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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

 Individually and on
Behalf of All Others Similarly Situated,

Plaintiff,

vs.

EDISON INTERNATIONAL,
THEODORE F. CRAVER, JR. and
WILLIAM JAMES SCILACCI,

Defendants

Case No. '15CV1478 BEN JMA

CLASS ACTION

COMPLAINT FOR VIOLATIONS
OF THE FEDERAL SECURITIES
LAWS

DEMAND FOR JURY TRIAL

1 Plaintiff [REDACTED] ("Plaintiff"), individually and on behalf of all others similarly
2 situated, by Plaintiff's undersigned attorneys, for Plaintiff's complaint against defendants,
3 alleges the following based upon personal knowledge as to Plaintiff and Plaintiff's own
4 acts, and upon information and belief as to all other matters based on the investigation
5 conducted by and through Plaintiff's attorneys, which included, among other things, a
6 review of Securities and Exchange Commission ("SEC") filings by Edison International
7 ("Edison" or the "Company"), as well as media reports about the Company. Plaintiff
8 believes that substantial additional evidentiary support will exist for the allegations set
9 forth herein after a reasonable opportunity for discovery.
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13 INTRODUCTION AND OVERVIEW

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15 1. This is a federal securities class action on behalf of a class consisting of all
16 persons other than defendants who purchased or otherwise acquired Edison securities
17 between July 31, 2014 and June 24, 2015, both dates inclusive (the "Class Period"),
18 seeking to recover damages caused by defendants' violations of the federal securities laws
19 and to pursue remedies under §§ 10(b) and 20(a) of the Securities Exchange Act of 1934
20 (the "Exchange Act") and Rule 10b-5 promulgated thereunder against the Company and
21 certain of its top officials.
22
23

24 2. Defendant Edison, through its subsidiaries, generates and distributes
25 electrical power and invests in energy services and technologies. Southern California
26 Edison ("SCE"), Edison's largest subsidiary, is one of the largest utilities in the United
27 States, serving nearly 14 million people in Central, Coastal and Southern California. SCE
28

1 is regulated by the California Public Utilities Commission (the “CPUC” or the
2 “Commission”) and by the Federal Energy Regulatory Commission.

3 3. The Company was founded in 1987 and is incorporated in California, with
4 headquarters in Rosemead, California. Its shares trade on the NYSE under the ticker
5 symbol “EIX.”
6

7 4. Edison, through SCE, was at all relevant times the operator and majority
8 owner of the San Onofre Nuclear Generating Station (“SONGS”), a now-inoperative
9 nuclear power plant in Southern California. In January 2012, Edison shut down two
10 SONGS reactor units for maintenance. Although the units never returned to service,
11 Edison continued to bill SCE customers tens of millions of dollars in rates each month to
12 support the defunct units and to buy replacement power.
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16 5. On October 25, 2012, the CPUC instituted an investigation into the causes of
17 and accountability for the SONGS unit closures. After extensive settlement negotiations
18 under the auspices of the CPUC, Edison reached a 3.3 billion dollar settlement (the
19 “SONGS Settlement”), pursuant to which, among other terms, Edison would refund
20 customers and reduce rates in compensation for the excess charges they had incurred after
21 the SONGS units were taken offline. Several environmental and consumer advocacy
22 groups were parties to the settlement, including the Utility Reform Network (“TURN”).
23 On November 19, 2014, the CPUC approved the SONGS Settlement.
24
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27 6. Throughout the Class Period, defendants made materially false and
28 misleading statements regarding the Company’s business, operational and compliance

1 policies. Specifically, defendants made false and/or misleading statements and/or failed
2 to disclose that: (i) Edison's ex parte contacts with CPUC decision makers were more
3 extensive than the Company had reported to CPUC; (ii) that belated disclosure of Edison's
4 ex parte contacts with CPUC personnel would jeopardize the Company's \$3.3 billion
5 dollar SONGS Settlement; and (iii) as a result of the above, the Company's financial
6 statements were materially false and misleading at all relevant times.
7
8

9 7. On February 9, 2015, SCE submitted a notice to the CPUC disclosing that a
10 previously unreported ex parte contact between Stephen Pickett ("Pickett"), then an
11 executive vice president at SCE, and Michael Peevey ("Peevey"), then president of the
12 CPUC, had occurred at an industry conference on March 26, 2013. At that time the
13 SONGS Settlement negotiations were ongoing, and Pickett and Peevey's conversation
14 concerned the future of SONGS and a possible resolution of the CPUC's investigation.
15 Pursuant to the CPUC's rules, the Company's failure to timely report the ex parte meeting
16 between Pickett and Peevey represented a possible violation of CPUC rules governing ex
17 parte contact between CPUC decision makers and interested parties.
18
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21 8. Prompted by SCE's belated disclosure and amidst growing public criticism
22 of the relationship between the CPUC and California's utilities, the CPUC ordered SCE
23 to turn over additional communications regarding the SONGS Settlement's negotiation.
24 On April 29, 2015, SCE duly complied. After reviewing the additional SCE documents,
25 TURN's attorney stated that the documents showed "a number of unreported ex parte
26 contacts and that Edison violated the rules by not reporting those communications."
27
28

