

# **Attorney General's Report**

Concerning the Colorado Department of Law  
Insurance Fraud Unit - 2011 Annual Report



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## Colorado Department of Law Insurance Fraud Unit – 2011 Annual Report

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. Typical cases involve theft and forgeries. The Unit consists of two attorneys, four investigators, one paralegal, and half of the time of one administrative assistant.

During 2011, the Unit processed 579 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 Unit continues to work larger, more complex cases both internally and in conjunction with other law enforcement agencies. In 2011, the Unit conducted several large investigations in the statewide grand jury and concluded investigations that began in 2010.

In 2011, the Unit opened 96 new investigations. The Unit filed a total of twenty-nine new cases in Colorado courts. The cases were filed in Adams, Arapahoe, Denver, Douglas, El Paso, Morgan, Montrose and Weld Counties. Eight of these cases were initiated by indictments issued by the Colorado Statewide Grand Jury; the other twenty-one were direct filed by Complaint and Information.

The unit did not have any trials in 2011. Twenty cases were resolved through plea negotiations and one case was dismissed by this office. Noteworthy cases include the following:

Through a joint effort with the Attorney General's Auto Theft Unit, the Colorado Attorney General’s office shut down an insurance-fraud ring that defrauded insurance companies using staged automobile accidents and other fraudulent insurance claims. Mikel Mewbourn and five codefendants were indicted by the statewide grand jury in March of 2011 on charges ranging from theft and motor vehicle theft to violations of the Colorado Organized Crime Control Act.

The charges were the result of a lengthy investigation into several years of criminal activity. Mewbourn was the orchestrating force behind a series of schemes to defraud several insurance companies for staged automobile accidents, staged motor vehicle thefts, and intentionally manufacturing property damage. Insurance companies paid approximately \$280,000 on fraudulent claims and had several remaining unresolved claims when the indictment was filed.

Mewbourn, along with 2 of the codefendants, was charged with violating the Colorado Organized Crime Control Act, a class-two felony. Mewbourn pled guilty to COCCA on November 8, 2011 and will be sentenced on January 20, 2012 in Arapahoe County District Court. He faces a sentence of 16-32 years. One of his codefendants, James Esquibel, is set for a jury trial on March 19, 2012 in Arapahoe County.

In April of 2011, the Unit also successfully indicted 2 individuals for theft, forgery and violation of the Colorado Organized Crime Control Act (a class 2 felony) relating to a glass company's practices of fraudulent billing in two different schemes. The first scheme involved false claims to the insurance companies (through third party administrators), indicating that glass installation had been done in Buena Vista, Colorado, when in fact none of the work was done in Buena Vista, and the vast majority of the work was done in the Denver, Colorado area and did not extend beyond Colorado's Front Range. The second scheme was related to the types of vehicle glass that was installed. Insurance companies pay more money for vehicle glass such as side, back, side, vent, and quarter, and less money for windshields. The defendants directed Smart Glass employees to submit false claims to the insurance companies (through third party administrators) indicating that glass other than windshields was being installed, when in fact the vast majority of the glass being installed were windshields, and only windshields. These cases are currently pending in Denver District Court.

In the past few years, the Unit has seen an increase in the number of staged accidents of motor vehicles. The Unit has been attempting to coordinate investigation of staged accident rings with the dozens of insurance companies affected. By working with the National Insurance Crime Bureau, the Unit has been attempting to follow patterns of crime that have not been noticed by the individual insurance companies because the losses have been so spread out among different companies.

During 2011, the Unit supervised the restitution payments of 56 defendants on probation for insurance fraud-related crimes. \$150,843.71 in restitution was collected from January through mid-December 2011. Additionally, the Unit achieved new restitution orders totaling \$172,887.69 and cost and fine orders totaling \$53,568.50.