



Oklahoma Corporation Commissioner Accused of Corruption

A former state representative in Oklahoma, Republican James Michael Ritze, is attempting to get Corporation Commissioner Todd Hiatt, a fellow Republican and former speaker of the Oklahoma House of Representatives, removed from office for corruption. After the Oklahoma Supreme Court rejected a previous effort in September on a standing question, Ritze is asking the state's attorney general to take action.

Under the Oklahoma Constitution, the Oklahoma Corporation Commission regulates utility rates for gas and electricity, with a majority of the three commissioners having to approve of any rate increases. The state's constitution, in Article 9, Section 16, also provides that a commissioner shall not "engage in any occupation or business inconsistent with his duties" as a commissioner.

Another former state representative, Mike Reynolds, an Oklahoma City Republican, wrote in a letter to the *Oklahoma Constitution* newspaper, "Yet for almost seven years, that is exactly what Hiatt has done." Reynolds added that Hiatt had "made supervisory decisions for and personally profited from a bank whose business activities are unquestionably impacted by the regulatory decisions he has made as an Oklahoma Corporation Commissioner."

At issue is Hiatt's position as a member of the board of directors, with an ownership stake, of Oklahoma-based Spirit Bank. Not surprisingly, the bank regularly does business with companies that provide energy in the state, and often fall under the regulatory duties of the Corporation Commission. Reynolds said, "If directing and owning a company engaged in business activities directly regulated by the OCC isn't 'inconsistent with his duties' as Corporation Commissioner, I don't know what is."

Hiatt dismisses the concerns, arguing that he has recused himself on cases involving Spirit Bank that have come before the Commission, and calling the lawsuit that Reynolds filed "frivolous." He contended that his attorney did not find a problem with what Hiatt is doing. "I hired an attorney to review it, among other things, to make sure none of my personal business dealings were in any way conflicted with my service on the Commission."

Hiatt added that there were three times that Spirit Bank and a company with which it was doing business were named in an action before the Commission, and he recused himself in all three cases. Reynolds, however, argued in a filing before the Oklahoma Supreme Court (which has original



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jurisdiction in such cases) that there is no provision in the state's constitution "to just recuse yourself. The Constitution says you are to be removed from office."

But in September, the Supreme Court rejected the *quo warranto* petition (an effort to remove a public official from office for violating this provision of the state's constitution). The court took no position on the merits of the case, but rather held that Reynolds lacked standing to bring the suit. The court held, "The law is unequivocally clear that a proper plaintiff in a *quo warranto* proceeding is the Attorney General, the District Attorney, or a contestant for the office at issue."

Because of this, former State Representative Ritze has now requested Oklahoma Attorney General John O'Connor to "stand up for the law and the Constitution and against brazen public corruption." So far, O'Connor has made no comment on whether he will do so. O'Connor was appointed to his office by fellow Republican Governor Kevin Stitt this past year, when the elected AG resigned amidst a personal scandal.

"Oklahoma's tradition of corruption and self-dealing by our elected officials is well known," Reynolds said. (In the 1980s, over 200 of the state's county commissioners were removed from office, with some going to prison, in what is considered the greatest bribery scandal, in sheer number of officials involved, in American history). "It continues to persist and prevail because those tasked with enforcing the law and upholding the Constitution repeatedly neglect their duty and choose to look the other way."

This controversy could have national repercussions with the recent rise in energy costs. It also raises the issue of what is the proper role of government in setting prices in an industry. The state's constitution was adopted in 1907, during the so-called progressive era, when utility companies were often given monopoly status in exchange for submitting themselves to government regulation of their prices. Obviously, any time government officials set prices, instead of the free market doing so, the possibility of corruption exists, whether or not that is the case here. It is clear that if a commissioner owns a business or is the director of a business such as Spirit Bank in Oklahoma that has a financial interest that will be greatly affected by his vote in such cases, that is a cause for concern. As of now, Hiett has denied any wrong-doing, and the attorney general of Oklahoma has not responded to the concerns of Ritze and Reynolds.



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