1 9. On May 4, 2015, an article published by *SFGate* reported that SCE's newly
2 released documents revealed a previously unreported May 2014 meeting between Peevey
3 and SCE executives, at which the parties discussed donating millions of dollars to a UCLA
4 institute at which Peevey held an advisory post.
5

6 10. On this news, shares of Edison declined \$2.87 per share over two days of
7 trading, or roughly 3.75%, to close at \$59.60 on May 6, 2015.
8

9 11. On June 22, 2015, the law firm Strumwasser & Woocher released an
10 independent report commissioned by the CPUC in connection with a review of ex parte
11 meetings between utility lobbyists or executives and CPUC decision makers (the
12 "Strumwasser Report"). The Strumwasser Report described such ex parte meetings as
13 "frequent, pervasive, and at least sometimes outcome-determinative," and recommended
14 banning them altogether in rate cases.
15
16

17 12. On June 24, 2015, in response to the Strumwasser Report and SCE's earlier
18 disclosures in February and April, TURN filed an application with the CPUC that charged
19 SCE with "fraud by concealment" and urged the CPUC to set aside the SONGS Settlement
20 and reopen its investigation.
21
22

23 13. On this news, shares of Edison declined \$1.56 per share or over 2.70%, to
24 close at \$56.07 on June 24, 2015.
25

26 14. As a result of defendants' wrongful acts and omissions, and the precipitous
27 decline in the market value of the Company's securities, Plaintiff and other Class members
28 have suffered significant losses and damages.

JURISDICTION AND VENUE

1
2 15. The claims asserted herein arise under and pursuant to Sections 10(b) and
3 20(a) of the Exchange Act (15 U.S.C. § 78j(b) and 78t(a)) and Rule 10b-5 promulgated
4 thereunder (17 C.F.R. § 240.10b-5).
5

6 16. This Court has jurisdiction over the subject matter of this action pursuant to
7 § 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331.
8

9 17. Venue is proper in this District pursuant to §27 of the Exchange Act, 15
10 U.S.C. §7 8aa and 28 U.S.C. §1391(b), as the Company maintains corporate offices in this
11 District.
12

13 18. In connection with the acts, conduct and other wrongs alleged in this
14 Complaint, defendants, directly or indirectly, used the means and instrumentalities of
15 interstate commerce, including but not limited to, the United States mail, interstate
16 telephone communications and the facilities of the national securities exchange.
17
18

19 **THE PARTIES**

20 19. Plaintiff, as set forth in the attached Certification, acquired Edison securities
21 at artificially inflated prices during the Class Period and was damaged upon the revelation
22 of the alleged corrective disclosures.
23

24 20. Defendant Edison is a California corporation with its principal executive
25 offices located at 2244 Walnut Grove Avenue, Rosemead, California 91770. Edison's
26 common stock is traded on the NYSE under the ticker symbol "EIX."
27
28

1 27. On October 25, 2012, the CPUC instituted an investigation into the causes of
2 and accountability for the SONGS unit closures. After extensive settlement negotiations
3 under the auspices of the CPUC, Edison reached a \$3.3 billion settlement, pursuant to
4 which, among other terms, Edison would refund customers and reduce rates in
5 compensation for the excess charges they had incurred after the SONGS units were taken
6 offline. Several environmental and consumer advocacy groups were parties to the
7 settlement, including TURN. On November 19, 2014, the CPUC approved the SONGS
8 Settlement.
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12 **Materially False and Misleading**
13 **Statements Issued During the Period**

14 28. The Class Period begins on July 31, 2014, when Edison filed a quarterly
15 report on Form 10-Q with the SEC announcing its financial and operating results for the
16 second quarter ended June 30, 2014 (the "Q2 2014 10-Q"). For the second quarter, net
17 income was \$566 million, or \$1.63 per diluted share, on revenue of \$3.02 billion,
18 compared to a net loss of \$70 million, or \$0.29 per diluted share, on revenue of \$3.05 for
19 the same period in the prior year. In addition, the Q2 2014 10-Q contained signed
20 certifications pursuant to SOX by defendants Craver and Scilacci, stating that the financial
21 information contained in the Q2 2014 10-Q was accurate and disclosed any material
22 changes to the Company's internal control over financial reporting.
23
24
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26 29. In the Q2 2014 10-Q, the Company stated, in part, that:
27

28 In October 2012, the CPUC issued an Order Instituting Investigation ("OII")
that consolidated all San Onofre issues in related CPUC regulatory

1 proceedings to consider appropriate cost recovery for all San Onofre costs,
2 including among other costs, the cost of the steam generator replacement
3 project, substitute market power costs, capital expenditures, and operation and
4 maintenance costs.

