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Commodity Markets' Enforcement Landscape to Shift With Federal Trade Commission's Launch of First Crude Oil Investigation Under 2007 Law

June 21, 2011

Yesterday, Senator Jay Rockefeller announced that the Federal Trade Commission (FTC) has agreed to start an investigation into oil and gasoline markets and the impact on retail prices. In a letter to Senator Rockefeller announcing the investigation, the FTC indicated that it was attempting to determine "whether certain oil producers, refiners, transporters, marketers, physical or financial traders, or others (1) have engaged or are engaging in practices that have lessened or may lessen competition – or have engaged or are engaging in manipulation – in the production, refining, transportation, distribution, or wholesale supply of crude oil or petroleum products; or (2) have provided false or misleading information related to the wholesale price of crude oil or petroleum products to a federal department or agency." The FTC said that its investigation will focus on many aspects of the crude oil and petroleum markets, including "utilization and maintenance decisions, inventory holding decisions, product supply decisions, product import and export strategies and volumes, product output decisions, capital planning decisions, [and] product margins and profitability." Market participants do not expect the FTC to send any document requests until the last week in June or early July.

Congress provided the FTC with jurisdiction to investigate and prosecute fraud or deceit in wholesale petroleum markets in the Energy Independence and Security Act of 2007. Although the FTC finalized its anti-manipulation rule implementing the provisions of the Energy Independence and Security Act in August 2009, this investigation is believed to be the first time that the agency has exercised its new enforcement authority in the petroleum markets.

We are watching these significant developments and will update you on this topic as soon as new information is available.

[Click here](#) for the full press release.

[Click here](#) for a copy of the letter Chairman Rockefeller received from the FTC announcing its investigation.

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