

**THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO**

Criminal Action No.

UNITED STATES OF AMERICA,

Plaintiff,

v.

**1. GERALD RISING, Jr., a/k/a Gerry Rising**

Defendant.

---

**INDICTMENT**

**Mail Fraud**

**(18 U.S.C. § 1341)**

**Theft or Embezzlement in Connection with Health Care Program**

**(Title 18 U.S.C. § 669)**

**Money Laundering Greater than \$10,000**

**(18 U.S.C. §1957)**

**and**

**Aiding and Abetting**

**(Title 18 U.S.C. § 2)**

**Notice of Forfeiture**

---

The Grand Jury Charges:

At all times material to this indictment:

1. RURAL HEALTH PLANS INITIATIVE ADMINISTRATION COMPANY a/k/a RHPI, (RHPI herein), was a closely held Colorado Corporation, owned and operated by **GERALD RISING, Jr. (GERALD RISING herein)**. RHPI was a business that promoted, sold and administered health benefit plans and employee welfare plans (hereinafter referred to as “plans”) to entities, including school districts in the States of Colorado, Kansas and Oklahoma,

amongst others. As part of the plans, **GERALD RISING** and RHPI represented that it would retain part of the plan contributions, approximately 20%, for administrative costs, and that the remainder was to be held in a designated trust account to pay claims by covered employees of the particular subscribing entities and to purchase excess loss or stop-loss insurance coverage (hereinafter referred to as “stop-loss insurance”) through established insurance providers like Lloyd’s of London and AIG to cover any claims that exceeded \$25,000.00. Stop-Loss insurance is generally a type of insurance that covers medical expenses associated with catastrophic illnesses that exceed specified amounts or limits. The plans constituted “health care benefit programs” in that they were private plans or contracts, affecting commerce, under which any medical benefit, item, or service was provided to any individual, and included any individual or entity who was providing a medical benefit, item or service for which payment was made under the plan or contract, as defined in Title 18 U.S.C. §669(b). **GERALD RISING** directed bills for payment be sent via United States mail and other carriers. **GERALD RISING** and RHPI received payments from employers on the plans via United States mail and other common carriers.

2. RHPI CAPTIVE INSURANCE COMPANY, LTD. (RHPIC herein) is an off-shore corporation, incorporated in Anguilla, British West Indies, by **GERALD RISING**, which maintained the residual fund contributions after the administrative fees were deducted.

3. **GERALD RISING** served RHPI and RHPIC in several capacities including as President, Director and Owner. As such, **GERALD RISING** was an officer, agent and/or employee of an organization that provided services to the plans.

4. RHPI entered into plan agreements with client entities that provided generally

that any monies received by RHPI, representing contributions to the plan, shall be held in a specific trust for the benefit of the entities and their employees in accordance with the terms of the plans.

5. RHPI maintained a bank account controlled by **GERALD RISING** that was referred to as the contribution trust account, but did not segregate funds in separate accounts for the benefit of each distinct plan. Said account was the account where contributions to pay the \$25,000.00 stop-loss policy, and funds used to pay the employee claims below \$25,000.00, received from the plans were to be deposited until those contributions were forwarded to established insurance companies like Lloyd's of London or health care providers. Said contributions were monies, funds, premiums, credits, property or other assets of the plans or of a fund connected therewith. RHPI and **GERALD RISING** also maintained a general account that was utilized to pay payroll, and other general corporate expenditures.

**COUNT 1**  
**Mail Fraud and Aiding and Abetting**  
**(18 U.S.C. §§ 1341 and 2)**

6. The Grand Jury re-alleges and incorporates paragraphs 1-5 of this Indictment as if fully set forth herein.

7. From in or about 2003 and continuing until in or about November 2010 in the District of Colorado and elsewhere,

**1. GERALD RISING, Jr. a/k/a Gerry Rising,**

did knowingly devise a scheme, described below, to defraud individuals, companies, and entities throughout the United States and to obtain by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by, or under the custody and control

of individuals, companies and entities in connection with the delivery of or payment for medical benefits pursuant to health benefit plans.

**The Scheme**

8. It was part of the scheme for **GERALD RISING** to create and control RHPI and RHPIC, business entities that provided and serviced health care benefit plans to employers in Colorado and other states.

9. It was further part of the scheme that **GERALD RISING** created RHPIC, an off-shore corporate entity in order to avoid regulation by the Colorado Division of Insurance.

10. It was further part of the scheme for **GERALD RISING** to open and control accounts at various financial institutions in Colorado and elsewhere in his name and in the names of business entities in order to receive checks, premiums and monies derived from the scheme.

