

June 6, 2012

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WASHINGTON, DC –Today, Rep. Peter DeFazio (D-OR) offered an amendment to prohibit oil and gas companies convicted of violating antitrust laws and colluding to raise prices from receiving taxpayer financed grants, loans, or subsidies. DeFazio’s amendment was blocked from receiving a vote by Republican leadership.

“For more than a month, millions of consumers in Oregon, Washington, and California have been paying at least 50 cents per gallon more than the average price of gasoline in the United States,” said DeFazio. “In May I asked the Department of Justice for an investigation into the suspicious ‘scheduled maintenance’ by California refineries that restricted supply and pushed West Coast gas prices sky high. I have also asked President Obama to weigh in. While I continue to push for immediate relief for consumers, I am fighting to make sure corporations found guilty of ripping off American consumers aren’t rewarded with taxpayer dollars. My amendment would have made sure that companies convicted of gouging people at the pump aren’t receiving scarce taxpayer dollars.”

Last night, DeFazio joined 102 Republicans to vote for an amendment to strip all fossil fuel research and development subsidies for oil and gas companies. But DeFazio’s more targeted amendment to go after bad actors was blocked by the Republican leadership from even receiving a vote.

“Fighting illegal activity in the marketplace should not be a partisan issue. If these companies violated the law to collude and gouge consumers, there should be consequences. Enforcing our laws, rooting out bad actors that collude and manipulate prices, and protecting American consumers should be a shared goal. Unfortunately, the Republican leadership disagrees.” said DeFazio.

To access DeFazio’s floor speech on this amendment, click here: <http://www.youtube.com/watch?v=1HcrK74SLpE>

BACKGROUND

In mid-May, DeFazio requested that the Justice Department's Oil and Gas Price Fraud Working Group investigate the recent decline in West Coast oil refinery production as gas price jumped throughout the region. The Justice Department cannot disclose details of pending or potential investigations; however DeFazio's May 17th letter was referred to representatives of the Working Group, including the Commodity Futures Trading Commission, the Federal Trade Commission, the Department of the Treasury, the Federal Reserve Board, and the Securities and Exchange Commission. The letter is also being reviewed by the criminal, civil, and antitrust divisions of the Department of Justice.

In February a large fire broke out at the BP oil refinery in Cherry Point, Washington. The Cherry Point refinery is the largest oil refinery in Washington and the third largest on the West Coast. It processes approximately 230,000 barrels of crude oil each day and provides 85 percent of the jet fuel used at the Sea-Tac International Airport.

The Associated Press found that five of California's twelve oil refineries reduced production just before the Memorial Day holiday because of "scheduled maintenance" while the Cherry Point refinery remained closed. Cherry Point refinery restarted operations just after Memorial Day.

According to AAA, the average price of regular gasoline in Oregon has hovered over \$4.20 while the national average price has dropped to \$3.56.

The Clinton administration added a Federal Acquisition Regulation to ensure that federal contractors meet certain standards, including "hav[ing] a satisfactory record of integrity and business ethics including satisfactory compliance with the law including tax laws, labor and employment laws, environmental laws, antitrust laws, and consumer protection" (CFR 9.104-1(d)). The Bush administration changed the regulations upon assuming office.

DeFazio's amendment reinstates the Clinton Federal Acquisition Regulation as it applies to antitrust law for the Assistant Secretary of Fossil Fuel within the Department of Energy – thus specifically targeting oil and gas companies.

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