M E M O R A N D U M

To: Reporters and Editors
Re: Anti-fuel fraud provisions
Da: Friday, July 23, 2004

This week, prosecutors in Miami charged 19 workers at Miami International Airport with falsely classifying jet fuel as contaminated and then selling it on the sly, stealing 2.7 million gallons of fuel. Sen. Chuck Grassley, chairman of the Committee on Finance, today said the arrests make a fresh case for enacting his bipartisan reforms to prevent fuel fraud. Grassley worked to include the reforms in the pending highway re-authorization bill and in the *Jumpstart Our Business Strength (JOBS) Act*, which won full Senate passage in May on an overwhelming vote of 92 to 5 and awaits consideration in a House-Senate conference committee. Grassley made the following comment on the need for the anti-fuel fraud provisions.

"The story of this week's arrests is something out of 'Miami Vice.' The allegations of widespread theft, conspiracy, and kickbacks are shocking. What's even more shocking is that this scene is played out all over the country, probably every day. The federal taxpayers lose $1 billion a year to fuel fraud, and probably half of that is in jet fuel fraud. Those who steal fuel aren't paying federal excise taxes. We pay for all of our highways and airport infrastructure with fuel excise tax. That loss is unfair to honest taxpayers who have to make up the difference. In addition to the tax loss, it's a national security risk for dangerous jet fuel to move around with no accountability.

"The bad guys seem to be getting more and more brazen. On September 11, after the nation's planes were grounded, huge volumes of jet fuel use were reported even though no planes were flying. That raised red flags for me and other watchdogs. My committee started investigating and working with experts in the field. The result is the anti-fuel fraud provisions pending in Congress. I hope for final approval of these provisions as soon as possible to nip the growing problem of fuel fraud in the bud."