their cases over several years of hard-fought and expensive litigation
17 creates substantial financial debts, financed at high compound interest rates. Repayment of the
18 loans tends to depend on settlements or recoveries of the lawsuits, the outcomes of which tend
19 to be far from certain. These debts create powerful motivations that potentially can interfere
20 with the lawyers' professional obligation to serve clients' interests first and foremost"¹ *Id.* at
657.

21 In the present case the Court is faced with a conflict situation very similar to the one
22 confronted by Judge Hellerstein in *World Trade Center*, *supra*, in which the lawyers' objectivity
23 in rendering objective, unbiased advice and representation to a number of clients was made
24 questionable due to the lawyers' high litigation expense debt. The Court solved the problem by
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26 ¹ The subject of conflicts of interest of plaintiffs' lawyers in mass tort cases is explored further in Nancy J. Moore,
27 *Ethical Issues in Mass Tort Plaintiffs' Representation: Beyond the Aggregate Settlement Rule*. 81 Fordham L. Rev.
3233 (2013).

1 appointing new, unconflicted counsel for those clients.²

2 It is easy to imagine parties who want to control the creditor vote in a mass tort Chapter 11
3 case purchasing obligations of plaintiffs' counsel to repay litigation cost loans in order to obtain
4 undue and improper influence over those counsel regarding their advice to their clients on plan
5 voting. There is no evidence that this has occurred in the present case, but compliance with
6 conflict of interest rules has the salutary effect of preventing even the appearance of such a bad
7 faith scheme which would undermine the integrity of the voting and plan confirmation processes.

9 Here, the Court can, and should resolve the conflict by requiring clients of Mr. Watts and his
10 affiliated lawyers to give written waivers of the conflict after full disclosure in order for their
11 votes in favor of the Plan to be counted.

12 **IV. Mr. Watts' Declaration In Opposition to The Abrams' Motion Shows That He has**
13 **Never Made a full Disclosure of the Conflict to his Clients, and, That He Has Failed**
14 **to Obtain the Written Conflict Waivers Required by Rule 1.7.**

15 Mr. Watts' Declaration conclusively shows that he has failed to make the disclosures and
16 obtain the client waivers required by Rule 1.7. In this regard, the pleadings filed by Mr. Watts in
17 opposition to Mr. Abrams' Motion allege with regard to disclosure of the real or potential conflict
18 with the litigation finance company that:

19 "Watts Guerra has disclosed to its clients and to others its communications in this case
20 with assignees of portions of its credit facility, and its subsequent communications with
21 principals of the Debt and Equity. Specifically, Mikal Watts conducted an in-person town
22 hall to WATTS-GUERRA'S clients in Chico on December 12, 2020, and in Santa Rosa
23 later the same day. This town hall was filmed and all WATTS-GUERRA clients received
24 an update email or letter shortly thereafter with a link to those town meeting..." (Ex. 3,
25 Declaration of Mikal Watts in Support of His Preliminary To William B. Abrams' Motion

26 ² Judge Hellerstein could not resolve the conflict in *World Trade Center* by requiring notice to the clients and waiver
27 as can be done here because one of the conflicts in *World Trade Center* involved conflicting interests of two
28 client groups both represented by plaintiffs' counsel. That situation required appointment of the Court of separate
counsel for one group.

1 to Designate Improperly Solicited Votes Pursuant to 11 U.S.C 6(e) and Bankruptcy Rule
2 2019.)

3 “Watts Guerra provided the disclosure statement and other materials required by this
4 Court digitally early in the morning of March 31, 2020, before beginning its
5 communications program during the voting period.” (Dec. of Mikal Watts, 4:6-8.)³

6 Mr. Watts also indicated that he provided the conflict information on his website.

7 Despite these claims, Mr. Watts does not describe a complete disclosure of the existing
8 conflict to his 16,000 clients. Rather, he refers to “town meetings” which were certainly not
9 attended by all of his 16,000 clients with a “link” to clients who did not attend if they choose to
10 utilize it. This is puzzling since a good-faith effort to disclose the conflict would have employed
11 a letter or email message sent at the same time to all clients. Mr. Watts does not explain why he
12 did not utilize these simple communications methods.

