

EXTENSIONS OF REMARKS

RECOGNIZING HUMAN TECHNOLOGIES CORPORATION AND THE ABILITYONE PROGRAM

HON. RICHARD L. HANNA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 2011

Mr. HANNA. Mr. Speaker, today I rise to recognize a program, which in the last several years, has helped more than 47,000 Americans who are blind or who have significant disabilities gain skills and training that ultimately led to gainful employment: The AbilityOne Program.

The AbilityOne Program harnesses the purchasing power of the Federal Government to buy products and services from participating community-based nonprofit agencies that are dedicated to training and employing individuals with disabilities. This program affords Americans with disabilities the opportunity to acquire job skills and training, receive good wages and benefits, and gain greater independence and quality of life.

This comes in a segment of the population that has suffered from significant unemployment. But opportunities through the AbilityOne Program have come a long way in helping to bring people with disabilities into a working society. I am proud to acknowledge that Human Technologies Corporation, also known as HTC, represents one of the many Social Enterprises dedicated to the mission of enhancing the lives of people with disabilities.

HTC is a company made up of six diverse businesses which provide a wide-range of resources that expand opportunities for people with disabilities in New York and provide high quality products and services for Federal customers throughout the United States and Puerto Rico. A DLA Not for Profit Vendor of the Year recipient, HTC manufactures apparel and equipage items for several branches of the military and provides sophisticated employee uniform program management and distribution of apparel to thousands of Federal civilian employees for the U.S. Forest Service, Army Corps of Engineers and will soon manage the Air Force Civilian Police uniform program. In addition to the manufacture and distribution of apparel and equipage, HTC provides building maintenance and associated groundskeeping services for GSA, NAVFAC and the Air Force. HTC performs to the highest standards and does so through the employment of individuals with significant disabilities. In 2010 HTC provided more than 416 jobs for persons with disabilities and an additional 123 jobs for people without disabilities resulting in more than 415,400 hours of employment.

HTC, and its Property Management Group division, is responsible for the cleaning of my district office in Utica. I could not be more pleased with the service provided by these men and women. I am proud to say that among the workforce is a Vietnam War Veteran with a disability named Herb. Herb has

been employed by HTC for more than 24 years. His dedication and quality work allows me to be of even greater service to my constituents every day. I was also visited this past month in my Washington D.C. office by another AbilityOne/HTC employee named Sandy. Sandy is a sewing machine operator and cuts and sews trousers and shirts for the thousands of Federal employees HTC serves in its uniform program line of business. HTC and the AbilityOne Program have given individuals like Herb and Sandy exactly what every American wants and deserves—an opportunity. They have been afforded countless ways to make a difference in both their lives, and in ours, each day and we as a community, and as a country, benefit from their hard work, skills and dedication.

HTC believes that work is inherently dignified and fulfilling, and that individuals with disabilities and other barriers to employment deserve the opportunity to work and to achieve their fullest potential. The direct impact of such an organization on the lives of Americans with disabilities cannot be overstated and as such, the AbilityOne Program and Social Enterprises like HTC are invaluable.

Mr. Speaker, it is with great pleasure that I extend my support to the AbilityOne Program. I also want to commend the dedication and commitment of Richard E. Sebastian, Jr., HTC's President and Chief Executive Officer and his staff for helping individuals who are blind or have significant disabilities find employment. Their work helps people live fuller lives and become contributors to each of their communities and to our country. I also commend each AbilityOne employee who works every day to provide valuable products and services to Federal agencies throughout this great land and in so doing, improve their own lives by engaging in meaningful work.

MAJOR FUEL DISTRIBUTOR CALLS FOR ENFORCING DODD-FRANK ANTI-SPECULATION PROVISIONS

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 2011

Mr. FRANK of Massachusetts. Mr. Speaker, last month, I met in my office with Joseph Petrowski, who is the Chief Executive Officer of the Cumberland Gulf Group of Companies, headquartered in the district of my friend and colleague, the gentleman from Massachusetts (Mr. MARKEY). I was interested in meeting with Mr. Petrowski to get his view of the current debate that is going on as to whether or not we should be taking action at the Federal level to curb speculation in the energy industry. As Mr. Petrowski notes in the accompanying letter, the Cumberland Gulf Group includes "Gulf Oil, which distributes motor fuels through a network of more than 3,500 gasoline stations in over 27 States, 12 proprietary oil terminals,

and more than 70 other supply terminals." As he notes, "Gulf Oil supplies gasoline, heating oil, diesel fuel, jet fuel and kerosene through its terminal network."

Mr. Speaker, the central point is that Mr. Petrowski, as someone who is in the business of selling various forms of fuel, for the ultimate purchase by individual consumers, rebuts those who argue that speculation is irrelevant to the price that is paid at the pump and elsewhere by consumers, as Mr. Petrowski notes in the accompanying letter, "Today with price levels more volatile than ever, prices higher than ever, and open interest larger than ever, and both exchange and off exchange volume of trade a double digit multiple to physical usage, there is little doubt that speculation is a key determinant of prices and may very well be the determining factor in setting prices."

