

**From:** Kevin Madden [REDACTED]@hamiltonps.com]  
**Sent:** 09/05/2017 17:53:50  
**To:** Morrell, Geoff [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS [REDACTED]]; Sidoti, Elizabeth [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS [REDACTED]]; Streett, Mary [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS [REDACTED]]; Walker, Ryan [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS [REDACTED]]  
**CC:** RFS Team [REDACTED]@hamiltonps.com]  
**Subject:** Fwd: CNBC (Power Lunch): Senators Request Probe Into Icahn's Trading Of Biofuel Credits

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<http://www.reuters.com/article/us-usa-biofuels-icahn-idUSKBN18522R>

## Democratic Senators call for probe into Icahn's biofuel credit dealings

Eight Democratic Senators on Tuesday asked U.S. regulators to launch an investigation into billionaire Carl Icahn's activities in the U.S. biofuels blending credit market, saying the activist investor may have violated securities trading laws since becoming an adviser to President Donald Trump.

"We are writing to request that your agencies investigate whether Carl Icahn violated insider trading laws, anti-market manipulation laws, or any other relevant laws based on his recent actions in the market for renewable fuel credits," the senators said in a letter to the heads of the Securities and Exchange Commission, the Commodity Futures Trading Commission, and the Environmental Protection Agency.

The letter, a copy of which was seen by Reuters, was signed by Democratic Senators Elizabeth Warren of Massachusetts, Sheldon Whitehouse of Rhode Island, Sherrod Brown of Ohio and five others. The letter acts as a request, and the agencies are not required to act upon it.

Icahn became an unpaid adviser to Trump on regulation shortly after November's presidential election. In February Icahn proposed a change to the U.S. biofuels program that would ease the regulatory burden on oil refining companies - including CVR Energy Inc (CVI.N), in which he owns a majority stake.

CVR Energy stock fell 1.6 percent to \$21.93 after news about the senators' letter.

CVR had accumulated a large short position in biofuels blending credits, called Renewable Identification Numbers or RINs which many refiners are required to purchase under the biofuels law.

The company would have been in a strong position to profit if RIN prices fell, according to a Reuters review of securities filings last month.

RIN prices dropped sharply after Icahn's proposal on the biofuels regulation was reported, the senators pointed out in their letter.

"We have no way of knowing at this time whether Mr. Icahn made any of his renewable fuel credit trades or decisions about trades based on material, non-public information or otherwise manipulated the market," the senators wrote.

"But the publicly available evidence is troubling, and based on this evidence, we ask that your agencies investigate whether Mr. Icahn's conduct violated any laws under your jurisdiction," they said.

CVR Energy's refining unit (CVRR.N) posted a net gain of \$6.4 million associated with the credits in the first quarter of this year, a \$50 million turnaround from the year-ago period when CVR shelled out \$43.1 million, the company said in a filing. [L1N1I30ZA]

Icahn has previously dismissed accusations that his proposal to the White House to change the biofuels program was self-serving, saying the overhaul would help other refining companies too, including his competitors.

The U.S. Renewable Fuels Standard requires increasing volumes of biofuels to be blended into the nation's gasoline and diesel every year. It places that responsibility mainly on refiners, who are required to either blend the fuel themselves or purchase credits from others who do it for them.

Icahn's proposal in February had called for regulators to shift the responsibility for blending from refiners – many of which lack sufficient blending capacity - to terminal operators. The White House is considering the proposal.

Kevin A. Madden

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From: **Flag Alerts** <[REDACTED]@flagmediaanalytics.com>

Date: Tue, May 9, 2017 at 1:34 PM

Subject: CNBC (Power Lunch): Senators Request Probe Into Icahn's Trading Of Biofuel Credits

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## **CNBC (Power Lunch): Senators Request Probe Into Icahn's Trading Of Biofuel Credits**

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**YLAN MUI:** credit market activity, now these were investments made through cvr energy where he is a majority opener. the senators are saying that he potentially recommended personnel and policies that prices of those credits to drop resulting in a \$50 million profit for mr. icahn. mr. eyeicahn was named as a special adviser to president trump to help him oversee his deregulatory push. these senators are saying that they want regulators to examine will he violated insider trading and anti-market manipulation laws. cnbc has reached out to mr. icahn's staff, and we will keep you posted on what we learn.

**BRIAN SULLIVAN:** all right, ylan mui with breaking news on karl icahn and credit for the credit industry. we'll take a short break, ponder this and come back to talk about amazon and the echo. do not worry. more on the breaking news involving mr. icahn.

[Commercial Break]

<http://mms.tveyes.com/transcript.asp?StationID=155&DateTime=5/9/2017%201:19:08%20PM&playcli p=true>

**SULLIVAN:** welcome back here. regarding the breaking news ylan mui said information requested around carl icahn's trading of biofuels credit, you have to be careful. there are two companies here that may be involved because they're both controlled by carl icahn. both located at the same address. cvr refining cvrr ticker, and parent company cvr energy which is cvi. again, same location. both controlled by icahn. cvr refining is a cvr energy. so it's possible, melissa, they're both potentially involved.

**MELISSA LEE:** definitely. but specifically when it comes to what the investigation will look into, the investigation called for by eight u.s. senators, it's the gain they made associated with selling these credits, the biofield credits. analysts point out such gains they made \$6.4 million associated with credits in it the latest quarter and those gains are extremely rare, essentially will be associated with making a bet that the government would somehow be more favorable to a cvr refinery or energy when it comes to these credits and that's how the gain was made and why this investigation --

**TYLER MATHISEN:** go back to a long-standing battle with the epa over refining issues pertaining to this.

**SULLIVAN:** because the way it works in the biofields market i think it was 2008, don't quote me on the date, the government launched a bunch of tax credits that would enable you if you blended certain biofuels like, for example, fats into heating oil number six, i know this because it's the company my father worked for at the time was engaged in this, they dump in the biofuels and you get a credit. they encouraged you -- it was a way to build up the use of biofuels, but there are regulations how much you can use, how much you can take. apparently this is what elizabeth warren and seven other democratic senators want to learn more about.

**LEE:** mr. icahn is an informal adviser and had been lobbying the white house and administration for a review of the policy concerning these credits so it's more favorable to refining which would benefit his interests and that's perhaps what has sparked this probe announced moments ago. we'll keep an eye on cvr energy and refining.