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## As BP Staggers, Pension Funds Skid

By [JOHN COLLINS RUDOLF](#)

Since the Deepwater Horizon rig went down in flames on April 20, BP's share price has also [crashed and burned](#), losing roughly half its value in just over seven weeks. That plunge has shaved roughly \$88 billion in market worth from the company, and pressure from the Obama administration has also led BP to suspend a multibillion-dollar quarterly payout to shareholders.

Both the dividend cut and the collapsing share price are causing widespread angst in Britain, where BP stock is widely held by public pension funds. But losses are also being inflicted on this side of the pond. State and local retirement funds from California to New York are feeling the sting, as are pensioners on the gulf coast.

A [retirement fund](#) for Louisiana's municipal police officers, for instance, had fully 20 percent of its money invested in BP shares before the disaster. The [Florida pension fund](#) has lost \$85 million on the 21 million BP shares it held when the offshore rig went down. And the retirement system of Alabama has lost nearly \$100 million on paper from its own BP investment.

Some pension funds are seeking to recoup their losses by filing suit, not against BP itself, but against the company's corporate officers. Called derivative lawsuits, these filings seek damages from BP leaders like Tony Hayward, the chief executive, for harming the company by undermining safety in pursuit of profits.

At least two such suits have been brought by pension funds in Louisiana: the Louisiana Municipal Police Employees Retirement System, which was 20 percent invested in BP stock; and the New Orleans City Employees' Retirement System, which held roughly 10,000 shares. Far from the gulf, the Southern Pennsylvania Transportation Authority, also heavily invested in BP, has filed a nearly identical suit. [New York's state pension fund](#), which has lost \$30 million on BP stock, is weighing whether to sue as well.

A [class action suit](#) on behalf of individual investors has also been filed against BP executives. [When questioned](#) about the suits by a Bloomberg reporter, a BP spokesman in London declined to comment.

The suits portend a long, complicated and expensive battle, both for BP and its insurers and for the stockholders who filed them.

BP, which was scheduled to pay a quarterly dividend of nearly \$2.6 billion in June, has been a profitable and largely stable holding for years, making it a favorite of institutional investors like pensions. But the disaster in the gulf has brought that long streak of steady profits to a sudden halt.

“Those profits have just spilled into the Gulf of Mexico,” said Ty J. Young, president of an investment advisory firm in Georgia.

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