5 On March 27, 2014, SCE entered into a settlement agreement (the "San
6 Onofre OII Settlement Agreement") with The Utility Reform Network
7 ("TURN"), the CPUC's Office of Ratepayer Advocates ("ORA") and
8 SDG&E, which was later joined by the Coalition of California Utility
9 Employees ("CUE") and Friends of the Earth ("FOE") (together, the "Settling
10 Parties"). If implemented, the San Onofre OII Settlement Agreement will
11 constitute a complete and final resolution of the CPUC's OII and related
12 proceedings regarding the Steam Generator Replacement Project ("SGRP") at
13 San Onofre and the related outage and subsequent shutdown of San Onofre.
14 The San Onofre OII Settlement Agreement does not affect proceedings before
15 the NRC or proceedings related to recoveries from third parties described
16 below, but does describe how shareholders and customers will share any
17 potential recoveries. Implementation of the San Onofre OII Settlement
18 Agreement is subject to the approval of the CPUC. The parties to the San
19 Onofre OII Settlement Agreement have agreed to exercise their best efforts to
20 obtain CPUC approval. The San Onofre OII Settlement Agreement is subject
21 to termination by any of the Settling Parties if the CPUC has not approved it
22 within six months of submission, but there can be no certainty of when or
23 what the CPUC will actually decide. . . .

24 On April 3, 2014, the Settling Parties filed a motion in the OII requesting the
25 CPUC to approve the San Onofre OII Settlement Agreement without change,
26 find the Settlement Agreement reasonable and expedite consideration of the
27 San Onofre OII Settlement Agreement in order to provide the benefits of it as
28 soon as possible. . . . The Settling Parties further agree to review any CPUC
orders regarding the San Onofre OII Settlement Agreement to determine if the
CPUC has changed or modified it, deleted a term or imposed a new term. If
any Settling Party is unwilling to accept any such change, modification,
deletion or addition of a new term, then the Settling Parties will negotiate in
good faith to seek a resolution acceptable to all Settling Parties. If they are
unable to resolve the matter to the satisfaction of all Settling Parties or to
obtain prompt CPUC approval of an agreed upon resolution, then any Settling
Party can terminate the Settlement Agreement upon prompt notice.

Under CPUC rules, parties in the OII have had an opportunity to comment on
the San Onofre OII Settlement Agreement, and the CPUC held an evidentiary

1 hearing on May 14, 2014 and a public participation meeting on June 16, 2014,
2 at which various intervenors who were not Settling Parties opposed the
3 proposed settlement and others supported it. Following conclusion of the
4 public participation meeting, approval of the San Onofre OII Settlement
5 Agreement was submitted to an Administrative Law Judge to render a
6 proposed decision for further consideration by the CPUC. CPUC rules do not
7 provide for any fixed time period for the CPUC to act on the San Onofre OII
8 Settlement Agreement. Pursuant to the CPUC's rules, no settlement becomes
9 binding on the parties to it unless the CPUC approves the settlement based on
10 a finding that it is reasonable in light of the whole record, consistent with law,
11 and in the public interest. The CPUC has discretion to approve or disapprove
12 a settlement, or to condition its approval on changes to the settlement, which
13 the parties may accept or reject.

14
15 30. On October 28, 2014, Edison filed a quarterly report on Form 10-Q with the
16 SEC announcing its financial and operating results for the third quarter ended September
17 30, 2014 (the "Q3 2014 10-Q"). For the third quarter, net income was \$508 million, or
18 \$1.46 per diluted share, on revenue of \$4.36 billion, compared to a net income of \$463
19 million, or \$1.34 per diluted share, on revenue of \$3.96 billion for the same period in the
20 prior year. In addition, the Q3 2014 10-Q contained signed certifications pursuant to SOX
21 by defendants Craver and Scilacci, stating that the financial information contained in the
22 Q3 2014 10-Q was accurate and disclosed any material changes to the Company's internal
23 control over financial reporting.

24 31. In the Q3 2014 10-Q, the Company stated, in part, that:

25 In October 2012, the CPUC issued an Order Instituting Investigation ("OII")
26 that consolidated all San Onofre issues in related CPUC regulatory
27 proceedings to consider appropriate cost recovery for all San Onofre costs,
28 including among other costs, the cost of the steam generator replacement
project, substitute market power costs, capital expenditures, and operation and
maintenance costs.