11. It was further part of the scheme for **GERALD RISING** himself and employees of RHPI to promote the sale of the health care benefit plans to business and governmental entities wherein they falsely represented that monies derived from the plans would be properly maintained in a trust to pay the claims of each plan's beneficiaries.

12. It was further part of the scheme that **GERALD RISING** himself and employees of RHPI promoted the sale of the RHPI health care benefit plans to business and governmental entities falsely representing that reputable insurance companies like Lloyd's of London and AIG would provide stop loss coverage at \$25,000.00, when in truth those policies did not provide coverage on claims until they reached approximately \$125,000.00.

13. It was further part of the scheme that **GERALD RISING** commingled trust funds from various plans in order to pay claims for the aggregated pool of beneficiaries, in violation of the

trust agreement.

14. It was further part of the scheme that **GERALD RISING** paid claims on a particular plan using the monies deposited for the benefit of beneficiaries in other plans, in violation of the plan trust agreement.

15. It was further part of the scheme that **GERALD RISING**, in 2008 and 2009, increased his salary in order to siphon monies held by RHPIC for the benefit of plan beneficiaries.

16. It was further part of the scheme that **GERALD RISING**, in 2009 and 2010, began to kite checks between various bank accounts he controlled for himself, RHPI and RHPIC, in order to create a false impression as to the financial status of the businesses as he solicited their sale.

17. It was further part of the scheme that between July 2010 and November 2010, **GERALD RISING** directed employees to falsely represent to various plan beneficiaries and employers that the claims for health care services were in fact paid when they were not, in hopes of allaying their concerns regarding their respective plans.

18. It was further part of the scheme that between July 2010 and November 2010, **GERALD RISING** directed employees to send balance statements to plan employers that falsely represented balances in their accounts because such statements were influenced by the issuance of checks that were held at **GERALD RISING's** direction, and never sent.

19. It was further part of the scheme that in late 2010, **GERALD RISING** created bills and invoices that billed and created a false indebtedness to the employers for payments RHPIC made for beneficiary and health care provider claims.

20. It was further part of the scheme that **GERALD RISING** caused invoices and bills to be sent to plan employers via United States mail and other common carriers.

21. It was further part of the scheme that **GERALD RISING** caused checks and premiums to be mailed by plan employers via United States mail, and other common carriers, in order to fund the plans.

22. For the purpose of executing such scheme, on or about May 13, 2010, **GERALD RISING** caused Genoa-Hugo School District to send a premium payment by depositing said item for delivery by the Postal Service.

All in violation of Title 18, United States Code Sections 1341 and 2.

**COUNT TWO**  
**Title 18 U.S.C. § 669**  
**(Theft or Embezzlement in Connection with Health Care Program)**  
**Title 18 U.S.C. § 2**  
**(Aiding and Abetting)**

23 The Grand Jury re-alleges and incorporates paragraphs 1-5 and 8-21 of Count One of this Indictment as if fully set forth herein.

24. From in or about 2003 and continuing until on or about November 2010, in the District of Colorado and elsewhere,

**1. GERALD RISING, Jr. a/k/a Gerry Rising**

did knowingly and willfully embezzle, steal, and misapply moneys, funds, premiums, property and other assets of one or more health care benefit programs, as defined above in paragraph 1, and did aid and abet same.

All in violation of Title 18, United States Code, Sections 669 and 2.

**COUNTS THREE through TWENTY**  
**Money Laundering Greater than \$10,000**  
**(18 U.S.C. §1957 and 2)**

25. The Grand Jury realleges and incorporates the paragraphs 1-5 and 8-21 of this Indictment

as if fully set forth herein.

26. On or about the following dates, in the District of Colorado and elsewhere, the Defendant,

**1. GERALD RISING, Jr. a/k/a Gerry Rising**

knowingly engaged in a monetary transaction of criminally derived property of a value greater than \$10,000, described below, which had been derived from specified unlawful activity in and affecting interstate commerce, that is, the specified unlawful activities more specifically described in Counts One and Two of this Indictment, namely violations of Title 18, United States Code §§ 1341, 669 and 2.

