

## BP Must Face U.S. Suits by Foreign Investors, Judge Rules

By Margaret Cronin Fisk and Laurel Brubaker Calkins - Oct 1, 2014

BP Plc, facing as much as \$2.5 billion in claims by U.S. shareholders for lost stock value connected to the 2010 Gulf of Mexico oil spill, must fight suits by foreign investors seeking millions of dollars more, a judge ruled.

U.S. District Judge [Keith Ellison](#) in Houston said U.S. [securities law](#) doesn't bar foreign investors who bought BP common shares on exchanges overseas from pursuing their claims under [English law](#) in his court. Ellison earlier allowed U.S. pension funds holding London shares the right to sue under British law.

Ellison's ruling is "very significant because it means foreign investors who purchased foreign-traded securities and are pursuing English-law claims can do so in [U.S. federal court](#)," Matthew Tuccillo, one of the lead investors' lawyers, said in a telephone interview. Ellison said that securities law cited by BP in its request for dismissal "simply does not -- on its face -- preclude foreign law claims."

Pension funds in the U.K., [Germany](#) and other countries that bought shares on the London exchange sued BP in Houston federal court, claiming the company pumped up the value of its stock by downplaying the size of the spill.

London-based BP said the foreign funds weren't allowed to sue in the U.S. and were attempting to avoid the harsher British court system, where plaintiffs would have to pay both sides' costs if they lost. BP said the funds were trying to get around U.S. law limiting securities litigation.

Geoff Morrell, a BP spokesman, didn't immediately respond to a call and e-mail seeking response to Ellison's ruling.

### U.S. Investors

Other investor claims against BP are pending in the Houston court, including the class action by holders of American depositary receipts who allege \$2.5 billion in lost stock value, according to a company filing. A trial on these claims is scheduled for May.

The April 2010 Macondo oil well blowout and explosion killed 11 workers and caused the worst offshore [oil spill](#) in U.S. history. The accident spurred thousands of lawsuits against BP and contractors Transocean Ltd., the owner of the drilling rig, and Halliburton Co., which provided cementing services for the project.

## **BP Fell**

Investors claimed the company misled them before and after the spill. BP shares fell about 40 percent in the weeks after the explosion, eliminating billions of dollars in the company's market value, shareholders said in court papers.

Ellison in 2012 limited the case to investors who held American depository receipts in the U.S., finding that American laws blocked claims on shares purchased on foreign exchanges. He said the class could only pursue claims tied to BP statements after the spill.

Today's ruling doesn't allow foreign investors to join the class action. Instead, it aggregates them with dozens of individual lawsuits brought by U.S. pension funds that also bought BP ordinary shares on the London exchange.

Ellison rejected BP's warning that foreign investors might view U.S. courts as a "Shangri-La" where they could recover losses on shares purchased on overseas exchanges, if the Houston judge let the foreign funds go ahead.

The case is In Re [BP Plc \(BP/\)](#) Securities Litigation, 4:10-md-2185, U.S. District Court, Southern District of [Texas](#) (Houston).

To contact the reporters on this story: Margaret Cronin Fisk in [Detroit](#) at [mcfisk@bloomberg.net](mailto:mcfisk@bloomberg.net); Laurel Calkins in Houston at [lcalkins@bloomberg.net](mailto:lcalkins@bloomberg.net)

To contact the editors responsible for this story: Michael Hytha at [mhytha@bloomberg.net](mailto:mhytha@bloomberg.net) [Andrew Dunn](#), David E. Rovella