1 On September 23, 2014, SCE entered into an Amended and Restated
2 Settlement Agreement (the "San Onofre OII Amended Settlement
3 Agreement") with The Utility Reform Network ("TURN"), the CPUC's Office
4 of Ratepayer Advocates ("ORA"), SDG&E, the Coalition of California Utility
5 Employees ("CUE"), and Friends of the Earth ("FOE") (together, the "Settling
6 Parties"). If implemented, the San Onofre OII Amended Settlement
7 Agreement will constitute a complete and final resolution of the CPUC's OII
8 and related proceedings regarding the Steam Generator Replacement Project
9 ("SGRP") at San Onofre and the related outage and subsequent shutdown of
10 San Onofre. The Settling Parties agreed to amend the Settlement Agreement
11 that was originally entered into in March 2014 in response to an Assigned
12 Commissioner's and Administrative Judges' Ruling that was issued on
13 September 5, 2014. The San Onofre OII Amended Settlement Agreement . . .
14 describes how shareholders and customers will share any potential recoveries.
15 Implementation of the San Onofre OII Amended Settlement Agreement is
16 subject to the approval of the CPUC. The San Onofre OII Amended
17 Settlement Agreement is subject to termination by any of the Settling Parties
18 if the CPUC has not approved it by December 23, 2014. On October 9, 2014,
19 the Administrative Law Judges in the OII issued a Proposed Decision
20 approving the San Onofre OII Amended Settlement Agreement. Under
21 applicable rules, the CPUC cannot render a final decision for at least thirty
22 days following the date of the Proposed Decision, but there can be no certainty
23 of when or what the CPUC will actually decide. The parties to the San Onofre
24 OII Amended Settlement Agreement have agreed to exercise their best efforts
25 to obtain CPUC approval.

26 32. The statements referenced in ¶¶ 28-31 were materially false and misleading
27 because defendants made false and/or misleading statements and/or failed to disclose that:
28 (i) Edison's ex parte contacts with CPUC decision makers were more extensive than the
Company had reported to CPUC; (ii) that belated disclosure of Edison's ex parte contacts
with CPUC personnel would jeopardize the Company's \$3.3 billion dollar SONGS
Settlement; and (iii) as a result of the above, the Company's financial statements were
materially false and misleading at all relevant times.

The Truth Begins to Emerge

1
2 33. On February 9, 2015, SCE submitted a notice to the CPUC disclosing that a
3
4 previously unreported ex parte contact between Pickett, then an executive vice president
5
6 at SCE, and Peevey, then president of the CPUC, had occurred at an industry conference
7
8 on March 26, 2013. At that time the SONGS Settlement negotiations were ongoing, and
9
10 Pickett's and Peevey's conversation concerned the future of SONGS and a possible
11
12 resolution of the CPUC's investigation. Pursuant to the CPUC's rules, the Company's
13
14 failure to timely report the ex parte meeting between Pickett and Peevey thus represented
15
16 a possible violation of CPUC rules governing ex parte contact between CPUC decision
17
18 makers and interested parties.

19 34. On February 24, 2015, Edison filed an annual report on Form 10-K with the
20
21 SEC announcing its financial and operating results for the fourth quarter and fiscal year
22
23 ended December 31, 2014 (the "2014 10-K"). For the fourth quarter, net income was \$448
24
25 million, or \$1.27 per diluted share, on revenue of \$3.11 billion, compared to net income
26
27 of \$326 million, or \$0.92 per diluted share, on revenue of \$2.94 billion for the same period
28
29 in the prior year. For 2014, net income was \$1.72 billion, or \$4.89 per diluted share, on
30
31 revenue of \$13.41 billion, compared to net income of \$1.02 billion, or \$2.78 per diluted
32
33 share, on revenue of \$12.58 billion for 2013. In addition, the 2014 10-K contained signed
34
35 certifications pursuant to SOX by defendants Craver and Scilacci, stating that the financial
36
37 information contained in the 2014 10-K was accurate and disclosed any material changes
38
39 to the Company's internal control over financial reporting.

1 35. In the 2014 10-K, the Company stated, in part, that:

2 In October 2012, the CPUC issued an OII that consolidated all San Onofre
3 issues in related CPUC regulatory proceedings to consider appropriate cost
4 recovery for all San Onofre costs, including among other costs, the cost of the
5 steam generator replacement project, substitute market power costs, capital
6 expenditures, and operation and maintenance costs.