13 Mr. Watts does not allege that he ever made the required specific, detailed and complete
14 disclosure of his conflict relationship with the Apollo Group in a letter to all of his clients
15 including a form which could be returned by each client who chose to waive the conflict. Most
16 significantly, Mr. Watts fails to explain why he did not comply with Bankruptcy Rule 2019 by
17 filing the required disclosure of his business relationship with Plan investors with this Court.
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22 ³ Interestingly enough, Mr. Watts may have transferred to his own clients the Disclosure
23 Statement for Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization,
24 the supplement thereto, the Fire Victim Plan Treatment Summary and related documents that
25 were provided by Prime Clerk with the ballots, but he did not provide those to other fire
26 victims prior to his affiliate counsel publishing a public ad soliciting affirmation of the plan on
27 March 31, 2020, which was many days prior to all fire victims receiving the Disclosure
Statement information by mail. This appears to be in violation of the solicitation rules under
11 U.S.C.S 1125(b). See Exh. A to *William B. Abrams Mot. To Designate Improperly
Solicited Votes*, Dkt. No.6799-1 (Press Democrat ad placed by Watts affiliate with reference
to website containing Watts videos, but no Disclosure Statements.).

1 **V. The Court has Authority Under Bankruptcy Rule 2019(b) to Require Full Disclosure**
2 **of the Admitted Conflict By Attorney Watts and his Affiliated Counsel to All of**
3 **Their Clients In This Case, and, to Require Proof of Waiver of that Conflict by all**
4 **Clients Casting “Yes” Votes in Favor of the Plan.**

5 Clearly, the Court has authority to make the requested disclosure orders in this case. In *Baron*
6 & *Budd, P.C. v. Unsecured Asbestos Claimants Comm.* 321 B.R. 147 (D.N.J. 2005) the District
7 Court upheld an order of the Bankruptcy Court requiring law firms who represented numerous
8 asbestos tort claimants to file statements under Bankruptcy Rule 2019(b) disclosing the referral
9 fee and fee-sharing arrangements among those firms. Concerning its jurisdiction and authority to
10 order the disclosures, the Court stated that: “Regulation of professional responsibility with respect
11 to creditors’ or debtors’ counsel is squarely within the purview of the bankruptcy court regardless
12 of whether third-party non-debtors are involved.” *Id.* at 163.

13 In *In Re Washington Mutual* 442 B.R. 314, 326 (Bankr. D. Del. 2011) The Court stated that
14 “The Court takes seriously any allegation that professionals involved in case before it are
15 conflicted or have acted reorganization *has not been proposed in good faith.*” citing *In Re Coram*
16 *Health Care Corp.* 271 B.R. 228, 234-40 (Bankr. D. Del 2004). (Emphasis added.)

17 The admitted failure of Mr. Watts and his affiliated lawyers to make the required disclosure of
18 a serious conflict and obtain waivers from his 16,000 clients as required by the California Rules
19 of Professional Conduct fundamentally undermines the integrity of the plan voting process and
20 will result in a Plan which has been proposed in bad faith.

21 Finally, the seriousness Mr. Watts’ failure to fully disclose the conflict is made much
22 more serious since he and his affiliates have conducted a massive advertising campaign directed
23 to *all* fire claimants urging a “yes” vote on the proposed plan. To Moving Party’s knowledge,
24 none of this advertising contains a disclaimer or disclosure of the admitted conflict of interest
25 described in this Motion. As a result, not only the “yes” votes of Mr. Watts’ 16,000 clients are
26

1 tainted by his conflict, but, those of *all* fire claimants voting on the Plan.

2 **ORDER REQUESTED**

3 Moving party, Karen Gowins, requests that the Court issue the following order with respect to
4 the established conflict of interest with regard to Mr. Watts, the Watts Guerra law firm, his
5 affiliates and their 18,000 clients who are tort claimants in this case:
6

- 7 1. Within 5 days of the date of the order, Respondents shall present a factual and concise but
8 complete disclosure of any and all conflicts of interest or potential conflict regarding
9 litigation financing which Respondents have obtained with regard to representing clients
10 in this case for approval by the Court;
11 2. After approval, Respondents shall mail, send by U.S. mail or deliver each of their clients
12 in this case by some other reliable method the approved disclosure along with a form by
13 which clients may, at their discretion, waive the conflict in writing.
14 3. Votes of Respondents' clients who have not executed the written waiver required by the
15 Order shall be designated as not being in good faith and shall not be counted in the Plan
16 vote tally.
17

18 Respectfully submitted.

19
20 Dated: April 24, 2020.

