

STATEMENT OF SCOTT D. O'MALIA
Before the
United States Senate Committee on Agriculture, Nutrition and Forestry
June 4, 2008

Thank you Chairman Harkin, Ranking Member Chambliss and members of the Committee. I am grateful for the opportunity to appear before you as the President's nominee to serve as a Commissioner to the Commodity Futures Trading Commission (CFTC). I appreciate the Committee holding this nomination hearing, and I would like to thank Senator Domenici for his support and willingness to introduce me to the Committee. Being a Michigan native, I would also like to thank Senator Stabenow for her support.

I would like to introduce my family. I am joined by my wife, Marissa and three daughters Kelsey, Claire and Macey. I would also like to thank my parents, John and Bev O'Malia, for driving from Michigan to join me here today. I thank them for their support and guidance. Growing up on a small farm in Michigan, my parents taught me the value of hard work and persistence. I would not have this opportunity today if it were not for the support of my wonderful family.

After graduating from the University of Michigan in 1990, I came to Washington and found my first job with the Public Securities Association, a trade association serving Wall Street and Main Street banks with interest in bonds and municipal finance.

I was then offered a position in Senator McConnell's office where I worked for nine years on a wide range of energy issues, including legislation that fought for lower and more transparent electricity rates for Kentucky ratepayers. My energy experience continued when I went to work in the private sector for two years with Mirant, an Atlanta-based independent electricity company. It was during this period that I learned first hand the devastating impacts a flawed market design can have on consumers and markets. The Enron debacle opened my eyes to the very serious consequences of poorly designed markets and inadequate oversight.

As investors and the credit rating agencies lost confidence in this sector, it forced the industry to reevaluate its own risk management controls. During this time, I worked to help establish the Committee of Chief Risk Officers. This organization developed industry best practices to put an end to the manipulative trading behavior deployed by Enron and others.

While the development of these new standards was a necessary exercise to restore discipline to the energy trading sector, I strongly believe that regulators are critical in ensuring that markets operate in a fair and transparent manner. To achieve this, regulators must be provided with the appropriate authority and tools to respond to the constant evolution of market behavior and products. To this

end, I compliment the Committee for its work in passing new authorities for the CFTC to expand its authority over contracts trading on Exempt Commercial Markets that serve as a significant price discovery role.

In 2003, Chairman Domenici offered me a job as professional staff on the Senate Energy and Natural Resources Committee handling oil, natural gas and coal markets as well as the futures markets. In developing the 2003 Energy bill, I worked extensively with the Senate Agriculture staff to ensure this Committee's jurisdiction over futures markets was preserved.

In 2004, I became the Clerk of the Senate Energy and Water Development Subcommittee, with funding responsibility for the Department of Energy, Army Corps of Engineers and the Federal Energy Regulatory Commission among others. For the past four years, I have worked in a bipartisan fashion on annual appropriations bills that facilitate the deployment of advanced energy technologies to reduce our reliance on foreign energy sources.

Drawing on my extensive energy background, I believe I can make a significant contribution to the market oversight responsibilities of the Commission. If confirmed, I will work to ensure the CFTC uses all of its legal authorities to guarantee that markets operate in a fair and completely transparent manner. These markets must continue to serve as a price discovery and a risk management tool for all participants. It is also imperative the Commission continues to stand firm against abusive trading practices, including fraud and manipulation.

I will work with the experienced staff and the other Commissioners to implement the new legal authorities Congress has provided the Commission as part of the 2008 Farm Bill. I will also support the cooperative enforcement agreements with the Securities and Exchange Commission and Federal Energy Regulatory Commission to guarantee that the agencies treat companies fairly and consistently protect consumers.

In closing, I would like to thank the Committee for holding this hearing and considering my nomination. It would be an honor and a privilege for me to serve the American people in this capacity.

Mr. Chairman, that concludes my statement and I would be pleased to answer any questions. Thank you.

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