7 On November 20, 2014, the CPUC approved the Amended and Restated
8 Settlement Agreement (the "San Onofre OII Settlement Agreement") that
9 SCE had entered into with TURN, the ORA, SDG&E, the Coalition of
10 California Utility Employees, and Friends of the Earth (together, the "Settling
11 Parties"). The San Onofre OII Settlement Agreement resolved the CPUC's OII
12 and related proceedings regarding the Steam Generator Replacement Project
13 at San Onofre and the related outage and subsequent shutdown of San Onofre.
14 The San Onofre OII Settlement Agreement does not affect proceedings related
15 to recoveries from third parties described below, but does describe how
16 shareholders and customers will share any potential recoveries. SCE has
17 recorded the effects of the San Onofre OII Settlement Agreement. Such
18 amounts do not reflect any recoveries from third parties by SCE.

19 . . . On February 9, 2015, SCE filed in the OII proceeding a Late-Filed Notice
20 of Ex Parte Communication regarding a meeting in March 2013 between an
21 SCE senior executive and the president of the CPUC, both of whom have since
22 retired from their respective positions. In response, the Alliance for Nuclear
23 Responsibility, one of the intervenors in the OII, filed an application
24 requesting that the CPUC institute an investigation into whether sanctions
25 should be imposed on SCE in connection with the ex parte communication.
26 The application requests that the CPUC order SCE to produce all ex parte
27 communications between SCE and the CPUC or its staff since January 31,
28 2012 and all internal SCE unprivileged communications that discuss such ex
parte communications.

36. On April 28, 2015, Edison filed a quarterly report on Form 10-Q with the
SEC announcing its financial and operating results for the first quarter ended March 31,
2015 (the "Q1 2015 10-Q"). For the first quarter, net income was \$327 million, or \$0.91
per diluted share, on revenue of \$2.51 billion, compared to a net income of \$202 million,

1 or \$0.54 per diluted share, on revenue of \$2.93 billion for the same period in the prior
2 year. In addition, the Q1 2015 10-Q contained signed certifications pursuant to SOX by
3 defendants Craver and Scilacci, stating that the financial information contained in the Q1
4 2015 10-Q was accurate and disclosed any material changes to the Company's internal
5 control over financial reporting.
6

7
8 37. In the Q1 2015 10-Q, the Company stated, in part, that:

9 As discussed in the 2014 Form 10-K, in November 2014, the CPUC approved
10 the San Onofre OII Settlement Agreement that SCE had entered into with
11 TURN, the ORA, SDG&E, the Coalition of California Utility Employees, and
12 Friends of the Earth. The San Onofre OII Settlement Agreement resolved the
13 CPUC's OII and related proceedings regarding the Steam Generator
14 Replacement Project at San Onofre and the related outage and subsequent
15 shutdown of San Onofre. The San Onofre OII Settlement Agreement does not
16 affect proceedings related to recoveries from third parties described below,
17 but does describe how shareholders and customers will share any potential
18 recoveries.

19 A federal lawsuit challenging the CPUC's authority to permit rate recovery of
20 San Onofre costs and an application to the CPUC for rehearing of its decision
21 approving the San Onofre OII Settlement Agreement were filed in November
22 and December 2014, respectively. On April 16, 2015, a ruling was issued
23 dismissing the federal lawsuit with prejudice.

24 In February 2015, SCE filed in the OII proceeding a Late-Filed Notice of Ex
25 Parte Communication regarding a meeting in March 2013 between an SCE
26 senior executive and the president of the CPUC, both of whom have since
27 retired from their respective positions. In response, the Alliance for Nuclear
28 Responsibility, one of the intervenors in the OII, filed an application
requesting that the CPUC institute an investigation into whether sanctions
should be imposed on SCE in connection with the ex parte communication.
The application requests that the CPUC order SCE to produce all ex parte
communications between SCE and the CPUC or its staff since January 31,
2012 and all internal SCE unprivileged communications that discuss such ex
parte communications.

1 On April 14, 2015, the OII ALJs ordered SCE to produce unprivileged
2 documents pertaining to oral and written communications regarding the
3 possible settlement of the OII proceeding between any SCE employee and
CPUC decision makers. SCE's response is due on April 29, 2015.

4 On April 17, 2015, ORA and TURN issued press releases asking the CPUC
5 to impose penalties on SCE in connection with the ex parte communication.
6 ORA recommended penalties in the amount of \$648 million, representing
7 ORA's calculation of the difference in ratepayer value between ORA's initial
8 negotiating position in the SONGS OII and the approved settlement. TURN
9 did not recommend a penalty amount. Neither party asked the CPUC to reopen
10 the settlement. TURN stated that, based on SCE's response to the OII ALJs'
11 April 14, 2015 order, it may seek a reopening of the OII proceeding. On April
12 27, 2015, the Alliance for Nuclear Responsibility filed a petition to modify
13 the CPUC's decision approving the San Onofre OII Settlement Agreement
14 due to the ex parte communication. The petition seeks the reversal of the
15 decision approving the San Onofre OII Settlement Agreement and
16 reinstatement of the OII proceeding.