THE KANE LAW FIRM

21
22 By: /s/ Steven S. Kane

23 STEVEN S. KANE
24 Attorneys for Creditor KAREN GOWINS
25

Steven S. Kane, Esq., SBN: 061670
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Attorneys for KAREN GOWINS, Creditor

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

<i>In re:</i>)	Case No: 19-30088
)	Case No: 19-30089
PG&E CORPORATION)	
-and-)	CHAPTER 11
)	PROOF OF SERVICE
PACIFIC GAS AND ELECTRIC)	
COMPANY)	
Debtors.)	
<input type="checkbox"/> Affects PG&E Corporation)	
<input type="checkbox"/> Affects Pacific Gas & Electric)	
<input checked="" type="checkbox"/> Affects Both Debtors)	
<i>All papers shall be filed in the Lead Case,</i>)	
<i>No.19-30088 (DM)</i>)	

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PROOF OF SERVICE

I, Bonnie E. Kane, declare

I am a citizen of the United States and employed in San Diego County, California and Butte County, California. I am over the age of eighteen years and not a party to the within-entitled action. My business address is 402 W. Broadway, Suite 2500, San Diego, California 92101. On April 20, 2020 I served a copy of the within document:

1. **JOINDER ON BEHALF OF KAREN GOWINS IN WILLIAM B. ABRAMS' MOTION TO DESIGNATE IMPROPERLY SOLICITED VOTES PURSUANT TO 11 U.S.C. §§ 1125(B) AND 1126 (E) AND BANKRUPTCY RULE 2019;**
2. **DECLARATION OF STEVEN S. KANE IN SUPPORT OF JOINDER ON BEHALF OF KAREN GOWINS IN WILLIAM B. ABRAMS' MOTION TO DESIGNATE IMPROPERLY SOLICITED VOTES PURSUANT TO 11 U.S.C. §§ 1125(B) AND 1126 (E) AND BANKRUPTCY RULE 2019**
3. **EXHIBITS 1, 2, 3**

by transmitting electronically through the Court's CM/ECF system.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct. Executed on April 25, 2020, at San Diego, California.

/s/ Bonnie E. Kane
Bonnie E. Kane

Steven S. Kane, Esq., SBN: 061670
Bonnie E. Kane, Esq., SBN: 167700
THE KANE LAW FIRM
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Attorneys for KAREN GOWINS Creditor

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:

PG&E CORPORATION

-and-

PACIFIC GAS AND ELECTRIC
COMPANY

Debtors.

☐ Affects PG&E Corporation

☐ Affects Pacific Gas & Electric

☒ Affects Both Debtors

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

) **Case No. 19-30088 (DM)**

) Chapter 11

) (Lead Case)

) (Jointly Administered)

) **DECLARATION OF STEVEN S. KANE**
) **IN SUPPORT OF JOINDER ON BEHALF**
) **OF KAREN GOWINS IN WILLIAM B.**
) **ABRAMS' MOTION TO DESIGNATE**
) **IMPROPERLY SOLICITED VOTES**
) **PURSUANT TO 11 U.S.C. §§ 1125(b) AND**
) **11226 (e) AND BANKRUPTCY RULE**
) **2019**

) Docket Nos. 6799, 6798, 6801

) Date: TBD

) Time: TBD

) Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
San Francisco, CA 94102

I, Steven S. Kane, hereby declare under penalty of perjury that the following is true and correct to the best of my knowledge, information and belief.

1. I am a partner in the Kane Law Firm, counsel to Creditor Karen Gowins in the above

DECLARATION OF STEVEN S. KANE IN SUPPORT OF JOINDER ON BEHALF OF KAREN GOWINS IN
WILLIAM B. ABRAMS' MOTION TO DESIGNATE IMPROPERLY SOLICITED VOTES PURSUANT TO 11
U.S.C. §§ 1125(b) AND 11226(e) AND BANKRUPTCY RULE 2019

1 referenced case.

2 2. Exhibit 1 to this Joinder is a true and correct copy of a document entitled "Third
3 Amended Verified Statement of the Ad Hoc Committee of Senior Unsecured Note holders
4 Pursuant to Bankruptcy Rule 2019," which I downloaded directly from the official docket of this
5 case, using the Pacer system. It is docket No. 6747 on that system.
6

7 3. Exhibit 2 to this Joinder is a true and correct copy of a document entitled Declaration
8 of Mikal Watts in Support of his Preliminary Opposition to William B. Abrams Motion to
9 Designate Improperly Solicited Votes Pursuant to 11 U.S.C. §§ 1125 (b) and 1126(3) and
10 Bankruptcy Rule 2019 which I downloaded directly from the official docket of this case, using
11 the Pacer system. It is Docket No. 6801-1 on that system.
12

