In less than a week, two new cases of RIN fraud came to light - one of which resulted in the largest fine in the history of EPA's fuel programs. While the instances of RIN fraud continue, EPA refuses to address the programmatic problems with the controversial RIN market. On September 29, it was announced that Chemoil Corp agreed to pay a record $27 million fine and retire over $71 million worth of credits. The fine followed allegations that it had exported at least 48.5 million gallons of biodiesel from 2011 to 2013 but failed to retire the more than 72 million RINs that were generated and sold to refiners – the latest iteration of RIN fraud colloquially known as "strip and ship."

By October 4, EPA and the Department of Justice announced additional RIN fraud involving NGL Crude Logistics LLC and Western Dubuque Biodiesel LLC. The complaint alleged that in 2011, Western Dubuque entered into a series of transactions with NGL (then known as Gavilon LLC) that resulted in the generation of more than 36 million invalid biomass-based diesel RINs. Western Dubuque executed a settlement agreement with the government, agreeing to pay a civil penalty of $6 million. NGL is not part of this settlement, but EPA and DOJ filed a suit against the company to require NGL to retire 36 million biomass-based diesel RINs in order to "offset the harm caused by its alleged violations, and to pay a substantial civil penalty."

These recent settlements reflect persisting concerns refiners have with the RIN market. These concerns were further validated recently when former EPA criminal investigator, Doug Parker, published a report stating that the RIN market had "provided the unintended framework for a new and persistent area of fraud." Parker further noted that EPA lacked the ability to oversee a RIN market "with an inherent lack of transparency" that paved the way for "large-scale fraud in the RFS." In its report on the Chemoil case, *Reuters* stated the RIN market has been "rife with fraud" in previous years. It is hard to argue with that statement. The obligated parties affected by these fraud cases - the fuel refiners - not only remain uncompensated for their loss, but they also have to return to the RIN market once again to buy replacement RINs. This obligation to replace the RINs removes RINs from the market that are needed to meet EPA's overly aggressive blending targets.

While the RFS is clearly a broken program built on inaccurate assumptions, EPA has the ability to make incremental improvements to its administration. To combat RIN fraud, EPA should act on AFPM's and other parties' petitions to move the point of obligation downstream. Requiring compliance at the terminal where biodiesel is blended into petroleum-based diesel would allow the owners of the fuel at the time of blending to insist that the biodiesel they are purchasing is accompanied by the appropriate RINs. EPA also should act on AFPM's suggestion to remove the biodiesel loophole. It is no coincidence that most RIN fraud has occurred in the biodiesel industry and that biodiesel producers are the only renewable fuel producers allowed to separate their RINs prior to blending. As the cases continue to pile up, so does the evidence that the RFS is a broken program, and the ultimate victims of this fraud? U.S. consumers.

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