

Supreme Court of Colorado

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BRIAN D. BOATRIGHT
CHIEF JUSTICE

SUPREME COURT OF COLORADO

OFFICE OF THE CHIEF JUSTICE

February 7, 2022

Justices, Judges, and Judicial Department Personnel,

I want you all to hear directly from me regarding the results of the Office of the State Auditor's ("OSA") Fraud Hotline Investigation. The OSA concluded its investigation last Friday and provided me with an Investigation Report and an Executive Summary. I have summarized the process and conclusions below.

In April 2019, the OSA received an anonymous letter alleging that the State Court Administrator's Office ("SCAO") was misusing public funds, that certain SCAO employees were committing FMLA fraud, abusing paid time off, and that certain SCAO employees were being paid but not working. The OSA referred the allegations to former Chief Justice Coats, who was provided the option of having the Judicial Department investigate the allegations on its own, conducting a joint investigation with the OSA, or requesting that the OSA conduct the investigation independently. Chief Justice Coats asked the OSA to conduct the investigation independently and committed the Judicial Department to fully cooperate with the investigation, which it did.

In July 2019, a news media investigation raised questions about the training contract awarded to The Leadership Practice, LLC, a company owned by former Chief of Staff Mindy Masias. Based upon information learned at that time, Chief Justice Coats authorized the OSA to expand its investigation into the procurement process and this contract award.

While the COVID pandemic certainly delayed the investigation, the people of Colorado have been well-served by the OSA's careful and deliberative approach. The OSA reviewed over 16,000 documents and interviewed 11 current and former Judicial Department employees, including former State Court Administrator Chris Ryan and former Chief Justice Coats. Every

current Judicial Department employee who was asked to cooperate with the investigation did so.

As a result of the investigation, the OSA is referring four former SCAO employees to law enforcement for additional investigation to determine whether or not criminal charges should be filed against them. The decision to refer matters to law enforcement was made by the OSA, not the Judicial Department. The OSA is not referring any current Judicial Department employee or any current or former judicial officer to law enforcement.

THREE IDENTIFIED ISSUES

The OSA determined that three issues required a report to law enforcement under its Fraud Hotline statute. § 2-3-110.5(3)(c)(IV), C.R.S. I must emphasize that this is not a determination that laws were broken, nor does it mean that criminal charges will be filed. It means only that under Colorado's Fraud Hotline statute, the OSA determined the evidence it found in the investigation required the agency to submit a report to law enforcement.

First, the OSA found evidence that two former SCAO employees, Mindy Masias and Eric Brown, were conducting paid work for an outside employer while not appropriately accounting for Paid Time Off in our leave system. The OSA found evidence that this resulted in both employees receiving state compensation while being paid for work by an outside employer. The OSA concluded that "there is at least some evidence of occupational fraud and/or misuse of public funds that would require a report to law enforcement in connection with outside employment activities conducted by both Ms. Masias and Mr. Brown."

Second, the OSA found evidence that the settlement agreement for a former SCAO employee – referred to anonymously in the agency's Executive Summary as "SCAO Employee #1" – warranted a referral to law enforcement. Chris Ryan, Mindy Masias, and Eric Brown negotiated the settlement agreement with this former SCAO employee. Former Chief Justice Coats was not informed or consulted regarding the settlement. The OSA concluded that "there is at least some evidence of occupational fraud, apparently illegal transactions, and/or misuse or embezzlement of public funds or property in connection with SCAO Employee #1's settlement agreement, which would require a report to law enforcement as it concerns SCAO Employee #1, Mr. Brown, Ms. Masias, and Mr. Ryan."

Third, the OSA investigated the procurement and contracting process for the leadership training contract that was awarded to Ms. Masias's company, The Leadership Practice. In relation to the allegations that the contract was a "quid pro quo" arrangement in which Ms. Masias was promised a contract in exchange for her signing a resignation agreement that ensured her silence on alleged misconduct by judges and staff in the Department, the OSA "found some evidence that Ms. Masias requested the promise of a contract before resigning. However, the OSA did not obtain evidence that Ms. Masias was promised a contract for such services prior to her signing a Resignation Agreement and Release of Claims." The OSA found evidence that Mr. Brown and Ms. Masias attempted "to influence the [Request for Proposals],

sole source contract, and related processes in favor of Ms. Masias, and ultimately resulting in the award of a sole source contract to Ms. Masias.” The OSA determined that this evidence requires a report to law enforcement with respect to Mr. Brown and Ms. Masias. This referral does not include any current Judicial Department employee or any current or former judicial officer. The OSA did not take a position on whether fiscal rules were violated in the contracting process or whether there were any ethical or code of conduct violations.

The Department terminated the leadership training contract at the direction of Chief Justice Coats less than two days after he first learned of information that Mr. Ryan and others withheld from him, and the Department made no payments under it.

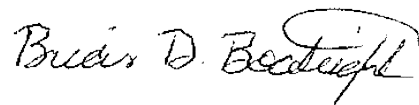
Regarding the other issues investigated, the OSA did not find evidence of FMLA fraud or misuse of state funds in the form of paid administrative leave other than what I’ve identified above.

GOING FORWARD

The Executive Summary, which omits confidential and privileged information, is available on the Judicial Department’s [website](#) to anyone who wants to review it directly. We are working to provide the full Investigation Report to the investigators for other pending investigations. Please understand that I will not be able to comment further on the OSA’s report or the issues that have been referred to law enforcement, but we will continue to cooperate fully with any further investigation.

The OSA’s investigation and report are helpful in continuing to improve the Department’s policies regarding leave and contracting, and the Department has, since 2019, implemented several changes to the personnel and fiscal rules to improve operations. We continue to look for ways to improve further.

Sincerely,

A handwritten signature in black ink that reads "Brian D. Beatty". The signature is written in a cursive style with a large, looping initial "B".