13 4. Exhibit 3 to this Joinder is a true and correct copy of a KQED news article of April 25,
14 2020 which I downloaded from the KQED website at
15 [https://www.kqed.org/news/11813173/attorney-for-pge-fire-victims-funded-by-wall-street-firms-](https://www.kqed.org/news/11813173/attorney-for-pge-fire-victims-funded-by-wall-street-firms-hes-negotiating-against?fbclid=IwAR27cMqjD7FB-AaEBnxI11tFulgOu7D8qPINAP55P4YPYPSIZXL4vzLEpww)
16 [hes-negotiating-against?fbclid=IwAR27cMqjD7FB-](https://www.kqed.org/news/11813173/attorney-for-pge-fire-victims-funded-by-wall-street-firms-hes-negotiating-against?fbclid=IwAR27cMqjD7FB-AaEBnxI11tFulgOu7D8qPINAP55P4YPYPSIZXL4vzLEpww)
17 [AaEBnxI11tFulgOu7D8qPINAP55P4YPYPSIZXL4vzLEpww](https://www.kqed.org/news/11813173/attorney-for-pge-fire-victims-funded-by-wall-street-firms-hes-negotiating-against?fbclid=IwAR27cMqjD7FB-AaEBnxI11tFulgOu7D8qPINAP55P4YPYPSIZXL4vzLEpww)
18

19 I declare under penalty of perjury that the foregoing is true and correct. Executed on April
20 25, 2020, at San Diego County, California.
21

22 /s/ Steven S. Kane

23 STEVEN S. KANE
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EXHIBIT 1

AKIN GUMP STRAUSS HAUER & FELD LLP

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*Counsel to the Ad Hoc Committee of Senior Unsecured
Noteholders of Pacific Gas and Electric Company*

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re: PG&E CORPORATION, -and- PACIFIC GAS AND ELECTRIC COMPANY, Debtors. <input type="checkbox"/> Affects PG&E Corporation <input type="checkbox"/> Affects Pacific Gas and Electric Company <input checked="" type="checkbox"/> Affects both Debtors <i>*All papers shall be filed in the Lead Case, No. 19-30088 (DM).</i>	Case Nos. 19-30088 (DM) 19-30089 (DM) Chapter 11 THIRD AMENDED VERIFIED STATEMENT OF THE AD HOC COMMITTEE OF SENIOR UNSECURED NOTEHOLDERS PURSUANT TO BANKRUPTCY RULE 2019
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1 Pursuant to Rule 2019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”),
2 the Ad Hoc Committee of Senior Unsecured Noteholders of Pacific Gas and Electric Company (the
3 “Ad Hoc Committee”), who hold senior unsecured notes issued by Pacific Gas and Electric Company
4 (the “Utility”) (and other indebtedness as more specifically detailed in Exhibit A attached hereto), by
5 and through its undersigned counsel, hereby submit this verified statement (this “Statement”), and in
6 support thereof, state as follows:

7 1. In or around February 2019, the Ad Hoc Committee engaged Akin Gump
8 Strauss Hauer & Feld LLP (“Akin Gump”) to represent it in connection with the chapter 11 cases of
9 the Utility and PG&E Corporation (collectively, the “Debtors”). On March 5, 2019, the Ad Hoc
10 Committee filed the *Verified Statement of the Ad Hoc Committee of Senior Unsecured Noteholders*
11 *Pursuant to Bankruptcy Rule 2019* [Docket No. 744] (the “Original Statement”).

12 2. On July 18, 2019, the Ad Hoc Committee filed the *First Amended Verified*
13 *Statement of the Ad Hoc Committee of Senior Unsecured Noteholders Pursuant to Bankruptcy Rule*
14 *2019* [Docket No. 3083] (the “First Amended Statement”).

15 3. On October 21, 2019, the Ad Hoc Committee filed the *Second Amended Verified*
16 *Statement of the Ad Hoc Committee of Senior Unsecured Noteholders Pursuant to Bankruptcy Rule*
17 *2019* [Docket No. 4369] (the “Second Amended Statement”). This Statement amends and replaces
18 the Second Amended Statement.

19 4. As of the date of this Statement, Akin Gump represents only the Ad Hoc
20 Committee. Akin Gump does not represent or purport to represent any other entities in connection
21 with the Debtors’ chapter 11 cases. Akin Gump does not represent the Ad Hoc Committee as a
22 “committee” (as such term is employed in the Bankruptcy Code and Bankruptcy Rules) and does not
23 undertake to represent the interests of, and are not fiduciaries for, any creditor, party in interest, or
24 other entity that has not signed a retention agreement with Akin Gump. In addition, the Ad Hoc
25 Committee does not represent or purport to represent any other entities in connection with the
26 Debtors’ chapter 11 cases.

27 5. The members of the Ad Hoc Committee either hold claims or manage accounts
28 that hold claims against the Debtors’ estates. In accordance with Bankruptcy Rule 2019, a list of the

1 names, addresses and the “nature and amount of all disclosable economic interests” held in relation to
2 the Debtors as of April 1, 2020, by each member of the Ad Hoc Committee is attached hereto as
3 Exhibit A.

