

From: ijkhenderson@encg.net
To: [Public Comment SB22034](#)
Subject: [EXTERNAL] Comments for Fraudulent Business Filings Working Group
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Greetings: I am a private investigator (PI) working in Colorado who mainly focuses on trademark counterfeiting and intellectual property rights fraud investigations. Prior to becoming a PI, I worked for over 25 years as a Federal law enforcement agent, with U.S. Customs and several other agencies, where I investigated a wide variety of criminal activities including commercial fraud. I also served as an investigator with the Colorado Attorney General's Office for three years following my retirement investigating fraud.

My clients have included luxury goods manufacturers, electronics manufacturers and various other trademark holders concerned about protecting their brands. My involvement in this would typically start when U.S. Customs and Border Protection seizes counterfeit items at a port of entry in the United States. As trademark holders my clients are advised of the seizures as well as the name and address of the importer of record. I would be assigned to visit the importer of record when it was in Colorado and determine if they were in operation, if there were additional counterfeit items at their location, and other investigative steps. In almost every case, I find a fraudulently created Colorado corporate entity.

In one case, an importer of record was listed at a residence address in Golden, CO. Researching this location, I found the Colorado Attorney General's Office had investigated other companies listed at this location and filed suit to have over 200 fraudulently created companies dissolved. The resident at the location had no idea of who was opening these companies at his home address and no involvement. Ironically, the case I investigated occurred and the company in question was created after the AG's office case closed the previously identified companies. During the AG's case, and after it, companies continued to be created using the innocent owners address and none were legitimate businesses.

In another case, I went to a business address in Brighton, CO where the importer of record of a large shipment of counterfeit merchandise seized in New York was listed. At this location, I found a legitimate company whose owner had been receiving daily packages from UPS, FedEx, and other carriers whose addressees were using the address of the business, but which had no affiliation with the business. Some of the packages appeared to be items being returned as defective but to a bogus address with an innocent business owner who was unaffiliated with the scheme. The company I was investigating was one of hundreds of companies using this address.

While investigating issues for these clients, I found other locations with thousands of suspiciously created corporations in Colorado. I found direct links to fraudulently imported items and bogus companies created in Colorado. Where I found one of these, I also found hundreds of other similarly created companies fitting the same pattern, although not all were used for counterfeiting activities, the patterns of their creation, addresses in common and other factors lead me to believe they have no legitimate purpose and are likely used in fraudulent activities now or are being saved for such use in the future.

I could simply find no legitimate purpose for the companies opened in this manner, except to commit fraud. Some of the companies had names which appeared to be charitable organizations or educational institutions but when I looked for the “real” entity it did not exist. Others were innocuous names which gave no real indication as to their purpose, again with no indicia of legitimacy. Just companies created for the sake of a paper trail. Once created, an employer identification number can be obtained from the IRS, bank accounts opened, and the State of Colorado will issue a Certificate of “Good Standing”, which an uninformed consumer may think means it to be legitimate, rather than only that the person who opened the company paid \$1 to the State of Colorado. I don’t think any state would allow an individual to walk into the Motor Vehicles Bureau and randomly request driver’s licenses without proper proof of identity. However, by having no system to verify corporate identities are legitimate the State of Colorado is facilitating fraudulent activity through lack of regulation and oversight.

The potential for fraud goes well beyond Colorado’s borders. With a “legitimate” Colorado corporation a fraudster can operate anywhere and appear legitimate because essentially Colorado is vouching for them. These companies are used in online retail, and other activities but never actually operate in Colorado, and may not be in the United States at all.

I am happy to provide additional information in a less public format but wanted to bring this to your attention.

Regards,

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