

Attorney General's Report

Concerning the Colorado Department of Law
Insurance Fraud Unit - 2009 Annual Report



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The Insurance Fraud Unit (“Unit”) is part of the Department of Law’s Financial Fraud Unit within the Criminal Justice Section of the office. The Unit investigates and prosecutes criminal offenses relating to insurance fraud. The Unit consists of two attorneys, four investigators, one paralegal, and half of the time of one administrative assistant.

During 2009, the Unit processed 527 referrals of potential criminal cases relating to insurance fraud. Most of these referrals were made to the Unit by the Colorado Division of Insurance. Other sources of referrals were law enforcement agencies and the National Insurance Crime Bureau (NICB). The number of referrals from the Division of Insurance increased significantly in 2009, up from 337 in 2008 and 272 in 2007. Through a joint effort of the Unit and the Division of Insurance, insurance investigators were educated this past year about the statutory requirement of reporting suspected or actual insurance fraud to the appropriate authorities which has apparently added to the number of referrals.

The nature and scope of the cases investigated and prosecuted by the Unit has evolved in the past few years. With the additional personnel that were added in 2006, the Unit has been able to work larger, more complex cases both internally and in conjunction with other law enforcement agencies. In 2009, the Unit conducted joint investigations with the Federal Bureau of Investigation, Denver Police Department, Salida Police Department, Glendale Police Department, Alamosa Police Department, Colorado State Patrol, and NICB. In 2009, the Unit conducted several large investigations in the statewide grand jury, some of which will continue into 2010.

In 2009, the Unit opened 41 investigations which resulted in the filing of 18 new cases in Colorado courts. The cases were filed in Arapahoe, Chaffee, Denver, Douglas, Jefferson, Mesa and Weld Counties. Four of these cases were initiated by indictments issued by the Colorado Statewide Grand Jury; the remainder were direct filed by Complaint and Information.

During 2009, one case went to trial and 15 cases were resolved through plea negotiations. Noteworthy cases included the following:

Trenton Stone was charged in 2007 with both working as an accountant while drawing full medical disability pay and embezzling about \$250,000 from one of his clients. He had worked for the state of Colorado as an accountant at the time he filed his disability claim. The case went to a jury trial in May of 2009, in Arapahoe County District Court, and the defendant was convicted of felony theft.

Susan Weiss-Nakash was indicted by the statewide grand jury in May of 2009 for two counts of felony theft relating to mortgage fraud. Weiss-Nakash used her mortgage company, Miracle Mortgage, to create fraudulent loans to illegally obtain monies from both a lender and a title insurance company. She then deposited those funds into accounts for her personal use. She pled guilty to both counts in December and was sentenced to ten years of probation, 25 hours of

community service and ordered to pay restitution in the amount of \$189,100.65 to the defrauded companies.

C.P. Fortney, Terry Robinson and Mary Catherine Cross were indicted by the statewide grand jury in May of 2009 and charged with multiple counts of bribery and theft. Fortney was a used car salesman, Robinson was a field claims adjuster, and Cross was an in-house claims adjuster. Fortney paid bribes to Robinson to write estimates showing that wrecked vehicles were total losses, and paid bribes to Cross to arrange to sell the cars to him without salvage titles. Fortney repaired the vehicles and sold them to members of the public without disclosing that the vehicles had been rebuilt from salvage. Robinson and Cross have entered into plea bargains and have agreed to testify against Fortney in his trial set to begin March 29, 2010 in Mesa County District Court.

During 2009, the Unit supervised the restitution payments of 48 defendants on probation for insurance fraud-related crimes. \$219,823.37 in restitution was collected from January through mid-December 2009. Additionally, the Unit achieved new restitution orders totaling \$364,439.74 in 2009 and cost and fine orders totaling \$35,203.00.