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**ATTORNEY GENERAL'S REPORT TO THE LEGISLATURE REGARDING THE
COLORADO FALSE CLAIMS ACT (C.R.S. 24-31-1211, et seq.)**

Pursuant to C.R.S. § 24-31-1211, the Attorney General provides the following report regarding claims brought pursuant to the Colorado False Claims Act ("CFCA" or the "Act"), C.R.S. § 24-31-1201, *et seq.*, and the functions and operations of the False Claims Unit ("FCU") within the Department of Law (DOL). This report covers the period from the enactment of the CFCA, on August 10, 2022, through December 31, 2025. Future reports will cover CFCA activity, recoveries, and expenses for the prior fiscal year running from July 1 through June 30.

***Qui Tam* CFCA Complaints**

Under the CFCA, a whistleblower (known as a "relator") may file a formal complaint under seal in state or federal court (known as a *qui tam* action). *See* C.R.S. § 24-31-1204(3); 1206. The Relator's complaint triggers an investigation by the False Claims Unit at the end of which, the Attorney General determines whether to: (1) intervene in the case to either litigate or settle the matter; (2) decline to intervene in the case; or (3) dismiss the case. C.R.S. § 24-31-1204(3)(d); 1204(4)(b)(I)-(II). If the Attorney General declines the case, he can permit the relator to pursue the case on behalf of the state or a political subdivision. Occasionally, a relator will voluntarily dismiss an action before the DOL formally files its intervention decision. In these instances, the case will only be dismissed if the Attorney General consents to dismissal. C.R.S. § 24-31-1204(1)(b).

Below is a chart summarizing the CFCA *qui tam* actions filed by Relators since enactment.

	<i>Qui Tams</i> Filed During Period	AG Intervened During Period	AG Declined, Pursued by Relator During Period	AG Moved to Dismiss During Period	Relator Voluntarily Dismissed During Period	Final Settlement/ Judgment in Favor of CO During Period	Final Judgment in Favor of Defendant During Period	Sealed <i>Qui Tams</i> Under Investigation at End of Period
FY 2023	1	0	0	0	0	0	0	1
FY 2024	4	0	0	0	0	0	0	5
FY 2025	4	0	1	0	0	0	0	8
July 1, 2025 - Dec. 31, 2025	0	0	2	0	1	0	0 ¹	5
Total	9	0	3	0	1	0	0	

Non-*Qui Tam* CFCA Complaints

In addition to investigations arising from relator complaints, the DOL’s FCU investigates potential violations of the CFCA identified by the state auditor, C.R.S § 24-31-1204(2), or other sources (including, but not limited to, referrals from state agencies, referrals from law enforcement, complaints from members of the public, and reports from the media). Below is a chart summarizing the CFCA non-*qui tam* actions filed by relators since enactment.

	Non- <i>Qui Tam</i> Complaints During Period	Non- <i>Qui Tams</i> Closed With No Further Action During Period	Non- <i>Qui Tams</i> Closed Following Referral During Period	Non- <i>Qui Tam</i> Actions brought by DOL During Period	Non- <i>Qui Tams</i> Resolved through Settlement/ Judgment During Period	Non- <i>Qui Tams</i> Under Investigation at End of Period
FY 2023	4	0	0	0	0	4
FY 2024	20	2	1	0	0	21
FY 2025	9	13	1	0	0	16
July 1, 2025 - December 31, 2025	0	7	2	1	1	6
Total	33	22	4	1	1	

¹ In October 2025, an El Paso County District Court granted a defendant’s motion to dismiss in a declined *qui tam* action. The relator has appealed the dismissal.

Total CFCA Investigative Activity

As summarized in the tables above, since enactment, the False Claims Unit received and investigated forty-two (42) complaints alleging potential violations, settled allegations in one of the investigations; closed twenty-eight (28) additional those investigations with referrals to other law enforcement bodies in four (4) of the closed investigations. Currently, the False Claims Unit is conducting eleven (11) ongoing investigations and is monitoring three (3) declined cases being pursued by relators.

CFCA Recoveries

In December 2025, during fiscal year 2026, the DOL secured the first CFCA settlement. The settlement resolved allegations that Garuda Labs, Inc. d/b/a Instawork, misclassified employees as independent contractors and failed to pay unemployment insurance premiums.² In December 2025, Instawork paid \$400,000, reflecting the amount of unpaid unemployment premiums and double damages. The single damages of \$216,337.90 (which covers a period beginning before the enactment of the CFCA through the settlement) will be returned to the Unemployment Compensation Fund. The double damages of \$183,662.10 (which covers only the period from the enactment of the CFCA through the settlement) will be disbursed to the False Claims Recovery Cash Fund (FCRCF). *See* C.R.S. § 31-24-1209 (describing the formation of the FCRCF and the use of CFCA recoveries to fund the work of enforcing the CFCA). This was a non-*qui tam* investigation, so none of the recovery will be shared with a relator.³ No penalties or litigation costs were included in this settlement.

To date, no *qui tam* actions filed alleging violations of the CFCA (whether intervened or declined) have generated settlements or judgments. Given the nature and scope of *qui tam* litigation, settlements and judgements often occur years after initial filing.⁴

The DOL is optimistic about the FCU's ongoing *qui tam* and non-*qui tam* investigations and prospect of future complaints and referrals. The FCU anticipates that some of its current investigations will generate CFCA recoveries in the coming months.

² *Weiser v. Garuda Labs, Inc.*, No. 2025CV34220 (Den. Dist. Ct.). The press release and associated consent judgment, which was subsequently granted by the court, are available here: <https://coag.gov/press-releases/instawork-to-pay-under-settlement-with-weiser/>.

³ Because this settlement occurred during FY 2026, the details of this settlement will also be included in the 2026 annual report due no later than January 15, 2027.

⁴ Investigations by the U.S. Department of Justice into *qui tam* actions filed under the federal False Claims Act, which was the model for the CFCA, generally take years to resolve. *See* U.S. GOV'T ACCOUNTABILITY OFFICE, INFORMATION ON FALSE CLAIMS ACT LITIGATION, GAO-06-320R (Jan. 31, 2006), at 30 available at <http://www.gao.gov/assets/100/93999.pdf> (“Cases in which DOJ intervened took a median of 38 months to conclude and ranged from 4 months to 187 months.”)

False Claims Unit Staffing and Expenses

From mid-2023 until early 2025, the FCU had one full-time attorney investigating CFCFA complaints. At the end of fiscal year 2025, DOL hired a full-time First Assistant Attorney General to lead the FCU. At the beginning of fiscal year 2026, DOL hired a full-time Assistant Attorney General to join the FCU. The FCU is also supported part-time by a Consumer Protection paralegal.

To date, CFCFA investigations, including the salaries for FCU staff, have been funded through the DOL's budget for the Consumer Protection Section, where the FCU is housed. In the future, the DOL anticipates the growing FCRCF will provide the funds necessary to cover the FCU's expenses. The FY 2026 annual report will include more information regarding investigative, litigation, and other expenses paid for by CFCFA recoveries directed to the FCRCF.

Promoting Referrals

The False Claims Unit continues to engage in significant outreach and education to promote awareness of the Colorado False Claims Act. In particular, the Unit has built relationships with Colorado state agency procurement officials, inspectors general, and whistleblower counsel in an effort to promote referrals to the DOL.

For further information or clarification, please feel free to contact the Department of Law.

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