4 6. The information set forth in Exhibit A, which is based on information provided
5 by the applicable members of the Ad Hoc Committee to Akin Gump, is intended only to comply with
6 Bankruptcy Rule 2019 and is not intended for any other purpose. Akin Gump does not make any
7 representation regarding the validity, amount, allowance, or priority of such claims and reserves all
8 rights with respect thereto.

9 7. Nothing contained in this Statement (or Exhibit A) should be construed as a
10 limitation upon, or waiver of, any rights of any member of the Ad Hoc Committee to assert, file
11 and/or amend their claims in accordance with applicable law and any orders entered in these chapter
12 11 cases.

13 8. Akin Gump reserves the right to amend and/or supplement this Statement in
14 accordance with the requirements set forth in Bankruptcy Rule 2019.

15
16
17 Dated: April 13, 2020

AKIN GUMP STRAUSS HAUER & FELD LLP

18 By /s/ Ashley Vinson Crawford

19 Ashley Vinson Crawford (SBN 257246)

20 Michael S. Stamer (*pro hac vice*)

21 Ira S. Dizengoff (*pro hac vice*)

22 David H. Botter (*pro hac vice*)

23 Abid Qureshi (*pro hac vice*)

24
25
26
27
28
*Counsel to the Ad Hoc Committee of Senior Unsecured
Noteholders of Pacific Gas and Electric Company*

Exhibit A

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NAME	ADDRESS	NATURE AND AMOUNT OF DISCLOSABLE ECONOMIC INTEREST
Apollo Global Management LLC	9 West 57 th Street 43 rd Floor New York, NY 10019	\$336,425,000 in Senior Utility Notes ¹ \$85,000,000 in Utility Revolver Loans ² \$83,000,000 in DIP Term Loans ³ \$100,000,000 in Wildfire Subrogation Claims

¹ “Senior Utility Notes” means the senior notes issued by Pacific Gas and Electric Company (the “Utility”) under (a) that certain Indenture, dated as of April 22, 2005, between Utility and The Bank of New York Company, as trustee (in such capacity, the “Trustee”), which amends and restates that certain Indenture of Mortgage, dated as of March 11, 2004, relating to the issuance of certain notes which are no longer outstanding, other than \$3,000M principal amount of 6.05% senior notes due March 1, 2034, and (i) 1st Supplemental Indenture, dated as of March 13, 2007, relating to \$700M principal amount of 5.80% senior notes due March 1, 2037 (ii) 3rd Supplemental Indenture, dated as of March 3, 2008, relating to \$400M principal amount of 6.35% senior notes due Feb 15, 2038, (iii) 6th Supplemental Indenture, dated as of March 6, 2009, relating to \$550M principal amount of 6.25% senior notes due March 1, 2039, (iv) 8th Supplemental Indenture, dated as of November 18, 2009, relating to \$550M principal amount of 5.40% senior notes due January 15, 2040, (v) 9th Supplemental Indenture, dated as of April 1, 2010, relating to \$250M principal amount of 5.80% senior notes due March 1, 2037, (vi) 10th Supplemental Indenture, dated as of September 15, 2010, relating to \$550M principal amount of 3.50% senior notes due October 1, 2020, (vii) 12th Supplemental Indenture, dated as of November 18, 2010, relating to \$250M principal amount of 3.50% senior notes due October 1, 2020 and \$250M principal amount of 5.40% senior notes due January 15, 2040, (viii) 13th Supplemental Indenture, dated as of May 13, 2011, relating to \$300M principal amount of 4.25% senior notes due May 15, 2021, (ix) 14th Supplemental Indenture, dated as of September 12, 2011, relating to \$250M principal amount of 3.25% senior notes due September 15, 2021, (x) 16th Supplemental Indenture, dated as of December 1, 2011, relating to \$250M principal amount of 4.50% senior notes due December 15, 2041, (xi) 17th Supplemental Indenture, dated as of April 16, 2012, relating to \$400M principal amount of 4.45% senior notes due April 15, 2042, (xii) 18th Supplemental Indenture, dated as of August 16, 2012, relating to \$400M principal amount of 2.45% senior notes due August 15, 2022 and \$350M principal amount of 3.75% senior notes due August 15, 2042, (xiii) 19th Supplemental Indenture, dated as of June 14, 2013, relating to \$375M principal amount of 3.25% senior notes due June 15, 2023 and \$375M principal amount of 4.60% senior notes due June 15, 2043, (xiv) 20th Supplemental Indenture, dated as of November 12, 2013, relating to \$300M principal amount of 3.85% senior notes due November 15, 2023 and \$500M principal amount of 5.125% senior notes due November 15, 2043, (xv) 21st Supplemental Indenture, dated as of November 12, 2013, relating to \$450M principal amount of 3.75% senior notes due February 15, 2024 and \$450M principal amount of 4.75% senior notes due February 15, 2044, (xvi) 23rd Supplemental Indenture, dated as of August 18, 2014, relating to \$350M principal amount of 3.40% senior notes due August 15, 2024 and \$225M principal amount of 4.75% senior notes due February 15, 2044, (xvii) 24th Supplemental Indenture, dated as of November 6, 2014, relating to \$500M principal amount of 4.30% senior notes due March 15, 2045, (xviii) 25th Supplemental Indenture, dated as of June 12, 2015, relating to \$400M principal amount of 3.50% senior notes due June 15, 2025 and \$100M principal amount of 4.30% senior notes due March 15, 2045, (xix) 26th Supplemental Indenture, dated as of November 5, 2015, relating to \$200M principal amount of 3.50% senior notes due June 15, 2025 and \$450M principal amount of 4.25% senior notes due March 15, 2046, (xx) 27th Supplemental Indenture, dated as of March 1, 2016, relating to \$600M principal amount of 2.95% senior notes due March 1, 2026, (xxi) 28th Supplemental Indenture, dated as of December 1, 2016, relating to \$400M principal amount of 4.00% senior notes due December 1, 2046, (xxii) 29th Supplemental Indenture, dated as of March 10, 2017, relating to \$400M principal amount of 3.30% senior notes due March 15, 2027 and \$200M principal amount of 4.00% senior notes due December 1, 2046, (b) that certain Indenture, dated as of March 10, 2017, between Utility and the Trustee, relating to \$1,150M principal amount of 3.30% senior notes due December 1, 2027 and \$850M principal amount of 3.95% of senior notes due 2047 and (c) that certain Indenture, dated as of August 6, 2018, between Utility and the Trustee, as supplemented by 1st Supplemental Indenture, dated as of August 6, 2018, relating to \$500M principal amount of 4.25% senior notes due 2023 and \$300M principal amount of 4.65% senior notes due 2028.

