Allegheny County Employees' Retirement System v. Energy Transfer LP

COURT: United States District Court for the Eastern District of Pennsylvania
CASE NUMBER: 2:20-cv-00200-GAM
JUDGE: Hon. Gerald A. McHugh
CLASS PERIOD: 02/25/2017 - 12/02/2019
CASE CONTACTS: John C. Browne, Michael D. Blatchley, Hannah Ross, Adam H. Wierzbowski, Michael Mathai, James M. Fee

This is a securities class action filed on behalf of all persons who purchased Energy Transfer LP ("Energy Transfer" or the "Partnership") publicly traded common units from February 25, 2017 and December 2, 2019, inclusive (the "Class Period"). The action is brought against Energy Transfer and certain of the Partnership's current and former executives (collectively, "Defendants"), and asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934.

The complaint is based on an extensive investigation of the merits of this case. Click on the Case Documents tab on the left-hand side of the page to view the complaint and other relevant documents.

Energy Transfer's Alleged Fraud

Energy Transfer is a natural gas and energy transportation and storage company. It operates some of the largest oil and gas pipelines in the United States. Its projects include the Mariner East pipeline, a multibillion-dollar, 350-mile pipeline that carries highly volatile natural gas liquid from the Marcellus and Utica Shales areas in Western Pennsylvania, West Virginia, and Eastern Ohio to destinations in Pennsylvania. On February 13, 2017, Energy Transfer obtained approval from the Pennsylvania Department of Environmental Protection ("DEP") to construct an expansion of the Partnership's Mariner East pipeline, referred to as Mariner East 2 and 2X. According to news sources, approval of the Partnership's permits was believed to be the final regulatory hurdle to begin construction of the pipeline.

Throughout the Class Period, Defendants repeatedly assured investors that Energy Transfer had lawfully obtained valid permits to begin construction on Mariner East 2 and 2X, and that Energy Transfer was constructing Mariner East 2 and 2X, and its connected Revolution pipeline, in a safe and environmentally protective manner. Unknown to the investing public, however, the Partnership, acting either independently or in concert with Pennsylvania Governor Tom Wolf's administration, made use of coercion and other illicit means of forcing the DEP to approve the critical construction permits. In addition, the Partnership had been constructing these pipelines in a dangerous and destructive manner, which led to multiple fines for violations of environmental regulations, and significant delays to the pipelines' ultimate completion dates.

The truth was revealed through a series of partial disclosures, beginning on August 9, 2018, when Energy Transfer revealed that it would be unable to complete Mariner East 2 as promised, and was forced to implement a "workaround" that severely limited the total throughput of the Mariner East system. Then, after an explosion on the Revolution pipeline occurred on September 10, 2018, the DEP issued an order suspending construction on Energy Transfer projects due to the Partnership's failure to implement safety control measures that would have aided in preventing the explosion, and for the Partnership's failure to provide an adequate plan to remedy the destruction caused by the explosion.

On November 12, 2019, the Associated Press published an article, "FBI Eyes How Pennsylvania Approved Pipeline," which cited interviews with current and former state employees who reported that Energy Transfer's Mariner East pipeline project was under investigation by the FBI, and that the investigation "involves the permitting of the pipeline, whether [Pennsylvania Governor Tom] Wolf and his administration forced environmental protection staff to approve construction permits and whether Wolf or his administration received anything in return." On this news, and additional corrective disclosures, the price of Energy Transfer's common units fell precipitously, and this decline in the market value of the Partnership's common units caused significant losses and damages to the investor Class.

On December 2019, the Court appointed the Allegheny County Employees' Retirement System, the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge, and the IAM National Pension Fund as Co-Lead Plaintiffs, and BLB&G as Co-Lead Counsel for the Class. Plaintiffs' filed the amended complaint on June 15, 2020. Defendants' motion to dismiss is scheduled to be filed on August 14, 2020, with Plaintiffs' opposition due on October 5, 2020, and Defendants' reply brief in further support of their motion to dismiss is due on October 20, 2020.