17 SCE cannot predict the outcome of these proceedings.

18 38. The statements referenced in ¶¶ 34-37 were materially false and misleading
19 because defendants made false and/or misleading statements and/or failed to disclose that:
20 (i) Edison's ex parte contacts with CPUC decision makers were more extensive than the
21 Company had reported to CPUC; (ii) that belated disclosure of Edison's ex parte contacts
22 with CPUC personnel would jeopardize the Company's \$3.3 billion dollar SONGS
23 Settlement; and (iii) as a result of the above, the Company's financial statements were
24 materially false and misleading at all relevant times.

25 39. Prompted by SCE's belated disclosure and amidst growing public criticism
26 of the relationship between the CPUC and California's utilities, the CPUC ordered SCE
27 to turn over additional communications regarding the SONGS Settlement's negotiation.
28

1 On April 29, 2015, SCE duly complied. After reviewing the additional SCE documents,
2 TURN's attorney stated that the documents showed "a number of unreported ex parte
3 contacts and that Edison violated the rules by not reporting those communications."
4

5 40. On May 4, 2015, an article published by *SFGate* reported that SCE's newly
6 released documents revealed a previously unreported May 2014 meeting between Peevey
7 and SCE executives, at which the parties discussed donating millions of dollars to a UCLA
8 institute at which Peevey held an advisory post.
9

10 41. On this news, shares of Edison declined \$2.87 per share over two days of
11 trading, or roughly 3.75%, to close at \$59.60 on May 6, 2015.
12

13 42. On June 22, 2015, the law firm Strumwasser & Woocher released an
14 independent report commissioned by the CPUC in connection with a review of ex parte
15 meetings between utility lobbyists or executives and CPUC decision makers. The
16 Strumwasser Report described such ex parte meetings as "frequent, pervasive, and at least
17 sometimes outcome-determinative," and recommended banning them altogether in rate
18 cases.
19
20

21 43. On June 24, 2015, in response to the Strumwasser Report and SCE's earlier
22 disclosures in February and April, TURN filed an application with the CPUC that charged
23 SCE with "fraud by concealment" and urged the CPUC to set aside the SONGS Settlement
24 and reopen its investigation.
25
26

27 44. On this news, shares of Edison declined \$1.56 per share, or over 2.70%, to
28 close at \$56.07 on June 24, 2015.

1 45. As a result of defendants' wrongful acts and omissions, and the precipitous
2 decline in the market value of the Company's securities, Plaintiff and other Class members
3 have suffered significant losses and damages.
4

5 **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

6 46. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil
7 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or
8 otherwise acquired Edison securities during the Class Period (the "Class"); and were
9 damaged upon the revelation of the alleged corrective disclosures. Excluded from the
10 Class are Defendants herein, the officers and directors of the Company, at all relevant
11 times, members of their immediate families and their legal representatives, heirs,
12 successors or assigns and any entity in which Defendants have or had a controlling interest.
13
14
15

16 47. The members of the Class are so numerous that joinder of all members is
17 impracticable. Throughout the Edison Class Period, securities of Edison were actively
18 traded on the NYSE. While the exact number of Class members is unknown to Plaintiff
19 at this time and can only be ascertained through appropriate discovery, Plaintiff believes
20 that there are hundreds or thousands of members in the proposed Class. Record owners
21 and other members of the Class may be identified from records maintained by Edison or
22 their transfer agents and may be notified of the pendency of this action by mail, using the
23 form of notice similar to that customarily used in securities class actions.
24
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1 48. Plaintiff's claims are typical of the claims of the members of the Class as all
2 members of the Class are similarly affected by defendants' wrongful conduct in violation
3 of federal law complained of herein.
4

5 49. Plaintiff will fairly and adequately protect the interests of the members of the
6 Class and has retained counsel competent and experienced in class action and securities
7 litigation.
8

9 50. Common questions of law and fact exist as to all members of the Class and
10 predominate over any questions solely affecting individual members of the Class. Among
11 the questions of law and fact common to the Class are:
12

- 13 • whether the federal securities laws were violated by Defendants' acts as
14 alleged herein;
 - 15 • whether statements made by Defendants to the investing public during the
16 Class Period misrepresented material facts about the business, operations and
17 management of Edison;
 - 18 • whether the Individual Defendants caused Edison to issue false and
19 misleading financial statements during the Class Period;
 - 20 • whether Defendants acted knowingly or recklessly in issuing false and
21 misleading financial statements;
 - 22 • whether the prices of Edison securities during the Class Period were
23 artificially inflated because of the Defendants' conduct complained of herein;
24 and,
 - 25 • whether the members of the Class have sustained damages and, if so, what is
26 the proper measure of damages.
- 27
28