Mr. Speaker, this point deserves great emphasis—to repeat, because of the centrality of this to our policy debate, the CEO of one of the leading distributors of gasoline, oil and diesel fuel affirms, based on the experience he has had in this industry for many years and the current economics, "there is little doubt that speculation is the key determinant of prices and may very well be the determining factor in setting prices."

Mr. Speaker, there has been a totally misguided effort here in this House to slash funds for the Commodity Futures Trading Commission and the Securities and Exchange Commission, and to suspend until late next year the authority given by the Financial Reform bill to Federal regulators to limit speculation. Mr. Petrowski makes very clear that the effect of this is to add to higher prices through unchecked speculation, and given the authority that he brings to this issue, I ask that his very thoughtful letter on this subject be printed here.

I know, Mr. Speaker, that in addition to affirming the importance of speculation, Mr. Petrowski makes some other thoughtful suggestions about legislative changes and it is my intention to study these carefully and after that talk with my colleagues on the Financial Services Committee about acting on Mr. Petrowski's suggestions in some respects. But the key point is to affirm here what one of the leading voices in the fuel business thinks about speculation and the impact it has on the prices ultimately paid by retailers.

CUMBERLAND GULF GROUP

OF COMPANIES,

Framingham, MA, July 7, 2011.

HON. BARNEY FRANK,

U.S. House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR REPRESENTATIVE FRANK: While I understand some of the criticism of the Dodd-Frank legislation, no legislation and no reform effort is ever going to be perfect. All administrative oversight and legislative response is a continuous process as markets and technologies evolve. Dodd-Frank was not

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Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

the end point of financial reform but a good first step in addressing market structure in a way that would improve performance. Having worked in the commodities and energy business for over 35 years, I am well aware of how the commodity markets operate and what factors determine the price of energy, food stuffs, and other essential commodities. I am a strong advocate of free markets but only the most naive would claim that free markets can exist and flourish without parameters and a framework of rules and procedures that render the process fair. This has always been so but never more so than today. Globalization, technology, and securitization among other factors have amplified the need for effective legislative and administrative oversight.

In my current capacity, I serve as CEO of the Cumberland Gulf Group. Under that umbrella sits Gulf Oil, which distributes motor fuels through a network of more than 3,500 gasoline stations in over 27 states, 12 proprietary oil terminals, and more than 70 other supply terminals. Gulf Oil supplies gasoline, heating oil, diesel fuel, jet fuel and kerosene through its terminal network. Before coming to Gulf Oil, I served as the Chief Executive Officer and President of Louis Dreyfus Energy Corp., one of the largest commodities traders in the world. In both capacities, as a trader and now a fuel purchaser and supplier, I am intimately familiar with the inner workings of the derivatives market.

As in any market, supply and demand play a critical role for energy prices. The perception of the future pace of both supply and demand are often more of a determinant of prices than actual supply and demand. This can be frustrating to members of the general public who sometimes see a price rise or fall without any tangible change in current supply or demand. Yet today with price levels more volatile than ever, prices higher than ever, and open interest larger than ever, and both exchange and off exchange volume of trade a double digit multiple to physical usage, there is little doubt that speculation is a key determinant of prices and may very well be the determining factor in setting prices. And even if the disproportionate increase in trade volume to physical usage were not disturbing and one believed that in the end the average price was still set by supply and demand forces rather than financial speculation (an assertion with which I would disagree), volatility induced by excess speculation is not in the best interests of efficient markets, the general public and industrial activity. Simply put, an oil market that goes from \$40/barrel to \$147 per barrel and back to \$32 per barrel in less than a year is destructive to society and beneficial to only a very few.

I should note that speculation is not necessarily a bad thing—it brings liquidity to the market and allows commercial entities to hedge their risk on future contracts for the trade of physical goods. However, there has been a rapid increase of the participation in the market by non-commercial entities such as hedge funds and financial institutions. Those entities, depending on their behavior, have the ability not only to speculate in the market but manipulate the market. It is the regulation of these entities that is most necessary and the Dodd-Frank Act brings regulation to this market through a requirement of mandatory clearing of swaps and the placement of position limits on certain futures contracts, including energy. Financial markets in certain aspects do resemble a casino and I am not making a moral judgment on casinos but even a casino has rules of engagement and enforcement that ensure a level playing field. A rigged casino is certainly not good for most participants and in the long run is

not good for the casino itself. Instruments of risk sharing and markets of financial intermediation perform a vital function but they do not grow spontaneously nor do they exist for long in a state of nature absent oversight and rule making.

I have set forth some preliminary thoughts below on reforms we need to improve market performance set forth below and would welcome the opportunity to discuss these issues in more detail with you, your staff and others on the Financial Services Committee.

