



State of New Mexico  
*OFFICE OF THE STATE AUDITOR*

**Hector H. Balderas, State Auditor**

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**State Auditor Balderas Releases New Audit Findings that Reveal Pervasive Abuse of Taxpayer Resources at the Public Regulation Commission**

*Audit Findings Show Chairman Lyons Complicit in Abuse of Taxpayer Resources; Balderas Says PRC Email System Compromised Due to Potential Illegal Activity*

(Santa Fe, NM)—Today, State Auditor Hector Balderas announced new results of an special audit, performed by Atkinson and Co., Ltd., that further confirms that the vehicle abuse and violations of law at the Public Regulation Commission were not isolated to former Commissioner Jerome Block. The special audit covered an expanded period of conduct at the PRC, and auditors found that PRC Chairman Patrick Lyons drove a federal pipeline safety program truck for unauthorized purposes, certain Commissioners took state vehicles out-of-state without authorization, and dozens of PRC employees made over \$28,000 of prohibited purchases of premium gas since 2009. Balderas also announced that his office completed a risk review of certain communications exchanged on the PRC email system, which indicate the system was used for improper and illegal purposes, including potential communications about illicit drugs.

In light of the disturbing findings, Balderas said Chairman Lyons' abuse of taxpayer resources and his failure to show any leadership on the issue of the questionable emails is an obstacle to broad reforms to the PRC, including those contemplated by the New Mexico Legislature. "Even after the discovery of Block's conduct, Chairman Lyons continued to abuse taxpayer resources by driving a truck for a federal pipeline safety program back and forth to his private ranch," Balderas said. "Meaningful reform can only occur when the Commission's leadership is not complicit in the misuse of taxpayer dollars. Chairman Lyons is part of the problem, and he should reimburse the taxpayers and resign his position."

The OSA's risk review of the PRC email communications revealed new emails that warrant a comprehensive criminal investigation and forensic review, Balderas said. Balderas stated the information has been referred to proper oversight and investigative authorities.

“I believe the evidence strongly suggests that communications about illicit drugs were made using taxpayer resources. It’s clear an aggressive criminal investigation and forensic review should be conducted by multiple agencies, and my office has referred the emails to law enforcement authorities. Given Chairman Lyons’ past efforts to obstruct lawful audits, it’s no surprise that he’s failed to show any leadership on this issue.”

Highlights of the independent audit include:

- PRC Chairman Patrick Lyons drove a Ford F-250 truck, purchased with federal funds, for approximately 65 days in violation of a federal pipeline safety program. The Chairman’s use resulted in questioned costs of public money totaling \$1,175;
- Since 2009, dozens of PRC employees made over \$28,000 of prohibited purchases of premium gas in violation of state regulations;
- Two Commissioners and top management of the PRC took state vehicles out of state in violation of state regulations; and
- There were 15 instances in which Commissioners did not obtain advance approval for trips.

Balderas said that his office will refer violations of federal and state law identified by the special audit to appropriate oversight agencies. He also added that he is worried about a culture of fear at the PRC.

“Tips we’ve received indicate that Commission employees are scared to come forward with information they may have. The tone of intimidation trickles down from the top.”

The entire special audit report may be downloaded on the Office of the State Auditor’s website at [www.osanm.org](http://www.osanm.org)

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