² “Utility Revolver Loans” means loans under that certain Second Amended and Restated Credit Agreement, dated as of April 27, 2015 by and between the Utility and Citibank, N.A. as administrative agent (in such capacity, the “Revolving Agent”).

³ “DIP Term Loans” means the term loans under that certain secured, superpriority debtor-in-possession new money credit, guaranty and security agreement (the “DIP Credit Agreement”) in an aggregate principal amount of \$1,500,000,000.

Aurelius Capital Management, LP	535 Madison Avenue 31 st Floor New York, NY 10022	\$89,902,000 in Senior Utility Notes
Canyon Capital Advisors LLC	2000 Avenue of the Stars 11 th Floor Los Angeles, CA 90067	\$600,044,000 in Senior Utility Notes \$129,037,343.93 in Utility Revolver Loans \$102,748,595.72 in Utility L/C Reimbursement \$58,557,367.00 in HoldCo Revolver Loans ⁴ \$45,000,000 in HoldCo Term Loans ⁵
Capital Group	333 South Hope Street 55 th Floor Los Angeles, CA 90071	\$390,025,000 in Senior Utility Notes \$37,985,000 in Utility L/C Reimbursement
CarVal Investors, LLC	461 Fifth Avenue New York, NY 10017	\$82,727,000 in Senior Utility Notes \$35,000,000 in Utility Revolver Loans \$100,000,000 in Utility L/C Reimbursement
Castle Hook Partners LP	250 West 55 th Street New York, NY 10019	\$107,250,000 in Senior Utility Notes \$10,000,000 in Utility Revolver Loans 3,333,841 shares of PG&E Stock
Citadel Advisors LLC	520 Madison Avenue New York, NY 10022	\$741,190,000 in Senior Utility Notes \$174,972,513.80 in Utility Revolver Loans 5,395,315 shares of PG&E Stock
Davidson Kempner Capital Management LP	520 Madison Avenue 30 th Floor New York, NY 10022	\$945,184,000 in Senior Utility Notes \$327,931,000 in Utility Revolver Loans \$25,000,000 in Utility L/C Reimbursement \$2,666,000 in Trade Claims
Diameter Capital Partners LP	24 West 40 th Street 5 th Floor New York, NY 10018	\$156,290,000 in Senior Utility Notes \$104,541,717 in Utility Revolver Loans \$17,000,000 in Bilateral Utility Loan \$33,865,078 in Trade Claims

⁴ “HoldCo Revolver Loans” means loans under that certain Second Amended and Restated Credit Agreement, dated as of April 27, 2015 by and between PG&E and the Revolving Agent.

