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Fraud is Evolving. Are We?

Business Fraud is Not Static
Our Response Can't Be Either

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The Current Registry Landscape

- This is what some Humvees looked like in the 2nd year of the Iraq War.
- What do you notice?





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The Next Registry Landscape

- This is what Humvees looked like in the 5th year of the Iraq War.
- What changed?





The Evolving Threat

- Business fraud is no longer just paper-based or local.
- Bad actors are sophisticated, global, and fast-moving.
- Our public registries are being exploited to launder money, defraud constituents, and conceal identities.



The Case for Making the Investment

- Fraudulent filings cost states and constituents
 - Funds – millions of dollars in UI & other leave funds
 - Time – FTEs dedicated to investigating claims
 - Trust – confidence in public services
- Reactive systems are no longer sufficient.
- Proactive, creative, and collaborative solutions are essential.
 - Prevention is cost-effective



Colorado's Response

- 2023: Launched an award-winning Complaint Process (IACA Merit Award)
 - ~5,000 complaints received since Feb 2023 — original estimate: a few hundred
 - Zero complaints at SoS, thanks to great management of streamlined workflows
 - <5-day turnaround to amend records post-investigation
- 2024: Passed HB24-1137 to strengthen Registered Agent requirements
- Dual focus: Prevention & Rapid Response



Building Internal Capacity

- Invested in developing internal talent
- Cross-trained teams to maintain continuity
- Dedicated Biz Fraud Unit
 - 5 Total FTEs
 - Triage of initial complaints
 - Processing AG investigations results
 - Preventing Biz Fraud by verifying presence in CO through a mailed passcode



Collaboration Across Borders

- Fraudulent business filings are a global issue
 - Requires global awareness and coordination
- Some States have adopted similar approaches
 - Others are exploring options to respond
- Companies House UK: great example of international fraud prevention
 - From passive to active custodian
 - Identity verification
 - Enhanced data quality and enforcement tools
 - Stronger coordination with law enforcement



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Staying Ahead Together

- Fraud is evolving, our solutions must too
- Innovation, resilience, and collaboration are our best defenses
- Learning from each other is imperative to push forward together



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Thank you!

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