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May 17, 2011

The Honorable Eric T. Schneiderman  
Attorney General  
State of New York  
The Capitol  
Albany, NY 12224

Dear Attorney General Schneiderman:

We request your office to investigate and prosecute potential fraud and manipulation at the retail and wholesale level as well as illegal speculation in the oil markets in New York State. As a member of the Justice Department's recently formed Oil and Gas Price Fraud Working Group, you will have access to additional materials and resources to aid your investigation.

During these challenging economic times millions of hard working families across New York are paying more to put food on their table and get to work due to high gas prices. The prolonged nature of the recent increases has created a strong headwind against our economic recovery.<sup>1</sup> Unfortunately, according to many energy experts, these prices are not attributable to normal market behavior.<sup>2</sup>

The recent volatility and precipitous increase in the cost for a barrel of oil has raised suspicions of wrong doing by market participants.<sup>3</sup> Traditional factors such as market demand, risk, and the value of the dollar do not account for the high prices. In fact, in testimony before Congress last week, Rex Tillerson the Chairman and CEO of Exxon

<sup>1</sup> *Rising Gas Prices May Slow Economic Recovery*, CBS Evening News, Apr. 11, 2011, *available at*, <http://www.cbsnews.com/stories/2011/04/11/eveningnews/main20052905.shtml>.

<sup>2</sup> See Mohsin A. Khan, *The 2008 Oil Price "Bubble," available at*, <http://www.iie.com/publications/pb/pb09-19.pdf> (Discussing the impact of speculation on high energy prices).

<sup>3</sup> *Taskforce to Probe Oil Price Manipulation*, Talia Demos and Robin Harding, FINANCIAL TIMES, Apr. 22, 2011, *available at*, <http://www.ft.com/intl/cms/s/0/defa52cc-6c68-11e0-a049-00144feab49a.html#axzz1MZ2RhNqi>.

Mobil stated that based on fundamentals, the prices should be in the \$60 to \$70 per barrel range.<sup>4</sup>

We urge you to investigate without delay and vigorously prosecute where appropriate. With your leadership, we can hold those defrauding the citizens of New York accountable.

Sincerely,

<u>Zerin Parker</u>	<u>Liz Krueger</u>
<u>Kevin Howard-Tompkins</u>	<u>John J. ...</u>
<u>W. Cullen</u>	<u>John ...</u>
<u>Neil S. Bresch</u>	<u>John ...</u>
<u>Mark ...</u>	<u>Timothy ...</u>
<u>...</u>	<u>Ed ...</u>
<u>...</u>	<u>...</u>
<u>Nick ...</u>	<u>John ...</u>

<sup>4</sup> Exxon Says Oil Barrel Should Be In \$60-\$70 Range, available at, <http://www.reuters.com/article/2011/05/12/us-congress-oil-speculation-idUSTRE74B4NQ20110512>.

Sincerely,

Kevin Parker  
Ruth Hassell-Thompson  
Tony Avella  
Neil Breslin  
Martin Malavé Dilan  
Gustavo Rivera  
Daniel Squadron  
Michael Gianaris

Liz Krueger  
Jose Peralta  
Joseph P. Addabbo, Jr.  
Andrea Stewart-Cousins  
Timothy Kennedy  
Eric Adams  
Adriano Espaillat  
Toby Ann Stavisky