⁵ “HoldCo Term Loans” means loans under that certain Term Loan Credit Agreement, dated as of April 16, 2018, by and between PG&E and Mizuho Bank, Ltd., as administrative agent.

Elliott Management Corporation	40 West 57 th Street New York, NY 10019	\$1,722,605,000 in Senior Utility Notes
Farallon Capital Management, L.L.C.	One Maritime Plaza Suite 2100 San Francisco, CA 94111	\$855,880,000 in Senior Utility Notes \$260,120,000 in Utility Revolver Loans \$28,000,000 in DIP Term Loans \$86,340,000 in Trade Claims \$1,140,000 in Wildfire Subrogation Claims
Fidelity Management & Research	801 Boylston Street Boston, MA 02116	\$712,822,000 in Senior Utility Notes
Fir Tree Partners	55 West 46th Street 29th Floor New York, NY 10036	\$89,800,000 in Senior Utility Notes
LMR Partners LLP	363 Lafayette Street New York, NY 10012	\$76,409,000 in Senior Utility Notes
Marathon Asset Management LP	One Bryant Park 38 th Floor New York, NY 10036	\$24,250,000 in Senior Utility Notes \$22,698,939 in Utility Revolver Loans \$41,724,692 in HoldCo Revolver Loans \$39,023,409 in HoldCo Term Loans
Oak Hill Advisors, L.P.	1114 6 th Avenue 27 th Floor New York, NY 10036	\$162,500,000 in Senior Utility Notes
Oaktree Capital Management, L.P.	333 South Grand Avenue 28 th Floor Los Angeles, CA 90071	\$167,223,000 in Senior Utility Notes \$24,458,189 in Utility Revolver Loans \$10,000,000 in Utility Term Loans ⁶ \$3,750,000 in DIP Term Loans
Pacific Investment Management Company LLC	650 Newport Center Drive Newport Beach, CA 92660	\$3,170,343,000 in Senior Utility Notes \$230,000,000 in Utility Term Loans \$1,065,340,000 in DIP Term Loans

⁶ “Utility Term Loans” means loans under that certain term loan agreement dated as of February 23, 2018 by and among the Utility, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (“BTMU”) and U.S. Bank National Association, as lenders, joint lead arranger and joint bookrunners and BTMU as administrative agent.

P. Schoenfeld Asset Management LP	1350 Avenue of the Americas 21 st Floor New York, NY 10019	\$153,471,000 in Senior Utility Notes
Sculptor Capital Management	9 West 57 th Street 39 th Floor New York, NY 10019	\$493,120,670,000 in Senior Utility Notes \$20,000,000 in DIP Term Loans \$105,000,000 in Utility L/C Reimbursement 216,800 shares of PG&E Stock Short Positions in 2,168 Call Option Contracts on PG&E Stock 2,168 Put Option Contracts on PG&E Stock
Senator Investment Group LP	510 Madison Avenue Suite 28 New York, NY 10022	\$88,286,000 in Senior Utility Notes \$25,000,000 in Utility Revolver Loans
Silver Rock Financial LP	12100 Wilshire Blvd. Suite 1000 Los Angeles, CA 90025	\$46,329,000 in Senior Utility Notes
Taconic Capital Advisors LP	280 Park Avenue 5 th Floor New York, NY 10017	\$133,810,000 in Senior Utility Notes \$50,000,000 in Utility Revolver Loans \$25,000,000 in Utility L/C Reimbursement
Third Point LLC	390 Park Avenue New York, NY 10022	\$605,953,000 in Senior Utility Notes \$10,000,000 in Utility Revolver Loans
Värde Partners, Inc.	901 Marquette Avenue South Minneapolis, MN 55402	\$696,827,000 in Senior Utility Notes \$372,285,106.67 in Utility Revolver Loans \$5,000,000 in Utility L/C Reimbursement

EXHIBIT 2

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

Attorneys for Numerous Wild Fire Claimants

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:

PG&E CORPORATION

- and -

PACIFIC GAS AND ELECTRIC
COMPANY,

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**

☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

** 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

DECLARATION OF MIKAL WATTS

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

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

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.

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

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

13
14 16. If the Court believes that WATTS GUERRA and other private attorneys not serving
15 on the TCC, should provide a disclosure under Bankruptcy Rule 2019 WATTS GUERRA is happy
16 to voluntarily make such a disclosure upon order of this Court pursuant to Bankruptcy Rule
17 2019(e)(3).