1. Make the exchange requirements of what it means to be a "Hedger" much more stringent. Today, almost anyone with a small and insignificant physical position can qualify as a "hedger". Also large entities with massive financial strength can qualify as a hedger, exceed the speculative limits in a given index or exchange instrument, manipulate that index and then trade multiple volume contracts off that index in non-exchange business. We see a proliferation of financial and bank entities entering the physical market for no other reason but to qualify for the more generous liberties afforded a "hedger".

2. Raise the margin requirements for non-hedgers significantly to minimize speculator-driven volatility and still allow enough liquidity in the market so that entities with real business purposes can transact. This will drive weaker speculators out of the market. It will also dramatically reduce volatility because the Variance Margin buffer could be increased dramatically which would stop the phenomenon of leverage that has often been at the foundation of many financial train wrecks (see mortgage market). Assume you are a \$10/bbl balance sheet company. You buy 1 barrel of oil costing \$100 and you only have to post \$6, the market goes from \$100 to \$96, you are poised to sell quickly because you know if it goes to \$90, you are out of business, so you start selling to make sure you can pull back your initial margin to cover your variance margin and live to fight another day (and likely lose as 90% of spec traders do). Now imagine the same scenario with \$30 margin requirements. The market would never move enough for the trader to be concerned about not having enough initial margin to pull back to cover the variance. The fundamental/technical influence would shift hard back towards the fundamental. I am not certain exactly what the right margin increase should be (though 500% is not out of the question from my perspective), but it is clear that today the margin requirements are too low. The phenomenon of sharp spikes in the absence of attributing "events" is evidence of a highly leveraged market.

3. The government should create a government-backed exchange that helps long term consumers and producers hedge. If a small land owner owns a 3,000 bbl/day well in middle Kansas and wants to lock in his price at \$95 a barrel for 5 years, how does he do it? Is he going to sell 5.5 million barrels of futures on Nymex and post \$32,000,000 in initial margin? What happens if the price goes up \$40 per barrel? Mr. Small Producer is going to pay the exchange \$220,000,000 in margin and claw it back 3,000 bbls a day at a time? I think not. Right now some of the banks will do that business but they are enjoying "healthy" margins. If the government came in and provided the credit umbrella (through a government sponsored exchange) they would bring a lot of production to the hedging market and would also incentivize both producers and consumers to think long term. Users should have the opportunity to lock in costs for longer durations and sellers should be able to hedge out their revenue streams but credit, financing costs, and other structural factors remain impediments to development. While some might criticize this proposal based upon the recent issues in the

mortgage markets, this would be an important reform to allow small businesses to participate in the commodities markets. Such liquidity was not the problem with mortgages, it was leverage, lack of transparency, complexity, and very simply in many cases dishonesty, that brought down the housing market.

In general, all markets operate best when they are transparent, liquid and not over leveraged. I am hopeful that Congress will allow the Commodities Futures Trading Commission to proceed with the implementation of the Dodd-Frank Act. I strongly believe we will see positive effects from this regulation on not only the price of oil but many other commodities upon which our country relies.

Sincerely,

JOSEPH H. PETROWSKI,
CEO.

EGYPT ASSESSMENT

HON. ELIOT L. ENGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 2011

Mr. ENGEL. Mr. Speaker, I rise to call attention to the Report on a Trip to Cairo, Egypt, written by R. Leslie Deak, and presented to the Policy and Planning section of the Joint Chiefs of Staff. Mr. Deak is an American businessman who has spent the last nine years living part of each year in Egypt. He is on the Board of Advisors of the Center for a New American Security and is a Trustee of the National Defense University Foundation.

This is an interesting and important document, and I commend it to my colleagues.

EGYPT ASSESSMENT: REPORT ON TRIP TO
CAIRO, EGYPT

(By R. Leslie Deak)

PRESENTED TO J-5 JCS, MAY 11, 2011

(Pentagon—Policy and Planning for Joint
Chiefs of Staff)

I just returned from two weeks in Egypt. During my trip, I spent most of my time in Cairo reestablishing existing contacts and developing contacts with new players in the emerging power structure.

I met with informed figures in the business, political, legal, journalism and religious fields. I also had extensive contact with our people over there to get their assessment and to gauge their views against those from the Egyptians.

The country is a transition that will likely end in a manner not to our liking. There are some efforts that can be undertaken at this time to help try to impact the outcome if implemented rapidly.

I have summarized the current situation, explored in more depth the key areas of concern and suggested actions that may help impact on the outcome.

First Impressions

The fall of Mubarak's regime is widely welcomed. There is a palpable relief among people that the repression and corruption are finally easing. This is mixed with an uncertainty about what the future holds. This is very much an Inch Allah moment at all levels that I had contact with.

The impression of the US is poor. We are viewed as a contributory factor to the problems because of our prior support for Mubarak and our wavering during the early stages of the revolution. Our direct involvement in their affairs is not welcomed. Our operating in the background and providing support is more acceptable.