

Pension Board Settles Suit Over Deadly Mine Blast

the Associated Press

BOSTON (AP) — Massachusetts has reached a \$265 million settlement with a mining company over allegations that it misrepresented its safety record in an effort to artificially inflate its stock price after a deadly 2010 explosion at a West Virginia mine, state officials announced Monday.

The Pension Reserves Investment Management Board, which oversees public pension investments in Massachusetts, was the lead plaintiff in a class-action lawsuit brought by multiple investors against Alpha Appalachia Holdings Inc., formerly known as Massey Energy Co. Its parent company, Alpha Natural Resources, bought Massey for \$7.1 billion in 2011.

"Businesses need to be open and transparent to the people who invest in them, and this case sends a clear message that misrepresentations and bad business practices will not be tolerated and will have severe consequences," said Massachusetts Treasurer Steven Grossman, also chairman of the investment board.

Investors' share of the settlement will be proportional to their percentage of shares damaged in value as a result of the misstatements by Massey, officials said.

"This settlement returns significant taxpayer money to the state pension system that was lost as a result of misleading information," state Attorney General Martha Coakley said. "Businesses must be truthful and honest with investors and our office will continue working to ensure we protect these important public funds."

Ted Pile, a spokesman for Bristol, Va.-based Alpha, said the settlement is related to allegations from before Alpha bought Massey. Alpha could have gone to court, he said, but decided the prudent thing to do was to resolve it quickly and put it behind the company.

The plaintiffs alleged that Massey told investors it strongly adhered to proper safety procedures, but the company had a culture of safety violations, leading to the April 2010 explosion at the Upper Big Branch coal mine in West Virginia, which killed 29 people in the worst U.S. coal mining disaster in 40 years. Investigators uncovered hundreds of safety violations, causing the company's stock to plunge.

Multiple investigations found the blast was sparked by worn and broken equipment, fueled by accumulations of methane gas and coal dust, and allowed to spread because of clogged and broken water sprayers.

Investigators also found "systematic, intentional and aggressive efforts" to hide problems and throw off inspectors, including the falsification of safety records, the federal Mine Safety and Health Administration said.

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Published on Chem.Info (<http://www.chem.info>)

Source URL (retrieved on 07/30/2014 - 7:16pm):

<http://www.chem.info/news/2013/12/pension-board-settles-suit-over-deadly-mine-blast-0>