18 17. WATTS GUERRA has disclosed to its clients and to others its communications in
19 this case with assignees of portions of its credit facility, and its subsequent communications with
20 principals of the Debt and the Equity. Specifically, Mikal Watts conducted an in-person town hall
21 to WATTS GUERRA's clients in Chico on December 12, 2020, and in Santa Rosa later the same
22 day. This town hall was filmed, and all WATTS GUERRA clients received an update email or
23 letter shortly thereafter with a link to the video of those town hall meetings. A link to a Power
24 Point setting forth the nature of the disclosure made in Santa Rosa on December 12, 2019 is
25 provided herewith,¹ and specific reference is made to slides 53-80 therein. A link to a Power Point
26
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
28 ³ [Click here to download the file](#)

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

14 Dated April 20, 2020

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
27 *Attorney for Numerous Wild Fire Claimants*
28

EXHIBIT 3

Attorney for PG&E Fire Victims Funded by Wall Street Firms He's Negotiating Against

Lily Jamali

Apr 25

- Facebook
- Twitter
- Email
- Copy Link



About 70,000 wildfire survivors are waiting for PG&E to pay out claims. (Amy Osborne/AFP/Getty Images)

An attorney whose firm represents the largest single group of Northern California wildfire survivors in the PG&E bankruptcy is partially funded by some of the very Wall Street firms he's been negotiating against.

San Antonio, Texas-based lawyer Mikal Watts, of the firm Watts Guerra LLP, told KQED he's known that his credit line included financing from private equity heavyweight Apollo Global Management and investment firm Centerbridge Partners.

The firms represent competing groups that have sat across the bargaining table from each other, while also negotiating against wildfire survivors in the PG&E bankruptcy.

The PG&E wildfire cases are among the more recent mass tort cases Watts has mounted. That kind of complex litigation can take years and cost millions, which is where Centerbridge and Apollo came in.

Their financial dealings with Watts were unearthed by a fire survivor in a PG&E bankruptcy court filing this week. It quotes Watts telling clients at a December town hall in Santa Rosa that he came to "realize...that part of my operational line of credit... had been in effect cordoned off, some to Centerbridge, some to Apollo" among others.

Sponsored

In late 2019, Apollo and Centerbridge were competing against one another to strike a lucrative deal with Watts and other attorneys for wildfire survivors. The Watts group's client roster includes 16,000 of the estimated 70,000 PG&E fire survivors who have filed claims in the bankruptcy. Watts was heavily involved in negotiating the \$13.5 billion compensation deal that lawyers for fire survivors brokered in early December, according to people involved in the case and Watts himself.

"I wanted to disclose to my clients that backdrop, of who I met, and give them the full color of why I thought one deal was superior to the other," Watts told KQED this week.

PG&E fire victims have been casting ballots on the bankruptcy deal since April 1, with voting continuing through May 15. The plan requires support from two-thirds of survivors who vote. Watts says nearly 13,000 of his clients have voted "yes" so far.

The company is aiming to exit bankruptcy by June 30 so it can tap a state insurance fund that would pay future fire survivors if the utility's equipment sparks future fires.

RELATED COVERAGE

PG&E CEO Bill Johnson to Step Down After a Tumultuous Year

Judge Rebukes PG&E for Bid to Pay \$4M Criminal Fine From Fire Victims' Fund

Judge Refuses to Approve Fire Victims Letter Attacking PG&E

Watts and others involved, including the committee of survivors in bankruptcy court, ultimately chose the deal presented by the group that included Centerbridge, which bought up PG&E stock as the price tanked after the 2018 Camp Fire. Centerbridge has also scooped up around \$200 million in claims by insurance companies against PG&E, and is expected to reap a major financial windfall once the utility exits from Chapter 11.

Apollo, which is a major owner of PG&E's debt, had offered a competing deal, which was rejected by lawyers for survivors.

The line of credit was provided to Watts by St. Louis, MO-based investment firm Stifel. In the emerging area of litigation financing, brokers like Stifel act as a go-between for lawyers seeking to fund large cases and investors seeking part of the reward if a case ends in a payout. Stifel, Centerbridge, and Apollo did not respond to requests for comment.

"Stifel has the right to make assignments on percentages of the deal," Watts told KQED in a phone interview this week, "I have no right to know how they've assigned it. What I do know is I learned Centerbridge and Apollo had taken assignments on a percentage of my deal. Then, they introduced me to their respective corners in the equity versus debt fight."

Watts said Centerbridge's weight in the equity group of 1.6% of PG&E shares was overshadowed by Apollo's half a billion dollar holdings of PG&E bonds.

"If that had entered my thinking, I would have gone with the bonds. They were bigger players," Watts said.