

# Goldman Sachs Sold \$250 Million of BP Stock Before Spill

By [John Byrne](#)

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*Firm's stock sale nearly twice as large as any other institution; Represented 44 percent of total BP investment*

The brokerage firm that's faced the most scrutiny from regulators in the past year over the shorting of mortgage related securities seems to have had good timing when it came to something else: the stock of British oil giant BP.

According to regulatory filings, RawStory.com has found that Goldman Sachs [sold 4,680,822 shares](#) of BP in the first quarter of 2010. Goldman's sales were the largest of any firm during that time. Goldman would have pocketed slightly more than \$266 million if their holdings were sold at the average price of BP's stock during the quarter.

If Goldman had sold these shares today, their investment would have lost 36 percent its value, or \$96 million. The share sales represented 44 percent of Goldman's holdings — meaning that Goldman's remaining holdings have still lost tens of millions in value.

The sale and its size itself isn't unusual for a large asset management firm. Wall Street brokerages routinely buy and sell huge blocks of shares for themselves and their clients. In light of a [recent SEC lawsuit](#) arguing that Goldman kept information about a product they sold from their clients, however, the stock sale may raise fresh concern among Goldman's critics. Goldman is also a frequent target of liberals and journalists, including Rolling Stone's Matt Taibbi, who famously dubbed the firm a "[vampire squid](#)."

Two calls placed to Goldman Sachs' media office in New York Wednesday morning after US markets opened were not immediately returned, though Raw Story decided to publish the story quickly after the calls since the stock sale had been [already noted online](#).

## Others also sold stock

Other asset management firms also sold huge blocks of BP stock in the first quarter — but their sales were a fraction of Goldman's. Wachovia, which is owned by Wells Fargo, sold 2,667,419 shares; UBS, the Swiss bank, sold 2,125,566 shares.

Wachovia and UBS also sold much larger percentages of their BP stock, at 98 percently and 97 percent respectively.

Wachova parent Wells Fargo, however, bought 2.3 million shares in the quarter, largely discounting Wachovia's sales.

Those [reported buying BP's stock](#) included Wellington Management, a large asset firm, and the Bill and Melinda Gates Foundation.

BP is struggling to cap a massive oil leak at one of its drill sites in the Gulf of Mexico. The firm's [myriad safety violations](#) over the years have come to light in lieu of the Gulf disaster.

BP traded on average at \$56.86 in the first quarter, [according to GuruFocus](#), a site that monitors the major trading moves of prominent investors. A list of major institutions' sales of BP stock [are available](#) at the market research website Morningstar.

It's certainly unknown as to why the firms sold their holdings. In its analysis of the company in mid-March, Morningstar, the market research site, gave the company an average rating of three out of a possible five stars.

"BP's valuation carries more uncertainty than ExxonMobil's or Shell's because the firm is less integrated, with more of its earnings coming from the [exploration and production] business than from potentially offsetting refining operations," the site's analyst wrote. "Like its peers, a sustained drop in oil and gas prices can hurt upstream earnings. Lower crude-oil feedstock costs could help refining margins, but refined product pricing lags could quickly swing refining profits to losses. BP's global business faces potential disruptions caused by political risks, particularly with its heavy exposure to Russia. Disruptions caused by environmental and operational constraints could further limit earnings potential."

The transnational oil company, like other energy giants, was hit with lower oil and gas prices in the past year after the price of oil surged in 2008.

"BP's fourth quarter marked another quarter of year-over-year production gains, with a 3% increase thanks to new field startups," Morningstar's analyst wrote in another note, after BP turned in better than expected fourth quarter results in February. "BP reported fourth-quarter replacement cost profit of \$3.4 billion, up 33% from year-ago earnings of \$2.6 billion, as upstream earnings growth was more than enough to offset downstream weakness. For the full year, BP's earnings of \$14 billion were 45% below year-ago earnings of \$26 billion, in part because of lower oil prices earlier in the year. We're encouraged by BP's sequential earnings gains as new projects and cost-cutting efforts drive upstream results."

The SEC [filed a civil lawsuit](#) against Goldman Sachs and one of its vice presidents in April, asserting that the firm had committed fraud by misrepresenting a mortgage-investment product inherently designed to fail. The company helped a hedge fund trader create a mortgage investment that gained value as mortgage borrowers defaulted en masse.

In response, Goldman [said the SEC's charges](#) were "completely unfounded in law and fact" and averred that it would "vigorously contest them and defend the firm and its reputation."

The firm has also faced criticism over giant bonuses paid to staff amidst the US financial crisis. Goldman reduced the sizes of its staff bonuses this year to \$16.9 billion, and said it would pay its chief executive [\\$9 million](#), far less than the previous year.

Goldman also announced it would create a \$500 million program to help small businesses. Critics noted that the figure represented just 3% of the bonus pool.

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