

**JOHN B. LARSON**

FIRST DISTRICT, CONNECTICUT

**COMMITTEE ON WAYS AND MEANS**

SUBCOMMITTEE ON TRADE

SUBCOMMITTEE ON SELECT REVENUE MEASURES

**DEMOCRATIC STEERING COMMITTEE**



**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-0701**

**WASHINGTON OFFICE:**

1005 LONGWORTH HOUSE OFFICE BUILDING

WASHINGTON, D.C. 20515

202-225-2265

202-225-1031 (FAX)

**DISTRICT OFFICE:**

221 MAIN STREET, SECOND FLOOR

HARTFORD, CONNECTICUT 06106

860-278-8888

860-278-2111 (FAX)

**INTERNET ADDRESS:**

<http://www.house.gov/larson>

**TOLL-FREE NUMBER (IN STATE ONLY):**

888-716-4734

April 25, 2005

The Honorable Sharon Brown-Hruska  
Acting Chairman, Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581-0001

Dear Acting Chairman Brown-Hruska:

I write today to express concern over the trading of petroleum futures on the New York Mercantile Exchange (NYMEX), specifically heating oil and gasoline futures contracts.

The past two years have seen increasing volatility in the daily price changes in heating oil and gasoline futures contracts, with daily volatility reaching eight or even ten cents per gallon. One of the direct results of this volatility has been the soaring fuel and energy costs experienced by consumers in the New England region and across the country. While a recent NYMEX report did not find evidence that hedge fund operators created a negative impact on the oil and gasoline futures market, I have heard a growing concern from consumers in my district that this volatility may be due to the influence of those whose interests would be served by higher energy costs.

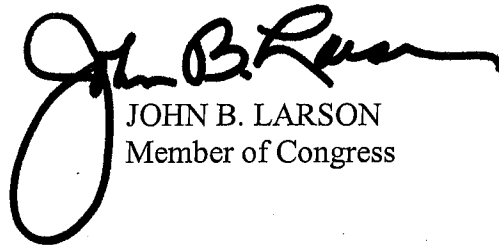
As you know, the responsibility of the CFTC is to protect the public from fraud, manipulation and abusive practices related to the sale of commodity futures. As consumers across the country continue to face rising energy costs, it has never been more critical that the CFTC fulfill this important mission. To this end, I would be very interested in hearing your thoughts on the following questions of particular concern to my constituents:

- How do you account for the increased volatility of NYMEX futures prices over the past two to four years?
- In your market surveillance have you seen any evidence of price manipulation, abuse or fraud in relation to futures prices?

- How does CFTC ensure hedge funds operators are not cornering the market to their own advantage (i.e. abuse, manipulation or fraud)?
- What is your evaluation of the March 15, 2005 NYMEX study addressing the causes of increased volatility in oil and natural gas futures prices?

As you can imagine, rising energy costs have made many of my constituents very concerned about the possibility of undue market manipulation. I thank you for your consideration of this request and look forward to hearing from you. Please feel free to contact me or Neil McKiernan on my staff regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "John B. Larson". The signature is stylized with a large, looping initial "J".

JOHN B. LARSON  
Member of Congress