1 51. A class action is superior to all other available methods for the fair and
2 efficient adjudication of this controversy since joinder of all members is impracticable.
3 Furthermore, as the damages suffered by individual Class members may be relatively
4 small, the expense and burden of individual litigation make it impossible for members of
5 the Class to individually redress the wrongs done to them. There will be no difficulty in
6 the management of this action as a class action.
7
8

9 52. Plaintiff will rely, in part, upon the presumption of reliance established by the
10 fraud-on-the-market doctrine in that:
11

- 12 • Defendants made public misrepresentations or failed to disclose material
13 facts during the Class Period;
- 14 • the omissions and misrepresentations were material;
- 15 • Edison securities are traded in efficient markets;
- 16 • the Company's shares were liquid and traded with moderate to heavy volume
17 during the Class Period;
- 18 • the Company traded on the NYSE, and was covered by multiple analysts;
- 19 • the misrepresentations and omissions alleged would tend to induce a
20 reasonable investor to misjudge the value of the Company's securities; and
21 • Plaintiff and members of the Class purchased and/or sold Edison securities
22 between the time the Defendants failed to disclose or misrepresented material
23 facts and the time the true facts were disclosed, without knowledge of the
24 omitted or misrepresented facts.
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1 53. Based upon the foregoing, Plaintiff and the members of the Class are entitled
 2 to a presumption of reliance upon the integrity of the market.

3 54. Alternatively, Plaintiff and the members of the Class are entitled to the
 4 presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the*
 5 *State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted
 6 material information in their Class Period statements in violation of a duty to disclose such
 7 information, as detailed above.
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 11 **COUNT I**

12 **(Against All Defendants for Violations of Section**
 13 **10(b) and Rule 10b-5 Promulgated Thereunder)**

14 55. Plaintiff repeats and realleges each and every allegation contained above as
 15 if fully set forth herein.

16 56. This Count is asserted against defendants and is based upon Section 10(b) of
 17 the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

18 57. During the Class Period, defendants engaged in a plan, scheme, conspiracy
 19 and course of conduct, pursuant to which they knowingly or recklessly engaged in acts,
 20 transactions, practices and courses of business which operated as a fraud and deceit upon
 21 Plaintiff and the other members of the Class; made various untrue statements of material
 22 facts and omitted to state material facts necessary in order to make the statements made,
 23 in light of the circumstances under which they were made, not misleading; and employed
 24 devices, schemes and artifices to defraud in connection with the purchase and sale of
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1 securities. Such scheme was intended to, and, throughout the Class Period, did:
2 (i) deceive the investing public, including Plaintiff and other Class members, as alleged
3 herein; (ii) artificially inflate and maintain the market price of Edison securities; and (iii)
4 cause Plaintiff and other members of the Class to purchase or otherwise acquire Edison
5 securities and options at artificially inflated prices. In furtherance of this unlawful scheme,
6
7 plan and course of conduct, defendants, and each of them, took the actions set forth herein.
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9 58. Pursuant to the above plan, scheme, conspiracy and course of conduct, each
10 of the defendants participated directly or indirectly in the preparation and/or issuance of
11 the quarterly and annual reports, SEC filings, press releases and other statements and
12 documents described above, including statements made to securities analysts and the
13 media that were designed to influence the market for Edison securities. Such reports,
14 filings, releases and statements were materially false and misleading in that they failed to
15 disclose material adverse information and misrepresented the truth about Edison's
16 finances and business prospects.
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20 59. By virtue of their positions at Edison, defendants had actual knowledge of
21 the materially false and misleading statements and material omissions alleged herein and
22 intended thereby to deceive Plaintiff and the other members of the Class, or, in the
23 alternative, defendants acted with reckless disregard for the truth in that they failed or
24 refused to ascertain and disclose such facts as would reveal the materially false and
25 misleading nature of the statements made, although such facts were readily available to
26 defendants. Said acts and omissions of defendants were committed willfully or with
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1 reckless disregard for the truth. In addition, each defendant knew or recklessly disregarded
2 that material facts were being misrepresented or omitted as described above.

3 60. Defendants were personally motivated to make false statements and omit
4 material information necessary to make the statements not misleading in order to
5 personally benefit from the sale of Edison securities from their personal portfolios.
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7 61. Information showing that defendants acted knowingly or with reckless
8 disregard for the truth is peculiarly within defendants' knowledge and control. As the
9 senior managers and/or directors of Edison, the Individual Defendants had knowledge of
10 the details of Edison's internal affairs.
11

12 62. The Individual Defendants are liable both directly and indirectly for the
13 wrongs complained of herein. Because of their positions of control and authority, the
14 Individual Defendants were able to and did, directly or indirectly, control the content of
15 the statements of Edison. As officers and/or directors of a publicly-held company, the
16 Individual Defendants had a duty to disseminate timely, accurate, and truthful information
17 with respect to Edison's businesses, operations, future financial condition and future
18 prospects. As a result of the dissemination of the aforementioned false and misleading
19 reports, releases and public statements, the market price of Edison securities was
20 artificially inflated throughout the Class Period. In ignorance of the adverse facts
21 concerning Edison's business and financial condition which were concealed by
22 defendants, Plaintiff and the other members of the Class purchased or otherwise acquired
23 Edison securities at artificially inflated prices and relied upon the price of the securities,
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1 the integrity of the market for the securities and/or upon statements disseminated by
2 defendants, and were damaged thereby.

