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The Honorable Pete Olson
U.S. House of Representatives
312 Cannon House Office Building
Washington, D.C. 20515

The Honorable Gene Green
U.S. House of Representatives
2470 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Marsha Blackburn
U.S. House of Representatives
217 Cannon House Office Building
Washington, D.C. 20515

The Honorable Jim Matheson
U.S. House of Representatives
2434 Rayburn House Office Building
Washington, D.C. 20515

Dear Representatives Olson, Green, Blackburn, and Matheson:

AFPM, the American Fuel & Petrochemical Manufacturers, fully supports H.R. 6444, the “Stop RIN Fraud Act of 2012,” and applauds your leadership on this important issue. The commonsense approach embedded in the legislation would protect the innocent victims of fraud and aid in the restoration of confidence in the market for Renewable Identification Numbers (RINs). AFPM urges Congress to enact this important legislation this year.

As you know, EPA has already discovered 140 million fraudulent biomass based diesel RINs traded through its Moderated Transaction System (EMTS). For context, 140 million RINs comprise more than six percent of the market for biodiesel RINs. Obligated parties, many of which AFPM represents, unknowingly purchased these RINs in order to comply with the Renewable Fuels Standard (RFS). Despite the fact that these RINs were purchased in good faith from EPA-registered producers listed on an EPA-administered website, The Agency nevertheless moved to punish the victims of the fraud by issuing notices of violations (NOVs) accompanied by significant monetary fines. These obligated parties, as they are categorized by the RFS and EPA regulations, were also required to replace the invalid RINs through a massive repurchase mandate. In total, the penalties to innocent obligated parties totaled nearly \$200 million. Unfortunately, it is our understanding that EPA and the FBI continue to investigate even more widespread fraud in the biodiesel industry. As obligated parties, AFPM members remain potential victims.

To make matters even worse, EPA has – thus far – refused to allow obligated parties an affirmative defense to demonstrate good faith or to indicate what activities, if any, would constitute due diligence related to RIN purchasing. The “Stop RIN Fraud Act” would compel EPA to undertake a rulemaking to establish a process for certifying RINs that would then be valid for purposes of complying with the RFS. This logical solution would not absolve the industry of its responsibility to exercise due diligence or place unwarranted burdens on EPA.



Rather, it represents a practical and workable solution to a problem afflicting both obligated parties and biodiesel producers, small and large.

AFPM appreciates your work on this issue and stands ready to work with you to pass this important legislation.

Sincerely,

Charles T. Drevna
President