<b>Count</b>	<b>Date</b>	<b>Check Number</b>	<b>Amount</b>	<b>Monetary Transaction</b>
3	January 7, 2010	25750	\$27,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney
4	January 15, 2010	25820	\$29,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney
5	February 1, 2010	26332	\$46,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney
6	February 12, 2010	26530	\$31,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney
7	February 12, 2010	26534	\$13,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney
8	February 25, 2010	26593	\$32,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney
9	March 1, 2010	26595	\$18,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney
10	March 1, 2010	26596	\$32,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney

11	March 15, 2010	26738	\$46,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney
12	March 23, 2010	27063	\$38,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney
13	March 29, 2010	27094	\$51,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney
14	April 6, 2010	27456	\$47,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney
15	April 13, 2010	27529	\$46,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney
16	April 20, 2010	27541	\$29,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney
17	April 26, 2010	27548	\$21,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney
18	April 30, 2010	27551	\$36,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney
19	May 7, 2010	27723	\$37,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney
20	May 11, 2010	27725	\$24,000.00	Deposit into Joint Account for Gerald R. Rising and Linda S. Rising at Morgan Stanley, Smith Barney

All in violation of Title 18, United States Code Sections 1957 and 2.

### **NOTICE OF FORFEITURE**

#### **Forfeiture Allegation**

**18 U.S.C. § 982(a)(7)**

**18 U.S.C. § 982(a)(1)**

1. The allegations contained in Counts One through Twenty of this Indictment are hereby re-alleged and incorporated by reference for the purpose of alleging forfeiture pursuant to



the provisions of Title 18, United States Code, Section 982(a)(7), and Title 18, United States Code, Section 982(a)(1).

2. Upon conviction of the offense in violation of Title 18, United States Code, Sections 1341 and 2 set forth in Count One of this Indictment, the defendant shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 982(a)(7), all of their interest in any property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of the offense, including but not limited to the following: a sum of money equal to the amount of gross proceeds obtained as a result of the offense.

3. Upon conviction of the offense in violation of Title 18, United States Code, Sections 669 and 2 set forth in Count Two of this Indictment, the defendant shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 982(a)(7), all of their interest in any property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of the offense, including but not limited to the following: a sum of money equal to the amount of gross proceeds obtained as a result of the offense.

4. Upon conviction of the offenses in violation of Title 18, United States Code, Sections 1957 and 2 set forth in Counts Three through Twenty of this Indictment, the defendant shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(1) any and all of the defendant's right, title and interest in all property, real or personal, involved in such offenses, and all property traceable to such property, including but not limited to the following: a sum of money equal to the amount of funds involved in the offenses.

5. If the property described above as being subject to forfeiture as a result of any act or omission of the defendant -

- (1) cannot be located upon the exercise of due diligence;
- (2) has been transferred or sold to, or deposited with, a third person;
- (3) has been placed beyond the jurisdiction of the Court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b) and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of said defendant up to the value of said property listed above as being subject to forfeiture by the United States of America.

A TRUE BILL:

Ink signature on file in the Clerk's Office  
FOREMAN

JOHN F. WALSH  
United States Attorney

By: s/ Jaime Pena  
Jaime Peña  
Assistant United States Attorney  
U.S. Attorney's Office  
1225 17<sup>th</sup> St. Suite 700  
Denver, CO 80202  
(303) 454-0198  
E-mail: [jaime.pena2@usdoj.gov](mailto:jaime.pena2@usdoj.gov)

DEFENDANT : Gerald R. Rising Jr. aka Gerry Rising

YEAR OF BIRTH: 1951

ADDRESS: Centennial, CO

COMPLAINT FILED? \_\_\_\_\_ YES   X   NO

IF YES, PROVIDE MAGISTRATE CASE NUMBER: \_\_\_\_\_

HAS DEFENDANT BEEN ARRESTED ON COMPLAINT? \_\_\_\_\_ YES   X   NO

OFFENSE: Count 1: Title 18, United States Code, Sections 1341 and 2 - Mail Fraud and Aiding and Abetting same.

Count 2: Title 18, United States Code, Sections 669 and 2 - Embezzlement or Theft in Connection with Health Care and Aiding and Abetting same.

Counts 3-20: Title 18, United States Code, Sections 1957 and 2- Money Laundering Greater than \$10,000.00 and Aiding and Abetting same.

NOTICE OF FORFEITURE

LOCATION OF OFFENSE: Denver County, Colorado

PENALTY: Count 1: NMT 20 years, \$250.000.00 fine, or both; \$100 Special Assessment Fee.

Count 2: NMT 10 years, \$250.000.00 fine, or both; \$100 Special Assessment Fee.

Counts 3-20: NMT 10 years, \$250.000.00 fine or alternatively a fine not more than twice the amount of the criminally derived property, or both; \$100 Special Assessment Fee.

AGENT: Robert Smith, Special Agent  
IRS-CID

AUTHORIZED BY: Jaime A. Pena  
Assistant U.S. Attorney

ESTIMATED TIME OF TRIAL:

\_\_\_\_ five days or less

X  over five days

\_\_\_\_ other

THE GOVERNMENT will ( X ) will not ( ) seek detention in this case.