3 63. During the Class Period, Edison securities were traded on an active and
4 efficient market. Plaintiff and the other members of the Class, relying on the materially
5 false and misleading statements described herein, which the defendants made, issued or
6 caused to be disseminated, or relying upon the integrity of the market, purchased or
7 otherwise acquired shares of Edison securities at prices artificially inflated by defendants'
8 wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they
9 would not have purchased or otherwise acquired said securities, or would not have
10 purchased or otherwise acquired them at the inflated prices that were paid. At the time of
11 the purchases and/or acquisitions by Plaintiff and the Class, the true value of Edison
12 securities was substantially lower than the prices paid by Plaintiff and the other members
13 of the Class. The market price of Edison securities declined sharply upon public disclosure
14 of the facts alleged herein to the injury of Plaintiff and Class members.

15 64. By reason of the conduct alleged herein, defendants knowingly or recklessly,
16 directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5
17 promulgated thereunder.

18 65. As a direct and proximate result of defendants' wrongful conduct, Plaintiff
19 and the other members of the Class suffered damages in connection with their respective
20 purchases, acquisitions and sales of the Company's securities during the Class Period,
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1 upon the disclosure that the Company had been disseminating misrepresented financial
2 statements to the investing public.

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4 **COUNT II**

5 **(Violations of Section 20(a) of the**
6 **Exchange Act Against The Individual Defendants)**

7 66. Plaintiff repeats and realleges each and every allegation contained in the
8 foregoing paragraphs as if fully set forth herein.

9 67. During the Class Period, the Individual Defendants participated in the
10 operation and management of Edison, and conducted and participated, directly and
11 indirectly, in the conduct of Edison's business affairs. Because of their senior positions,
12 they knew the adverse non-public information about Edison's misstatement of income and
13 expenses and false financial statements.
14

15 68. As officers and/or directors of a publicly owned company, the Individual
16 Defendants had a duty to disseminate accurate and truthful information with respect to
17 Edison's financial condition and results of operations, and to correct promptly any public
18 statements issued by Edison which had become materially false or misleading.
19

20 69. Because of their positions of control and authority as senior officers, the
21 Individual Defendants were able to, and did, control the contents of the various reports,
22 press releases and public filings which Edison disseminated in the marketplace during the
23 Class Period concerning Edison's results of operations. Throughout the Class Period, the
24 Individual Defendants exercised their power and authority to cause Edison to engage in
25 the wrongful acts complained of herein. The Individual Defendants therefore, were
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1 “controlling persons” of Edison within the meaning of Section 20(a) of the Exchange Act.
2 In this capacity, they participated in the unlawful conduct alleged which artificially
3 inflated the market price of Edison securities.
4

5 70. Each of the Individual Defendants, therefore, acted as a controlling person of
6 Edison. By reason of their senior management positions and/or being directors of Edison,
7 each of the Individual Defendants had the power to direct the actions of, and exercised the
8 same to cause, Edison to engage in the unlawful acts and conduct complained of herein.
9 Each of the Individual Defendants exercised control over the general operations of Edison
10 and possessed the power to control the specific activities which comprise the primary
11 violations about which Plaintiff and the other members of the Class complain.
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14 71. By reason of the above conduct, the Individual Defendants are liable pursuant
15 to Section 20(a) of the Exchange Act for the violations committed by Edison.
16

17 **PRAYER FOR RELIEF**

18 **WHEREFORE**, Plaintiff prays for judgment as follows:
19

20 A. Determining that this action is a proper class action, designating Plaintiff as
21 Lead Plaintiff and certifying Plaintiff as class representative under Rule 23 of the Federal
22 Rules of Civil Procedure and Plaintiff’s counsel as Lead Counsel;
23

24 B. Awarding Plaintiff and the members of the Class damages and interest;

25 C. Awarding Plaintiff’s reasonable costs, including attorneys’ fees; and
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27 D. Awarding such equitable/injunctive or other relief as the Court may deem just
28 and proper.

JURY DEMAND

Plaintiff hereby demands a trial by jury.

Dated: July 6, 2015

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